

Janus International Equity ADR Managed Account



JANUS®

Performance Discussion

The Portfolio underperformed its benchmarks. After beginning the quarter cautiously, global stocks rallied after the election of Donald Trump to the U.S. presidency on the expectation that the new administration would champion pro-growth initiatives. Our consumer discretionary and information technology holdings weighed on relative performance, while stock selection in health care zero weighting to real estate contributed.

Financial firms globally tended to benefit from subtle monetary policy shifts in their respective regions. Indeed, our underperformance was largely due to our underweight allocation to the sector, and a number of our financials stocks were leading absolute contributors. The Bank of Japan committed to pegging the yield on the 10-year benchmark note at roughly 0%. While still low, the reprieve boosted sentiment toward Mitsubishi UFJ Financial, the leading contributor during the quarter. In Europe, the ECB's decision to lower its bond purchases by 20 billion euros starting in April signaled that their monetary largesse was not endless. This allowed the region's hard-hit banking sector to rally, including France's BNP Paribas, another leading contributor to quarterly performance.

Some financials holdings underperformed. Insurer AIA Group weighed on performance despite having released a solid earnings report early in the period. The company's strong balance sheet and steady earnings make many view its stock as a safe harbor during volatile markets, and the stock underperformed due to the quarter's "risk-on" mindset.

Diageo was another leading detractor. The spirits company was caught up in the general weakness of the consumer staples sector. However, the company had strong monthly sales during the quarter and we continue to like the stock. We maintained a position during the quarter.



Portfolio Manager:
Julian McManus



Portfolio Manager:
Guy Scott, CFA



Portfolio Manager:
Carmel Wellso

Executive Summary

- The Portfolio underperformed its benchmarks during the quarter.
- AIA Group was the largest individual detractor from performance.
- Mitsubishi UFJ Financial contributed to performance.

Janus International Equity ADR Managed Account



4Q16 PORTFOLIO COMMENTARY

Representative Account Top Contributors and Detractors for the Quarter Ended 12/31/16

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Mitsubishi UFJ Financial Group Inc (ADR)	4.19	0.71	AIA Group Ltd (ADR)	3.67	-0.71
BNP Paribas SA (ADR)	2.84	0.48	Sony Corp (ADR)	2.86	-0.46
TOTAL SA (ADR)	4.73	0.34	Nippon Telegraph & Telephone Corp (ADR)	5.03	-0.42
Ryanair Holdings PLC (ADR)	2.47	0.31	Diageo PLC (ADR)	2.75	-0.40
ING Groep NV (ADR)	2.61	0.29	Essilor International SA (ADR)	2.75	-0.37

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/separately-managed-accounts.

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees and expenses.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 12/31/16 the top ten portfolio holdings of the Representative Account are: Nippon Telegraph & Telephone Corp (ADR) (4.86%), TOTAL SA (ADR) (4.56%), Mitsubishi UFJ Financial Group Inc (ADR) (4.04%), Geberit AG (ADR) (3.66%), AIA Group Ltd (ADR) (3.54%), ABB Ltd (ADR) (3.38%), Sanofi (ADR) (3.04%), FANUC Corp (ADR) (2.79%), Sony Corp (ADR) (2.76%) and BNP Paribas SA (ADR) (2.74%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

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.

Investing involves risk, including the possible loss of principal and fluctuation of value.

International Equity ADR managed accounts, benchmarked to the MSCI EAFE Index and secondarily to the MSCI AC World ex-USA Index, invest in the ADR shares of companies located outside of the United States, selected for their risk-adjusted return potential. Under normal circumstances, the portfolios intend to keep sector and country exposures within +/- 10 percentage points of the weighting in the MSCI EAFE Index. A typical portfolio will contain 50 to 100 securities. Prior to April 1, 2012 returns for the composite are for the International Equity Composite, which consisted of institutional accounts as well as mutual funds and was not limited to only ADR shares of non-US companies. The composite was created in February 2012.

MSCI EAFE® (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index designed to measure developed market equity performance. The MSCI EAFE® Index is composed of companies representative of the market structure of developed market countries. The index includes reinvestment of dividends, net of foreign withholding taxes.

MSCI All Country World ex-U.S. IndexSM is an unmanaged, free float-adjusted, market capitalization weighted index composed of stocks of companies located in countries throughout the world, excluding the United States. It is designed to measure equity market performance in global developed and emerging markets outside the United States. The index includes reinvestment of dividends, net of foreign withholding taxes.

The opinions are as of 12/31/16 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.

Janus Capital Singapore Pte. Limited is a subsidiary of Janus Capital Group Inc. and serves as the sub-adviser on certain products.

Janus is a registered trademark of Janus International Holding LLC. © Janus International Holding LLC.

Janus Capital Management LLC serves as investment adviser.