1Q17 PORTFOLIO COMMENTARY

Janus Overseas Fund
Janus Aspen Overseas Portfolio

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Investment Environment

Global stocks continued their strong run well into the first quarter. Optimism remained that a new U.S. administration would champion pro-growth reforms, which would ultimately propel other economies. 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 mostly slid against both advanced- and emerging-market currencies.

Economic data also hinted at a resilient Europe, which counterbalanced – to a degree – concerns about a surge in populist political parties throughout 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.

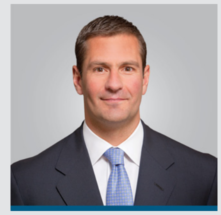
Performance Discussion

The Fund outperformed its benchmark, the MSCI All Country World ex-U.S. Index, and also its secondary benchmark, the MSCI EAFE Index, during the quarter. 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. We believe high-conviction investing works over the long term as stock prices ultimately reflect the fundamentals of their underlying companies. This quarter we were pleased to see some of our highest-conviction ideas make significant contributions to our performance.

Our stock selection in the consumer discretionary sector was a large contributor to relative performance. MakeMyTrip Limited was our top contributor within the sector. The stock rose after the Indian online travel agency received regulatory approval for a merger with one of its rivals. We like the improved competitive dynamics of the online travel industry after the acquisition, and believe a growing Indian middle class that can afford to travel – and is booking more of its travel online – is a powerful long-term growth trend for the company.

Outside the consumer discretionary sector, Alibaba was a top contributor. Toward the end of the year, Alibaba's stock fell due to fears of weakness in the Chinese 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.

Materials company Rio Tinto was another top contributor. Rising steel and iron prices helped lift the stock this quarter. While higher commodity prices benefit the company's revenues, we believe Rio Tinto is better positioned than most materials companies to withstand any pricing environment due to its position as a leading, low-cost iron ore producer. We also like the way the company prudently manages its cost structure and



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 consumer discretionary sector was a large contributor to relative performance.
- 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.

balance sheet.

While generally pleased with performance this quarter, we still held some stocks that disappointed. Ireland-based bank Permanent TSB was our largest detractor. Political uncertainty across Europe has been 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.

Teva Pharmaceuticals, a maker of both branded and generic drugs, was another detractor. The stock fell after the company released 2017 earnings and revenue guidance that were below expectations. The resignation of its CEO and the loss of a legal challenge to keep one of its branded drugs from facing generic competition also had a negative impact on the stock. We sold the stock due to concerns about the outlook for its generics drug business and concerns about the company's capital allocation decisions.

Brazilian energy company Petrobras was also a detractor. We think the company's low valuation fails to recognize the value of its oil reserves and are excited about Petrobras' plan to sell noncore assets and deleverage the company. The stock was down this quarter after Brazil's government briefly suspended the plan to sell assets due to procedural concerns regarding the sale processes. This weighed on the stock, but the disposal plan is likely to be on-track in the near-term, which should alleviate doubts concerning the value of the company.

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 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 (%)
Alibaba Group Holding Ltd (ADR)	4.12	0.81	Permanent TSB Group Holdings PLC	1.34	-0.19
MakeMyTrip Ltd	1.91	0.74	Safran SA	0.00	-0.16
Hindustan Zinc Ltd	2.36	0.63	Teva Pharmaceutical Industries Ltd (ADR)	0.00	-0.09
GVC Holdings PLC	3.12	0.58	The 13 Holdings Ltd	1.33	-0.09
Rio Tinto Ltd	4.37	0.54	Petroleo Brasileiro SA (ADR)	1.58	-0.08

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

Alibaba Group Holding: 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 increasing spending power for the Chinese consumer and rapid growth in e-commerce in China are long-term tailwinds for the company.

MakeMyTrip Limited: MakeMyTrip is the dominant Indian online travel company providing travel services including flight tickets, hotel reservations and holiday travel packages. We think the growth of the Indian middle class and the migration of travel booking to online sites are powerful growth drivers for the company. We also like that MakeMyTrip operates in a consolidated industry.

Hindustan Zinc: Hindustan Zinc specializes in the exploration, mining and smelting of zinc, lead and other non-ferrous metals. The Indian company's products include zinc ore, lead zinc concentrate, zinc metal, lead metal, cadmium metal, silver metal and sulfuric acid. We appreciate Hindustan's market position as the second-largest zinc producer in the world and its low-cost structure as well as its strong balance sheet.

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.

Rio Tinto: The UK-based company has interests in mining for aluminum, borax, coal, copper, gold, iron ore, lead, silver, tin, uranium, zinc, titanium dioxide feedstock, diamonds, talc and zircon. We believe new management will restructure the business through cost cutting and better capital allocation,

Top Detractors

Permanent TSB Group: Permanent TSB is one of Europe's simplest financial institutions, and is 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 have led Permanent to become one of Europe's most over-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.

Safran: We sold our position in the French aerospace and defense company after it announced a potential acquisition we thought was dilutive for shareholders. However, we will keep an eye on how the deal progresses because there is a lot we like about Safran. The company manufactures commercial jet engines, including a partnership with General Electric for CFM and LEAP engines. We like the recurring revenue streams associated with its aftermarket business servicing its jet engines, and also believe the market has underestimated its future free cash flow generation as it launches the new LEAP engines. Due to the conservative front-loading of costs recognized on the development and production buildup for the new LEAP engine, we believe the company is under-stating its profitability, a factor which we believe is underestimated by the market.

Teva Pharmaceutical: Teva develops, manufactures and markets generic and branded pharmaceuticals as well as active pharmaceutical ingredients. We sold our position in the company due to concerns about the outlook for generic drugs and concerns about the company's capital

Top Contributors (continued)

which should lead to greater cash flow generation and ultimately better returns for shareholders. We consider Rio Tinto's mining assets to be of world-class quality.

Top Detractors (continued)

allocation decisions.

The 13 Holdings: We like the growth prospects of the company's ultra-luxury casino in Macau, China. The announcement of its opening this year could catalyze the shares.

Petroleo Brasileiro: We like the Brazilian energy company for the value of many of its oil reserves, and believe the company will unlock more of that value as it sells non-core assets and deleverages its balance sheet.

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 Overseas Fund are: BNP Paribas SA (4.84%), AIA Group Ltd (4.51%), Rio Tinto Ltd (4.28%), Alibaba Group Holding Ltd (ADR) (4.03%), Diageo PLC (3.91%), Nippon Telegraph & Telephone Corp (3.90%), ING Groep NV (3.59%), Mitsubishi UFJ Financial Group Inc (3.54%), GVC Holdings PLC (3.06%) and Sanofi (2.99%). 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 ex USA Index℠ reflects the equity market performance of global developed and emerging markets, excluding the U.S.

MSCI EAFE® (Europe, Australasia, Far East) Index reflects the equity market performance of developed markets, excluding the U.S. and Canada.

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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