

INTECH U.S. Core Fund

1Q17 Performance Commentary (Class T Shares)



Summary

- The INTECH U.S. Core Fund outperformed the S&P 500® Index for the quarter.
- Within specific risk controls, INTECH's disciplined mathematical process establishes target weightings for stocks in the portfolio as a result of an optimization routine. Once the weights are determined and the portfolio is constructed, it is rebalanced and re-optimized on a periodic basis. Rebalancing requires buying some of a stock after a negative relative return and selling some of a stock after a positive relative return. This produces a buy-low and sell-high trading profit, on average, as stocks move up and down relative to the benchmark. The strategy has risk controls embedded in the investment process to aid in minimizing the portfolio's tracking error while also providing potential for excess return from the ongoing rebalancing routine.
- The U.S. equity market recorded its biggest quarterly gain since 2015 with the S&P 500 Index posting a return of 6.07% for the quarter. While the information technology, consumer discretionary and health care sectors were the strongest performers, the energy sector became the weakest performing sector during the quarter after strongly outperforming in 2016. The financials sector, another strong performer during the second half of last year, also underperformed for the quarter.
- From a sector perspective, while an average overweight allocation to the energy sector detracted, the Fund managed to outperform the S&P 500 Index during the period, benefitting from favorable security selection within the information technology and health care sectors during the quarter.

As of March 31, 2017

Fund Performance (%)	1Q17	1 year	3 year	5 year	10 year	Since Inception (2/28/03)
Class I Shares	6.39	13.98	9.38	13.18	7.33	10.32
Class T Shares	6.34	13.77	9.17	12.97	7.33	10.32
Class A Shares @ NAV	6.35	13.63	9.07	12.87	7.16	10.10
Class A Shares @ MOP	0.26	7.10	6.94	11.54	6.53	9.63
S&P 500® Index	6.07	17.17	10.37	13.30	7.51	9.84

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds.

Maximum Offering Price (MOP) returns include the maximum sales charge of 5.75%. Net Asset Value (NAV) returns exclude this charge, which would have reduced returns.

Expense ratios: Class I Shares: Gross 0.68% and Net 0.68% | Class T Shares: Gross 0.87% and Net 0.87% | Class A Shares: Gross 0.94% and Net 0.94%.

Net expense ratios reflect the expense waiver, if any, Janus Capital has contractually agreed to through 11/1/17.

This Fund has a performance-based management fee that may adjust up or down based on the Fund's performance.

Returns include reinvestment of dividends and capital gains.

Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please contact your investment professional or download the file from janus.com/info. Read it carefully before you invest or send money.

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Performance Attribution by Market Capitalization (%)

Market Capitalization Range	INTECH U.S. Core Fund		S&P 500® Index		Avg. Weight Difference	Allocation Effect	Attribution	
	Average Weight	Total Return	Average Weight	Total Return			Residual (Selection Effect)	Total Effect
Over \$100B	4.27	8.12	42.54	6.96	-38.27	-0.32	0.06	-0.27
\$25B to \$100B	40.67	6.82	37.26	5.30	3.42	-0.03	0.54	0.51
\$15B to \$25B	26.64	5.74	10.17	6.01	16.47	0.01	-0.07	-0.06
\$2B to \$15B	27.94	6.81	9.97	5.29	17.98	-0.16	0.47	0.32
Under \$2B	---	---	---	---	---	---	---	---
Total	100.00	6.58	100.00	6.06	---	-0.49	1.01	0.52

- Due to their volatility and correlation characteristics, the Fund tends to overweight the smaller stocks within the investment universe, as they provide more relative volatility capture potential. The Fund's active size positioning detracted from relative performance for the quarter, as mega-cap stocks outperformed the smaller-cap stocks in the index on average.
- However, an overall positive selection effect, which is a residual of the investment process, contributed to relative performance for the quarter.

Performance Attribution by Sector (%)

GICS Sector	INTECH U.S. Core Fund		S&P 500® Index		Avg. Weight Difference	Allocation Effect	Attribution	
	Average Weight	Total Return	Average Weight	Total Return			Residual (Selection Effect)	Total Effect
Consumer Discretionary	5.66	11.51	12.15	8.47	-6.49	-0.14	0.14	0.00
Consumer Staples	5.75	4.32	9.34	6.36	-3.60	-0.01	-0.11	-0.12
Energy	9.68	-6.12	6.88	-6.80	2.80	-0.30	0.08	-0.22
Financials	15.74	1.90	14.69	2.53	1.05	-0.07	-0.19	-0.26
Health Care	8.38	12.28	13.83	8.38	-5.45	-0.08	0.34	0.26
Industrials	12.96	5.71	10.21	4.56	2.75	-0.04	0.15	0.11
Information Technology	23.63	14.11	21.40	12.59	2.23	0.20	0.42	0.62
Materials	3.93	-0.06	2.86	5.86	1.07	0.05	-0.11	-0.06
Real Estate	5.00	7.52	2.85	3.54	2.16	-0.09	0.19	0.10
Telecommunication Services	0.00	0.00	2.48	-3.97	-2.48	0.26	0.00	0.26
Utilities	7.91	5.33	3.13	6.39	4.77	0.01	-0.08	-0.07
Total	100.00	6.58	100.00	6.06	---	-0.30	0.81	0.52

- The portfolio's active sector positioning detracted from the Fund's relative return during the quarter. Specifically, an average overweight allocation to the energy sector, which was the weakest performing sector during the quarter, and an average underweight to consumer discretionary, detracted from relative performance.
- However, an overall positive selection effect more than offset adverse sector positioning and contributed to the Fund's relative performance during the quarter, especially within the information technology and health care sectors.

Source: FactSet. See last page for important disclosures.

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JANUS®

Closed to certain new investors.

The weighting of securities within the Fund's portfolio may differ significantly from the weightings within the index. The index is unmanaged and not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio. Investing involves risk, including the possible loss of principal and fluctuation of value.

Performance for Class A Shares, Class I Shares and Class T Shares prior to 7/6/09 reflects the performance of one or more similar share classes of the Fund or a predecessor fund, adjusted, where applicable and permitted, for differing fees and expenses. See the Fund's prospectus for further details concerning historical performance.

S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

Attribution is used as a tool to explain the sources of a portfolio excess return versus a specific benchmark and during a specific period. The most widely used attribution methodology is a Return Decomposition Model based on weights and returns of a portfolio and index's underlying holdings. This attribution framework can be defined over a specific period, benchmark, grouping (sector, market cap, country, beta quintiles, standard deviation quintiles) and currency. **Allocation Effect** measures whether the overweight or underweight of a segment relative to the index contributed positively or negatively to the overall portfolio's relative return over a specific period. For example, if the portfolio is underweight a segment of the market that underperformed, the allocation effect will be positive. If the portfolio is overweight a segment of the market that underperformed or underweight a segment of the market that outperformed, the allocation effect will be negative. **Residual (Selection Effect)**, measures if the securities that a portfolio hold within a given segment have contributed to or detracted from the overall portfolio's relative performance. A positive selection effect means that the portfolio return within a specific segment was greater than the benchmark within the same segment. The "selection" of the stocks in the portfolio for that segment outperformed similar securities in the benchmark. INTECH refers to "selection effect" as "residual" given our process selects stocks based on relative volatility and correlation characteristics as opposed to a traditional manager where "selection effect" measures the manager skill to select stocks that outperform. **Total Effect** is the sum of the allocation and selection effects.

Performance attribution is equity only and does not include cash. Total returns are gross of advisory fees and may differ from actual returns as they are based on end-of-day holdings in the fund. Portfolio returns will be reduced by advisory fees and other expenses. Companies in the fund and index are divided into quintiles based upon their standard deviation and beta during the period. Source for standard deviation and beta ranges, sectors, allocations and their returns: FactSet. Sectors defined by Global Industry Classification Standards (GICS). Returns include the reinvestment of dividends and other earnings.

INTECH Investment Management LLC is a subsidiary of Janus Capital Group Inc. and serves as the sub-adviser on certain products.

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