

Janus Opportunistic Alpha SMA



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Performance Discussion

The Portfolio underperformed its benchmark during the quarter. Our stock selection in the technology and industrial sectors detracted from relative performance. Our stock selection in the consumer discretionary sector and underweight to the energy sector contributed to relative results.

St. Joe Corp. was a large detractor. 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 Anadarko has a good management team and assets that remain undervalued relative to other exploration and production companies.

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.

Knowles Corp. was another contributor. The stock was up after the company reported another quarter of better-than-expected earnings growth. Knowles 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.



Portfolio Manager:
Daniel R. Kozlowski, CFA

Executive Summary

- The Portfolio underperformed its benchmark.
- St. Joe Corp. was a large detractor.
- Popeyes Louisiana Kitchen was a large contributor.

Representative Account 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	1.16	St Joe Corp	7.00	-0.48
Knowles Corp	9.04	0.86	Anadarko Petroleum Corp	4.41	-0.46
Lands' End Inc	2.93	0.76	Mattel Inc	6.95	-0.31
Platform Specialty Products Corp	1.39	0.58	Envision Healthcare Corp	1.99	-0.23
Bank of America Corp	2.66	0.53	United Continental Holdings Inc	8.14	-0.17

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/separately-managed-accounts.

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees and expenses.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 3/31/17 the top ten portfolio holdings of the Representative Account are: Knowles Corp (6.57%), United Continental Holdings Inc (5.91%), St Joe Corp (5.09%), Mattel Inc (5.05%), Ball Corp (4.66%), Zebra Technologies Corp (4.41%), Anadarko Petroleum Corp (3.20%), Crown Holdings Inc (3.18%), News Corp (2.96%) and Wendy's Co (2.33%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

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.

Investing involves risk, including the possible loss of principal and fluctuation of value.

Opportunistic Alpha managed accounts, benchmarked to the S&P 500 Index, seek to invest in under-valued companies with improving return on invested capital and an asymmetrical risk/reward profile. The portfolios may have exposure to foreign securities through ADRs. A typical portfolio invests in 35 to 55 equity securities. Prior to June 1, 2007 returns for the composite are for the Institutional Opportunistic Alpha Composite, which consisted of separately managed institutional accounts as well as sub-advised pooled funds. The composite was created in June 2007.

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

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