Janus Triton Fund

Investment Environment

The Russell 2500 Growth Index experienced gains in the quarter, but the euphoria that sent small-cap stocks soaring after Donald Trump's election win eventually faded. Flows into small-cap exchange traded funds slowed and company-specific fundamentals began to drive stock performance again. Cyclical stocks that outperformed the broader index at the end of 2016 did not enjoy the same strong outperformance in the first quarter.

Performance Discussion

The Fund outperformed its primary benchmark, the Russell 2500 Growth Index, and its secondary benchmark, the Russell 2000 Growth Index, during the quarter. We take a high-quality approach to investing in small caps, focusing on companies we believe have more predictable, growing revenue streams. The companies we favor typically generate a high return on invested capital or demonstrate a proven ability to expand profit margins. Most times these companies are defined by sustainable competitive advantages such as high barriers to entry in their respective industry or a differentiated product or service that gives them pricing power, helping the company grow in a variety of market and economic environments. We seek to outperform the benchmark over full market cycles, with the bulk of our relative outperformance coming in weak or uncertain market environments, when the stability of the businesses we invest in is more appreciated. As some of the euphoria that drove stocks last quarter faded, companies with durable growth profiles were more appreciated by the market, and that favored our investment style.

Stock selection in the technology sector was a large contributor to relative outperformance. Within the sector, we tend to invest in companies providing must-have business solutions that improve the processes of companies operating in a specific end market. These services are often subscription-based and provide a recurring revenue stream for the company. As some of the fourth quarter exuberance in small-cap stocks faded during the quarter, the resiliency of these business models returned to favor.

A couple of our top contributors within the sector, SS&C Technologies and Blackbaud, serve as good examples of our approach. SS&C provides software-enabled services to asset managers. We believe accelerating revenue growth in the second half of 2016 – in what has been a challenging environment for its hedge fund clients – demonstrated the durability of the company's earnings. In recent months there had been concerns that weak performance by hedge funds could lead to consolidation in the industry, and fewer clients demanding SS&C's services. However, we have long believed that SS&C isn't wholly dependent on new clients and a booming hedge fund industry for growth. In addition to hedge funds, its client base covers a diverse range of investment strategies including traditional asset managers, real estate funds, and private equity. The company has also historically driven earnings from cross-selling new services to these clients, and accretive mergers and acquisitions. Revenue growth in the last six months has helped confirm our thesis.

Blackbaud was another top contributor. The company provides technology solutions designed to improve fundraising efforts for nonprofit companies. Blackbaud is moving from packaged software solutions to a subscription-based, Software as a Service model

Portfolio Manager:
Jonathan D. Coleman, CFA

Portfolio Manager:
Scott Stutzman, CFA

Executive Summary

- Small-cap stocks gained ground during the period.
- The Fund outperformed its primary benchmark. Stock selection in the technology sector was a large driver of relative outperformance.
- We are cautious about the return profile of small-cap stocks, but believe the market environment will favor our investment style.

that should create a more recurring revenue stream. The market has viewed that change favorably, which has helped lift the stock. We continue to see a long runway of growth for the company. Fundraising is clearly the lifeblood of the nonprofit industry, but many nonprofits have been slow to integrate technology into their fundraising process, creating a potentially large addressable market for Blackbaud.

Outside the technology sector, MarketAxess Holdings was a top contributor. The company operates the dominant electronic corporate bond trading platform that improves liquidity and trading costs for market participants. Volatility in fixed income markets has led to increased bond trading, which benefits MarketAxess, along with investor demand for new sources of liquidity such as client-to-client trading protocols on MarketAxess. We continue to be excited about the company's long-term growth potential given the low penetration of electronic trading relative to voice brokerage. We believe MarketAxess' platform is approaching a tipping point in adoption by major bond investors, which, in our view, enhances their value and competitive advantage through the network effects of their liquidity pool. As such, we expect market share to continue to move their way.

While generally pleased with our performance, we still held stocks that disappointed. Our stock selection in the consumer discretionary sector detracted from relative performance. Sally Beauty Holdings, a salon product retailer, was our largest detractor within the sector. Sluggish sales trends have generally been a drag on the stock, and reinvestments in the company's stores haven't spurred as big an increase in same store sales as the market may have anticipated. We continue to like some aspects of the business, however. Sally Beauty has a broader selection and better-quality beauty products than mass market retailers, but also sells its products at attractive price points below the highest-end beauty product retailers. We also like that beauty and hair products are generally lower-cost luxuries that are more economically resilient than other luxury products.

Outside the consumer discretionary sector, AMAG Pharmaceuticals was a large detractor. The company has run into issues improving the delivery of Makena, its treatment for the prevention of pre-term labor. Getting approval of the new version is important for the company as it would extend their franchise as their first-generation product faces a patent expiration that is fast approaching. We trimmed the stock during the period due to these concerns.

Belden CDT was another detractor. The stock was down because one of Belden's acquisitions has modestly underperformed investor expectations, but it does not diminish our long-term views. We like connector and component suppliers such as Belden. These are attractive end markets that are growing content in a number of industrial products. We also continue to be strong supporters of the firm's management team and its focus on lean manufacturing and operational efficiencies.

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

Outlook

Heading into the second quarter, we're cautious about the return profile of small-cap stocks. In our view, the market seems to have priced in a lot of good news rather quickly. The corporate tax cuts, infrastructure spending and deregulation promised by the Trump administration would indeed benefit corporate earnings, but these changes don't happen overnight. In fact, we think the certainty of any of these events is much less than it was just four months ago. Yet small-cap valuations, which sit roughly within the top quintile of historical levels, seem to reflect that all these changes are just around the corner. With valuations somewhat extended, companies are going to need to demonstrate true earnings growth to sustain the positive tenor in the market.

We think our portfolio is well positioned for this environment. As we highlight above, we typically seek companies that have demonstrated a more established track record of earnings growth. Many of these companies have recurring revenue streams or offer products and services that are essential to their underlying customers. These companies should be able to keep demonstrating earnings growth the market will look for.

We have made a few marginal changes within the portfolio, increasing our exposure to a couple industrial companies that serve the energy sector and increasing our position size in a couple of financial companies. Most of our industrial companies serve less cyclical end markets and as a group, we believe the earnings profile of our industrial holdings is much less dependent on a strong economy to drive earnings growth than the industrial sector of our benchmark. But we believe the Trump administration will focus on domestic energy production, and a more stable oil market could encourage capital spending and benefit the industrial companies we have added. Within the financial sector, we have increased our position size in companies where even a minor rate increase would provide a powerful earnings multiplier.

Both of these changes are modest. As we look across the broader portfolio, we are confident we are well positioned for a market backdrop that demands earnings growth for further stock price appreciation.

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
SS&C Technologies Holdings Inc	2.38	0.49	Sally Beauty Holdings Inc	1.21	-0.38
Blackbaud Inc	2.70	0.49	AMAG Pharmaceuticals Inc	0.14	-0.25
Cadence Design Systems Inc	2.09	0.46	Belden Inc	1.59	-0.13
MarketAxess Holdings Inc	1.42	0.42	Xperi Corp	0.61	-0.11
ON Semiconductor Corp	1.78	0.34	National CineMedia Inc	0.54	-0.10

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

SS&C Technologies: The company is a global provider of investment and financial software-enabled services and is focused exclusively on the global financial services industry. We like SS&C because the majority of its revenue comes from recurring sources such as subscription services or software maintenance, where client retention has remained high.

Blackbaud: Blackbaud provides software solutions to the nonprofit industry. We believe the software company has long-duration growth potential as it penetrates the not-for-profit market, which has long been underserved. We also believe the company's Software as a Service business creates attractive recurring revenues.

Cadence Design Systems: Cadence sells its electronic design automation software to customers who use it to design semiconductors and electronic systems. We believe the company's semiconductor design software is becoming increasingly important as semiconductors grow more complex. As one of only two companies specializing in this market segment, Cadence should be able to increase pricing and profits. We also appreciate the company's intellectual property licensing business, which we believe is a high-margin, high-growth operation.

MarketAxess Holdings: We believe the electronic trading platform operator will continue to gain market share from traditional methods of trading fixed income securities, and will also benefit from an improved trading environment and higher liquidity.

Top Detractors

Sally Beauty Holdings: The company is a retailer of hair and beauty products. We think the company is uniquely positioned with a broader and higher-quality product lineup than mass retailers, but which sell at attractive price points relative to salons.

AMAG Pharmaceuticals: AMAG Pharmaceuticals is a specialty pharmaceutical company focused on the maternal health and anemia management markets. We trimmed the position during the period due to concerns about its ability to get FDA approval for a new version of one of its treatments.

Belden CDT: The supplier of cables, connectors and networking equipment serves industrial, broadcast and enterprise information technology end markets. We believe management will continue to focus its product portfolio toward its higher-quality connector and networking products, and away from its legacy cable products, which have less pricing power. We also expect management will create value through acquisitions to improve its product portfolio and will drive productivity improvements to boost margins and returns on invested capital. Finally, we appreciate that Belden serves large and growing markets and should benefit longer term from the Internet of Things (IoT), or the increasing connectivity of electronic devices.

Xperi Corp.: Xperi and its subsidiaries license innovative technologies and inventions to global electronic device companies who, in turn, integrate the technologies into their own enterprise, consumer electronics and semiconductor products. We like the company's royalty licensing business

Top Contributors (continued)

ON Semiconductor: ON Semiconductor is a broad-based semiconductor supplier. Its portfolio of power and signal management, logic, discrete and custom devices helps customers solve their design challenges in automotive, communications, computing, consumer, industrial, light emitting diode (LED) lighting, medical, military/aerospace, smart grid and power applications. The company has one of the broadest portfolio offerings as well as one of the lowest cost models in the business. Due to multi-decade relationships with many of its customers, the company is able to spend less on marketing and research while developing unique products for customers. We think the company can continue to generate attractive levels of profit and free cash flows in its competitive markets. We also believe ON's acquisition of competitor Fairchild will enable significant margin expansion and free cash flow generation for the combined company.

Top Detractors (continued)

for semiconductor packaging, which we believe provides a steady, recurring revenue stream for the business. We also like the company for its history of generating high levels of free cash flow and return on invested capital.

National CineMedia: The company provides pre-feature advertising in movie theaters. We trimmed the position during the period to pursue better growth opportunities in the portfolio.

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.

Closed to certain new investors.

As of 3/31/17 the top ten portfolio holdings of Janus Triton Fund are: Blackbaud Inc (2.56%), SS&C Technologies Holdings Inc (2.26%), Broadridge Financial Solutions Inc (2.09%), HEICO Corp (2.07%), Cadence Design Systems Inc (1.98%), Euronet Worldwide Inc (1.90%), ServiceMaster Global Holdings Inc (1.85%), Sensient Technologies Corp (1.80%), ON Semiconductor Corp (1.69%) and STERIS PLC (1.62%). 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.

Smaller capitalization securities may be less stable and more susceptible to adverse developments, and may be more volatile and less liquid than larger capitalization securities.

Russell 2500™ Growth Index measures the performance of those Russell 2500™ companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values.

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

C-0317-9256 07-15-17

188-42-16692 04/17