PERKINS LARGE CAP VALUE FUND

PERKINS INVESTMENT MANAGEMENT

UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 1Q17

PERFORMANCE REVIEW

The Fund outperformed the Russell 1000 Value Index for the quarter. Stock selection in industrials was positive given activist involvement in one of our holdings. The sector as a whole also benefited from positive sentiment around proposed policy changes that are expected to increase the pace of economic growth. We also benefited from positive stock selection in technology, where our software holdings posted solid earnings results. Energy was the worst-performing sector within the benchmark as concerns about OPEC compliance with supply quotas led to a sell-off in crude oil. While stock selection in the sector weighed on relative performance for the quarter, our underweight helped performance versus the index. The Fund's holdings in the consumer discretionary area were also a detractor from performance as retailers continue to struggle with the competitive pressures related to e-commerce.

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

OUTLOOK AND POSITIONING

We are approaching today's market environment with considerable caution. The market has come a long way in relatively short order on the hope of lower taxes, a less burdensome regulatory environment, and a sizable infrastructure program – all potential catalysts that could lead to faster earnings growth, and ultimately a more rapid pace of economic expansion. However, recent events in Washington put into doubt the timing and scale of favorable policy changes – should they occur at all. Meanwhile the market continues to rally on the hope of this "blue sky" scenario amid a Federal Reserve that is signaling further interest rate hikes. Paying close attention to both the political and central bank nexus on a worldwide scope is as important as it has ever been. At the same time, identifying non-correlated opportunities, pockets of pessimism, and secular growth situations are all areas of focus. Our investment team continues to maintain discipline in the consideration of downside scenarios, particularly for the newly resurgent cyclical stocks. In many cases, the recession risk which laid these stocks so low just one year ago remains all too real. Diversification remains crucial, and is a practical response to considerable uncertainty when valuations are stretched, in our view.

During the quarter, we trimmed some of our bank holdings given the strong performance in the post-election rally. We swapped various positions across the portfolio where the reward-to-risk ratio was suboptimal to other holdings where that ratio was relatively better. One such example was reducing the Fund's exposure in telecommunications where competitive pressures are unrelenting and added exposure to utilities where we see much better earnings visibility and similar dividend yields. The Fund's overweight sectors continue to be in consumer staples, health care and materials. Conversely, underweights remain in energy and utilities.

We have a mantra at Perkins: We will consider downside risk before upside potential. Recouping significant losses in an investment portfolio is very hard; better to defend your capital instead. Repeat the mantra often.

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

Portfolio Manager:
Tom Perkins

Portfolio Manager:
Kevin Preloger

EXECUTIVE SUMMARY

- The Fund outperformed led by stock selection in industrials and technology.
- We added to industrials and technology and reduced exposure to financials.
- In our view, stocks are not cheap, which increases their vulnerability to price shocks.

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Oracle Corp	3.14	0.46	Keane Group Inc	0.81	-0.32
CSX Corp	1.28	0.42	Target Corp	1.23	-0.31
Mead Johnson Nutrition Co	2.21	0.39	ExxonMobil Corp	2.49	-0.30
Unilever PLC (ADR)	2.05	0.36	Occidental Petroleum Corp	2.35	-0.23
Check Point Software Technologies Ltd	1.77	0.32	Noble Energy Inc	2.12	-0.20

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 strong results that showed an uptick in revenue 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. Additionally, Oracle posted higher than expected gross and operating margins leading to an earnings beat relative to expectations. While shares moved higher, we believe the company continues to have an attractive reward–to-risk ratio. As a result, we continue to hold a core position.

CSX Corp.: CSX Corporation is one of the major U.S. Class I railroads with tracks covering the eastern half of the country from Chicago to the Atlantic, and Canada to Mexico. During the first quarter, the company became the focus of an activist investor who was looking to change management. Specifically, the investor proposed that the company hire legendary industry CEO Hunter Harrison (previously the CEO of Canadian Pacific Railway) who is well known for implementing drastic and dramatic improvements in operating efficiency, which could grow earnings well above their prior trajectory. Even before the final agreement to hire Harrison was complete, the market reacted very positively to the potential for a change in management that could double earnings per share over the next few years. The stock rallied on that expectation. Given the significant gain in the stock, we have aggressively trimmed our holdings but maintain a position.

Mead Johnson Nutrition: Infant formula manufacturer Mead Johnson received and accepted a $90/share cash takeout offer in February from UK-based household

TOP DETRACTORS

Keane Group: Keane Group is an oilfield services company that provides well completion services across the most prolific oil and gas basins in the U.S. The company came public in January and announced very solid operating results above expectations in March. However, shares of the company declined during the quarter on fears of too much pressure pumping capacity coming back online amid a correction in oil and natural gas prices. We believe that Keane's assets are well positioned to benefit from improving utilization and better pricing, while having no net debt on the balance sheet provides a level of downside protection. We added to our position in Keane near the end of the quarter on price weakness.

Target Corp.: Shares of Target traded lower in the quarter as management reduced guidance for the year. They expect 2018 to be a transition year and see 2019 as a year to return to growth. Describing rapidly changing consumer behavior due to competition from e-commerce, management noticed unexpected softness in its stores, and, as a result, said it will act urgently in a remodeling program. Target, like other retailers, is feeling the pressure from Wal-Mart – which is looking to reassert itself as the low-price leader – along with the evolving threat from Amazon. While we added to our position on weakness, it remains a below average position in the Fund and is our only retail holding.

ExxonMobil Corp: ExxonMobil shares traded lower as the company reported mixed earnings results relative to expectations and an uncharacteristic asset impairment. The company is also in the midst of a CEO transition. While providing an upbeat outlook regarding its production growth

TOP CONTRIBUTORS (continued)

products company Reckitt Benckiser. Reckitt is seeking to diversify away from its low growth European markets and has recently added to the consumer health category such as vitamins and supplements. They saw value in the growing infant formula business that Mead offers, particularly its significant exposure to China and other developing markets. While we added to our position early in the quarter at lower prices, we maintained our position given the all-cash nature of the deal which is expected to close later this year.

TOP DETRACTORS (continued)

and further capital spending discipline the shares traded lower as declining crude oil prices in the quarter was 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 strong balance sheet and integrated upstream and downstream asset base. The Fund maintains a position, but we reduced our holdings in Exxon to add to other exploration and production companies that were relatively weaker in the quarter.

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 Large Cap Value Fund are: Pfizer Inc (3.42%), Wells Fargo & Co (3.20%), Johnson & Johnson (3.19%), Oracle Corp (3.00%), US Bancorp (2.90%), PPL Corp (2.67%), Citigroup Inc (2.61%), Equity Residential (2.55%), Conagra Brands Inc (2.52%) and Procter & Gamble Co (2.43%). 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.

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

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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