Janus Contrarian Fund

Investment Environment

U.S. stocks continued their strong run well into the first quarter. Optimism was premised on the belief that the Trump administration would champion a series of pro-growth reforms. Even prior to any legislation being passed, economic data lent support to the notion of a strengthening U.S. economy. Gains in nonfarm payrolls accelerated and average hourly wages registered the highest year-over-year increase since 2009. Also achieving a recent high was a key U.S. manufacturing survey. This favorable environment was a key factor in allowing the Federal Reserve (Fed) to raise interest rates by a quarter of a percentage point at its March meeting. After peaking in early March, however, many key U.S. indices slid over the remainder of the period.

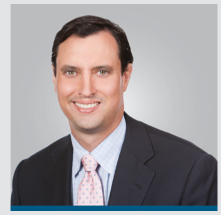
Performance Discussion

The Fund underperformed its benchmark, the S&P 500 Index. As part of our contrarian investment mandate, we seek companies that are undergoing a structural change in their business or industry that has gone unrecognized by the market, but we believe should positively reshape the company's destiny, and stock performance, over time. These stocks are generally out of favor with investors, but if we correctly identify the changing dynamics at work within these companies or industries, the stocks in our portfolio have the potential to move from being out of favor to in favor as the company executes its turnaround. Our long-term performance ultimately should be driven by our ability to correctly identify companies that are early in the process of undergoing dramatic changes. However, our performance can lag the benchmark over shorter time horizons, as it did this period.

St. Joe Corp. was our largest detractor. In our view, nothing fundamentally changed at the company to warrant the stock's fall this quarter. The stock is a longtime holding in the portfolio, and our views on the company remain the same. We think the management team is working diligently to maximize the value of its Florida real estate holdings, but these efforts seem largely unrecognized by the market. The company added a new tenant at its Florida airport, and in our view, the company is still making good progress on the large retirement community under development. The company also bought back more stock during the quarter. While we are surprised by the stock's performance in light of these developments, we will continue to be patient with the holding.

Anadarko Petroleum was another detractor. Lower oil prices had a negative impact on the stock of the exploration and production (E&P) company. We continue to like the company. We believe the market has taken too harsh a view on the management team at Anadarko for a bid it made for another E&P company a couple of years ago. In our view, the attempt to buy a distressed asset made sense. We believe Anadarko has a good management team and assets that remain undervalued relative to other exploration and production companies.

United Continental was also a detractor. The stock was down after the company announced it was adding flight capacity on a few select routes. We still like the company. Our long-term view has been that industry consolidation is good for large airlines such as United. With a smaller number of companies controlling a greater portion of flights, they can reduce capacity and improve pricing power. The capacity additions in March do not violate our thesis. United mostly added capacity in routes where a major competitor



Portfolio Manager:
Daniel R. Kozlowski, CFA

Executive Summary

- U.S. stocks experienced strong gains during the period.
- Our portfolio underperformed the benchmark this quarter.
- We believe a few equity market dynamics warrant caution in the months ahead.

has a very strong foothold, and the new routes simply improve utilization of existing planes by adding another segment of flights on top of their schedule. The company is not buying new planes to significantly increase capacity. Just as important, we believe United's competitors will remain disciplined on capacity constraints.

While disappointed in the performance of some stocks, we were pleased by the results of many other companies in our portfolio. Popeyes Louisiana Kitchen was our top contributor. The stock was up after an announcement that Restaurant Brands International would acquire the company. In our view, the Popeyes franchise is meaningfully underpenetrated both domestically and internationally, has an attractive recurring and profitable business model and a very strong brand relative to its peers. We believe the company's strong growth prospects, brand and franchised business model made it a desirable target for Restaurant Brands International.

Lands' End was another contributor. The stock was up in part due to enthusiasm about a new CEO with considerable retail experience taking the reins at the firm. We bought the stock after it was spun off from Sears nearly three years ago. We see a lot to like about Lands' End, particularly its high proportion of online sales, its limited physical footprint and improvements in product that have already occurred. We think the new CEO will accelerate favorable changes at the company.

Finally, Knowles Corp. was another contributor. The stock was up after the company reported another quarter of better-than-expected earnings growth and anticipated likely solid demand for its micro electrical mechanical system (MEMS) microphones over the next one to two years. Knowles was spun out of Dover in 2014, a transaction that facilitated improved focus on the company's core MEMS microphone and hearing aid businesses, as well as cost savings. Knowles stumbled with some execution issues after its spinout, and we took advantage of the stock's weakness at the time to build a position in our portfolio. We believe Knowles, the leader in MEMS microphones, currently enjoys its best growth prospects in some time as key mobile phone manufacturers seem likely to spur phone demand through innovation. At the same time, Knowles is well positioned to exploit emerging demand for "voice as interface" consumer devices, such as the Amazon Echo, where Knowles is presently the exclusive MEMS microphone supplier.

For detailed performance information or to download a Fact Sheet, please visit www.janus.com/funds

Outlook

We believe a few equity market dynamics warrant caution in the months ahead. The rapid rise of stocks after the November presidential election seemed premised on the idea that fiscal stimulus, deregulation and tax cuts were all just around the corner. However, Congress' failure to replace the Affordable Care Act demonstrates that any of these initiatives will take time, and some may never see the light of day. We wouldn't be surprised if stocks are volatile as these efforts slowly play themselves out.

We are also concerned about momentum driving select pockets of the market. The Nasdaq 100 Index, which includes 100 of the largest non-financial companies listed on the Nasdaq Stock Market, handily outperformed the S&P 500 this quarter, as mega-cap technology stocks continued to climb higher. These stocks had a brief post-election pause, but have generally been large outperformers for the better part of the last two years. That rise was due partly to the popularity of the secular growth trends they are tied to, but also due to asset flows into exchange traded funds that continue to push the largest stocks in an index higher.

Not owning these companies has been uncomfortable on the ride up, but as contrarian investors, it's simply not a pocket of the market we would invest in. Valuation has always been –and will always be – an important component of our investment process, and in our view, current valuations for these mega-caps are hard to justify. At some point, we believe these large companies will stumble in meeting their growth projections and the ride down could be painful.

Given our more cautious outlook, we are keeping some dry powder to take advantage of any opportunities market volatility will present in the coming months. We will also continue to stay true to our investment process, focusing on undervalued companies experiencing an underappreciated structural change to their business. Over the long term, we believe that discipline will be rewarded.

Top Contributors and Detractors for the Quarter Ended 3/31/17

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Popeyes Louisiana Kitchen Inc	0.00	0.94	St Joe Co	6.66	-0.70
Lands' End Inc	3.53	0.92	Anadarko Petroleum Corp	4.33	-0.46
Knowles Corp	8.73	0.84	Mattel Inc	6.48	-0.30
Platform Specialty Products Corp	1.29	0.55	Envision Healthcare Corp	1.87	-0.22
Bank of America Corp	2.49	0.49	United Continental Holdings Inc	7.61	-0.16

The holdings identified in this table, in compliance with Janus policy, do not represent all of the securities purchased, held or sold during the period. To obtain a list showing every holding as a percentage of the portfolio at the end of the most recent publicly available disclosure period, contact 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds.

Top Contributors

Popeyes Louisiana Kitchen: Popeyes Louisiana Kitchen is an American chain of fried chicken fast-food restaurants. We believe the company has long-duration growth opportunities as it expands internationally, where it is currently underpenetrated relative to its competitors. We also like that the overwhelming majority of its restaurants are franchised, which has allowed the company to grow with low levels of capital spending compared to other restaurants.

Lands' End: The clothing company was spun off from Sears in late 2013. We like the way the retailer is positioned in an environment where more sales are taking place online, as Lands' End has few retail lease obligations and is investing in design fulfillment and Internet marketing. We also like the growth potential as Lands' End enters new international markets.

Knowles Corp.: The company was spun off of Dover. We believe the market has failed to appreciate the growth potential of its microphones, which are used in mobile devices and hearing aids.

Platform Specialty Products: Platform Specialty Products is a producer of high-technology specialty chemical products and provider of technical services. We like the company's business model of acquiring niche specialty chemical producers with attractive competitive dynamics.

Bank of America Corp.: Bank of America is a multinational banking and financial services corporation. We believe the stock is meaningfully undervalued and that the bank could benefit from higher interest rates, potential deregulation and corporate tax cuts.

Top Detractors

St. Joe Corp.: The real estate development company, which owns significant acreage in Northwest Florida, has been restructuring its operations to help maximize the value of its existing land holdings. We believe St. Joe is poised to generate attractive development returns as economic growth picks up in the region.

Anadarko Petroleum: We believe that Anadarko is a well-positioned independent exploration and production company, given its high-quality reserves, solid balance sheet, stellar management team and attractive valuation relative to peers.

Mattel: The company is a leader in the design, manufacture and marketing of toys and family products. We believe new leadership at the company could help refocus Mattel on improving innovation among its core brands.

Envision Healthcare: Envision Healthcare provides physician outsourcing services to hospitals, owns outpatient surgery centers and provides emergency transportation services. We believe changes to reimbursement will cause hospitals to accelerate the outsourcing of hiring, management and coordination of physicians, which could be a long-term tailwind for Envision. We also believe the company's recent merger with AMSURG creates a more robust offering to hospitals and health systems, and will also provide opportunity for margin expansion due to economies of scale.

United Continental Holdings: United Continental is one of the world's largest airline carriers. The company has upside potential, in our view. Returns on invested capital have been rising and likely to improve due to scale advantages after United's merger with Continental. Moreover, the airline has

Top Detractors (continued)

pricing power for the first time in decades due to industry consolidation and resulting capacity reductions.

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 call Janus at 877.33JANUS (52687) or download the file from janus.com/info. Read it carefully before you invest or send money.

Past performance is no guarantee of future results. Call 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds for current month-end performance.

Discussion is based on the performance of Class I Shares.

As of 3/31/17 the top ten portfolio holdings of Janus Contrarian Fund are: Knowles Corp (6.84%), United Continental Holdings Inc (5.97%), Enterprise Products Partners LP (5.44%), St Joe Co (5.22%), Mattel Inc (5.08%), Ball Corp (4.94%), Zebra Technologies Corp (4.86%), Crown Holdings Inc (3.79%), Anadarko Petroleum Corp (3.39%) and News Corp (2.97%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

The opinions are as of 3/31/17 and are subject to change at any time due to changes in market or economic conditions. Janus may have a business relationship with certain entities discussed. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

Security contribution to performance is measured by using an algorithm that multiplies the daily performance of each security with the previous day's ending weight in the portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

Performance may be affected by risks that include those associated with non-diversification, portfolio turnover, short sales, potential conflicts of interest, foreign and emerging markets, initial public offerings (IPOs), high-yield and high-risk securities, undervalued, overlooked and smaller capitalization companies, real estate related securities including Real Estate Investment Trusts (REITs), derivatives, and commodity-linked investments. Each product has different risks. Please see the prospectus for more information about risks, holdings and other details.

Holding a meaningful portion of assets in cash or cash equivalents may negatively affect performance.

There are special risks associated with selling securities short. Stocks sold short have the potential risk of unlimited losses.

Derivatives can be highly volatile and more sensitive to changes in economic or market conditions than other investments. This could result in losses that exceed the original investment and may be magnified by leverage.

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

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

Funds distributed by Janus Distributors LLC

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