PERKINS SMALL CAP VALUE FUND

PERKINS INVESTMENT MANAGEMENT

UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 1Q17

PERFORMANCE REVIEW

The Fund outperformed the Russell 2000 Value Index during the quarter. The Fund's outperformance was driven by broad-based, positive stock selection. 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 energy holdings held up better during the period. We continue to favor oil service providers over exploration and production companies. Service providers, historically, are more disciplined with their capital, and they are currently benefiting from increased pricing power as exploration and production companies ramp up drilling activity. Industrials were another bright spot for the portfolio as several of our holdings benefited from potential infrastructure rebuild and increased U.S. defense spending. We also benefited from positive stock selection in real estate, financials, utilities and technology. After underperforming in 2016, health care stocks rebounded sharply. While our health care stocks posted gains, we lagged those in the benchmark due, in part, to our lack of exposure to biotech stocks. During the quarter, we reduced our weighting in consumer discretionary due to a deteriorating environment for retailers, while slightly increasing our weight in materials and energy.

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

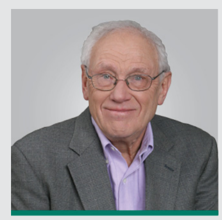
OUTLOOK AND POSITIONING

We are approaching today's market environment with considerable caution. As discussed in last quarter's letter, small-cap stocks had a considerable move higher following the November election. This rally expanded valuations based on potential increases in earnings down the road. For now, we are sticking with the facts. The Federal Reserve raised interest rates 25 basis points in December 2016 and March 2017. 10-year Treasury yields are higher than they were pre-election, yet lower than year end. The U.S. dollar is stronger than pre-election, yet weaker than year end. Business and consumer confidence indicators are higher. To date, however, increased economic activity has not crystalized. The economy will need to see tangible progress from Washington to unleash the "animal spirits" that the consumer and business confidence numbers indicate are possible.

Our cautious approach to the market exists on both sides of the coin. Most importantly, we aim to outperform should market expectations for future earnings growth ratchet considerably lower, hitting earnings and likely compressing multiples as well. However, we cannot ignore the potential positives, and we believe our companies should participate in equity gains should tax reform and deficit spending stimulate the economy. We aim to participate by owning a portfolio of what we believe are high-quality stocks with good management teams and strong balance sheets. As always, we seek to identify idiosyncratic investment opportunities, pockets of overblown pessimism and solid secular growth opportunities. We are maintaining 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 of risk remains crucial, in our view, especially during periods of considerable uncertainty such as these.

Portfolio Manager:
Justin Tugman, CFA

Portfolio Manager:
Tom Reynolds



Portfolio Manager:
Robert Perkins

EXECUTIVE SUMMARY

- Our portfolio outperformed, driven by broad-based, positive stock selection.
- We reduced consumer discretionary due to a deteriorating environment for retailers.
- Small-cap stocks are not cheap in absolute terms, though they remain favorable relative to large caps.

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 Small Cap Value Fund.

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Mammoth Energy Services Inc	1.80	0.53	Sally Beauty Holdings Inc	1.91	-0.39
Cohen & Steers Inc	1.49	0.24	Whiting Petroleum Corp	0.00	-0.33
BWX Technologies Inc	1.43	0.24	Cal-Maine Foods Inc	1.67	-0.31
Omnicell Inc	1.42	0.24	First Hawaiian Inc	2.30	-0.29
TopBuild Corp	0.88	0.23	Columbia Banking System Inc	1.74	-0.23

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

Mammoth Energy Services: Mammoth Energy Services Inc., an Oklahoma City, Oklahoma-based oilfield services company providing drilling rigs, sand and pressure pumping services had an initial public offering (IPO) in late 2016. Given the strong balance sheet, we were aggressive buyers of the stock when it traded below the IPO price. Along with other oilfield services companies, Mammoth is benefiting from increasing pricing as onshore drilling activity increases. The shares outperformed peers during the quarter as Mammoth reported earnings growth ahead of expectations and also announced a bolt-on acquisition. We continue to maintain our position in the shares given the attractive risk-to-reward ratio in the name.

Cohen & Steers: Cohen & Steers is an asset manager which focuses on real assets such as real estate, infrastructure, natural resources and commodities. The stock sold off in late 2016 on fears that higher inflation would prove challenging for Cohen & Steers' real estate investment trust (REIT) mutual funds. During the quarter, those fears subsided and the stock outperformed as the company did not experience outflows as feared and interest rates drifted lower, which improved the sentiment toward REITs. We added to our position in Cohen & Steers as we believe the company is set to enjoy increasing organic growth as a result of a multi-year investment in their sales infrastructure coupled with strong performance in their unique set of

TOP DETRACTORS

Sally Beauty Holdings: Sally Beauty Holdings is a retailer of beauty products and sells to retail customers (approximately 70% of revenue) and salon professionals (approximately 30% of revenue). The company has made mistakes over the last year such as changing packaging, altering their store layout, issues with a core technology platform upgrade, and – perhaps most meaningfully – with implementing changes to the technology and structure of its customer loyalty program. These mistakes have occurred against the backdrop of a challenged retail environment and increasing pressure from online and physical competitors. The stock was down 23% in the quarter on these reasons. We added to the position on weakness. We believe the most attractive parts of the business have insulation from online threats, the free cash flow remains robust and is being used to buy back stock and deleverage the balance sheet, and management can fix the loyalty program mistakes this year. Additionally, the stock trades near a 10-year low valuation, which should provide downside support.

Whiting Petroleum: Whiting Petroleum Corporation is a Denver, Colorado-based exploration and production 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 what we view to be an aggressive 2017 capital

TOP CONTRIBUTORS (continued)

funds.

BWX Technologies: BWX Technologies is the sole source manufacturer and supplier of nuclear reactors and nuclear fuel components for the U.S. Navy's submarine and aircraft carrier fleet. They are also a management service provider to various government entities where they run both operational and technical locations. The company is a pure play defense/government contractor with a highly predictable, stable business. With geopolitical volatility remaining high – especially in Asia – BWX's fundamentals and stock price performance have remained strong. BWX has exposure to the continued growth and upgrading of the U.S. Navy, which we believe is a priority for the Trump administration. We added to our position due to the strong fundamentals and relative reward to risk profile, and view BWX as a stable, long-term, core holding.

TOP DETRACTORS (continued)

spending budget of $1.1 billion, which is double the 2016 level and is expected to lead to significant overspending relative to cash flow. The budget surprise, coupled with declining oil prices led to underperformance during the quarter. With the change in our investment thesis, we eliminated the position.

Cal-Maine Foods: Cal-Maine Foods is the market share leader in egg sales, with approximately 25% share. The egg industry has recently been hurt by a supply/demand imbalance. Both increased capacity – to chase soaring egg prices – and the recovery of the laying hen population from the 2015 avian influenza have contributed to the oversupply. Additionally, domestic egg demand has remained steady, and export demand has not returned to prior levels. This oversupply has led to falling egg prices, weighing on Cal-Maine's stock price. We like the unique nature of this business, as well as the company's net cash balance sheet. We believe Cal-Maine will continue to be a market leader as the industry comes out of the downturn. We added to the position during the quarter.

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 Perkins Small Cap Value Fund are: UniFirst Corp/MA (3.34%), Banner Corp (3.06%), Cedar Fair LP (2.87%), Prosperity Bancshares Inc (2.38%), First Hawaiian Inc (2.21%), Black Hills Corp (2.16%), Hanover Insurance Group Inc (2.12%), MGM Growth Properties LLC (1.95%), Sally Beauty Holdings Inc (1.83%) and Mammoth Energy Services Inc (1.73%). 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 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower 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.

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