

PORTFOLIO COMMENTARY

VIT Forty Portfolio

Market Environment

- The Russell 1000[®] Growth Index ended the quarter with a modest gain despite underlying volatility sparked by global economic uncertainties and political tensions.
- While the U.S. economy appeared relatively resilient and consumer fundamentals remained healthy, the Federal Reserve responded to risks of slowing global growth with two interest rate cuts.
- Stocks tied to global trade tended to see negative impacts on their businesses, while low interest rates stimulated other industries such as housing.
- Late in the quarter, investors sought value in previously out-of-favor areas of the market while they sold higher-valuation momentum stocks.

Performance Summary

The Portfolio outperformed its benchmark, the Russell 1000 Growth Index, and also its secondary benchmark, the S&P 500[®] Index, during the quarter ending September 30, 2019. Stock selection was favorable across a number of sectors, most notably in health care.



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

Portfolio Discussion

We did not make any significant changes to the positioning of the Portfolio during the quarter. Alphabet, the parent company of Google, was our top contributor. The stock had been down earlier in the year after missing revenue targets and facing pressure from regulators, but during the third quarter it announced a reacceleration in revenues which assured investors of its growth trajectory. The company remains the search engine leader and is a key beneficiary from the secular shift toward mobile, video, programmatic and cross-device advertising. Alphabet has also established itself as a top-three player in cloud services, which has become a profitable, growing business segment. We also believe the company has a leading edge in technologies such as artificial intelligence and autonomous driving solutions, which should play a role in future growth.

Paint producer Sherwin-Williams was another top contributor. The company, which operates over 5,000 stores around the world and is a go-to provider for professional painters, has benefited from the strong fundamental backdrop for housing and demand for renovations. Sherwin-Williams also maintains a high degree of pricing power and recently reported increased margins resulting from falling input costs. Lastly, the company continues to benefit from synergies related to its 2017 acquisition of competitor Valspar.

While we were pleased with the results of many companies in the portfolio, other holdings disappointed. Netflix was one of our largest detractors. The company reported lower-than-expected subscriber growth during the period which sent the stock lower. New competitors like Disney and Apple also made headlines by

announcing competing over-the-top media streaming services. We remain positive on Netflix, as it remains the leader in global streaming distribution and should be able to leverage its content across its platform better than competitors.

Uber Technologies was another detractor. Stock of the ridesharing company fell after reporting a larger-than-expected second-quarter loss. It has also faced new state legislation that

could eventually require the company, as well as its primary competitor Lyft, to treat workers as employees rather than independent contractors. We have a favorable view on the duopoly industry structure and the large opportunity set, but we believe the company will need to lessen its focus on gaining market share, and instead shift to bolstering its financial posture and achieving profitability.

Top Contributors			Top Detractors		
	Ending Weight (%)	Contribution (%)		Ending Weight (%)	Contribution (%)
Alphabet Inc	5.52	0.49	Netflix Inc	2.12	-0.80
Sherwin-Williams Co	2.54	0.45	Uber Technologies Inc	0.39	-0.46
Texas Instruments Inc	3.38	0.41	Amazon.com Inc	3.68	-0.39
ASML Holding NV	2.12	0.40	PayPal Holdings Inc	2.02	-0.23
Apple Inc	3.74	0.37	Facebook Inc	2.26	-0.21

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.

Manager Outlook

We expect geopolitical tensions to remain elevated. While we may reach a trade deal, we believe we are in a technology cold war, and technology supply chains will continue to separate between those that supply China and those that supply the West. We believe the economic uncertainty created by the trade war, combined with the beginning of the 2020 election cycle, will give corporate executives pause in thinking about spending on expansion projects. This in turn is likely to continue to hold global growth back.

Equities seem to be reasonably priced, particularly given the low interest rate backdrop. We will continue to monitor the strength of the U.S. consumer, which we expect to be the primary driver of future economic growth. Going forward, regardless of the macroeconomic picture, we will continue to look for durable franchises with the ability to grow market share and expand their businesses in the potential absence of meaningful economic tailwinds. We remain committed to our unwavering, long-term investment philosophy of investing in companies that have built sustainable competitive advantages around their businesses.

Portfolio Management



Doug Rao



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For more information, please visit janushenderson.com.

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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/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 9/30/19 the top five portfolio holdings of Janus Henderson Forty Portfolio are: Microsoft Corp (7.69%), Mastercard Inc (5.77%), Alphabet Inc (5.51%), salesforce.com Inc (4.50%) and Apple Inc (3.74%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 9/30/19 and are subject to change without notice. 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.

Security contribution to performance is measured by using an algorithm that multiplies the daily performance of each security with the previous day's ending weight in the

portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

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.

The fund is classified as "nondiversified", meaning it has the ability to take larger positions in a smaller number of issuers than a "diversified" fund. Nondiversified funds may experience greater price volatility.

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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