

# Janus Overseas T JAOSX

## Analysis

**Analysis** by Greg Carlson 9/21/2011

Janus Overseas is demonstrating why it's suited only for the patient. This fund is suffering through a very poor 2011. For the year to date through Sept. 14, it's posted a steep 26% loss--the second-worst showing among more than 390 foreign large-cap stock funds.

Manager Brent Lynn doesn't shy away from taking risk--the fund will own big stakes in volatile emerging-markets and smaller-cap stocks, pricey growth fare, and troubled turnaround stories. All those risks have come to the fore in 2011. Top holding Li & Fung, a Hong Kong-based logistics firm, has lost 35%, Indian conglomerate Reliance Industries is down 21%, Deutsche Bank has lost 38% and U.S. value plays Bank of America BAC and Ford F have each lost well more than 30%.

Lynn has reevaluated its biggest losers and is sticking with most of them. His conviction could lead to further pain over the short term, but a willingness to stick to his guns has reaped big rewards for shareholders in the past. The fund was hammered in the October 2007-March 2009 bear market--in large part because of emerging-markets exposure--but Lynn added substantially to his beaten-down favorites and also waded into U.S. companies that had gotten too cheap to resist (such as Bank of America and Ford). As a result, the fund mounted a huge rebound in 2009's rally.

While Lynn's approach makes for turbulent returns, he's delivered the goods over the longer term. Since he took sole control of the fund in June 2003, it's gained an annualized 13.2% and beaten every other foreign large-cap fund except for its advisor-sold clone. That said, the fund is best suited for investors with strong stomachs and a long-term perspective. True, it's historically bounced back quickly from its swoons--the fund has beaten the MSCI All Country World Ex-USA Index in 97% of rolling 36-month periods and 75% of its foreign large-growth peers in 92% of those periods. But investors will likely have to endure longer tough stretches at times.

**Morningstar Rating™**  
★★★

**Morningstar Category™**  
US OE Foreign Large Growth

**Net Assets (Mil)**  
3,720.56(USD )

### Kudos

- × Low expenses.
- × Janus analysts have shown their strength in growth-led markets.
- × Superb record under current manager.

### Risks

- × Fund has been known to sport big sector weightings and large emerging-markets bets from time to time.
- × Volatile.
- × A willing investor in both pricey growth stocks and deeply troubled firms at times.
- × Has lately had as much as 20% (its prospectus limit) in U.S. stocks, which is unusual among foreign funds.

### Management

Brent Lynn became sole manager here following Helen Young Hayes' departure in mid-2003. He had previously served as comanager since December 2000 and has been at Janus since 1991.

### Strategy

Manager Brent Lynn scours the world for the fastest-growing companies. He emphasizes experienced management and high returns on capital. The fund often ends up focusing on specific regions, sectors, or both. Price multiples for the portfolio have been on the high side at times, and its stake in emerging markets has far exceeded that of its peers. The fund rarely hedges its currency exposure.

**Role In Portfolio** Supporting

**Fund Family Score for** 4.96

**Number of Funds Scored** 6