PERKINS MID CAP VALUE FUND
JANUS ASPEN PERKINS MID CAP VALUE PORTFOLIO

PERKINS® INVESTMENT MANAGEMENT

UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 1Q17

PERFORMANCE REVIEW

The Fund outperformed the Russell Midcap Value Index for the quarter. Stock selection in industrials was additive as several of our holdings benefited from positive sentiment around the potential for increased infrastructure spending, improvement in U.S. defense spending as well as activist involvement in one of our holdings. We also benefited from positive stock selection in real estate and technology, where several of our software holdings delivered solid earnings results. Energy was the worst-performing sector within the benchmark as concerns about OPEC compliance with supply quotas and stubbornly high inventories led to a sell-off in crude oil prices. Our stocks underperformed for the period and we took the opportunity to add to new and select existing positions. Within energy, we continue to favor service providers over exploration and production companies (E&P) as the former are beginning to benefit from a better pricing environment and are typically more disciplined with their capital. Stock selection in consumer discretionary was also negative as many retailers continue to struggle with the competitive pressures related to e-commerce. The Fund reduced its weighting in consumer discretionary due to a deteriorating outlook for retailers.

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

OUTLOOK AND POSITIONING

We are approaching today's market environment with considerable caution. The market has come a long way in relatively short order on the hope of lower taxes, a less burdensome regulatory environment, and a sizable infrastructure program – all potential catalysts that could lead to faster earnings growth, and ultimately a more rapid pace of economic expansion. However, recent events in Washington put into doubt the timing and scale of favorable policy changes – should they occur at all. Meanwhile the market continues to rally on the hope of this "blue sky" scenario amid a Federal Reserve that is signaling further interest rate hikes. Paying close attention to both the political and central bank nexus on a worldwide scope is as important as it has ever been. At the same time, identifying noncorrelated opportunities, pockets of pessimism, and secular growth situations are all areas of focus. Our investment team continues to maintain discipline in the consideration of downside scenarios, particularly for the newly resurgent cyclical stocks. In many cases, the recession risk which laid these stocks so low just one year ago remains all too real. Diversification remains crucial, and is a practical response to considerable uncertainty when valuations are stretched, in our view.

During the quarter, we trimmed some of our bank holdings given their strong performance in the post-election rally. We purchased new materials holdings, including a leader in auto coatings and paints, and a company that makes packaging for consumer products. Given a market characterized, in our view, by extended valuations – which make it very difficult to find compelling reward-to-risk ratios – we are focused on finding countercyclical companies with defensive characteristics such as healthy free-cash-flow generation. The Fund's overweight sectors continue to be in consumer staples, industrials and materials. Conversely, underweights remain in consumer discretionary and utilities.

Portfolio Manager:
Kevin Preloger

Portfolio Manager:
Justin Tugman, CFA

Portfolio Manager:
Tom Perkins

EXECUTIVE SUMMARY

- The Fund outperformed, led by stock selection in industrials, real estate and technology.
- We added to select energy holdings and reduced exposure to consumer discretionary.
- In our view stocks are not cheap, which increases their vulnerability to price shocks.

We have a mantra at Perkins: We will consider downside risk before upside potential. Recouping significant losses in an investment portfolio is very hard; better to defend your capital instead. Repeat the mantra often.

Thank you for your continued co-investment with us in the Perkins Mid Cap Value Fund.

TOP CONTRIBUTORS AND DETRACTORS FOR THE QUARTER ENDED 3/31/17

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Synopsys Inc	3.35	0.62	Keane Group Inc	0.98	-0.37
CSX Corp	1.27	0.61	Noble Energy Inc	2.45	-0.25
Check Point Software Technologies Ltd	2.31	0.45	Whiting Petroleum Corp	0.40	-0.24
Mead Johnson Nutrition Co	2.10	0.45	Sally Beauty Holdings Inc	1.05	-0.24
BWX Technologies Inc	2.15	0.38	Compass Minerals International Inc	1.43	-0.21

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

Synopsys Inc.: Our long-term holding of semiconductor design software company Synopsys was a strong performer in the quarter after reporting better-than-expected revenue growth coupled with lower-than-expected expenses. Synopsys receives a significant portion of earnings from subscription and maintenance revenue, and this highly predictable and profitable revenue stream was stronger than expected. Additionally, Synopsys continued its solid record of controlling costs, resulting in margins and earnings that beat expectations. While shares appreciated significantly, we held our position. Indeed, it is our largest holding in the Fund given what we view as the company's defensible business model that should continue to post predictable growth for the foreseeable future.

CSX Corp.: CSX Corporation is one of the major U.S. Class I railroads with tracks covering the eastern half of the country from Chicago to the Atlantic, and Canada to Mexico. During the first quarter, the company became the focus of an activist investor who was looking to change management. Specifically, the investor proposed that the company hire legendary industry CEO Hunter Harrison (previously the CEO of Canadian Pacific Railway), who is well known for implementing drastic and dramatic improvements in operating efficiency, which could grow earnings well above their prior trajectory. Even before the final agreement to hire Harrison was complete, the market reacted very positively to

TOP DETRACTORS

Keane Group: Keane Group Inc. is an oilfield services company that provides well completion services across the most prolific oil and gas basins in the U.S. The company came public in January and announced very solid operating results above expectations in March. However, shares of the company declined during the quarter on fears of too much pressure pumping capacity coming back online amid a correction in oil and natural gas prices. We continue to believe that Keane's assets are well positioned to benefit from improving utilization and better pricing, while having no net debt on the balance sheet provides a level of downside protection. We added to our position in Keane near the end of the quarter on price weakness.

Noble Energy: Noble Energy Inc. is an E&P company that has increased its exposure to some of the most attractive U.S. onshore shale basins. Noble announced solid quarterly cash flow, production results ahead of estimates and provided achievable production and capital expenditure guidance for the full year. The company also announced a final investment decision on phase one of its large-scale Leviathan natural gas project offshore from Israel. While we think these favorable announcements are positive long term, Noble shares declined as commodity prices fell in the quarter. We continue to think that Noble shares have pent up value given our favorable view of both their U.S. onshore and global assets as well as our positive reward-to-risk ratio.

TOP CONTRIBUTORS (continued)

the potential for a change in management that could double earnings per share over the next few years. The stock rallied on that expectation. Given the significant gain in the stock, we have aggressively trimmed our position but maintain a core weight in the name.

Check Point Software: Security software provider Check Point was a strong performer in the quarter after the company reported better-than-expected top- and bottom-line results. As one of the leaders in the security software industry, Check Point benefited from strong demand in the core firewall business. However, the company also continues to broaden its other corporate security software offerings, and the combined strength of the entire product line led to subscription, maintenance and license revenue growth that exceeded expectations. Additionally, Check Point continues to admirably control its costs, in our view. While we trimmed some of our holdings on price strength, Check Point remains a core holding as we believe the valuation is still attractive and the company is well positioned to post earnings and free cash flow growth in the future while maintaining a net cash balance sheet.

TOP DETRACTORS (continued)

Thus, we added to our holdings in the period.

Whiting Petroleum: Whiting Petroleum Corporation is a Denver-based E&P company with core assets in the Rocky Mountain region. Whiting reported solid fourth quarter earnings and management delivered on reducing long-term debt by roughly 42% through the course of 2016. However, Whiting provided a 2017 capital budget of $1.1 billion, which is double the 2016 level and is expected to lead to significant overspending relative to cash flow. In our view, this capital plan is overly aggressive. The budget surprise, coupled with declining oil prices, led to underperformance during the quarter. We significantly trimmed our position due to what we view to be management's aggressive approach to spending in what is still a challenged environment.

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.

The discussion and data quoted are based upon the results, holdings and characteristics of the Janus Investment Fund ("JIF") mutual fund. Such data may vary for the Janus Aspen Series ("JAS") portfolio due to asset size, investment guidelines, diversity of portfolio holdings and other factors. We believe the JIF mutual fund most closely reflects the portfolio management style for this strategy.

Perkins Mid Cap Value Fund is closed to certain new investors.

As of 3/31/17 the top ten portfolio holdings of Perkins Mid Cap Value Fund are: Synopsys Inc (3.21%), Conagra Brands Inc (2.63%), Torchmark Corp (2.51%), XL Group Ltd (2.45%), Crown Holdings Inc (2.37%), Noble Energy Inc (2.34%), Lamar Advertising Co (2.23%), Check Point Software Technologies Ltd (2.22%), BWX Technologies Inc (2.06%) and Invesco Ltd (2.04%). 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.

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.

Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book ratios and lower forecasted growth rates.

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

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

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C-0317-8662 07-15-17 188-42-16685 04/17