

MARKET GPS MULTI-ASSET QUARTERLY

Q2 2026

The Janus Henderson Multi-Asset Team applies a “partnership and transparency” approach, providing access to differentiated insights, disciplined investments, and world-class service. This quarterly update shares the team’s views on market dynamics as well as the dashboard that informs their positioning across Janus Henderson’s range of multi-asset models and portfolios.

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Macro overview

- ▶ While volatility understandably increased with the onset of the Iran conflict, financial markets have proven relatively resilient. Investors coalesced around the critical assumption that hostilities and the associated disruptions to the global economy would be short lived.
- ▶ By looking past potentially short-term geopolitical risk, market prices are reflecting other factors, including a soft U.S. labor market, artificial intelligence (AI) as a secular theme, fiscal stimulus and steadying manufacturing activity.
- ▶ Our sentiment and positioning indicators showed drawdowns within several market segments reaching capitulation territory and could therefore represent attractive entry points.



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The Iran conflict reverberated across the global economy as disruptions in a critical energy chokepoint placed acute pressure on those countries most dependent on Middle Eastern resources. Further afield, higher energy costs put central banks in the unenviable position of considering hawkish measures, despite weak labor markets. Even with its lingering stagflationary impulse, should the Iran conflict be resolved, 2026 could still be a year of steady economic growth, albeit with a higher-than-hoped increase in consumer prices.

Global Purchasing Manager surveys indicate improving activity

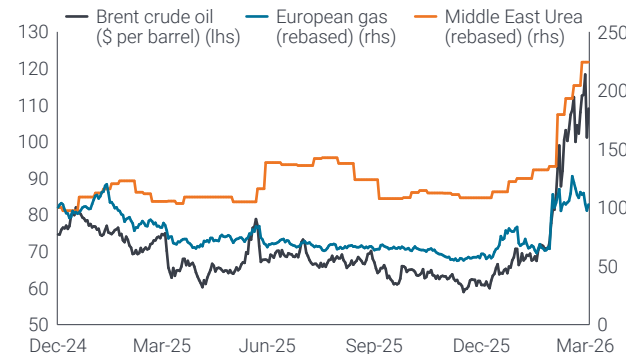
After having been carried by a resilient services sector, manufacturing surveys moving into expansion territory could provide another lever for global economic growth.



Source: J.P. Morgan Global Indices, Janus Henderson Investors, as of 02 Apr 2025.

Key commodity prices react to supply constraints

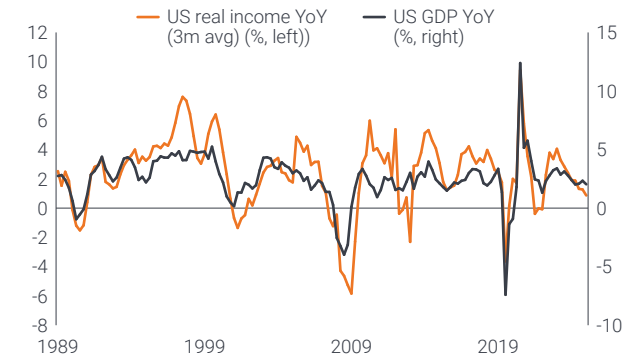
Energy and petroleum product markets remain global, meaning that few regions would be fully insulated from a prolonged supply shock.



Source: Bloomberg, Janus Henderson Investors, as of 19 March 2026.

U.S. income growth remains worrisome

Sticky inflation was already putting downward pressure on real wages. If energy price increases are sustained, the Federal Reserve may have to strike a difficult balance with its policy path.



Source: Datastream, Janus Henderson Investors, as at 01 Apr 2026
Note: Total US real aggregate income growth.

“2026 could still be a year of steady economic growth, albeit with a higher-than-hoped increase in consumer prices.”

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Equities

Multiple compression across global equities was a needed reset, leaving it difficult to underweight stocks at current valuations.

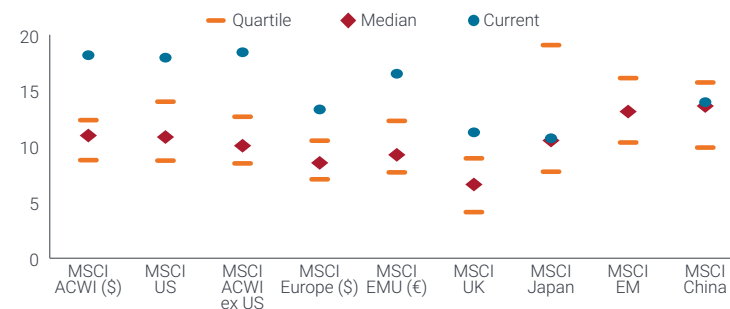
Sustained strong earnings from growth stocks and a considerable relative valuation reset represent headwinds to further cyclical rotation to value.

The stronger selloff in ex U.S. stocks should also garner investors' attention.

Our sentiment and positioning indicators showed U.S. growth as the most oversold equities category. A catalyst has been drawdowns related to AI's impact on software companies. Across tech and the broader market, however, earnings estimates have held firm. While value stocks have outperformed, we believe further economic acceleration would be necessary to make this sustainable. Moderate inflation could enable companies less susceptible to sticker shock to increase prices. While China's economy stabilizes, India must navigate higher energy costs and AI disruption.

12-month EPS growth forecasts remain robust

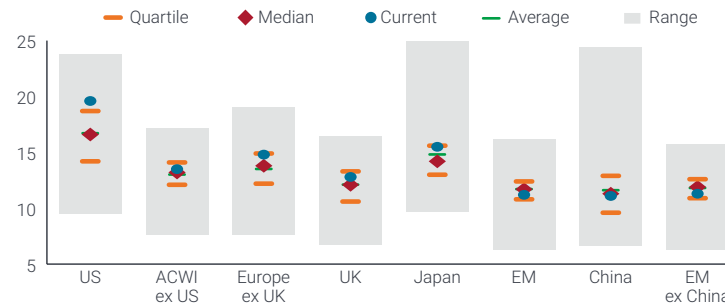
Earnings forecasts have yet to meaningfully reduce; investors may be able to tap into attractive growth prospects at discounted valuations.



Source: Datastream, Janus Henderson Investors, as of 1 April 2026
Note: 12-month forward consensus growth forecasts and 20-year metrics.

P/E ratios fell from top quartile or decile levels

Multiple compression in the wake of the Iran conflict sent valuations away from top-quartile levels for most equity markets.



Source: Datastream, Janus Henderson Investors, as of 1 April 2026
Note: 12-month forward consensus growth estimates and 20-year averages.

Cyclical reacceleration would favor small- and midcap

The global economy would likely need to find a higher gear for smaller stocks to meaningfully contribute to returns; such a catalyst could be forthcoming should fiscal stimulus occur in late 2026.



Source: Bloomberg, Janus Henderson Investors, as of 1 April 2026

“Recent multiple compression creates fresh opportunities as long as earnings growth can withstand geopolitical headwinds.”

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Equities dashboard

-- - = + ++ Views

U.S.						Strong 2026 earnings forecasts, fiscal support and signs of capitulation, but valuations remain high vs history
Large Cap Growth			←			Supported by AI-driven earnings strength and relative valuations but there is regulatory and AI delivery risk alongside a continued global broadening theme
Large Cap Value						Support from early signs of a global cyclical pickup and fiscal stimulus, though high valuations and already optimistic earnings may be headwinds
Mid Cap						Offer more reasonable valuations amid signs of a cyclical upswing, but less earnings benefit from AI and borrowing costs still elevated
Small Cap			→			A resumed cyclical upswing would be very supportive, as well as more attractive valuations and lower interest rates
Developed ex U.S.			→			Fiscal support in Europe and Japan, alongside a potential cyclical upswing, although valuations are already high
Europe						Increased government spending, prior central bank spending and greater exposure to inflation beneficiaries should be supportive, barring a prolonged energy shock
Europe ex UK						Tailwinds of German stimulus, prior ECB cuts and potential cyclical uptick should all be supportive. Some concerns remain about energy imports
UK						Earnings growth is expected to be among the slowest globally. Cheaper aggregate valuation looks more comparable when sector-adjusting
Japan						Benefits from better domestic demand, fiscal stimulus, and potential global upswing, with yen strength less likely to be a headwind
Emerging Markets (EM)			→			Current pullback provides an entry point to markets supported by AI spending and CAPEX demand elsewhere. However, India looks challenged by both AI and any prolonged energy shock
China						The Chinese economy continues to stutter as domestic consumption struggles, but expected additional stimulus should serve to offset
EM ex China			→			Recent dip creates a better entry point to Taiwan, South Korea and Brazil, which are benefiting from the AI build-out. India looks challenged by AI and the energy shock

 Underweight
 Neutral
 Overweight

 ← → Change from last quarter

Fixed Income

Investors should be mindful of duration as energy-related inflation causes central banks to consider pausing or even reversing rate cuts.

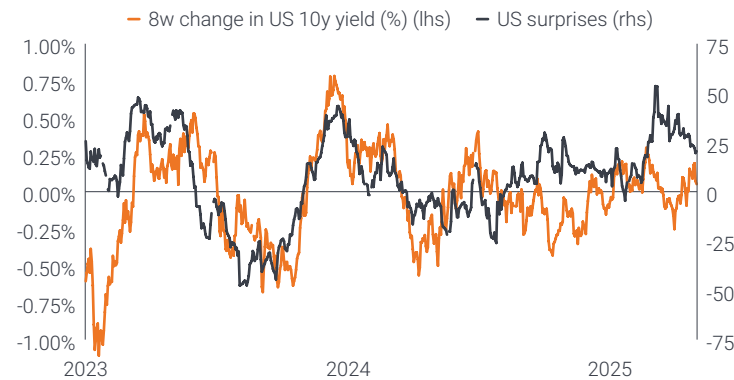
A modest widening of credit spreads leaves room for future compression should geopolitical tensions diminish.

With the market already pricing in the European Central Bank raising rates in 2026, yields are more attractive than just a few months ago.

Given U.S. energy independence and an expectation for a short-term oil supply shock rather than a prolonged disruption, the level of inflation imbedded in U.S. TIPS has remained stable throughout the Iran conflict. This is not the case in Europe and other energy importers. A protracted confrontation weighing on global growth would present a challenge to central banks as economies are not as strong as they were heading into Covid-19.

10-year Treasury yields reflect a mix of influences

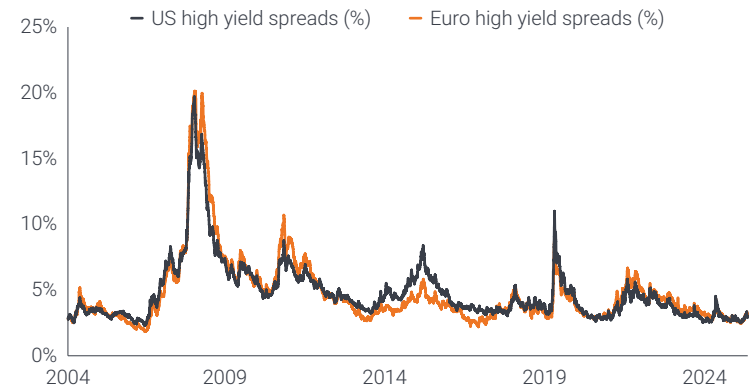
Treasuries are digesting an energy shock and potentially higher yields but should revert to their longstanding relationship with U.S. economic prospects once geopolitical clarity emerges.



Source: Bloomberg, Janus Henderson Investors, as of 1 April 2026

High-yield credit spreads stay tight

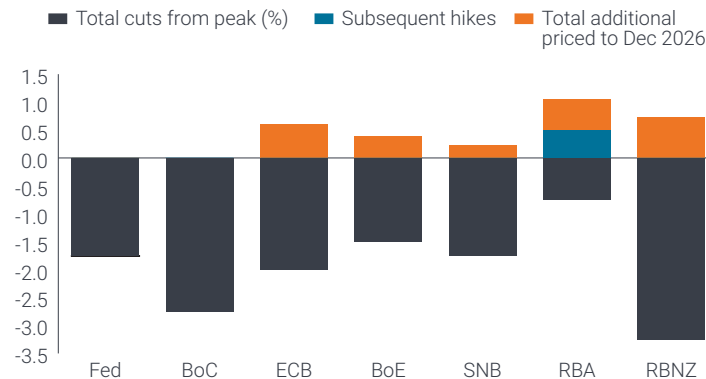
Spreads have widened but are still tight by historical standards and have remained more optimistically priced than equities during the Iran conflict.



Source: Bloomberg, Janus Henderson Investors, as of 01 Apr 2026

Realized and expected interest rate cuts

Inflation concerns have translated into expected hikes in most of the world and a meaningful dispersion in rate paths, opening up opportunities for bond investors.



Source: Bloomberg, Janus Henderson Investors, as of 1 April 2026

“Inflation concerns have translated into expected hikes in most of the world and a meaningful dispersion in rate paths, opening up opportunities for bond investors.”

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Fixed income dashboard

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Views

Sovereign bonds						Elevated U.S. recession risk is offset by fiscal stimulus, prior monetary easing, and signs of a potential global re-acceleration
U.S.						Concerns about weak jobs growth and a real income squeeze balanced by limited inflation risk premium and global fiscal stimulus
UK						Expectations for hikes in 2026 look challenging given the underlying weakness of the economy, with BoE likely to look through an energy price shock
Eurozone		→				The market was already considering when the ECB would hike before the Middle East conflict began, but there are now downside risks, plus inflationary pressures
Inflation-linked			→			Higher inflation is likely over the months ahead given the inflationary energy shock. Oil and gas prices are unlikely to return to prior levels in near future
Investment grade		←				Optimistic spread level compared to equity valuations, and very low credit spreads, mean that returns are likely to hinge on duration rather than meaningful spread compression
U.S.		←				With spreads at historically low levels, performance is largely tied to US Treasury moves
Euro						Credit spreads are at historically low levels leaving returns more sensitive to potential moves in government bonds
High yield		←				Low default rates/solid fundamentals supportive but credit spreads remain tight vs history, and priced optimistically, leaving better value in other asset classes
U.S.		←				Despite recent widening, spreads remain tight, leaving little room for valuation gains, but a low default rate and limited refinancing needs are supportive
Euro		←				Spreads have widened but remain reasonably tight vs history. Declining defaults and fiscal stimulus should be supportive, even if the ECB hikes
Securitized						Agency MBS spreads have compressed, but broader securitized spreads offer a potential margin of safety vs corporates
Hard currency EM debt						Spreads remain tight vs history despite modest widening recently, and a strengthening US dollar could be a challenge
Local currency EM debt						A stronger dollar on energy supply shock is a challenge in the near term, but we expect winners and losers within the broad EM complex

■ Underweight
■ Neutral
■ Overweight


Change from last quarter

Alternatives and currencies

Despite higher energy prices and a lurch toward safety, gold fell to what we consider oversold levels given that many economies continue to grapple with above-target inflation.

Broader commodity price levels hinge on the duration of the Iran conflict.

Private equity faces headwinds due to its links to private credit, as that asset class faces scrutiny over its loan quality, particularly software exposure.

Even prior to hostilities, sticky inflation had investors considering real assets to diversify portfolios. Given gold’s strong rally, however, some leveraged investors seeking liquidity sold the winners, which in this case was the yellow metal. Notably, Chinese authorities took the opportunity to buy at the fastest rate in over a year, showing sustained institutional support. Supply disruptions reversed an otherwise soft market for global energy products. A resolution to the crisis could lead to a reversion to that bearish climate.

Alternatives	--	-	=	+	++	Views
Real assets						
Property						Higher bond yields a setback for tentative recovery in the sector, but pockets of value remain outside office and retail, which are generally challenged
Infrastructure						Secular themes such as the energy transition, AI and critical infrastructure upgrades are very supportive
Renewables						Spike in energy prices and inflation link in revenues helping to offset pervasive negative sentiment; higher yields nevertheless unhelpful for discount rates
Private Equity						Exposure to sectors deemed under threat from AI tools, plus negative private credit headlines are headwinds on exit activity
Gold						Positioning reset allows for better entry point as key driving forces of prior rally remain, such as elevated uncertainty. Strong dollar a near-term headwind

Currencies	Currency vs column header				Views
	\$	€	£		
U.S. dollar vs					US energy independence is supportive as the rest of world looks more exposed to shock from the restriction of exports from the Middle East
Euro vs					Fiscal stimulus and global upswing are supportive, depending on the depth of the energy supply shock
Sterling vs					The UK looks to be one of the weakest economies in developed markets before considering political risks. A global upswing may offer some support
Japanese yen vs					Fiscal stimulus and BoJ caution on rate hikes are keeping downward pressure on the yen, despite rising government bond yields

Underweight Neutral Overweight ← → + - change from last quarter

Definitions, Indices, & Risks

Definitions

10-Year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase.

Consumer price index (CPI): A measure that examines the price change of a basket of consumer goods and services over time. It is used to estimate inflation.

Correlation: How far the price movements of two variables (eg. equity or fund returns) move in relation to each other. A correlation of +1.0 means that both variables have a strong association in the direction they move. If they have a correlation of -1.0, they move in opposite directions. A figure near zero suggests a weak or non-existent relationship between the two variables.

Credit spread: The difference in yield between securities with similar maturity but different credit quality, often used to describe the difference in yield between corporate bonds and government bonds. Widening spreads generally indicate a deteriorating creditworthiness of corporate borrowers, while narrowing indicate improving.

Cyclical: Sensitive to changes in the economy. In the case of stocks, that would include companies that sell discretionary consumer items (such as cars), or highly correlated to demand (eg. mining).

Default rate measures the failure of debtors (such as a bond issuer) to pay interest or to return an original amount loaned when due.

Diversification: A way of spreading risk by mixing different types of assets/asset classes in a portfolio, on the assumption that these assets will behave differently in any given scenario.

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.

Earnings per share (EPS): EPS is the bottom-line measure of a company's profitability, defined as net income (profit after tax) divided by the number of outstanding shares.

Fiscal/Fiscal policy: Describes government policy relating to setting tax rates and spending levels. Fiscal policy is separate from monetary policy, which is typically set by a central bank.

Forward earnings: An estimate of the future earnings of a business, usually covering the present financial year or the next one.

High yield bond: Also known as a sub-investment grade bond, or 'junk' bond. These bonds usually carry a higher risk of the issuer defaulting on their payments, so they are typically issued with a higher interest rate (coupon) to compensate for the additional risk.

Investment-grade bond: A bond typically issued by governments or companies perceived to have a relatively low risk of defaulting on their payments, reflected in the higher rating given to them by credit ratings agencies.

Late cycle refers to the final phase of an economic cycle before a recession. Economic activity often reaches its peak and growth slows but remains positive.

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. **Monetary stimulus** refers to a central bank increasing the supply of money and lowering borrowing costs. **Monetary tightening** refers to central bank activity aimed at curbing inflation and slowing down growth in the economy by raising interest rates and reducing the supply of money.

Private assets are investments that are not publicly traded or listed on a public stock exchange.

Purchasing Managers' Index (PMI) is a survey that acts as a leading insight into the prevailing direction of economic trends, based on the view of managers across 19 industries. The index is based on five indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

Ratings/Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to C (lowest).

Real assets are tangible investments, such as gold, real estate, or oil, that have an intrinsic value due to their substance and physical properties.

Recession: A sustained decline in economic activity, usually perceived as two consecutive quarters of economic contraction.

Safe-haven: An asset that is expected to retain its value or potentially even gain value, during periods of economic uncertainty or market turbulence, eg. gold, US government debt, the US dollar, cash, etc.

Spreads/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, and narrowing indicate improving.

Tariffs: A tax or duty imposed by a government on goods imported from other countries.

Volatility: The rate and extent at which the price of a portfolio, security, or index, moves up and down. If the price swings up and down with large movements, it has high volatility. If the price moves more slowly and to a lesser extent, it has lower volatility. The higher the volatility the higher the risk of the investment.

Yield: The level of income on a security over a set period, typically expressed as a percentage rate. For equities, a common measure is the dividend yield, which divides recent dividend payments for each share by the share price. For a bond, this is calculated as the coupon payment divided by the current bond price.

Indices

The **FTSE 100 Index** covers the 100 largest stocks listed on the London Stock Exchange.

The **MSCI All Country World Index (ACWI)** is a stock market index that tracks the performance of large and mid-cap stocks in 23 developed and 24 emerging markets.

The **MSCI ACWI ex US** is a stock market index that tracks the performance of large and mid-cap stocks in 22 developed and 24 emerging markets (excluding the US).

MSCI China Index™ reflects the equity market performance of China.

MSCI Emerging Markets Index reflects the equity market performance of emerging markets.

The **MSCI EMU Index (European Economic and Monetary Union)** tracks the performance of large and mid-cap companies across Developed Market countries in the EMU.

MSCI Europe Index reflects the equity market performance of developed markets in Europe.

The **MSCI Europe ex UK Index** measures the equity market performance of large and mid-cap companies across 14 developed markets in Europe, excluding the United Kingdom.

MSCI Japan Index reflects the performance of large and mid-cap companies in the Japanese market.

The **MSCI United Kingdom Index** measures the performance of large and mid-cap companies listed in the UK.

The **MSCI US Index** is a stock market index that tracks the performance of large and mid-cap companies in the US equity market, by market capitalisation.

The **Russell 1000 / 2000 / 3000 indices** measure the performance of the largest 1000, 2000 and 3000 companies in the US, by market capitalization.

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

The **S&P Small Cap 600** is a capitalisation-weighted index that covers small-cap US stocks ranging from \$1.2 billion to \$8 billion in market value.

The **TOPIX** is Japan's main stock market index, covering all companies on the Tokyo Stock Exchange.

Definitions, Indices, & Risks (continued)

Risks

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

Alternative investments include, but are not limited to, commodities, real estate, currencies, hedging strategies, futures, structured products, and other securities intended to be less correlated to the market. They are typically subject to increased risk and are not suitable for all investors.

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

Equity securities are subject to risks including market risk. Returns will fluctuate in response to issuer, political and economic developments. **Foreign securities** are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in **emerging markets**.

Fixed income securities are subject to interest rate, inflation, credit and default risk. As interest rates rise, bond prices usually fall, and vice versa. **High-yield bonds, or “junk” bonds**, involve a greater risk of default and price volatility. **Foreign securities**, including sovereign debt, are subject to currency fluctuations, political and economic uncertainty and increased volatility and lower liquidity, all of which are magnified in emerging markets.

Growth and value investing each have their own unique risks and potential for rewards, and may not be suitable for all investors. Growth stocks are subject to increased risk of loss and price volatility and may not realize their perceived growth potential. Value stocks can continue to be undervalued by the market for long periods of time and may not appreciate to the extent expected.

Inflation-linked bonds feature adjustments to principal based on inflation rates. They typically have lower yields than conventional fixed-rate bonds and decline in price when real interest rates rise.

Real estate securities, including Real Estate Investment Trusts (REITs), are sensitive to changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, supply and demand, and the management skill and creditworthiness of the company. Additionally, REITs could fail to qualify for certain tax-benefits or registration exemptions which could produce adverse economic consequences.

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.

Smaller capitalization securities may be less stable and more susceptible to adverse developments, and may be more volatile and less liquid than larger capitalization securities.

Sovereign debt securities are subject to the additional risk that, under some political, diplomatic, social or economic circumstances, some developing countries that issue lower quality debt securities may be unable or unwilling to make principal or interest payments as they come due.

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