PERKINS LARGE CAP VALUE FUND

PERKINS INVESTMENT MANAGEMENT

UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 3Q15

PERFORMANCE REVIEW

The Fund outperformed the Russell 1000 Value Index for the quarter. Volatility returned to the equity markets with a vengeance as the benchmark posted its worst quarter in four years. Stock selection in consumer staples and information technology were the main drivers of the portfolio's outperformance. Merger and acquisition activity was high during the quarter as some of our top contributors were involved in transactions. Insurer Chubb announced it would be acquired and Coca-Cola Enterprises was involved in a deal with two other European-based bottlers. The portfolio also benefited from stock selection and relative underweighting in the energy sector. Energy stocks remained under pressure, and while earnings and multiples in the sector have come down, we believe there is still risk for further declines as oil prices may remain at lower levels for longer. Our consumer discretionary holdings detracted from performance in the quarter as our media holdings were weak given heightened concerns about "cord cutting" and changing TV viewership patterns.

During the quarter, we continued to reduce our health care exposure, exiting two positions, as valuations, in our view, appear somewhat stretched across the group. In addition, we eliminated one of our industrial holdings following news that it would be acquired. We added to consumer staples stocks on price weakness in the quarter.

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

OUTLOOK AND POSITIONING

Volatility returned to the equity markets as currency wars and weakening global economic growth are now a significant risk factor presented to market participants. The Federal Reserve (Fed) has telegraphed its intention, and has initiated the process, of slowly reducing the amount of liquidity being flooded into the system. In addition, the timing of the first interest rate hike will be "not now, but soon." All the while, a curveball has been pitched to the Fed given the economic uncertainty in China and subsequent currency devaluation coupled with a general slowdown across emerging markets and other economies dependent on a commodity boom gone bust. Stateside, the economy continues to perform below its full potential for this point in the cycle, and the effects of a slowing global economy and stronger dollar could be a significant headwind. Aside from the economic issues mentioned, the geopolitical environment remains challenging to navigate, hence the importance of a continued focus on the risk side of the equation.

We have said for some time that complacency had set in to investor psychology, but recent bouts of volatility across asset classes reminds us it is prudent to stay disciplined when reviewing downside scenarios for individual stocks. The third quarter was a good reminder for investing in a strategy that focuses on downside risk mitigation. Looking ahead, we believe the Fed's messaging could continue to cause confusion as dissenting opinions from Fed governors can result in market volatility over whether rates will head higher or stay lower for longer. In addition, history is littered with negative outcomes, including currency defaults or hedge fund disasters, as monetary policy changes course from easing to tightening. We believe our portfolio of what we consider to be high-quality stocks will continue to hold up better relative to the overall market in volatile periods. In volatile markets, we should be presented with opportunities to purchase stocks where

Portfolio Manager:
Thomas Perkins

Portfolio Manager:
Kevin Preloger

EXECUTIVE SUMMARY

- The Fund outperformed its benchmark, led by strong stock selection, as volatility returned to the market.
- We reduced our health care exposure on strength and added to select consumer staples stocks on weakness.
- Our portfolio benefited from merger and acquisition activity across industries.

the valuation and reward-to-risk ratios become more compelling. The market environment is as challenging as any in the last several years, consequently our prime focus is on the following checklist when buying individual stocks: 1) Balance sheet strength; 2) High free-cash-flow yields; 3) Competitive positioning; and 4) Relatively low valuation to growth.

In closing, we still feel equities are the best place to invest relative to other alternatives. However, in uncertain times, a focus on minimizing losses is especially important, and that remains a foundation of our process. This philosophy has been validated again in recent market action. While valuations are becoming more attractive we continue to remain invested, but cautious given the risk factors mentioned previously that could be with us for some time.

Thank you for your continued investment with us in the Perkins Large Cap Value Fund

TOP CONTRIBUTORS AND DETRACTORS FOR THE QUARTER ENDED 9/30/15

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Chubb Corp	1.33	0.27	Merck & Co Inc	3.13	-0.41
Google, Inc. - Class A	1.84	0.26	Anadarko Petroleum Corp	1.46	-0.36
Coca-Cola Enterprises Inc	1.49	0.21	CBS Corp	0.97	-0.34
PPL Corp	1.91	0.20	Time Warner Inc	1.44	-0.33
Molson Coors Brewing Co	0.85	0.15	Occidental Petroleum Corp	1.54	-0.27

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

Chubb Corp.: Chubb Corp. outperformed during the third quarter due to the July announcement that the company was being acquired by Ace Ltd. for $28 billion, which was a 30% premium to the current stock price. We continue to hold the position as we view the combined company to be a best of breed insurer.

Google: Google was a strong contributor after the company reported better-than-expected results. Overall, revenue growth was strong with a double-digit year-over-year increase in revenue. Equally important, the company posted a better than expected operating margin. The new CFO has quickly identified and cut extraneous costs at the company. We expect more discipline on the cost front and believe there are sizable expenses that could be reduced in the future. Longer term, Google is well positioned to post solid growth based on its dominant share in search, emerging strength in video, and better expense management. We continue to own a sizable position in the company.

Coca-Cola Enterprises: Coca-Cola Enterprises is one of the largest independent Coke bottlers focused in Western Europe. The company had been rumored to be a

TOP DETRACTORS

Merck & Co. Inc.: Merck & Co. Inc. is a global pharmaceutical company with a diverse human pharmaceutical product portfolio as well as animal health and consumer products. The shares were under pressure after a competitor released positive clinical data on a diabetes drug that could potentially decrease the longer-term growth of Merck's own diabetes franchise. Merck remains one of our largest positions as both the current valuation and pipeline of drugs for the treatment of diabetes, hepatitis and cancer are attractive.

Anadarko Petroleum: Anadarko Petroleum is a global independent exploration and production company that owns reserves in some of the most prolific oil and gas basins around the globe. The shares traded lower as crude oil prices fell significantly to new yearly lows. Anadarko shares held up better than peers as it reported earnings and cash flows above estimates and hinted at increased flexibility to fund capital expenditures. Although the macro environment remains challenging, we added to our position given the company's tier one asset base, strong execution track record and high-quality balance sheet which will help it navigate the downturn.

TOP CONTRIBUTORS (continued)

consolidator of Coke bottlers in Europe and this came to fruition during the quarter. Coca-Cola Enterprises announced a three-way deal with both Coke's German- and Spanish-based bottlers to become the largest independent Coke bottler. While we trimmed some of our holdings on price strength, we maintain a position given the opportunity for costs savings and merger synergies.

TOP DETRACTORS (continued)

CBS: Shares of CBS have been under pressure because of broader media concerns. The media industry has faced significant headwinds because of subscribers "cutting the cord" and moving to lower-tiered and cheaper programming. In turn, a lower number of total viewers are expected and that is negative for advertising rates. However, while there are negative secular trends within the media industry, we believe CBS is well positioned to face the challenges with its sizable sports programming, growing international syndication revenue, and Showtime asset. As a result, we continue to own shares of CBS.

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 performance of the Fund's "parent" share class (typically that with the longest history).

As of 9/30/15 the top ten portfolio holdings of Perkins Large Cap Value Fund are: Procter & Gamble Co (3.30%), American International Group Inc (3.04%), Merck & Co Inc (2.95%), Johnson & Johnson (2.62%), Berkshire Hathaway Inc (2.60%), Pfizer Inc (2.36%), Oracle Corp (2.27%), Wells Fargo & Co (2.25%), Fifth Third Bancorp (2.10%) and PepsiCo Inc (1.96%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

The opinions are as of 9/30/15 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.

A Fund's performance may be affected by risks that include those associated with nondiversification, non-investment grade debt securities, high-yield/high-risk securities, undervalued or overlooked companies, investments in specific industries or countries and potential conflicts of interest. Additional risks to a Fund may also include, but are not limited to, those associated with investing in foreign securities, emerging markets, initial public offerings, real estate investment trusts (REITs), derivatives, short sales, commodity-linked investments and companies with relatively small market capitalizations. Each Fund has different risks. Please see a Janus prospectus for more information about risks, Fund 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.

Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values.

A Fund's portfolio may differ significantly from the securities held in an index. An index is unmanaged and not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio.

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C-0915-101720 01-15-16

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