PERKINS GLOBAL VALUE FUND

PERKINS INVESTMENT MANAGEMENT

UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 1Q17

PERFORMANCE REVIEW

For the quarter, the Perkins Global Value Fund underperformed both its primary benchmark, the MSCI World Index, and its secondary benchmark, the MSCI All Country World Index. Stocks continued their ascent, with our primary benchmark rising 6.38%. Despite our defensive positioning, we were largely able to keep up in this bullish environment due to strong stock selection. As markets price in increasingly more optimism, we have maintained our cautious perspective on both fundamentals and valuations.

Stock selection in consumer discretionary and telecom aided relative performance as did our underweight to energy. From a geographic perspective, stock selection in Japan and Mexico contributed to results. Our stock selection in industrials hurt results, as did our holdings in technology. Stock selection in the UK and Sweden detracted, as did our zero weighting in Australia. Our cash weighting was a relative detractor in the period.

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

OUTLOOK AND POSITIONING

Equity markets continued broad based gains in the first quarter, with all constituent sectors in the MSCI World Index in positive territory except energy. As defensive value managers, our portfolios do not always keep up in such bullish market environments, but our consistent emphasis on quality and stocks that are out of favor helped us largely do so in the period. Economically sensitive sectors such as technology and consumer discretionary were among the strongest performers during the quarter. These sectors were aided by supportive macroeconomic data in terms of a rising Purchasing Managers' Index (an indicator of the economic health of the manufacturing sector) and GDP, with falling unemployment. At the same time, more stable businesses in the consumer staples and health care sectors also rose strongly. Given the reasonably strong economic data, the Federal Reserve once again increased its benchmark interest rate.

The turbulent political environment around the globe seems increasingly incongruent with the optimism priced into equity markets, especially in the U.S. The Trump administration has faced numerous obstacles both domestically and abroad: inability to repeal the Affordable Care Act (ACA) despite congressional majorities, ongoing scrutiny over Russian ties, escalating tensions with China and North Korea, and the list goes on.

At Perkins, downside scenario analysis is among the most critical components of our investment process and philosophy. As security prices rise on optimism over an ambitious domestic policy agenda in the U.S., our investment team becomes increasingly skeptical as greed seemingly overtakes fear in financial markets. We cannot help but question the likelihood of enacting such an agenda when political gridlock seemingly remains as potent a force as ever. We are increasingly concerned about the consequences in financial markets if, for example, an even more complex endeavor such as tax reform meets a similar fate as efforts to repeal the ACA.

While it may perhaps sound repetitive many years into a bull market, we believe our rigorous approach to downside analysis helps minimize potential drawdowns such that we can compound higher returns than our benchmark over complete (and inevitable) market cycles.

Portfolio Manager:
Gregory Kolb, CFA

Portfolio Manager:
George Maglares

EXECUTIVE SUMMARY

- Global equity markets continued their strong performance in the first quarter.
- Both economically sensitive and more stable sectors participated in the gains.
- We maintain our cautious stance given high valuations and significant uncertainty.

Three new positions were established in the quarter: a leading global semiconductor manufacturer, a UK-based real estate broker, and a Korean casino operator. We exited our holdings in Citizens Financial Group, Fifth Third Bancorp, Cobham and Telesites. We continue to see elevated valuations in the market, and we believe investor optimism has made identifying bargain securities with acceptable downside risk increasingly challenging. We continue to hold a portion of the portfolio in cash, as we seek to exercise sell discipline with stocks that reach our price targets and amid a dearth of what we believe to be bargain securities in the market.

Thank you for your investment and continued confidence in Perkins.

TOP CONTRIBUTORS AND DETRACTORS FOR THE QUARTER ENDED 3/31/17

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Oracle Corp	4.11	0.62	Cobham PLC	0.00	-0.29
Johnson & Johnson	3.75	0.32	ExxonMobil Corp	1.34	-0.13
Procter & Gamble Co	3.78	0.29	Cenovus Energy Inc	0.28	-0.10
Hyundai Motor Co	1.90	0.29	BP PLC (ADR)	1.08	-0.07
Grupo Televisa SAB (ADR)	1.37	0.28	Royal Dutch Shell PLC	0.57	-0.02

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

Oracle: Shares of Oracle outperformed in the quarter after the company posted top- and bottom-line results that showed an uptick in growth. Specifically, Oracle posted an accelerating growth rate in its software business, which had been lower based on the model shift to cloud-based solutions. Now, however, the cloud based software solutions are large enough to offset the decline in the traditional software delivery model. Additionally, Oracle posted higher-than-expected gross and operating margins, leading to an earnings beat relative to expectations. While shares of Oracle have moved higher, we believe the company continues to have an attractive reward-to-risk ratio. As a result, we continue to own shares of Oracle.

Johnson & Johnson: Johnson & Johnson was a top contributor in the quarter after announcing the strategic acquisition of Actelion, a Swiss biopharmaceutical company, in January for $30 billion. The acquisition is expected to bolster the longer-term growth profile of the company's pharmaceutical business and increase earnings per share (EPS) in 2018. The company should still have ample financial flexibility given the nearly $15 billion net cash pre-deal and approximately $17 billion of estimated annual free cash flow. Johnson & Johnson remains a core holding given

TOP DETRACTORS

Cobham: Cobham is a UK-based aerospace, defense and electronic systems manufacturer. The company posted a series of profit warnings in 2016 primarily due to its ill-timed acquisition of Aeroflex in 2015. This resulted in a dilutive rights offering and culminated with the termination of the previous management team. During the quarter, the new CEO and CFO issued an additional profit warning that would require an additional equity issuance to shore up the company's stretched balance sheet. Given the eroding profit outlook and ongoing pressure on the capital structure, we exited the position despite our view that the company has fundamentally good assets and a long track record of consistent profit and cash flow generation prior to the Aeroflex transaction.

ExxonMobil: ExxonMobil is global super major oil and gas producer. Exxon's shares traded lower as the company reported mixed earnings results relative to market expectations and an uncharacteristic $2 billion asset impairment. Exxon was also in the midst of a CEO transition in which the incoming CEO, Darren Woods, presided over his first analyst meeting. While the company provided an upbeat outlook regarding its production growth and further capital spending discipline, the shares traded lower as declining

TOP CONTRIBUTORS (continued)

the overall stable outlook for the company.

Procter & Gamble: Procter & Gamble is a global leader in consumer goods with 22 brands – including Pampers, Tide, Pantene, Gillette, Crest and Braun – that have annual revenue over $1 billion. The company finished a “brand purge” in 2016 where they divested 40% of brands to allow the company to focus on the approximately 65 more-profitable brands. This resulted in the retention of 85% of sales and 95% of profits. This had been a distraction for management as they sold off many underperforming brands, yet in this quarter Procter raised sales guidance, causing the stock price to increase. The stock is trading at a seemingly full valuation of 22x 2017 EPS as investors see a management team that can now focus on higher-growth areas, and we like the proven stability of this company over a complete economic cycle.

TOP DETRACTORS (continued)

crude oil prices during the quarter acted as a headwind for the entire energy sector. We continue to believe that ExxonMobil remains one of the most defensive oil and gas stocks in the industry given its integrated upstream and downstream asset base and what we view as a fortress-like balance sheet. We continue to own the shares and clip a healthy dividend.

Cenovus Energy: Cenovus Energy is a Canada-based integrated oil and gas producer with some of the most prolific Canadian oil sands assets in the world. Cenovus’ shares underperformed during the quarter as declining global crude oil prices offset solid fourth quarter earnings results. Furthermore, shares fell roughly 14% after Cenovus announced a C$17.7 billion deal to acquire its joint venture partner ConocoPhillips’ 50% working interest in its world class Foster Creek/Christina Lake oil sands assets as well as Deep Basin conventional gas assets. The accretive deal will double Cenovus’ enterprise value. However, it was not as well received by the market given that Cenovus is issuing C$3 billion in equity and will increase leverage on its balance sheet. We are encouraged by the long term free-cash-flow generation potential from the combined oil sands assets and view the increased leverage to approximately 3.3x net debt to earnings before interest, tax, depreciation and amortization (EBITDA) as acceptable in the short term before the company embarks on a deleveraging program to its targeted 1x to 2x net debt to EBITDA range.

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 Perkins Global Value Fund are: Oracle Corp (4.11%), Wells Fargo & Co (4.06%), Procter & Gamble Co (3.78%), Johnson & Johnson (3.75%), Pfizer Inc (3.65%), Alphabet Inc (3.40%), Coca-Cola Co (2.91%), PepsiCo Inc (2.85%), Sanofi (2.37%) and Microsoft Corp (2.24%). 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.

Holding a meaningful portion of assets in cash or cash equivalents may negatively affect performance.

MSCI World Index℠ reflects the equity market performance of global developed 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.

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