Janus Global Real Estate Fund

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Investment Environment

The real estate sector limped into 2017, hampered by potential headwinds ranging from rising interest rates and historically high valuations to new supply and more muted demand growth. Now, three months into the new year, the sector, while still somewhat hobbled, seems to have largely regained its footing, especially as some of the more menacing boogeymen, like higher interest rates, have started to look a lot less threatening. Sure, the sector lagged the broader market in the quarter, but it's hard to call a gain of more than 3% a poor showing (we'd settle for a 12% year).

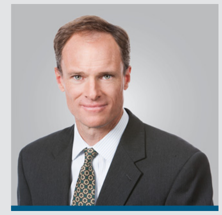
Getting a bit more granular, there were some interesting undercurrents that became much more apparent in the first three months of the year. One of the more notable was a renewed focus on emerging markets. Just in the property sector, we saw double-digit gains in India, Brazil and China, clearly a not-so-subtle reminder of just how fast and violently these markets can move. It's also, perhaps, a qualified endorsement of our strategy of maintaining exposure to these markets, yet always treading cautiously.

The other overriding theme that really moved front and center in the quarter was "the death of traditional retail." We believe that this battle/debate will play out over multiple years and, from our perspective as real estate investors, the front lines are right here in the U.S., which is hardly surprising given we have the highest ratio of retail square footage per capita of any country in the world. It's abundantly clear that the retail business is being massively disrupted, but it's harder to identify all of the winners and losers (yes, some are obvious). In our space, class B and C malls look to be in the crosshairs, while grocery-anchored strip centers appear OK and industrial (warehouse & distribution) pops up to the top of the victors' column. Less clear is the long-term fate of street retail, class A malls, outlets and big-box power centers. And what are we to make of Amazon opening bricks-and-mortar stores? One thing we know for sure is that we won't get everything right – there will undoubtedly be some curveballs – but we will certainly be watching like a hawk and doing our best to allocate capital opportunistically in an effort to deliver outsized returns over the long term.

Performance Discussion

The Fund outperformed its benchmark, the FTSE EPRA/NAREIT Global Index, during the quarter. Relative outperformance was largely the result of superior stock selection, with the Fund's stock picking in the U.S. contributing most to relative outperformance. Stock selection was also strong in the Netherlands and Canada, while lagging in Austria, India and the UK. In terms of geographic variances, relative performance was helped by the Fund's average overweight positioning in Singapore and India, and hurt by its average underweight positioning in China and Hong Kong.

At the subsector level, our holdings in real estate development, as well as our out-of-benchmark holding in casinos and gaming, generated the strongest absolute returns. The Fund's holdings in health care facilities and homebuilding had the weakest absolute performance. Relative to the benchmark, the Fund outperformed the most in retail real estate investment trusts (REITs), specialized REITs and residential REITs. It lost ground to the benchmark in diversified REITs, homebuilding and real estate development.



Portfolio Manager:
Patrick Brophy

Executive Summary

- Global real estate stocks delivered gains during the quarter.
- The Fund outperformed its benchmark. Contributing most to performance was our average underweight to retail real estate investment trusts (REITs), as well as stock selection in specialized REITs.
- Although real estate has lagged the broader market so far in 2017, we believe concerns that have weighed on the sector, particularly rising interest rates, now look less threatening.

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

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
CapitaLand Ltd	2.94	0.56	Colony NorthStar Inc	3.64	-0.32
Hang Lung Properties Ltd	2.44	0.44	St Joe Co	2.78	-0.31
Kennedy-Wilson Holdings Inc	5.07	0.43	New Home Co Inc	2.07	-0.23
CSI Properties Ltd	1.60	0.35	Invincible Investment Corp	1.10	-0.14
American Tower Corp	2.44	0.31	Ramco-Gershenson Properties Trust	0.77	-0.13

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

CapitaLand: Singapore-based CapitaLand has continued to emphasize its renewed focus on returning capital to shareholders and simplifying what had become an increasingly complex corporate structure. A major move along these lines involved buying back its retail business, which had been spun out into a separate entity several years ago. We believe such moves should help re-establish the company's credentials as an attractive vehicle for investing in real estate in Singapore and China, and they have helped restore our confidence in one of the core tenets of our investment thesis – that CapitaLand is an astute allocator of capital, which it historically has been.

Hang Lung Properties: The company's prospects remain closely tied to growth in domestic consumption in China, which remains a top priority of the central government. We haven't wavered from our core thesis that a first-mover advantage in premium shopping mall development in second-tier cities in China will allow this Hong Kong-based residential developer and commercial property landlord to create significant value over the next decade. Initial yields on recent openings have been disappointing, and the ramp up in competitive supply has been more rapid and robust than anticipated, but we believe the company's strategic city-center locations, operating expertise and strong balance sheet will allow it to ride out the short-term choppiness and ultimately deliver outsized returns.

Kennedy-Wilson Holdings: This California-based real estate private equity firm has, in our opinion, proved to be an

Top Detractors

Colony NorthStar: Colony NorthStar (previously called Colony Capital) is a global real estate and investment management firm. The company recently acquired sister firms NorthStar Asset Management Group and NorthStar Realty Finance, and we believe the acquisition complements Colony's existing real estate business and will be very accretive to profits. In addition, we like the stock's ample dividend yield.

The St. Joe Company: St. Joe is a real estate development company that owns approximately 180,000 acres in Northwest Florida. It has been restructuring its operations to help maximize the value of its existing land holdings. St. Joe also has significant cash on its balance sheet, and a land bank that we believe could generate attractive development returns as economic growth picks up.

The New Home Company: This small-cap company is largely focused on developing in in-fill California markets (Orange County, Silicon Valley/San Francisco and Sacramento). Its home prices typically range from $300,000 to $400,000 in Sacramento, and up to $2 million-plus in Orange County. The company also does fee-based building for the Irvine Company, and it earns income from several joint ventures it formed to make strategic land acquisitions. We believe this is a very talented management team, and it's one that timed the last real estate cycle very well.

Invincible Investment Corp.: Invincible is a Japanese real estate investment trust (JREIT) focused on the hotel sector. A recent spike in hotel development, particularly in Tokyo

Top Contributors (continued)

astute buyer of commercial real estate, which has allowed it to significantly grow its assets under management in recent years. We believe it continues to execute well in its home market of California, where it's active in the multifamily and office sectors, and we continue to like the company even after the spin-out of its European business, Kennedy Wilson Europe Real Estate.

CSI Properties: CSI is a Hong Kong landlord and developer that specializes in redeveloping underappreciated properties. We especially like the company's nimble approach and unique ability to execute on projects with a wide range of uses, including office, retail, hotel and residential. We remain enthused based on an attractive pipeline of near-complete and pending projects, and management's strong track record of creating value with its redevelopments.

American Tower: American Tower owns wireless communications and broadcast towers in the U.S. and internationally. The company leases antenna sites on multi-tenant towers to communications service providers for mobile voice and data communications. We expect mobile traffic growth and the rollout of 4G services to boost wireless network spending, which, in turn, should spur demand for tower tenancy, as well as additional towers. We like that a large percentage of American Tower's revenue is generated internationally, where rapid growth in low-price Android smartphones should drive significant demand for mobile data and therefore tower demand.

Top Detractors (continued)

and Osaka, has caused supply concerns, but we still expect solid market trends thanks to increased leisure spending from locals and strong inbound demand, especially from China.

Ramco-Gershenson Properties Trust: This Michigan-based owner/manager of large, multi-anchored shopping centers holds properties primarily located in the largest metropolitan markets in the central United States. Retailers and retail real estate are currently out of favor, but we believe the risks are overstated and think that well-run companies that have sold off significantly, like Ramco, represent compelling values. We suspect trading will remain choppy in the near term, but that investors will be compensated for their patience with an ample dividend yield.

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 Global Real Estate Fund are: Kennedy-Wilson Holdings Inc (4.95%), Aroundtown Property Holdings PLC (4.83%), Simon Property Group Inc (3.59%), Colony NorthStar Inc (3.55%), CapitaLand Ltd (2.87%), St Joe Co (2.72%), Chatham Lodging Trust (2.60%), Atrium European Real Estate Ltd (2.54%), Kenedix Retail REIT Corp (2.46%) and Hang Lung Properties Ltd (2.38%). 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.

Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.

Real estate securities, including Real Estate Investment Trusts (REITs) may be subject to additional risks, including interest rate, management, tax, economic, environmental and concentration risks.

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.

FTSE EPRA/NAREIT Global Index is a global market capitalization weighted index composed of listed real estate securities in the North American, European, Asian and South American real estate markets including both developed and emerging markets.

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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