Janus Henderson INVESTORS

VIT BALANCED PORTFOLIO

Institutional Shares: 471021402/JABLX Service Shares: 471021691

At a glance

Performance

The Portfolio returned 7.09% and the S&P 500® Index returned 10.56%. The Bloomberg U.S. Aggregate Bond Index returned -0.78%. The Balanced Index returned 5.37%.

Contributors/detractors

Overall asset allocation positioning as well as security selection within the equity and fixed income allocations were beneficial to relative performance.

Outlook

Given declining inflation, a dovish central bank, and a resilient economy and jobs market, we hold a favorable outlook for equities and fixed income.

Portfolio management

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Investment environment

- The S&P 500® Index returned 10.56%, while the Bloomberg U.S. Aggregate Bond Index returned -0.78%.
- Investors continued to balance solid economic data and corporate earnings with the expected timing and extent of rate cuts. The trend of declining inflation appears set to continue in 2024, but there may be some bumps in the road, as we witnessed during the quarter.
- The Federal Reserve (Fed) elected to leave rates steady at 5.25% to 5.50% at its March meeting. However, the central bank remained firmly committed to its dovish policy pivot by projecting three rate cuts for 2024.
- Stocks rallied as jobs growth and resilient consumer spending continued to support U.S. economic growth. Robust corporate results, particularly from several mega-cap U.S. technology companies, reignited investor interest in artificial intelligence (AI) and helped fuel the broader market advance.
- U.S. Treasury returns retreated somewhat following strong performance in the fourth quarter of 2023. Credit sectors generated excess returns versus Treasuries as investors increased their risk appetite. The yield on the 10-year U.S. Treasury ended the quarter at 4.20%, relative to 3.88% at the end of December. Corporate investment-grade credit spreads tightened slightly to 90 basis points (bps), while high-yield credit spreads tightened 24 bps, to 299 bps.

Portfolio review

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 U.S. Aggregate Bond Index (45%).

Asset allocation positioning benefited relative performance, with an overweight to equities versus the Balanced Index, and corresponding underweight to fixed income, aiding results as equities advanced sharply. Security selection in the equity and fixed income asset classes were additive to relative performance. We entered the year with approximately 61% in equities and 39% in fixed income. During the period, the equity allocation increased as stocks appreciated. The portfolio closed the quarter with roughly 63% in equities and 37% in fixed income.

The equity allocation outperformed the S&P 500 Index. Stock selection in information technology and financials contributed to relative performance, while stock selection in the industrials and energy sectors detracted. In the second half of 2023, we built a stronger growth bias into the equity portfolio and relative performance was aided by those changes in a strong equity market with a widening breadth.

Chipmaker Nvidia was a top relative performer and reported remarkable 126% higher year-over-year revenue, driven by record data center revenue. Advancements in AI-enabling hardware continue to drive growth and the company's leadership position. Insurance company Progressive Corporation also supported results. The company surpassed analyst expectations, with strong earnings and revenue growth. Market share gains, along with improvement in underwriting profitability and reserve development, also boosted investor enthusiasm.

Conversely, Nike, a top detractor, faced concerns over weak demand and excess inventory in the apparel and footwear sectors in the U.S. and Europe. However, inventories are now at healthier levels, and we see potential growth from the summer Olympics and new innovations. UnitedHealth Group, another top detractor, faced unfavorable Medicare Advantage rates and a Department of Justice antitrust investigation. We do not believe these challenges will materially impact the company's long-term financials, and we expect adjustments in cost, pricing, and benefits to retain profitability in the business segment impacted by the new government rates.

The fixed income allocation outperformed the Bloomberg U.S. Aggregate Bond Index. The key driver of outperformance was our general overweight to spread risk. Spread sectors broadly outperformed on economic resilience and positive labor market news. Our overweight allocation to securitized credit was a strong contributor as these sectors generally outperformed corporates on a risk-adjusted basis.

During the quarter, we increased our allocation to corporates. Corporate spreads narrowed to lows not seen for more than 24 months – a sign that the corporate credit market has firmly embraced a soft landing. High yield continued to outperform on the back of strong demand-supply dynamics coupled with increased investor risk appetite.

We entered January with a small duration overweight after aggressively trimming duration, as we believed rates may have rallied too far in December 2023. As anticipated, rate cut expectations pulled back and we took advantage of higher yields to add interest rate risk, closing March with a modest duration overweight. While our yield curve positioning detracted, we believe rates are likely to fall in 2024 due to a dovish Fed and declining inflation. We also like the defensive characteristics of higher-duration exposure, should the economy cool more quickly than expected.

Manager outlook

What a difference a year can make. At the start of 2023, inflation was running at 6.5%, predictions of a recession were rife, and the Fed was maintaining its hawkish stance. The central bank would hike another four times in the first half of 2023. Fast-forward to the first quarter of 2024, inflation is running at an average of 3.3%, and the Fed is forecasting three rate cuts in 2024 and has signaled its intent to taper its quantitative tightening program. Economic growth, jobs growth, and corporate earnings have continued to surprise on the upside. In our view, this is all broadly positive for fixed income markets.

Market participants are grappling with questions of when, and by how much, the Fed will cut rates. This has resulted in some rate volatility and an uptick in yields as the market reprices to align rate-cut expectations with the Fed's own projections. Notwithstanding the tug of war taking place in rates markets in the short term, we believe the current monetary and economic environment bodes well for a favorable multiyear outlook for fixed income returns. We expect that the recent strong demand for the fixed income asset class should continue – and potentially accelerate, once the Fed starts cutting rates – as investors aim to lock in attractive yields and benefit from the diversification that bonds may bring to multi-asset portfolios.

In the fixed income allocation, we favor an overweight to credit spread risk and interest rate risk, as the economy remains resilient and the Fed has firmly established its dovish stance. We continue to favor securitized sectors for their relative value versus corporates, and higher-rated assets for their defensiveness, in the event the economy softens.

Regarding equities, we are tracking secular growth trends that are providing significant tailwinds for earnings growth, such as AI and weight-loss therapies. In technology, big cloud companies known as hyperscalers have aggressively raised capital expenditures, especially in generative AI (gen AI). This spending has benefited graphics processing unit (GPU) makers like Nvidia, but we expect opportunities to broaden as gen AI adoption continues to surge. In healthcare, glucagon-like peptide-1 (GLP-1) appetite suppression drugs have the potential to drive growth and disruption. The outlook is tracking ahead of original demand expectations, especially internationally, where companies are making notable advances in manufacturing and therapy coverage.

While the outlook has continued to improve and a soft landing appears to be the most likely outcome, we do expect the economy to gradually slow. The dampening effect of high interest rates also remains a risk. We continue to monitor certain areas of the economy that may be exposed to a downturn in long-cycle capital spending, like construction. Still, we take comfort that the Fed's dual mandate is coming back into balance, enabling the Fed to react to any unexpected economic weakness with aggressive stimulative measures because inflation has moderated.

We maintain our focus on the health of the consumer, the job market outlook, and how corporations fare in this environment. As always, we will dynamically adjust each of the equity and fixed income allocations, as well as the portfolio's overall mix between equities and fixed income, as we analyze the risks and opportunities in each market.

Balanced Portfolio (as of 03/31/24)

Performance - USD (%)

Returns	Cumulative 1Q24	Cumulative YTD	Cumulative 1 Yr	Annualized 3 Yr	Annualized 5 Yr	Annualized 10 Yr	Annualized Since Inception (09/02/93)
Institutional Shares	7.09	7.09	17.47	6.00	9.34	8.60	9.74
Service Shares	7.03	7.03	17.16	5.74	9.07	8.34	9.54
S&P 500® Index	10.56	10.56	29.88	11.49	15.04	12.96	10.38
Bloomberg U.S. Aggregate Bond Index	-0.78	-0.78	1.70	-2.45	0.36	1.54	4.29
Balanced Index	5.37	5.37	16.54	5.24	8.56	7.95	7.88

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 800.668.0434 or visit janushenderson.com/VITperformance.

Performance for Service Shares prior to 12/31/99 reflects the performance of Institutional Shares, adjusted to reflect the expenses of Service Shares.

Expense Ratios (% as of most recent prospectus)

Institutional Shares: Gross 0.62, Net 0.62   Service Shares: Gross 0.86, Net 0.86

Portfolio

Equity Top Contributors (%)	Average Weight	Relative Contribution
Nvidia Corp	5.38	0.64
Progressive Corp Ohi	2.24	0.36
Apple Inc	5.06	0.32
Lam Resh Corp	2.38	0.28
Meta Platforms Inc	3.31	0.22

Equity Top Detractors (%)	Average Weight	Relative Contribution
Nike Inc	1.61	-0.35
Unitedhealth Group I	3.02	-0.33
Mcdonalds Corp	1.91	-0.23
Accenture Plc Ireland	2.30	-0.20
Adobe Inc	1.11	-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.

Performance attribution and contribution reflect returns gross of advisory fees and do not represent actual returns. Attribution is calculated by geometrically linking daily returns for the portfolio and index. **Excess of Curve 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 grouping and is not a presentation of actual performance. **Asset Allocation** compares the Excess of Curve Return of that grouping in the benchmark to the excess of curve return of the benchmark overall, factoring in any differences in weight. **Security Selection** compares the excess of curve return of a grouping in the portfolio to the excess of curve return of that grouping in the benchmark, factoring in the weight of that grouping in the portfolio. **Total Excess Performance** compares the excess return of a grouping in the portfolio to the excess return of that grouping in the benchmark and the excess return of that grouping in the benchmark to the benchmark overall, factoring in any difference in weight. Source: Bloomberg

Top Holdings (%)	Fund
Microsoft Corp	6.34
NVIDIA Corp	4.11
Apple Inc	2.81
Alphabet Inc	2.70
Mastercard Inc	2.40
Amazon.com Inc	2.32
Meta Platforms Inc	2.19
UnitedHealth Group Inc	1.75
Lam Research Corp	1.59
Progressive Corp	1.51
Total	**27.72**

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Definitions

Any risk management process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors.
Basis point (bp) equals 1/100 of a percentage point. 1 bp = 0.01%, 100 bps = 1%.
Credit spread is the difference in yield between securities with similar maturity but different credit quality. Widening spreads generally indicate deteriorating creditworthiness of corporate borrowers, while narrowing indicates improvement.
Duration measures a bond price's sensitivity to changes in interest rates. The longer a bond's duration, the higher its sensitivity to changes in interest rates and vice versa.
A yield curve plots the yields (interest rate) of bonds with equal credit quality but differing maturity dates. Typically bonds with longer maturities have higher yields.
Securitized products, such as mortgage- and asset-backed securities, are more sensitive to interest rate changes, have extension and prepayment risk, and are subject to more credit, valuation, and liquidity risk than other fixed-income securities.
10-year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase.
Monetary policy refers to the policies of a central bank, aimed at influencing the level of inflation and growth in an economy. It includes controlling interest rates and the supply of money.
Quantitative tightening (QT) is a government monetary policy occasionally used to decrease the money supply by either selling government securities or letting them mature and removing them from its cash balances.

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.

Returns include reinvestment of dividends and capital gains.

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

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

The discussion and data quoted are based upon the results, holdings and characteristics of the similarly managed Janus Henderson mutual fund. Such data may vary for the Janus Henderson VIT portfolio due to asset size, investment guidelines and other factors. We believe the mutual fund most closely reflects the portfolio management style for this strategy.

The opinions are as of 03/31/24, 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.

Holdings are subject to change without notice.

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 does not represent actual performance.

There is no assurance the stated objective(s) will be met.

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

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

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.

Short sales are speculative transactions with potentially unlimited losses, and the use of leverage can magnify the effect of losses.

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

Environmental, Social, and Governance ("ESG") factors are integrated into the investment process by focusing on those ESG factors considered most likely to have a material impact on the financial performance of the issuers. ESG factors are one of many considerations in the investment decision-making process and may not be determinative in deciding to include or exclude an investment.

Actively managed investment portfolios are subject to the risk that the investment strategies and research process employed may fail to produce the intended results. Accordingly, a portfolio may underperform its benchmark index or other investment products with similar investment objectives.

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

Bloomberg 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 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.

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