Janus Forty Fund

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Investment Environment

Large-cap U.S. equities continued to climb during the fourth quarter, as improving data on U.S. GDP growth and a declining unemployment rate helped affirm that the U.S. economy is much stronger than economies throughout the rest of the world. Confirmation that the Federal Reserve would be cautious in raising interest rates was also a boost for domestic equities. Falling oil prices negatively impacted stocks tied to the energy sector, but other pockets of the market fared well in anticipation that lower oil prices would translate into stronger consumer spending.

Performance Discussion

The Fund outperformed both its primary benchmark, the Russell 1000 Growth Index, and also its secondary benchmark, the S&P 500 Index, during the period. As part of our investment strategy, we seek companies that have clear, sustainable competitive moats around their businesses, that should help them grow market share within their respective industries over time. Important competitive advantages could include a strong brand, network effects from a product or service that would be hard for a competitor to replicate, a lower cost structure than competitors in the industry, a distribution advantage or patent protection over valuable intellectual property. We think emphasizing such sustainable competitive advantages can be a meaningful driver of outperformance over time because the market often underestimates the duration of growth for these companies and the long-term potential return to shareholders. This quarter we saw a number of the companies in our portfolio put up impressive results, further validating our view that they are well positioned to grow in excess of the market.

Lowe's Companies was our top contributor to performance this quarter. The stock is one of our largest positions in the Fund, representing one of our highest conviction ideas. Lowe's also embodies many of the characteristics we tend to emphasize for companies in our portfolio. With only one other large competitor, Lowe's operates in a much friendlier market structure than many other retail companies. Many of its products also don't lend themselves to e-commerce, which means the company is less impacted by the migration of online sales than most retail businesses. The size and scale of Lowe's gives it a favorable cost structure to smaller hardware stores. A housing rebound and an increase in consumer spending on home improvement projects, which was suppressed for the last half decade coming out of the financial crisis, are also a tailwind for Lowe's. Signs the consumer was spending more on home improvement were evident this quarter, as Lowe's reported strong same-store sales growth, which helped drive the stock's performance.

Celgene was another top contributor during the quarter. The stock was up after the company announced encouraging results about the effectiveness of a treatment it is developing for Crohn's disease. In addition to the new treatment for Crohn's disease, we continue to be encouraged about a number of other products being developed by Celgene. We believe there will be expanded use opportunities for the company's multiple myeloma treatment, Revlimid, and are also encouraged by the potential for several other drugs including Abraxane for pancreatic cancer, Pomalyst for refractory multiple myeloma, and Apremilast, an oral drug to treat psoriatic arthritis and psoriasis. Similar to other biotechnology holdings in our portfolio, we believe the innovative nature of

Portfolio Manager:
Douglas Rao

Executive Summary

- U.S. large-cap equities continued to climb during the quarter, as data points showed the U.S. economy continues to strengthen.
- The Fund outperformed its benchmark during the period.
- Heading into 2015, we have a positive outlook for both the U.S. economy and domestic equities.

Celgene's therapies, and the long patent protection around them, represent durable growth opportunities.

Delphi was another top contributor to performance this quarter. The auto parts supplier is benefiting from some of the enduring megatrends improving today's automobiles. Many of Delphi's products either make the car safer, more environmentally friendly (fuel efficient), or help connect the automobile to the world around it. An example of the latter trend would be infotainment systems in the dashboard of a car. While Delphi has benefited from these long-term tailwinds, it also has a distribution advantage with a global platform enabling the company to serve clients in China, North America and Europe. Finally the company also emerged from bankruptcy with minimal liabilities and has located its workforce in lower cost centers, which gives it a cost advantage over its competitors. Those cost advantages have allowed Delphi to increase profit margins, and reinvest those profits to develop new content in vehicles. The stock was up this quarter after announcing earnings results that exceeded consensus expectations.

While pleased by the results of most companies in the portfolio, we did hold stocks that fell during the period and detracted from performance. Google was our largest detractor. The company is in the middle of a transition as more of its advertising revenue moves from the computer desktop to mobile advertising. Disappointing earnings results this quarter highlight that the transition may hit some bumps along the way, but we are confident in our longer term view of the company. Phones using the Android operating system continue to gain market share among first-time smartphone users and in emerging markets, which is where smartphone growth is fastest. As the number of users on the Android platform grows, developers of smartphone and tablet applications can better monetize their apps for Android. The strong menu of apps on Android, along with the general lower cost of phones using the Android operating system, help lock in the consumer base on the platform.

MGM Resorts also declined during the period. We sold the position to invest in other opportunities that offered more exposure to the Asian traveler and a less highly levered balance sheet.

Finally, Canadian Pacific Railway was also a detractor. The stock declined due to expectations of less demand to transport crude oil by rail. We had actually trimmed the position after substantial gains last quarter, but Canadian Pacific remains a holding in our portfolio due to the long-term growth potential inherent in the company. In short, we believe Canadian Pacific's railroad network across Canada and the U.S. is a valuable asset that would be nearly impossible for other transportation and logistics companies to replicate. The company also has a significant cost advantage over the trucking industry. Going forward, we believe the company can continue to grow revenues and railroad volumes as it improves execution around its railroad network. Canadian Pacific has made substantial investments to improve its service and reliability to customers. As service and reliability improves, it will likely drive more shippers to use Canadian Pacific instead of trucking services.

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

Outlook

Heading into 2015, we have a positive outlook for both the U.S. economy and domestic equities. The U.S. is clearly showing economic strength relative to the rest of the world. While declining commodity prices may create some short-term uncertainty, lower oil prices ultimately represent a tax cut for most consumers around the world. In a country such as the U.S., where such a large portion of the economy is driven by consumer spending, the tailwind from a sharp drop in oil prices can be considerable.

Looking at equity markets, we believe valuations are reasonable. However, after considerable multiple expansion in 2013 and the first half of 2014, we expect further stock price appreciation will need to be accompanied by earnings growth. If earning growth again becomes the primary driver of stock returns next year, we believe such an environment is favorable for our investment process. We continue to be encouraged by the competitive advantages of the companies we invest in, and remain confident they are poised to grow in excess of the market over longer time horizons.

Top Contributors and Detractors for the Quarter Ended 12/31/14

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Lowe's Cos., Inc.	4.77	1.21	Google, Inc.	4.20	-0.47
Celgene Corp.	3.36	0.78	MGM Resorts International	0.00	-0.40
Delphi Automotive PLC	3.86	0.61	Canadian Pacific Railway, Ltd. (U.S. Shares)	2.93	-0.25
MasterCard, Inc. - Class A	3.68	0.57	Gilead Sciences, Inc.	0.00	-0.14
Zoetis, Inc.	3.04	0.52	Amazon.com, Inc.	2.81	-0.12

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

Lowe's: The home improvement retailer distributes building materials and supplies through stores in the U.S. Lowe's offers a complete line of products and services for home decorating, maintenance, repair, remodeling and property maintenance. As one of two major home improvement retailers, we believe the company is well positioned to benefit from increased housing turnover, home price appreciation, an aging housing inventory and greater credit availability. We also believe Lowe's can improve its margins from several operational initiatives. Finally, we appreciate that the company's interests are aligned with shareholders as demonstrated by its history of returning significant amounts of capital to shareholders through share buybacks and dividends.

Celgene: This global biotechnology company seeks to deliver truly innovative and life-changing drugs for the treatment of cancer and other severe immune, inflammatory conditions. We see the potential for continued strong growth ahead for Celgene's blood-cancer-fighting Revlimid drug franchise and believe its additional pipeline products could further supplement this growth. Some of the new drugs that could become meaningful contributors include Abraxane for pancreatic cancer, Pomalyst for refractory multiple myeloma and a recently licensed drug to treat Crohn's disease. We also appreciate management's willingness to utilize free cash flow for share repurchases and product acquisitions.

Delphi Automotive: Many of the auto manufacturer's products are focused on making automobiles more safe, green and connected, which are three long-term trends in auto production. We also believe the company has distribution and cost advantages over its competitors.

Top Detractors

Google: The Internet search engine leader is benefiting from strong growth in mobile search (particularly in emerging markets) through its Android software for mobile devices. We think Android's rapidly growing installed base will provide the company significant control over its mobile search and display advertising destiny. We also believe the company's mobile and tablet search business will more than neutralize its declining desktop computer search business in developed markets.

MGM Resorts: We sold our position in the casino operator during the period to pursue other opportunities we felt offered greater exposure to the Asian traveler.

Canadian Pacific Railway: Canadian Pacific Railway operates a rail system connecting the major business centers in Canada. We like that the company operates in an industry that has significant barriers to entry. We believe a new management team is improving the railroad company's culture, operational performance and capital allocation decisions.

Gilead Sciences: This research-based biotechnology company's primary areas of focus include human immunodeficiency virus (HIV)/AIDS; liver diseases, such as hepatitis B and C; and cardiovascular/metabolic and respiratory conditions. While we like the potential for Gilead's treatments, we exited the position as the stock neared our price target.

Amazon: The online retailer offers a wide range of products, including books, music, videotapes, computers, electronics, home and garden, and numerous other products. Amazon offers personalized shopping services, Web-based credit card payment and direct shipping to customers. We believe

Top Contributors (continued)

MasterCard: The global card payment network connects consumers, financial institutions, merchants, governments and businesses, enabling them to use electronic forms of payment instead of cash and checks. We like MasterCard for its high return on invested capital business and growth potential as well as its strong balance sheet and quality management team. A majority of its revenues are generated outside the U.S., where many markets have a lower penetration of cards/electronic payments and are experiencing significantly faster electronic purchase volume growth.

Zoetis: A spin-off from Pfizer, Zoetis develops animal health medicines and vaccines, with a focus on livestock and companion animals. The company's products are sold in North America, Europe, Africa, Asia, Australia and Latin America. As the largest animal health company in the world, Zoetis is well positioned to benefit from several positive trends we see in the animal health industry, including few global competitors, limited impact from generics and stable, long-term growth. The company's competitive advantages include scale, product breadth, exposure to multiple markets and global status. Additionally, we think the company has pricing power to drive sales growth, and that management can improve its manufacturing process and product portfolio to increase margins.

Top Detractors (continued)

the company's competitive advantages of a low overhead cost structure, allowing an aggressive pricing structure, and faster shipping will cause consumers to shift an increasing amount of their general merchandise spending toward it. Given that over 90% of retail sales are still sold offline, we believe Amazon has significant opportunities ahead, particularly as they expand into new business lines and geographies.

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 performance of the Fund's "parent" share class (typically that with the longest history).

As of 12/31/14 the top five portfolio holdings of Janus Forty Fund are: Lowe's Cos., Inc. (4.71%), Precision Castparts Corp. (4.59%), Endo Health Solutions, Inc. (4.36%), Google, Inc. (4.15%) and Delphi Automotive PLC (3.81%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

The opinions are as of 12/31/14 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.

A Fund's performance may be affected by risks that include those associated with nondiversification, non-investment grade debt securities, high-yield/high-risk securities, undervalued or overlooked companies, investments in specific industries or countries and potential conflicts of interest. Additional risks to a Fund may also include, but are not limited to, those associated with investing in foreign securities, emerging markets, initial public offerings, real estate investment trusts (REITs), derivatives, short sales, commodity-linked investments and companies with relatively small market capitalizations. Each Fund has different risks. Please see a Janus prospectus for more information about risks, Fund holdings and other details.

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

Russell 1000® Growth Index measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

S&P 500® Index is a commonly recognized, market capitalization weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance.

A Fund's portfolio may differ significantly from the securities held in an index. An index is unmanaged and not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio.

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