



Janus Overseas Fund

Portfolio Manager: Brent Lynn

Investment Environment

Uncertainty in Europe heightened due to two Greek elections and fears that the beleaguered country could exit the euro and lead to contagion in the region. Worries about the Spanish banking sector and French election results added to the dour tone for global equity markets in the second quarter. Broadly, there was also a slowdown in key global economies, at a speed which surprised observers. After a strong start, the U.S. economic recovery slowed while much of Europe was in recession or close. The slowdown was due in part to the European crisis, but also as a result of general uncertainty globally. Key emerging markets India, China and Brazil were not immune from slowing growth, but lower inflationary pressures enabled monetary easing measures in these countries.

Performance Discussion

The Fund's contrarian approach of emphasizing out-of-favor financials, economically-sensitive cyclical stocks and a heavy weighting in emerging markets did not work in the second quarter, nor has it for much of the last 14 months, a period in which risk assets generally suffered due to global uncertainty. Despite the Fund's poor relative performance, I remain confident in our holdings and I have concentrated positions into my highest-conviction ideas. I believe we own sustainable franchises with strong management teams. I believe our companies will further strengthen their competitive positions during the current difficult global environment.

During the second quarter, our holdings in energy, consumer discretionary and financials particularly weighed on relative performance as did our significant overweights in all three sectors. On a country basis, our holdings and overweights in Brazil and India detracted as did our holdings in Canada. Our exposure to emerging market currencies, which were significantly weaker than the dollar during the period, was also a notable detractor.

Brazilian integrated energy giant Petroleo Brasileiro (Petrobras) declined significantly due in part to weakness in the Brazilian market and to a lesser extent government delays in raising fuel prices. We believe Petrobras has the best production profile of any oil major in the world based on its Brazilian offshore pre-salt exploration areas, the most promising development areas globally.

Li & Fung, the Fund's largest holding, was also weak during the period. I continue to believe in the long-term growth opportunities for the Hong Kong-based retail outsourcing and logistics firm due to continued outsourcing by retailers. Li & Fung can provide sourcing and better quality monitoring for less costs than retailers themselves. I also believe Li & Fung can continue to build on its dominant market share through acquisitions. Finally, its new relationship with retail giant Wal-Mart could significantly grow revenues.

Nintendo, the Japan-based gaming device and software maker, has been negatively impacted by sales weakness and skepticism the company can deliver popular products in the age of smart phones and tablet computers. We continue to believe in the long-term value of the company's game franchises. Near-term catalysts could be the successful introduction of new products or opening its games to other companies' platforms. We also appreciate Nintendo's high percentage of cash relative to its market valuation.

Brazilian oil and gas exploration and production company OGX Petroleo e Participacoes also traded lower after the company reported a much lower flow rate from a well than it had projected. The stock also suffered from falling oil prices during the period. We like this oil and gas company for its oil assets offshore of Brazil. We think the stock does not reflect the long-term value of these assets.

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Relative contributors included our holdings in industrials and our significant underweight in materials. On a country basis, our non-index holdings in the U.S. and our holdings and overweight in China aided performance.

Our U.S. holdings, which are within the guidelines of the Fund, include special situation companies that I felt were attractive following the 2008 global financial crisis. Two of those holdings, airline companies Delta Air Lines and United Continental Holdings, were among top contributors during the period. Falling fuel prices provided a boost to the entire industry. These airlines have demonstrated the ability to generate strong cash flows even in a relatively difficult macro environment. We believe managements have been disciplined about capacity additions, which have led to a much higher level of profitability. We continue to see more upside potential in these holdings.

China Overseas Land and Investment's (COLI) shares also moved higher during the period. The company, one of the leading homebuilders in China, reported higher-than-expected contract sales, indicating it is on pace to exceed its target for the year. The industry also received a boost from the government being more accommodative to residential housing development. We believe COLI is well positioned to benefit from the long-term urbanization trend we see in China. We also appreciate the company's management team, which has proven to be smart acquirers of land and successful developers.

Nexon, a leading Japanese provider of free-to-play online video games, was also among the top contributors. The company reported results that were much better than its revised guidance with particularly strong growth in South Korea and China. We like Nexon for its culture of creativity and innovation, which has led to making fun, immersive (rather than casual) games with broad appeal across countries and demographics. We also appreciate Nexon's historical ability to generate high annual revenue growth and high margins.

Performance Summary

For the quarter ended 06/30/2012, the Janus Overseas Fund, as represented by the Fund's Class T Shares, underperformed its primary benchmark, the MSCI All Country World ex-US IndexSM, returning -16.77% vs. -7.61% for the index. The Fund underperformed its secondary benchmark, the MSCI EAFE[®] Index, which returned -7.13% during the same period.

Our holdings and overweight in energy were the largest detractors from relative performance followed by our holdings and overweight in consumer discretionary and our holdings in financials. Contributors included our holdings in industrials and our underweight in materials. In terms of countries, our holdings and overweight in Brazil detracted the most from relative performance, while our non-index exposure in the U.S. was the largest contributor.

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As of 6/30/12		Average Annual Total Returns							Annual Expense Ratio (%)	
		2Q12	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (5/2/94)	Gross	Net [†]
A Shares	NAV	-16.85%	-0.32%	-27.92%	0.01%	-5.71%	8.67%	9.43%	1.04%	1.04%
	MOP	-21.63%	-6.05%	-32.06%	-1.95%	-6.82%	8.03%	9.08%		
C Shares		-17.01%	-0.71%	-28.47%	-0.92%	-6.42%	7.91%	8.71%	1.78%	1.78%
		-17.84%	-1.71%	-29.13%	-0.92%	-6.42%	7.91%	8.71%		
S Shares		-16.81%	-0.32%	-27.92%	-0.12%	-5.84%	8.50%	9.27%	1.19%	1.19%
I Shares		-16.75%	-0.13%	-27.68%	0.17%	-5.59%	8.79%	9.54%	0.76%	0.76%
R Shares		-16.87%	-0.45%	-28.12%	-0.44%	-6.08%	8.24%	9.03%	1.44%	1.44%
T Shares		-16.77%	-0.19%	-27.76%	0.17%	-5.59%	8.79%	9.54%	0.94%	0.94%
N Shares		-16.77%	-0.19%	-27.76%	0.17%	-5.59%	8.79%	9.54%	0.69%	0.69%
MSCI All Country World ex-US Index SM		-7.61%	2.77%	-14.57%	6.97%	-4.62%	6.74%	N/A	—	—
MSCI EAFE [®] Index		-7.13%	2.96%	-13.83%	5.96%	-6.10%	5.14%	3.89	—	—

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds.

Performance shown for Class A Shares at Maximum Offering Price (MOP) includes the Fund's maximum sales charge of 5.75%. Performance shown at Net Asset Value (NAV) does not include this sales charge and would have been lower had this sales charge been taken into account.

CDSC performance for Class C Shares includes a 1% contingent deferred sales charge (CDSC) on Shares redeemed within 12 months of purchase. Performance shown at NAV does not include this sales charge and would have been lower had it been taken into account.

[†]Net expense ratios reflect the expense waiver, if any, Janus Capital has contractually agreed to through 2/1/13.

The expense ratios for Class N Shares are estimated.



Top Contributors and Detractors for the Quarter Ended 6/30/12

Top Contributors	Average Weight (%)	Contribution (%)	Top Detractors	Average Weight (%)	Contribution (%)
United Continental Holdings, Inc.	4.63	0.49	Petroleo Brasileiro	5.70	-1.69
Delta Air Lines, Inc.	4.76	0.44	Li & Fung	9.28	-1.35
China Overseas Land & Investment, Ltd.	2.46	0.39	OGX Petroleo e Gas Participacoes A.G.	1.56	-1.32
Nexon Co., Ltd.	1.35	0.18	Nintendo Co., Ltd.	4.69	-1.13
Ophir Energy PLC	0.55	0.02	Ford Motor Co.	4.28	-0.99

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/variable-insurance.

Top Detractors

Petroleo Brasileiro: We believe the Brazilian energy company's strong reserves off the coast of Brazil continue to be undervalued by the market.

Li & Fung: We like the Hong Kong-based outsourcing and logistics company for its global leadership position in sourcing logistics for retailers. The company continues to grow through market share gains, new outsourcing customers and acquisitions.

OGX Petroleo e Gas Participacoes: We like the oil and gas exploration and production company, one of the fastest growing in Brazil, for its oil assets offshore of Brazil. We think the stock does not reflect the long-term value of these assets and growth potential.

Nintendo: We continue to believe in the long-term value of the Japan-based gaming device and software maker's game franchises. Near-term catalysts could be the successful introduction of new products or opening its games to other company's platforms. We also appreciate Nintendo's high percentage of cash relative to its market valuation.

Ford Motor Co.: As a result of cost-cutting and balance sheet restructuring as well as investing in new products, we believe the U.S. auto maker is positioned to generate stronger cash flows and capture more market share in the U.S.

Top Contributors

United Continental Holdings: We expect airline industry restructuring to drive continued capacity discipline, better profitability and stronger cash flows. Despite recent macro-economic concerns, demand has not negatively impacted the company thus far.

Delta Air Lines: We believe the U.S. airline will benefit from capacity reductions by legacy carriers, cost-cutting initiatives, balance sheet restructuring and the gradual recovery of business and premium customers.

China Overseas Land and Investment: We believe this leading Chinese homebuilder benefits from its strong brand and capital base, its ability to purchase land well, and a diversified land bank, especially in second tier cities which offer some of the best long-term growth opportunities.

Nexon: We like this leading Japanese provider of free-to-play online video games for its culture of creativity and innovation, which has led to making fun, immersive (rather than casual) games with broad



appeal across countries and demographics. We also appreciate Nexon's historical ability to generate high annual revenue growth and high margins.

Ophir Energy: We like this early stage oil and gas exploration and production company for its attractive frontier acreage in Tanzania as well as potential we see for its properties in Kenya and Madagascar.

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.

Class A Shares, Class C Shares, Class S Shares, Class I Shares and Class R Shares of the Fund commenced operations on 7/6/09. The historical performance shown for periods prior to 7/6/09 reflects the performance of one or more other share classes of the Fund, calculated using the fees and expenses of each respective share class without the effect of any fee and expense limitations and waivers. If each share class of the Fund had been available during periods prior to 7/6/09, the performance shown may have been different. Please refer to the Fund's prospectus for further details concerning historical performance.

Class N Shares of the Fund commenced operations on 5/31/12. The historical performance shown for periods prior to 5/31/12 reflects the performance of one or more other share classes of the Fund or a predecessor fund. If Class N Shares of the Fund had been available during periods prior to 5/31/12, the performance shown may have been different. Please refer to the Fund's prospectus for further details concerning historical performance.

This Fund has a performance-based management fee that adjusts up or down based on the Fund's performance relative to an approved benchmark index over a performance measurement period. See the Fund's Prospectus or Statement of Additional Information for more details.

Returns include reinvestment of dividends and capital gains.

As of 6/30/12 the top ten portfolio holdings of Janus Overseas Fund are: Li & Fung, Ltd. (9.70%), Reliance Industries Ltd. (6.65%), Petroleo Brasileiro S.A. (ADR) (5.88%), Banco Bilbao Vizcaya Argentaria SA (5.26%), United Continental Holdings, Inc. (4.90%), Delta Air Lines, Inc. (4.79%), Nintendo Co., Ltd. (4.73%), Evergrande Real Estate Group, Ltd. (3.42%), Ford Motor Co. (3.30%) and Deutsche Bank A.G. (3.12%). There are no assurances that any Janus portfolio currently holds these securities or other securities mentioned in this commentary.

The Fund will normally invest at least 80% of its net assets, measured at the time of purchase, in the type of securities described by its name.

Holdings are subject to change without notice.

The opinions are those of the authors as of 6/30/12 and are subject to change at any time due to changes in market or economic conditions. 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 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 have additional risks including exchange rate changes, political and economic upheaval, the relative lack of information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards. These risks are magnified in emerging markets. The prices of foreign securities held by the fund, and therefore a fund's performance, may decline in response to such risks.

This fund may have significant exposure to emerging markets. In general, emerging market investments have historically been subject to significant gains and/or losses. As such, the Fund's returns and NAV may be subject to volatility.

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.

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.

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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.

Funds distributed by Janus Distributors LLC (07/12)

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