1Q17 PORTFOLIO COMMENTARY

Janus Global Technology Fund
Janus Aspen Global Technology Portfolio

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Investment Environment

Information technology led global stocks higher during the first quarter. The optimism in broader markets was premised on the belief that the Trump administration would champion a series of pro-growth reforms, which would propel the U.S. and, ultimately, other economies. Technology's strength was owed, in part, to reverberations of the election as the applications software and Internet subsectors recovered after having sold off in the aftermath of Donald Trump's victory. More importantly, strong performance across the tech sector was also the consequence of investors refocusing on company fundamentals, which, as evidenced by a series of earnings reports, remain favorable. For the period, all subsectors within the Fund's secondary benchmark generated positive returns, with technology hardware, storage and peripherals, and home entertainment software, along with semiconductor equipment, leading the way.

Performance Discussion

The Fund outperformed its primary benchmark, the S&P 500 Index, and its secondary benchmark, the MSCI All Country World Information Technology Index, for the period. Since we believe technology markets are complex, we construct a portfolio with special attention to downside risk, seeking to balance resilience and optionality. We believe our focus on stocks that are less volatile on a risk-adjusted basis than those in the MSCI benchmark and that are well positioned to benefit from the rapid rate of change in technology will provide better performance for our shareholders over the long term.

We tend to view our portfolio through the lens of resilience and optionality. Resilience positions tend to be larger, established companies with more stable, long duration growth profiles. Positions that exhibit optionality tend to be smaller companies that have the potential to grow rapidly based on a catalyst for change. As the quarter progressed, some of the higher-growth positions that comprise the optionality segment of the portfolio became more fully valued after we had increased our exposure to them during 2016. With our valuation targets having been met, we incrementally shifted the portfolio's composition toward the resilience segment for reasons explained in the Outlook section below. Several resilient positions with large platforms also performed well. A few smaller-cap, optionality names experienced idiosyncratic events that resulted in price declines, thus causing them to be leading performance detractors despite their small position within the portfolio.

On a subsector basis, contributing most to relative returns was our selection of applications software stocks. Also contributing was our positioning in out-of-index Internet and direct marketing retail. Weighing on relative performance was the Fund's Internet software and services holdings, along with our underweight to technology hardware, storage and peripherals.

Video-game producer Activision Blizzard contributed to returns. During the period, the company released an earnings report that beat both top- and bottom-line estimates. Just as important, strong performance was dispersed across a range of products rather than being concentrated in its flagship Call of Duty franchise. The company also made inroads in its transition to a subscription-based model built around cultivating in-game micro-transactions. This move, in our view, should lead to steadier revenue streams and greater profitability.

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Executive Summary

- Driven by solid fundamentals, global technology stocks led broader markets higher.
- The Fund outperformed its benchmark, with our selection of applications software stocks leading the way.
- We believe the sector is in the midst of rapid disruption, which favors innovative providers of solutions for tomorrow's tech marketplace.

Cloud-computing company Salesforce.com contributed to performance as the company delivered another quarter of solid execution after having stumbled in the first half of 2016. Management reported strength across business lines. Investors also gravitated toward the stock as excitement grew about the company's cloud-based platform being overlaid with an artificial intelligence (AI) component called Einstein. Our positive view toward Salesforce.com reinforces our long-term approach toward stocks. It is not uncommon for enterprise companies to skip a beat on occasion, but by focusing on long-term fundamentals, we are able to look past the short-term noise that can impact ephemeral price movements. This was the case with our position in Salesforce.com as, ultimately, the company reported better-than-expected full year results for 2016.

Samsung performed well during the period as investors looked past corruption allegations against senior executives and instead focused on the company's strong execution. Each of Samsung's main business lines – memory, handsets and display – strengthened their positions during the quarter. The company is the world leader in both DRAM and NAND memory. Pricing is strong in the former category and the latter is positioned for increased domination due to its innovative 3D-NAND technology. This point is driven home by the expectation that Apple will heavily rely upon the technology for its newest iPhone. Apple also plans to utilize Samsung's OLED display in the iPhone 8, demonstrating the Korean company's superiority in the display business. Samsung's own handset business is set to rebound from last year's Galaxy Note hiccups as the Galaxy 8 – announced during the quarter – received favorable reviews.

Detracting from performance was chipmaker Intel. Weighing on the stock was management's announcement that it was raising guidance for capital expenditure. While the market reacted negatively, the increased spending focused on chips for cloud computing reinforced our thesis on the company. As PC sales stabilize, Intel is increasingly focused on – and well positioned in – leading edge technology for the large cloud computing platforms. We expect growth in artificial intelligence workloads and connected IoT devices will play into Intel's growth in the coming years.

Shares in SPS Commerce, a cloud-based software company for retailers, fell during the period. The company was mired in the negative sentiment enveloping its customer base of traditional retailers. Shifting consumption patterns and the competitive threat that Amazon poses across a broad swath of the retail space has cast a pall over the industry. Despite these headwinds, we believe that SPS has developed a suite of products that will continue to be in high demand by retailers and suppliers by providing solutions for fulfillment, inventory management and analytics.

Shutterstock, a marketplace for digital images, weighed on performance as management provided guidance that was lower than what investors had expected. While the company's revenue trajectory has slowed down, it remains healthy, and we believe the business of providing images and video for marketing and creative professionals remains attractive even at a lower level of growth. Furthermore, management has taken steps to diversify its product offering, a step that, in our view, has not been taken into account by investors predicting dire growth scenarios.

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

Outlook

While the tech sector's strong quarterly performance can be, in part, attributed to a rebound from weakness at the end of 2016, we view it as investors having rediscovered the strong fundamentals buttressing many segments of the sector. Chief among these are our favored themes including the transition to the cloud, machine learning, artificial intelligence and further progress in the adoption of the Internet of Things (IoT). These are durable secular themes that will continue to challenge the business models of legacy tech companies and create opportunities for innovative firms seeking to address the needs of tomorrow's technology marketplace.

Evidence of demand for these services can be seen in a series of solid earnings reports delivered by many of our favored companies during the period. Still, we are mindful of near-term risks. Current valuations across much of the sector indicate that investors have priced in many tailwinds, while ignoring risks. Smaller-cap domestic companies, for example, are valued at multiples that assume a high probability of substantive tax reform, which would lower their corporate tax rates. Given the recent failure in passing health care reform, we believe that pushing through a comprehensive tax package will be more difficult than the market anticipates. Investors, in our view, are also overlooking the regulatory risks posed by changes in net-neutrality provisions and privacy policies. The market's current bias toward optimistic outcomes is part of the reason we have repositioned the portfolio incrementally toward more resilient tech names.

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Activision Blizzard Inc	2.35	0.75	Intel Corp	3.54	-0.11
Zendesk Inc	2.24	0.69	SPS Commerce Inc	0.49	-0.11
Salesforce.com Inc	3.56	0.69	ChannelAdvisor Corp	0.32	-0.10
Adobe Systems Inc	2.89	0.69	Shutterstock Inc	0.61	-0.09
Samsung Electronics Co Ltd	3.16	0.68	Apptio Inc	0.31	-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

Activision Blizzard: We like the company for its core business, which has developed several popular gaming franchises, and believe the company will improve profitability of those franchises as gaming moves more heavily into a digital environment. We also believe the company has the potential to significantly improve monetization of mobile gaming operator King. King has been one of the few (if not the only) major mobile gaming properties that does not advertise. Given Activision's history of managing key franchises well, we expect the company to be able to grow the business and have it contribute to revenues on the back of increased advertising. Furthermore, we like Activision's aim of maximizing free-cash-flow generation.

Zendesk: Zendesk is a leading provider of cloud-based customer service solutions for small- and medium-size businesses. The company's collaborative online tools span the browser, mobile phone, social networks, email, voice and other forms of communication, allowing companies to engage proactively to help their customers with all manner of inquiries.

Salesforce: 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.

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 model. We also believe Adobe's digital marketing business, which helps advertisers create digital content, is

Top Detractors

Intel: After having largely missed the shift from PCs to mobile, we believe that Intel's new management team is positioning the company to rely more on its already commanding position in the data center business (DCG). This division, in our view, is primed for continued organic growth in the high single digits. Coupling DCG's growth rate with operating margins of 45% to 50% infers the opportunity for meaningful earnings growth, as do cost-cutting measures already being undertaken. We believe that Intel's low valuation relative to its peers implies that investor sentiment does not factor in the aforementioned upside drivers.

SPS Commerce: We like the recurring revenue associated with its supply chain management software, and believe it will grow as it gains traction with various manufacturers and retailers. We believe that as it increases scale, the value-add of the Software as a Service-based viral network will develop a competitive moat, thus leading to high retention rates. We also expect that the company should benefit from the retail sector's move toward an omni-channel model, where more analytics will be required to manage relationships among the supply chain.

ChannelAdvisor: ChannelAdvisor offers online channels for retailers to distribute their products such as online marketplaces, comparison shopping sites and search engines. With retail shifting from store sales to e-commerce, ChannelAdvisor should benefit from increased demand for its services, in our view. We believe the company is particularly well positioned to benefit from what we anticipate will be a proliferation of online marketplaces, given its selling platform and the network effect that should ensue.

Top Contributors (continued)

well-positioned for the transition in advertising spending toward digital advertising platforms.

Samsung: We like that Samsung has a strong position in the high-end Android phone market, where margins tend to be higher. We also like the company's semiconductor business and organic light-emitting diode (OLED) display business. We believe Samsung has consistently been among the most formidable competitors in any market in which it participates.

Top Detractors (continued)

Shutterstock: We believe that the provider of stock images is well positioned to extend its growth cycle by expanding into video and music offerings, along with editorial content and enterprise content management tools. The breadth of the services provided by the company stands to create a network effect where its customer base of marketing and creative professional becomes more reliant upon Shutterstock's services. We also like that the company's founder and CEO is a significant equity holder, thus aligning management's priorities with those of investors.

Apptio: The company provides a suite of software solutions for chief information officers to manage their corporate IT departments. Included in its offerings are tools aimed at cost transparency, IT optimization, IT finance and budgeting. We believe Apptio's products are superior to those of its peers and should enable the company to grow its share of a potentially multi-billion dollar market. Furthermore, clients tend to recognize the significant value-add provided by Apptio, leading to customer loyalty.

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.

The discussion and data quoted are based upon the results, holdings and characteristics of the Janus Investment Fund ("JIF") mutual fund. Such data may vary for the Janus Aspen Series ("JAS") portfolio due to asset size, investment guidelines, diversity of portfolio holdings and other factors. We believe the JIF mutual fund most closely reflects the portfolio management style for this strategy.

As of 3/31/17 the top ten portfolio holdings of Janus Global Technology Fund are: Microsoft Corp (7.88%), Alphabet Inc (6.59%), Salesforce.com Inc (3.40%), Intel Corp (3.38%), Tencent Holdings Ltd (3.09%), Samsung Electronics Co Ltd (3.02%), Amphenol Corp (2.95%), Adobe Systems Inc (2.76%), Microchip Technology Inc (2.73%) and Facebook Inc (2.48%). 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.

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

MSCI All Country World Information Technology Index℠ reflects the performance of information technology stocks from 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.

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C-0317-9367 07-15-17

188-42-16703 04/17