1Q17 PORTFOLIO COMMENTARY

Janus Fund

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Executive Summary

- U.S. stocks ended the period with gains, despite heading lower toward the end of the quarter.
- The Fund outperformed its benchmark during the period.
- Adobe Systems was a top contributor to performance. Bristol-Myers Squibb was a detractor.

Investment Environment

U.S. stocks continued their strong run well into the first quarter. Optimism was premised on the belief that the Trump administration would champion a series of pro-growth reforms. Even prior to any legislation being passed, economic data lent support to the notion of a strengthening U.S. economy. Gains in nonfarm payrolls accelerated and average hourly wages registered the highest year-over-year increase since 2009. Also achieving a recent high was a U.S. manufacturing survey. This favorable environment was a key factor in allowing the Federal Reserve (Fed) to raise interest rates by a quarter of a percentage point at its March meeting. After peaking in early March, however, many key U.S. indices slid over the remainder of the period.

Performance Discussion

The Fund outperformed its primary benchmark, the Russell 1000 Growth Index, and also its secondary benchmarks, the S&P 500 Index and the Core Growth Index. As part of our investment process, we seek companies with clearly definable and sustainable long-term growth drivers. These companies often have a high barrier to entry, a notable competitive edge in an attractive, growing industry, or a strong management team with a clear vision for the future of their company. We believe that over a longer time horizon, a collection of companies with these competitive advantages should lead to compounded growth in excess of the market. This quarter we were pleased to see a number of companies in our portfolio put up impressive results and further demonstrate their competitive advantages.

Adobe Systems was our largest contributor. The stock was up after the company announced earnings and revenue that exceeded its expectations. We continue to like the direction of the company. By moving its Adobe software to a cloud-based, subscription model, Adobe captures a more steady revenue stream and is making its design software accessible to new user bases. We also like the potential for its digital marketing business, which assists companies in producing digital content.

Salesforce.com was another top contributor. The stock fell last quarter in large part because of rumors it would try to acquire Twitter. In our view, the social media company was not a natural fit for the business. When Salesforce confirmed it would not pursue the acquisition and reported better-than-expected earnings this quarter, the stock rebounded. We continue to like Salesforce's position as a leader in cloud-based enterprise software, and believe it will benefit as marketing and sales departments move more functions from on-premises software to the cloud.

Facebook was another top contributor. Continued revenue growth and margin expansion have helped drive the stock. Ongoing efforts in video advertising and product innovations at Instagram also lifted the stock this quarter. We believe the company is poised to benefit from the secular tailwind of advertising spending shifting to mobile and online video platforms.

While pleased with the performance of most stocks in our portfolio, we still held a few stocks that detracted from performance. Bristol-Myers Squibb was our largest detractor. Disappointing clinical results for a trial pairing its cancer drug, Opdivo, with another treatment negatively affected the stock this quarter. We sold the stock due to concerns the company's cancer treatments would lose market share within the immuno-oncology space.

TD Ameritrade was another detractor. The stock was down this quarter after a TD Ameritrade competitor lowered trading commissions and started a price war that was subsequently matched by Ameritrade and others. We continue to like the company. Although the cut in commission prices will lower near-term trading revenues, we continue to expect Ameritrade to take market share in wealth management due to its lower cost structure to serve individual investors and registered investment advisors. Further, we believe the company's recently announced acquisition of Scottrade gives it more scale and will allow the company to improve margins as it realizes cost synergies from the acquisition.

General Electric (GE) was another detractor. The company's earnings results were light, and organic growth for 2016 has been admittedly disappointing, particularly in GE's oil and gas end markets. We continue to like the company, however. We see opportunity for GE to improve margins, and like the recurring nature of much of its revenues as GE sells aftermarket parts and services for its equipment. Finally, we think GE still possesses a valuable competitive moat around its business that it is only beginning to monetize: data. The company has a leading market position in every industrialized market it serves. The large customer base in these end markets is giving GE valuable data on industrial companies and their industries, and we believe GE is still in the early stages of translating that data into valuable new and improved products and services for its clients.

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

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Adobe Systems Inc	2.58	0.66	Bristol-Myers Squibb Co	0.00	-0.31
Amazon.com Inc	3.70	0.62	TD Ameritrade Holding Corp	0.69	-0.11
Apple Inc	2.81	0.61	AutoZone Inc	0.43	-0.06
salesforce.com Inc	2.99	0.59	General Electric Co	0.83	-0.05
Facebook Inc	2.70	0.55	Dollar General Corp	0.60	-0.05

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

Adobe Systems: We believe the company is poised to grow profitability as its digital media business moves from a perpetual license-based business model to a subscription-based business model. We also believe Adobe's digital marketing business, which helps advertisers create digital content, is well positioned for the transition in advertising spending toward digital advertising platforms.

Amazon: The online retailer offers a wide range of products, including books, music, 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 the company's competitive advantages of a low overhead cost

Top Detractors

Bristol-Myers Squibb: We sold our position in the stock due to concerns its cancer treatments could lose market share.

TD Ameritrade: We believe the online broker is a best-in-class asset gatherer. We also believe TD Ameritrade has a unique and differentiated business model, having outsourced the banking operations of the business to TD Bank, allowing it to run a capital-light business model, generate free cash flow in excess of net income, and deliver attractive returns, in our view. We like that the company does not typically take balance sheet risk. Going forward, we believe that the retirement wave of baby boomers is a tailwind for companies such as TD Ameritrade as financial assets will move from

Top Contributors (continued)

structure, which allows an aggressive pricing structure, and faster shipping will cause consumers to shift an increasing amount of their general merchandise spending to the online retailer. Given that roughly 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. We also like the potential for Amazon to grow its cloud business, Amazon Web Services.

Apple: We believe Apple can sustain strong iPhone sales and generate incremental new sales growth from other products. However, we are underweight the position relative to our benchmark because we believe there are better growth opportunities within the sector.

Salesforce.com: Salesforce.com is a global cloud-computing company best known for its customer relationship management (CRM) solutions. We believe the flexibility and low-cost nature of the company's cloud-based offerings give it a competitive advantage over on-premises legacy solutions.

Facebook: The social networking web site facilitates the sharing of information, photographs, web site links and videos among family, friends and co-workers. Recent data, including fast-growing sales, have given us greater confidence in the sustainability of Facebook's core product and thus the advertising market that should accrete to it. We believe the company will be among the few mobile platform operators that disproportionately benefit from meaningful new developments in advertising/marketing models, which we believe will develop over the next several years. In particular, we think we are in the middle innings of advertising dollars shifting to mobile, where Facebook is gaining traction with app developers, direct response advertisers, brand advertisers and small- to medium-size businesses.

Top Detractors (continued)

defined contribution plans to rollover IRAs.

AutoZone: AutoZone is a retailer and distributor of automotive replacement parts and accessories in the United States and Mexico. We appreciate the company for its historical ability to generate high returns on invested capital with industry-leading profit margins and sales per square foot. We also like that the business is somewhat countercyclical: when the economy is weaker, consumers tend to keep driving their cars longer, which requires more repairs.

General Electric: We like General Electric for its leading market position in a number of industrial markets, and also like that much of its revenue comes from aftermarket and maintenance services, which provide a steady, recurring revenue stream for the company. We also like the company's growth potential as it develops new services around Predix, its software platform that collects data from industrial machines.

Dollar General: Dollar General owns a chain of variety stores offering goods to consumers at low price points. We believe their stores serve an under-addressed customer with unique offerings that fit the needs of convenience and a low price point. We believe the company is poised to drive moderate square footage and same-store sales growth in the coming years.

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.

Subject to shareholder approval, the Fund is expected to merge into a similar fund. See the prospectus for further details.

As of 3/31/17 the top ten portfolio holdings of Janus Fund are: Alphabet Inc (6.06%), Microsoft Corp (5.26%), Amazon.com Inc (3.63%), salesforce.com Inc (2.93%), Apple Inc (2.75%), Facebook Inc (2.65%), Adobe Systems Inc (2.53%), Altria Group Inc (2.20%), General Dynamics Corp (1.85%) and American Tower Corp (1.85%). 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.

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 reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

Core Growth Index is an internally calculated, hypothetical combination of total returns from the Russell 1000® Growth Index (50%) and the S&P 500® Index (50%).

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

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