



### Product Profile

<i>Fund Name</i>	Janus Capital Funds (JCF) Janus US Venture
<i>ISIN</i>	IE0009534508
<i>Investment universe</i>	US Equities
<i>Benchmark</i>	Russell 2000 Growth Index
<i>Base Currency</i>	USD
<i>Earnings</i>	Accumulation
<i>Inception date</i>	31.12.1998
<i>Fund Volume</i>	178m USD as 30.11.2007
<i>Management Fee</i>	1.5% p.a.
<i>TER</i>	2.8% p.a.
<i>Fund Manager</i>	William Bales
<i>Company</i>	Janus Capital International Limited
<i>Internet</i>	www.janusinternational.com

### Investor's Profile

<i>Investment horizon</i>	medium- to long-term
<i>Risk classification</i>	medium to high
<i>Return expectations</i>	the fund seeks capital appreciation by investing primarily in equity securities in small sized companies
<i>Loss Tolerance</i>	short-term losses are possible

## TELOS Comment

*JCF Janus US Venture* is an equity fund investing in the USA. The fund implements a consistent stock-picking approach based on analysis of company fundamentals. The investment process is highly disciplined and pursues a bottom-up approach based on a growth investment philosophy.

Janus Capital Group is a specialist in US growth stocks. Shares in a particular company are purchased when the fund manager envisages rapid corporate growth. The fund seeks to achieve long-term capital growth through investments in US small caps. Although the term Venture indicates that the focus of investments is on small companies that produce higher than average risk, only half of the portfolio is composed of traditional small caps with market capitalisation levels ranging from 100 million to one billion dollars. The other half is invested in stocks with a market capitalisation between one and five billion dollars.

The investment universe consists of 2000 securities. The first stage of the investment process is quantitative filtering, which also takes into account qualitative factors such as sector attractiveness and strong company management. During this process, 500 companies are selected, all of which offer attractive margins and financial ratios such as ROIC, coupled with high Cash Flow. The next stage in the selection process involves fundamental ana-

lysis of the investment process, during which intrinsically valuable companies are selected using a number of different valuation methods. When this analysis has been concluded, a buy indication to buy is made in relation to all small cap growth equities. The recommended 150 stocks are then placed on the watch list for individual stockpicking.

The composition of the fund is not benchmark-oriented. The Tracking error is monitored and may not exceed 7%. However, this is an estimated value, which is calculated on the basis of Janus risk models.

A positive feature of the fund is the fact that the investment process is based on detailed and ongoing company research, which also includes competitor companies and markets.

All staff involved are highly qualified, and the fund manager *William Bales* contributes his wide-ranging expertise and lengthy experience as an equity fund manager. He is currently focused in particular on luxury goods and IT, which together comprise half of the portfolio.

Over the past five years, *JCF Janus US Venture* has significantly outperformed the benchmark used for reference, the Russell 2.000 Growth Index. The evolution of the Sharpe ratio has also been positive during the period under consideration.

*JCF Janus US Venture* is rated **AAA-**.



AAA-  
11/2007

JCF Janus  
US Venture

## Investment Process

JCF Janus US Venture is managed by Janus Capital Management, which is part of the Janus Capital Group, one of the ten largest investment companies in the US. The fund manager plus 6 research analysts from the Janus Small Cap Growth Team are involved in the investment process. The fund manager *William Bales* is responsible for all investment decisions.

The fund manager pursues a bottom-up fundamental growth approach, investing in stocks that are judged likely to achieve rapid growth over a number of years. Growth is the main criterion for the portfolio of 100 stocks.

The investment universe of 2000 stocks is filtered in search of companies with intrinsic value. Around 500 of these are shortlisted during the initial analysis. Alongside quantitative factors (ROIC, consistency of profit), qualitative factors (e.g. sector attraction, strong management) are also taken into account during the selection. During the second stage, the selected companies are valued using a number of methods, e.g. DCF, before an internal rating or buy recommendation is given for the shares. The current valuation is compared against the peer group analysis. The resulting 150 stocks make up the core investment.

## Quality Management

Fund performance is analysed periodically and compared against the benchmark and peer group results. The risk, style and other features of the fund profile are analysed using the BARRA Equity Risk Model. Performance contributions are calculated during attribution analysis. The fund is also the sub-

ject of monthly review by the risk committee. The fund manager takes account of these analyses during portfolio construction. The investment restrictions are automatically checked before orders are passed on to the trading desk. The Compliance Team also monitors the fund on a daily basis.

Three investment criteria are applied during individual stockpicking: high quality management, sustainable revenue and earnings growth and an attractive risk/reward profile. These are intended to indicate likely growth in the near future. Stocks are weighted up to a maximum of 5%. No model portfolios are used for this fund.

There is considerable emphasis on personal meetings and contacts with the management of the companies under consideration. To obtain background information, the fund manager and the research analysts meet at regular intervals with a number of management levels of those 30 individual companies whose stocks carry the highest weightings in the portfolio. Research plays a very important role at Janus. The internal research analysts produce results that permit the fund manager to compare equities from a number of different sectors and countries. These analyses are updated regularly. External research accounts for the remaining 25% of overall research.

The Janus Trading Team, which comprises 10 equity traders, is responsible for order implementation. The team applies best execution principles during order execution.

## Team

*William Bales* has managed the fund since 2001. The investment team has of highly qualified members of staff, who are also qualified CFAs or equivalent. The team members are all comparatively young, although some of them have extensive investment

experience. *William Bales* himself has worked for the company for 16 years. The fund managers each receive a performance-related bonus in addition to their competitive basic salary.



## Investment Characteristics

Important external factors	Important control factors
	Asset selection
	Asset weighting

## Product History

### Monthly Returns

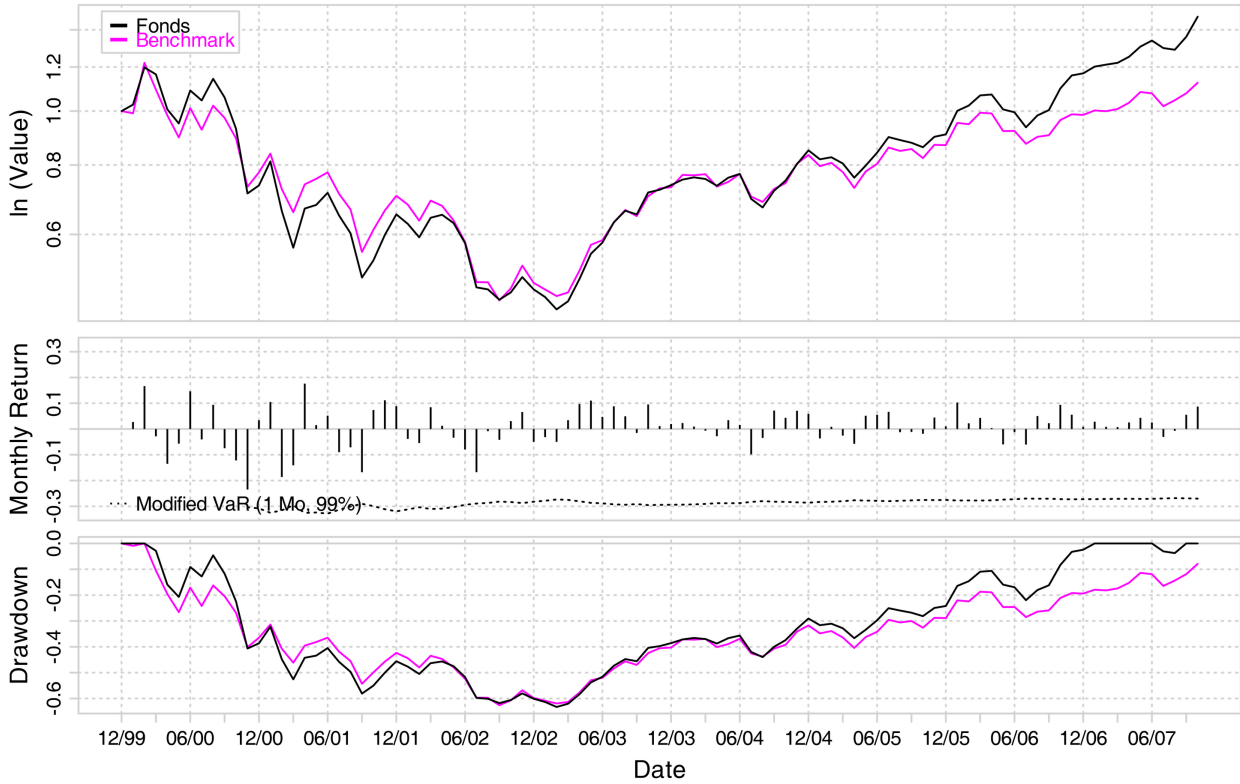
	2000	2001	2002	2003	2004	2005	2006	2007
Jan	2.7	10.5	-3.8	-3.1	2.3	-3.6	10.2	2.8
Feb	16.7	-18.6	-5.4	-5.0	0.9	0.9	2.2	0.8
Mar	-2.8	-14.1	8.4	3.4	-0.7	-2.5	4.3	0.7
Apr	-13.5	17.6	1.2	9.7	-2.8	-5.7	0.4	2.5
May	-5.7	1.5	-3.4	11.0	3.4	5.1	-6.0	4.3
Jun	14.6	5.2	-7.9	4.7	1.6	5.5	-1.2	2.5
Jul	-4.0	-9.0	-16.8	8.8	-9.9	6.7	-6.0	-3.1
Aug	9.4	-7.1	-0.8	4.9	-3.5	-1.2	5.0	-0.7
Sep	-7.4	-16.7	-4.2	-1.5	7.2	-1.1	2.2	5.5
Oct	-12.2	7.4	3.1	9.5	4.3	-1.8	9.4	8.7
Nov	-23.5	11.1	6.6	1.1	7.1	4.4	5.6	-
Dec	3.4	8.8	-5.0	1.9	5.9	1.0	0.9	-
<b>Fund</b>	<b>-26.5</b>	<b>-11.3</b>	<b>-26.7</b>	<b>54.0</b>	<b>15.5</b>	<b>6.8</b>	<b>28.7</b>	<b>26.4</b>
<b>Benchmark</b>	<b>-22.4</b>	<b>-9.2</b>	<b>-30.3</b>	<b>48.5</b>	<b>14.3</b>	<b>4.2</b>	<b>13.3</b>	<b>14.3</b>

Statistics per end of Oct 07	1 year	2 years	3 years	5 years	7 years	10 years
Performance (annualised)	34.61%	31.02%	25.37%	25.65%	6.86%	-
Volatility (annualised)	10.93%	14.35%	14.70%	16.16%	24.63%	-
Sharpe-Ratio	2.80	1.88	1.45	1.34	0.12	-
Best monthly result	8.68%	10.24%	10.24%	11.02%	17.61%	-
Worst monthly result	-3.06%	-6.03%	-6.03%	-9.86%	-23.47%	-
Median of monthly results	2.53%	2.38%	2.22%	2.22%	1.54%	-
Best 12-month result		38.82%	41.11%	72.73%	72.73%	-
Worst 12 month result		14.43%	4.12%	1.36%	-41.98%	-
Median of 12-month results		28.92%	23.85%	22.22%	14.43%	-
Maximum loss period	2 M	5 M	5 M	4 M	62 M	-
Maximum loss	-3.73%	-12.70%	-12.70%	-12.97%	-52.64%	-

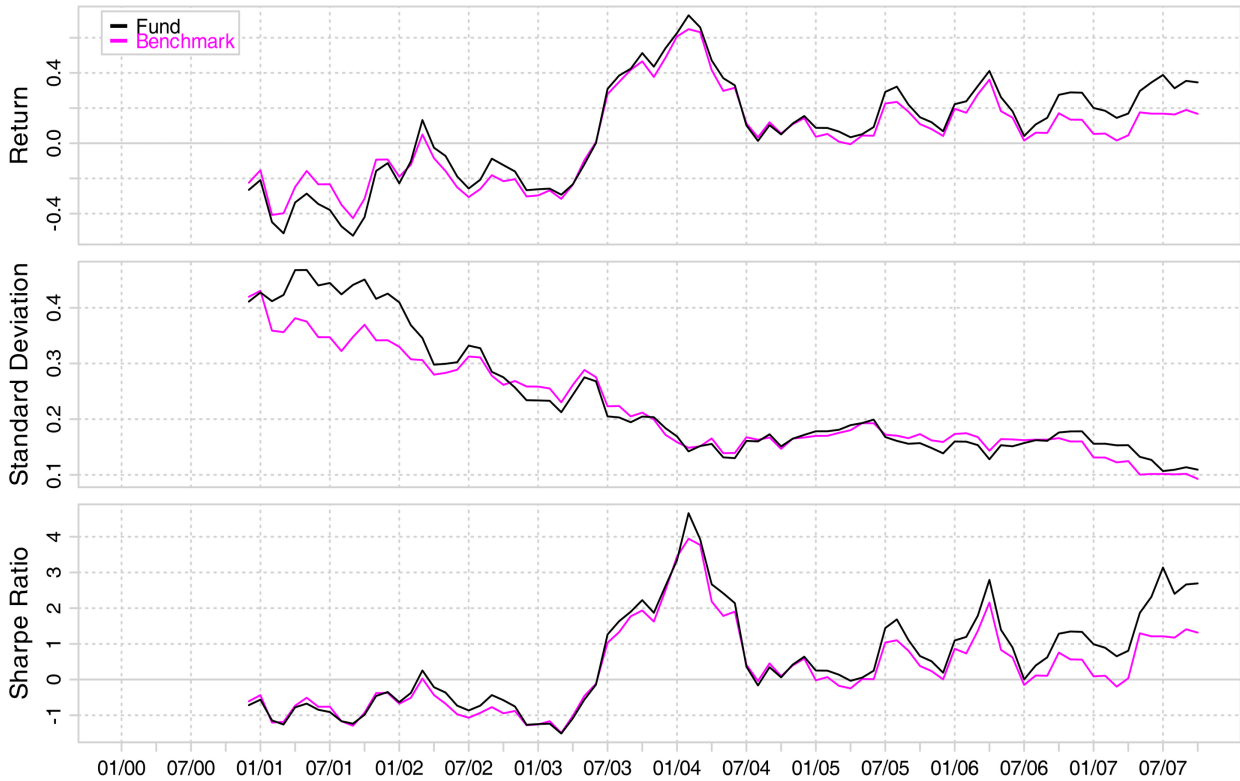
### Fund vs. Benchmark (trailing 36 Months)

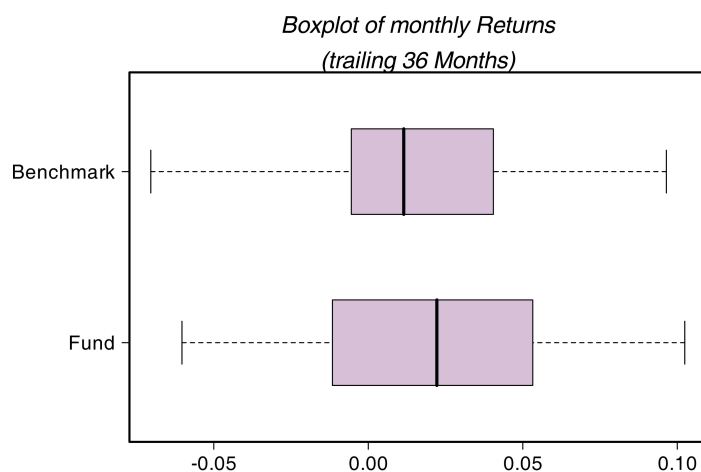
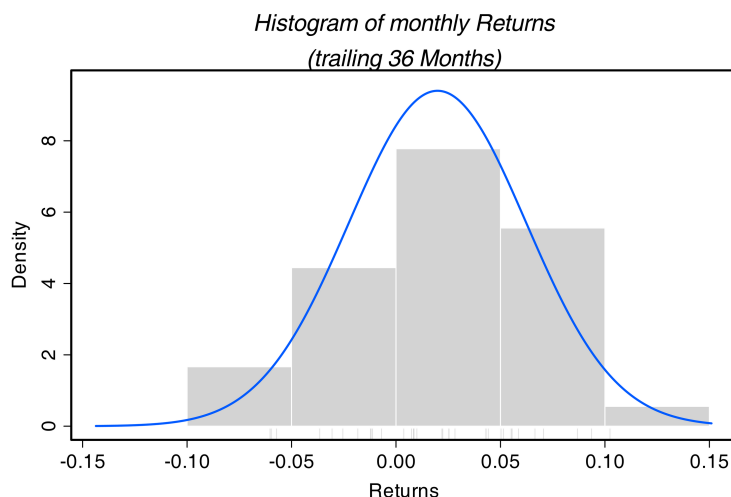
Jensen alpha	0.01
Beta	0.94
R^2	0.85
Annualized Alpha	0.10
Correlation	0.92
Tracking Error	0.16
Active Premium	0.10
Information Ratio	0.65
Treynor Ratio	0.22

Performance



Rolling 12-Month Performance (annualised)





## Explanations

### **TELOS Rating Scale**

AAA	The fund complies with highest quality standards
AA	The fund complies with very high quality standards
A	The fund complies with high quality standards
N	The fund does currently not comply with the TELOS quality standards
+ / -	further differentiate within a rating level

The **Product Profile** contains general information on the fund, the investment firm, and the responsible fund manager.

The **Investor's Profile** enables the investor to quickly match his or her expectations with the "official" classification of the product by the investment firm.

The **TELOS Comment** section summarises the main insights of the rating and constitutes an important supplement to the rating grade. The subsequent

sections contain descriptive information on the investment process, the quality management, and the responsible team.

The **Investment Characteristics** lists – from the point of view of the fund management – the most important external determinants influencing the performance of the fund, as well as the essential factors employed for its control.

The **Product History** presents – by means of graphs and tables – the development of the fund in compar-



ison with the money market and a benchmark (where appropriate) in respect of performance and risk criteria. All calculations are based on month-end data. Fund data and benchmark data are provided by the investment firm.

The *performance* of the fund is calculated based on reinvested prices: profit distributions are being invested in new shares of the fund immediately. Thereby, the performance of distributing and nondistributing funds is mutually comparable. This approach corresponds to the "BVI method" of performance calculation, advocated by the association of the German investment fund industry. If the fund management is guided by a *benchmark*, the performance of the latter is shown as well. Otherwise, a suitable comparative index is chosen for illustration purposes – in agreement with the investment firm.

The *Sharpe Ratio* provides information about the "excess return" of the fund with regard to a risk free financial investment – here represented by the money market – as a proportion of the total risk taken. The risk free rate used in this report is 4%, and the *volatility* is the annualised standard deviation of the monthly returns.

The *median of monthly results* is characterised by the fact that half of all monthly returns occurring in the observed period are either at least or at most as large as this value. As a result, this measure is less sensitive to "outlier results" than, for instance, the mean (average) value of monthly returns. In an analogous way, the *median of 12-month results* should be interpreted. The *longest loss period* is the number of months needed by the fund in order to recover losses by reaching or exceeding a level that had been achieved previously in the period under consideration. If this level could not be reached again, the end of the period is used. Accordingly, the *maximum*

*loss amount* is the largest loss which the fund suffered in the period under consideration – starting from the highest value reached earlier during this period.

*Jensen Alpha* measures the beta-risk-adjusted (cf. beta) outperformance of the fund versus the benchmark and is calculated using monthly returns. A positive value indicates the generation of added-value by the fund's management.

*Beta* is a measure of the fund's market risk exposure. A Beta larger (smaller) than one indicates that the fund will be more (less) volatile than the benchmark.

*R<sup>2</sup>* is the square of the correlation coefficient (cf. correlation). It is the measure of the quality of a linear fit on the fund's vs. the market's returns. It ranges between 0 (bad fit) and 1 (good fit).

*Correlation* is a measure of how the fund and the market move in relation to each other. Correlation ranges between -1 and +1. The extreme values i.e. -1/+1 indicate that the fund and the market always move in lockstep, for -1 in opposite directions, for +1 in the same direction. 0 indicates there is no clear relationship.

The *tracking error* is the standard deviation of differences between fund and benchmark returns. The lower the tracking error, the more closely the portfolio follows the index.

*Active Premium* or excess return measures the Out/Underperformance of a fund vs. its benchmark.

The *Information Ratio* is the active Premium divided by the tracking error. The higher the information ratio, the higher the active premium of the fund, given the same level of risk.

The *Treynor Ratio* is the active premium divided by beta. The Treynor ratio is a beta-risk-adjusted measure of excess return.

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