Janus Global Select Fund

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Investment Environment

Global stocks continued their strong run into the first quarter. Optimism remained that a new U.S. administration would champion pro-business reforms, which would ultimately propel economies around the world. Even prior to any legislation being passed, economic data lent support to the notion of a strengthening U.S. economy. This improving view was a key factor in the Federal Reserve's decision to raise interest rates by a quarter of a percentage point at its March meeting. Despite the move, the U.S. dollar slid against most advanced- and emerging-market currencies.

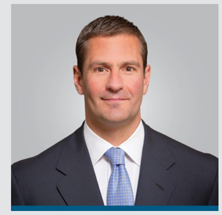
Economic data also hinted at a resilient Europe, which counterbalanced – to a degree – a surge in populist political parties in the region. Concerns abated somewhat with the poor showing of a populist party in the Dutch parliamentary elections. Emerging markets rebounded after the post-election sell-off, with Hong-Kong based Chinese shares and India both performing strongly. After peaking in March, however, many global indices slid over the remainder of the period. Albeit slight, Japan was among the few developed markets whose benchmarks registered losses.

Performance Discussion

The Fund outperformed its benchmark, the MSCI All Country World Index, during the period. We employ a high-conviction investment approach seeking strong risk-adjusted performance over the long term. Over time, we believe we can drive excess returns in a risk-efficient manner by identifying companies whose free-cash-flow growth is underestimated by the market. This quarter, we were pleased to see our conviction rewarded as some of our prior detractors recovered on the back of strong financial performance.

Stock selection in the technology sector was a significant driver of relative outperformance. Some of our top contributors within the sector, Alibaba and Sony, were among those stocks that experienced a sharp rebound from last quarter. Toward the end of the year, Alibaba's stock fell due to fears of weakness in China's economy. Alibaba's strong earnings and revenue growth in the quarter, as well as a general abatement of Chinese-oriented worries, lifted the stock. Going forward, we continue to possess a high degree of conviction in the Chinese e-commerce company given its leverage to two powerful secular tailwinds: the increased spending power of the Chinese consumer and the migration of this spending to online platforms.

Sony was another top contributor within the sector. Last quarter, the stock fell as investors gravitated toward Japanese stocks benefiting from a weakening yen. Since much of Sony's cost base is in U.S. dollars, a weaker yen does not benefit it as much as it benefits Japanese exporters with local costs. Concern about weak demand for one of its competitors' lead gaming franchises also created negative sentiment around the video game industry. We viewed both issues as temporary. We think the management team is positively transforming the company, and Sony's gaming, music streaming and image sensor businesses are powerful earnings growth drivers. Sony's quarterly earnings report further confirmed our thesis, with strong sales growth for its image sensors helping to drive better-than-expected earnings growth. We expect strong growth ahead in this business as more smartphones adopt dual cameras.



Portfolio Manager:
George Maris, CFA

Executive Summary

- Global stocks enjoyed a strong rally during the quarter.
- The Fund outperformed its benchmark. Stock selection in the technology sector was a large driver of relative outperformance.
- We have a positive outlook for stocks and the global economy. In most pockets of the world, we see real signs of an economy on the mend.

Outside of technology, NRG Energy was a top contributor. We like the utility company for its diversified mix of businesses, which allows it to generate higher and steadier levels of free cash flow than its competitors. We also expect the new CEO will create more value for shareholders by reducing debt and costs to further improve shareholder value. The management team took an encouraging step this quarter with its cooperative engagement with activist investors looking to help NRG divest assets, reduce expenses and improve capital efficiency. NRG's willingness to work with the activists helped lift the stock during the quarter.

While generally pleased with our performance this quarter, we still held stocks that generated disappointing results. Macy's was our largest detractor. We generally avoided brick and mortar retail department stores in our portfolio, where profits are suffering as more sales move online. But we felt there was significant overlooked value in Macy's real estate assets, and that those assets set a floor for the stock price. However, we sold the position due to concerns about management's willingness to monetize those assets and its ability to navigate the changing and challenging retail environment.

Bristol-Myers Squibb was another 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.

Ireland-based-bank Permanent TSB was another detractor. Political uncertainty across Europe was a negative overhang for the stock, but as we note in our outlook, we continue to like the growth prospects of several European bank franchises. We believe Permanent TSB is a well-run company with a strong balance sheet that will benefit as the Irish economy grows stronger.

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

Outlook

Our outlook for the global economy, and stocks, remains positive. In most pockets of the world, we see real signs of an economy on the mend. Our optimism transcends basic macroeconomic indicators; the management teams we speak with, particularly in the technology sector, say business spending and demand is firming.

The rebound is still nascent but we see positive signs ahead. We believe a Republican-controlled Congress and White House will bypass some of the gridlock in Washington and bolster the U.S. economy with corporate tax cuts and pro-growth initiatives. A burgeoning U.S. economy could underpin better growth in the rest of the world.

While we share a sanguine outlook for global growth, there are still risks we continue to monitor. We worry about some of the President Trump's anti-trade rhetoric, but anticipate the actual policies to be more pragmatic. We expected the president to walk away from the Trans-Pacific Partnership, but do not believe a massive trade war is at the top of his agenda. That said, we continue to monitor trade developments and are considering the implications of a border tax adjustment on the cost structures of companies.

Political uncertainty in Europe is another broad risk we continue to monitor. We acknowledge the uncertainty could be a near-term negative overhang for some of our bank holdings in the region, but believe the risk we are taking on the political side is more than compensated by historically low valuations for bank stocks and the earnings upside from even a modest rise in interest rates. While we continue to monitor the risks, we remain optimistic about the growth potential of the economy, and more specifically the companies we own, in the days ahead.

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
NRG Energy Inc	2.21	1.02	Macy's Inc	0.00	-0.17
Alibaba Group Holding Ltd (ADR)	2.72	0.53	Air Products & Chemicals Inc	1.97	-0.12
Sony Corp	2.68	0.48	Bristol-Myers Squibb Co	0.00	-0.12
Adobe Systems Inc	1.95	0.43	Permanent TSB Group Holdings PLC	0.73	-0.10
GVC Holdings PLC	2.35	0.43	Mallinckrodt PLC	0.71	-0.09

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

NRG Energy: NRG Energy owns and operates a diverse portfolio of power-generating facilities, primarily in the U.S. The company's operations include energy production and cogeneration facilities, thermal energy production, and energy resource recovery facilities. We think the wholesale energy provider will benefit from a long-term process of retiring coal plants and a rebound in natural gas prices.

Alibaba Group: The Chinese e-commerce company provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web and mobile platforms. We think increased spending power for the Chinese consumer and rapid growth in e-commerce in China are long-term tailwinds for the company.

Sony Corp.: Sony manufactures audio, video, game, communications devices and components for the consumer and professional markets. The company's other businesses include movies, music, online businesses and financial products including life insurance. We believe Sony is significantly undervalued given recent changes management made, such as selling non-core assets and closing underperforming businesses. We also think the company is well positioned to benefit from strong trends in the gaming and image sensor businesses. We also like that its music business is growing revenues again as more consumers stream music services.

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

Top Detractors

Macy's: We sold the stock due to concerns about the retail environment for the chain and what we viewed as executional missteps by the company, as well as management's reluctance to realize value from its real estate assets.

Air Products and Chemicals: The company provides atmospheric, process and specialty gases; performance materials; equipment; and technology. Its markets include semiconductor materials, refinery hydrogen, coal gasification, natural gas liquefaction and advanced coatings and adhesives. We believe new management will be able to improve the company's operational and cost efficiencies, boost pricing in its merchant business, and foster a better corporate culture. Longer term, we think management will be able to exit lower-margin markets, improve cash flows and focus on share repurchases and dividend increases.

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

Permanent TSB Group: Permanent TSB is one of Europe's simplest financial institutions, domiciled in Ireland, one of the strongest economies on the continent. The bank is going through an operational turnaround that is moving from a stabilization phase toward relaunching its franchise, which, in our view, should put it on a path toward sustainable growth. Management's efforts led Permanent to be one of Europe's most strongly capitalized banks. We also believe the bank is buoyed further by potential reserve releases linked to house-price inflation, which should contribute to shareholder returns.

Top Contributors (continued)

spending toward digital advertising platforms.

GVC Holdings: GVC Holdings is a UK-based sports-betting and online-gambling operator. We are optimistic about the company as we see its online gambling as highly scalable, with a high potential return on invested capital.

Top Detractors (continued)

Mallinckrodt: Mallinckrodt is a specialty pharmaceutical company with two primary business segments focused on hospital drugs and autoimmune drugs. We believe the market underestimates the long-term growth profile of these assets and the durability of the associated cash flow stream. We also believe the management team at Mallinckrodt has meaningful opportunities to optimize the cost structure of the business to drive margin improvement over time. Finally, Mallinckrodt could upgrade its business mix by divesting its low-growth generic pharmaceutical segment. We believe this could position the company to ultimately be acquired by a larger pharmaceutical company.

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 Janus Global Select Fund are: Citigroup Inc (3.64%), BNP Paribas SA (2.73%), Alibaba Group Holding Ltd (ADR) (2.65%), AIA Group Ltd (2.62%), Sony Corp (2.61%), TOTAL SA (2.50%), Morgan Stanley (2.48%), GVC Holdings PLC (2.29%), Estee Lauder Cos Inc (2.17%) and NRG Energy Inc (2.16%). 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.

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

MSCI All Country World Index℠ reflects the equity market performance of global developed and emerging markets.

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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