4Q20
Asset Allocation

PORTFOLIO COMMENTARY

VIT Balanced Portfolio

Market Environment

- U.S. equities performed well during the quarter, supported by stronger-than-expected corporate earnings, the promise of continued accommodative monetary policy from the Federal Reserve (Fed) and the likelihood of an additional COVID-19 relief package, the latter of which came to fruition at period end.
- Positive developments in COVID-19 vaccines supported market breadth outside the "stay-at-home" technology group that led the market for much of the year. Within the S&P 500® Index, previously out-of-favor sectors including energy, financials and industrials were among the top-performing sectors. Small- and mid-cap stocks dramatically outpaced large caps.
- The Bloomberg Barclays U.S. Aggregate Bond Index also generated a positive return. Corporate credit led the index higher, offsetting weakness in Treasuries. The yield on the 10-year Treasury note rose from 0.69% to 0.92% as investors became more optimistic in their outlook for economic growth. The short end of the yield curve remained anchored on expectations of stable policy rates. Securitized credit, including asset-backed and mortgage-backed securities, generated positive returns, but lagged corporate credit. High-yield corporate bonds posted strong gains, outperforming investment grade.

Performance Summary

The Portfolio, which seeks to provide more consistent returns over time by allocating across the spectrum of fixed income and equity securities, outperformed the Balanced Index, a blended benchmark of the S&P 500 Index (55%) and the Bloomberg Barclays U.S. Aggregate Bond Index (45%). The Portfolio underperformed its primary benchmark, the S&P 500 Index, and outperformed the Bloomberg Barclays U.S. Aggregate Bond Index.

For detailed performance information, please visit janushenderson.com/VITperformance.

Portfolio Discussion

The swift rollout of the COVID-19 vaccine led many investors to believe a sooner-than-expected economic reopening could be around the corner, and equity multiples quickly reflected this improvement in market optimism. While we allowed the portfolio's equity weighting to appreciate in line with the broad stock market, we did not add further to the Portfolio's equity exposure. The Portfolio ended December with approximately 63% allocated to stocks, 37% to fixed income and a small portion in cash. The equity overweight contributed to the Portfolio outperforming the Balanced Index.

Janus Henderson INVESTORS

Equity Sleeve

The equity sleeve underperformed the S&P 500 Index. While the sleeve captured most of the quarter's upside, some of our higher-quality names in areas benefiting from long-term secular growth trends were out of favor amid the rebound in pro-cyclical, value-oriented sectors. Additionally, the recovery in oil prices resulted in energy being the top-performing index sector and the sleeve's zero weight detracted from relative results.

Many of our largest relative detractors had outperformed earlier in the year but did not participate in the recent rotation toward cyclical, often smaller-cap names. Home Depot, for one, had benefited as many homeowners pursued home improvement amid the stay-at-home environment, so the prospect of lifestyle normalization did not benefit the stock to the same degree as many other companies. Similarly, McDonald's, which had performed well earlier in the year as customers preferred its drive-through service to dine-in restaurants, was out of favor during the quarter. We maintain our positive opinion of both names, particularly given each company's focus on enhancing the digital experience for their respective customer base.

Other positioning generated strong returns and contributed to relative results. As the pandemic accelerated the digital transformation, semiconductor company Lam Research has been a key beneficiary. Healthy demand for semiconductor capital equipment supported the company's DRAM memory products during the quarter, and optimism around a rebound in economic growth should bode well for the company's semiconductor products. Morgan Stanley was another top contributor. The company's investment banking division benefited from strong IPO (initial public offering) activity, while the broadening recovery in the capital markets supported its trading, asset management and wealth management businesses.

Top Contributors	Equity	
	Average Weight (%)	Relative Contribution (%)
Lam Research Corp	2.28	0.55
Morgan Stanley	1.31	0.28
Honeywell International Inc	1.76	0.20
Blackstone Group Inc	1.21	0.16
CBRE Group Inc	0.77	0.15

Top Detractors	Equity	
	Average Weight (%)	Relative Contribution (%)
Home Depot Inc	2.95	-0.33
McDonald's Corp	2.37	-0.27
Adobe Inc	3.21	-0.26
Merck & Co Inc	2.22	-0.21
Mastercard Inc	3.89	-0.20

Fixed Income Sleeve

The fixed income sleeve outperformed the Bloomberg Barclays U.S. Aggregate Bond Index. As the quarter progressed, we maintained a constructive outlook for credit markets in 2021 given our expectations for continued support from the Fed, additional U.S. fiscal stimulus and relatively strong consumer fundamentals. The election outcome in the U.S. coupled with a number of positive developments regarding the timing and efficacy for COVID-19 vaccines led us to become more positive on the high-yield corporate bond market, believing that valuations in this sector had more to gain from improving economic fundamentals in the year ahead.

To reflect our constructive outlook, the sleeve was materially overweight corporate credit and held approximately 15% in high-yield corporate bonds at quarter end, while maintaining an underweight to both Treasuries and agency mortgage-backed securities – positioning that benefited relative returns. Late in the period, as spreads (yields over Treasuries) in corporate bond markets narrowed, we sought to capture gains in some of our strongest-performing positions. While we are not concerned with an outsized jump in inflation, we do believe the risk of inflation is now skewed to the upside. As a result, we added an allocation to Treasury Inflation-Protected Securities (TIPS), which also contributed modestly to returns.

No asset class, industry or corporate issuer materially detracted from relative performance, although the sleeve's lack of exposure to government-related securities, including certain bonds issued by emerging market governments that performed well, weighed modestly on results.

Top Contributors	Fixed Income	
	Average Weight (%)	Relative Contribution (%)
U.S. Treasury N/B	11.83	0.40
Sysco Corp	0.99	0.07
Charter Communications Inc	1.33	0.06
Boeing Co	1.08	0.06
Hasbro Inc	0.82	0.06

Top Detractors	Fixed Income	
	Average Weight (%)	Relative Contribution (%)
Federal National Mortgage Assn	6.60	-0.09
Fannie Mae or Freddie Mac	3.79	-0.05
Gov National Mortgage Assn	0.63	-0.02
Wells Fargo Co	0.35	-0.01
AbbVie Inc	0.62	-0.01

The holdings identified in this table, in compliance with Janus Henderson 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 800.668.0434 or visit janushenderson.com/VIT. Relative contribution reflects how the portfolio's holdings impacted return relative to the benchmark. Cash and securities not held in the portfolio are not shown.

Manager Outlook

We are pleased to see that the effectiveness of the COVID-19 vaccine has generally exceeded expectations, and we are optimistic that 2021 will bode well for risk assets, particularly equities, as evidenced by our overweight to the asset class. The economic recovery is in its early stages, and we expect economic growth, corporate earnings growth and employment data to continue to improve in 2021. Consumer and corporate balance sheets generally remain healthy, and although widespread vaccine distribution will take time to achieve, we expect pent-up demand to drive strong spending from consumers, and likely companies, during the latter half of 2021.

The Fed's commitment to lower-for-longer policy rates paints a positive backdrop for equities. Further, with the U.S. elections mostly behind us, company management teams are gaining clarity in terms of the political and regulatory landscape and are beginning to resume share repurchase programs, which should offer another level of price support to stocks. We are also optimistic that constructive geopolitical trade negotiations could provide companies with the confidence to increase capital spending. In the equity sleeve, we remain focused on high-quality growth companies with strong balance sheets and attractive opportunities for future capital deployment. The sleeve remains positioned with considerable exposure to secular trends that continue to gain momentum, including cloud services, Software as a Service and health care innovation.

In the fixed income sleeve, we maintain a positive outlook for credit markets. With government bond yields near historic lows across the developed world, we expect areas that still offer yield to remain in demand. But it is important to acknowledge the relatively less attractive valuations across U.S. Treasuries at year-end and that much of the recovery is already priced into the highest-quality corporate bonds. In our view, it is the more credit sensitive parts of the market, including the lowest tier of investment grade as well as high yield, that still provide opportunities for active managers to identify attractive risk-adjusted securities. We expect front-end Treasury yields to remain anchored in 2021 as a result of the Fed's commitment to ensuring a sustained economic recovery through accommodative monetary policy. But we remain mindful that the risk is more skewed to higher interest rates across the intermediate and long end of the yield curve, driven by the economic recovery and higher inflation expectations.

As always, we will dynamically adjust each sleeve of the Portfolio, as well as the Portfolio's overall asset allocation, based on market conditions and the investment opportunities our equity and fixed income teams identify through their bottom-up, fundamental research.

Portfolio Management

Equity Sleeve

- Marc Pinto, CFA
- Jeremiah Buckley, CFA

Fixed Income Sleeve

- Michael Keough
- Greg Wilensky, CFA

For more information, please visit **janushenderson.com.**

Janus Henderson INVESTORS

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 Henderson at 800.668.0434 or download the file from janushenderson.com/VIT. Read it carefully before you invest or send money.

Past performance is no guarantee of future results. Call 800.668.0434 or visit janushenderson.com/VITperformance for current month-end performance.

Portfolio Manager Marc Pinto has announced his retirement effective April 2, 2021.

Discussion is based on performance of the Fund's "parent" share class (typically that with the longest history).

As of 12/31/20 the top ten portfolio holdings of Janus Henderson Balanced Portfolio are: Microsoft Corp (4.79%), Apple Inc (3.61%), Amazon.com Inc (3.13%), Alphabet Inc (2.60%), Mastercard Inc (2.53%), UnitedHealth Group Inc (2.09%), Adobe Inc (2.01%), Home Depot Inc (1.72%), Accenture PLC (1.48%) and Lam Research Corp (1.45%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

The opinions are as of 12/31/20, are subject to change and may not reflect the views of others in the organization. Janus Henderson 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.

For equity portfolios, relative contribution compares the performance of a security in the portfolio to the benchmark's total return, factoring in the difference in weight of that security in the benchmark. Returns are calculated using daily returns and previous day ending weights rolled up by ticker, gross of advisory fees, may exclude certain derivatives and will differ from actual performance.

For fixed income portfolios, relative contribution compares the excess return of an issuer in the portfolio to the excess return of that issuer in the benchmark and the excess return of that issuer in the benchmark to the benchmark overall, factoring in any difference in weight. Excess return is calculated by comparing the performance of a security to a hypothetical duration-matched security with no credit risk, and rolling up securities by issuer. Relative contribution is based on comparing daily returns, gross of advisory fees, may exclude certain derivatives and will differ from actual performance.

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

Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. As interest rates rise, bond prices usually fall, and vice versa. The return of principal is not guaranteed, and prices may decline if an issuer fails to make timely payments or its credit strength weakens.

Growth stocks are subject to increased risk of loss and price volatility and may not realize their perceived growth potential.

S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Balanced Index is an internally-calculated, hypothetical combination of total returns from the S&P 500® Index (55%) and the Bloomberg Barclays U.S. Aggregate Bond Index (45%).

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

Janus Henderson Distributors