

VIT Research Portfolio

Market Environment

- U.S. equity markets ended the quarter with solid gains, lifted by generally positive economic data and a surge in second quarter corporate earnings growth.
- Progress on COVID-19 vaccine distribution helped drive increased economic activity, as seen in the continued strength in manufacturing orders. However, initial jobless claims and unemployment remained elevated.
- Rising inflation and the prospect of higher interest rates triggered volatility in markets, where leadership fluctuated between stocks perceived as value oriented and those perceived as growth oriented. Anxiety about the potential for rate hikes eased after the Federal Reserve (Fed) held rates and its quantitative easing program steady at its June policy meeting. However, policymakers signaled they may begin lifting rates in late 2023 versus their previous projection of 2024.

Performance Summary

For the quarter ended June 30, 2021, the Portfolio underperformed its benchmark , the Russell 1000® Growth Index, due primarily to weak stock selection within the health care and financials sectors. Conversely, the solid performance of select holdings within the industrials and consumer sectors buoyed relative performance.



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

Portfolio Discussion

Notable individual detractors included rideshare company Uber Technologies, which reported disappointing first quarter earnings. Uber faced several challenges, including driver supply issues resulting from a national labor shortage in the U.S., concerns that the U.S. Department of Labor could reclassify drivers as employees and higher gas prices. We believe it is possible for Uber to overcome these near-term headwinds.

Online travel reservations company Booking Holdings also detracted. Despite reporting a narrower-than-expected loss in its first quarter, the stock declined amid weak bookings in Europe where pandemic-related headwinds persisted. However, in addition to seeing signs of improving travel trends in Europe, travel in the U.S. has significantly increased. We continue to believe pent-up travel demand could bode well for the company as travel restrictions ease.

Elsewhere, the stock of biopharmaceutical firm Vertex Pharmaceuticals declined in response to the company's decision to discontinue the clinical program for VX-864, a treatment for the rare genetic disorder alpha-1 antitrypsin (AATD), which can lead to liver and lung disease. Vertex plans to use knowledge gleaned from VX-864 to design more potent analogs that will enter clinical development over the coming year. Meanwhile Trikafta, Vertex's breakthrough therapy for cystic fibrosis, continues to generate significant revenues.

Conversely, a number of holdings delivered solid results, including Nvidia, a developer of graphics processing units (GPUs). The company logged strong earnings growth for

its most recently reported quarter, driven primarily by its gaming and data center segments. Nvidia is one the leading players across three key secular growth vectors in artificial intelligence, gaming and autonomous driving. Our long-term outlook for Nvidia remains bright as these themes push forward.

Software firm Adobe also lifted relative results. Adobe benefited from quarterly earnings results that surpassed consensus estimates across all areas of the business on both the top and bottom lines. We view the strong demand that Adobe has enjoyed in its creative, document and experience cloud

business segments as supportive of our thesis that growth is sustainable beyond the pandemic.

Streaming entertainment company Roku was another key contributor. The launch of Roku Originals, a lineup of 30 series available exclusively on the Roku Channel, generated a record number of viewers during the first two weeks of June. Other positives for the stock included an acceleration in quarterly advertising revenue and faster-than-expected growth in streaming hours in international markets.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Nvidia Corp	3.72	0.61
Adobe Systems Inc	3.41	0.24
Roku Inc	0.65	0.14
Doordash Inc	0.47	0.12
Alphabet Inc	6.07	0.11

Top Detractors	Average Weight (%)	Relative Contribution (%)
Uber Technologies Inc	1.24	-0.20
Booking Holdings Inc	1.32	-0.16
Texas Instruments Inc	1.95	-0.16
Mastercard Inc	3.25	-0.16
Vertex Pharmaceuticals Inc	1.03	-0.15

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

The economy continued to rebound strongly in the U.S. and gathered steam elsewhere, particularly in Europe. While risks from COVID-19 are receding due to vaccines and the summer viral seasonal lull, the risks of too-hot inflation and a fear that the Fed may need to raise the target federal funds rate sooner than expected have emerged. However, we think the Fed will have time to react to inflation to gradually slow the economy over the next 18 months. We believe inflation will be the key theme to watch in the coming weeks and months.

We remain steadfast in our strategy of investing in companies participating in secular growth trends that are transforming key parts of the economy. These include e-commerce, cloud computing, digital payments and health care innovation. However, our improving outlook for the economy prompted us to shift our exposure within these segments during the second half of 2020 – adjustments that were well-timed and have since contributed to Portfolio performance. For example, within e-commerce, we increased our focus on businesses we believe are poised to benefit from improving mobility trends, such as online travel companies. Within health care, we tilted the Portfolio's exposure toward manufacturers of technologies and products we believe will see increased demand as a result of a resurgence in elective surgeries. Rounding out the Portfolio are holdings participating in the broad-based industrial and manufacturing recovery, including select agriculture and construction machinery stocks as well as industrial technology stocks and semiconductor capital equipment.

Going forward, we feel the Portfolio is positioned well should our base case recovery path continue to play out. In particular, we are confident the Portfolio's mix of secular growth stocks and stocks levered to the economy is appropriate for this stage of the cycle.

Portfolio Management

Central Research Team

For more information, please visit janushenderson.com.

Janus Henderson
— INVESTORS —

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

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

As of 6/30/21 the top ten portfolio holdings of Janus Henderson Research Portfolio are: Microsoft Corp (8.94%), Amazon.com Inc (7.57%), Alphabet Inc (6.29%), Apple Inc (4.55%), NVIDIA Corp (4.45%), Facebook Inc (4.20%), Adobe Inc (3.52%), Mastercard Inc (3.23%), Visa Inc (3.13%) and Lam Research Corp (1.72%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 6/30/21, 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.

Investing involves market risk and it is possible to lose money by investing. Investment return and value will fluctuate in response to issuer, political, market and economic developments, which can affect a single issuer, issuers within an industry, economic sector or geographic region, or the market as a whole.

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

Russell 1000® Growth Index reflects the performance of U.S. large-cap equities with higher price-to-book ratios and higher forecasted growth values.

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

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

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