

Portfolio Construction and Strategy

PORTFOLIO PORTRAIT

A look into industry portfolio positioning

Europe ex-UK | Edition 3 | May 2026

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EXPERTISE



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The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

WHAT'S INSIDE

- **1 Portfolio Positioning**
Broadening market shifts, geopolitical risks, and a new Federal Reserve (Fed) chair are pushing investors to be more selective with risk and look for diversified opportunities.
- **2 Equities**
Investors have lowered their equity exposure whilst looking for global opportunities and down in the market cap spectrum.
- **3 Fixed Income**
While rate volatility persists alongside debt concerns, investors have gravitated toward higher-quality yield and lower interest rate sensitivity.

“As market leadership broadens, **portfolios are being managed with greater selectivity** in equities and a more intentional approach to fixed income risk.”

Matt Bullock

Head of Portfolio Construction & Strategy – EMEA & APAC

About Portfolio Portrait

This report is designed to help financial professionals cut through market complexity and identify portfolio positioning opportunities. Backed by our analysis of over 30,000 model portfolios across 6,700+ global clients, this resource highlights key trends and behaviours to support more informed portfolio decisions.



In this dynamic financial environment, it's crucial to stay ahead with effective investment strategies. Thanks to our **Janus Henderson Edge™** analytics platform, we're able to identify areas for rebalancing to help you invest with confidence.

The Janus Henderson Portfolio Construction and Strategy (PCS) team methodology

We analysed all model portfolios available in our database for all European (excluding UK) regions. We use aggregated data to draw our conclusions and analyse investor behaviour over time. The two time periods we reviewed are:

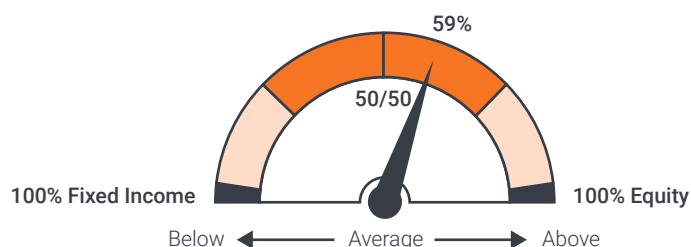
- **Prior period:** 1 March 2025 to 31 August 2025
 - **Total portfolios analysed:** 52
- **Current period:** 1 September 2025 to 28 February 2026
 - **Total portfolios analysed:** 59

Portfolio breakdown and risk appetite

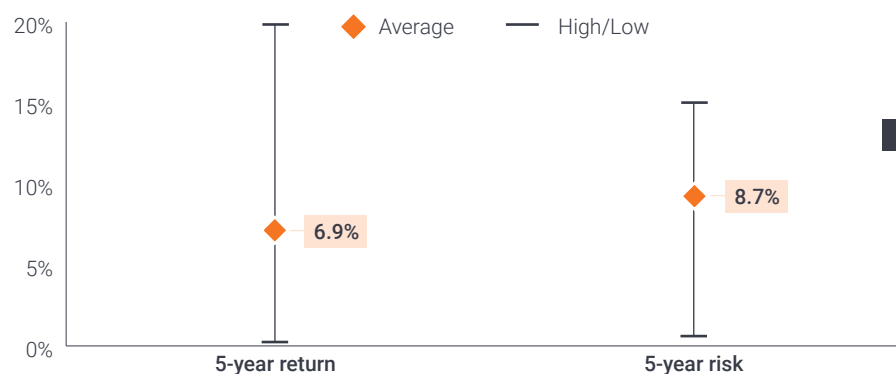
An overview of how the average moderate portfolio is constructed

Average portfolio allocation - on a look through basis

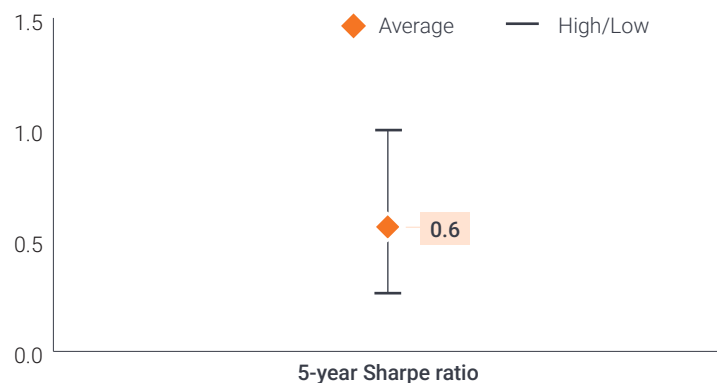
Investors opted to reduce risk, moving away from equities and into allocation strategies and a minor increase to alternatives.



5-year risk and return*



5-year Sharpe ratio*



Portfolio positioning and observations

46.8%



EQUITY: Investors lowered equity exposure from c. 53% looking to manage overall volatility and reduce risk.

32.1%



FIXED INCOME: Investors maintained a stable allocation in fixed income.

19.3%



MULTI-ASSET: Allocation to multi-asset strategies **increased** from 14.6% in a bid to manage overall portfolio volatility.

1.8%



ALTERNATIVES: Investors **increased** allocation to alternatives, funding this from equities.

Percent changes from prior period: 1 March 2025, to 31 August 2025 to current period
1 September 2025, to 28 February 2026.



The highly uncertain macro-economic and geopolitical environment is driving investors to outsource asset allocation decisions by shifting to allocation-type funds."

- **Matt Bullock**,
Head of Portfolio Construction
& Strategy – EMEA & APAC

Number of
holdings

14

Expense
ratio

0.86%

Yield to
Maturity

4.00%

Past performance cannot guarantee future results. Investing involves risk. For illustrative purposes only and does not represent actual performance or allocation of any individual client account. Investors should not assume they will have an investment experience similar to the average portfolio.

Source: Janus Henderson Edge. *5-year risk and return and 5-year sharpe ratio denote the average statistics for all portfolio models. As of 28 February 2026.

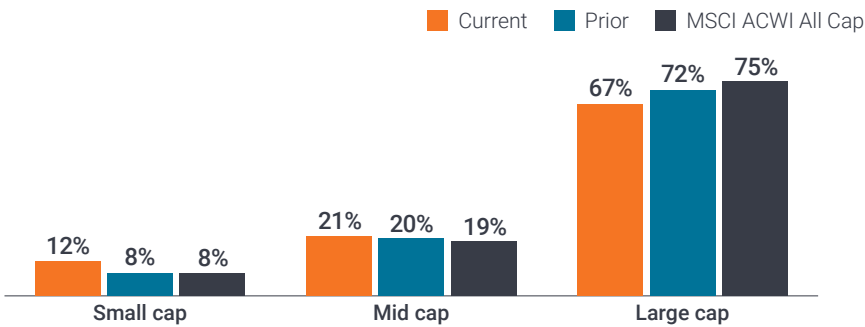
Equities

"Whilst the US and large caps remain the largest positions in investors' portfolios, investors are now looking for opportunities outside of the US and diversifying down the capitalisation size range."

– Mario Aguilar, Senior Portfolio Strategist, Portfolio Construction & Strategy

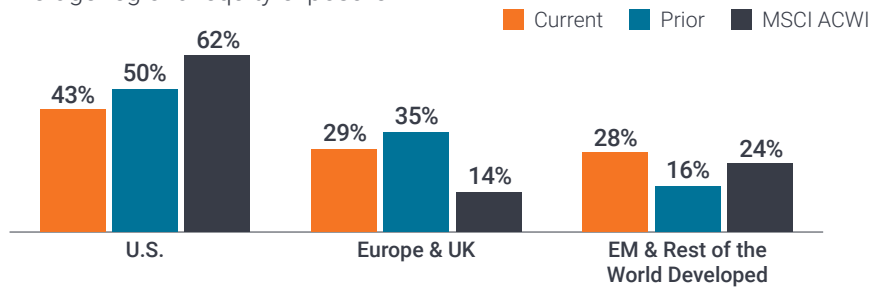
Market cap

Underlying exposure across the market-cap spectrum



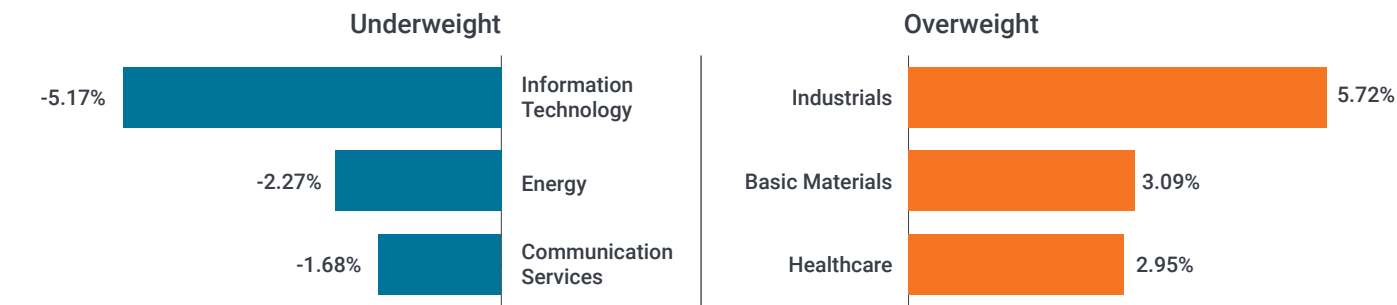
Regional exposure

Average regional equity exposure



Underweight/overweight to top 3 sectors

Relative to the MSCI ACWI



Average exposures in equity portfolios



CLIENT PULSE

- Market cap**
As earnings broadened out, investors sought exposure to small and mid-cap sized companies
- Regional exposure**
With major international indices outperforming in 2025, investors increased exposure to emerging markets and ROW developed.
- Sectors**
Technology continued to be the heaviest allocation in portfolios yet remains the most underweight relative to benchmarks.

Past performance cannot guarantee future results. Investing involves risk. For illustrative purposes only and does not represent actual performance or allocation of any individual client account. Investors should not assume they will have an investment experience similar to the average portfolio. Source: Janus Henderson Edge, Morningstar. Sectors are defined by Morningstar categories. As of 28 February 2026.

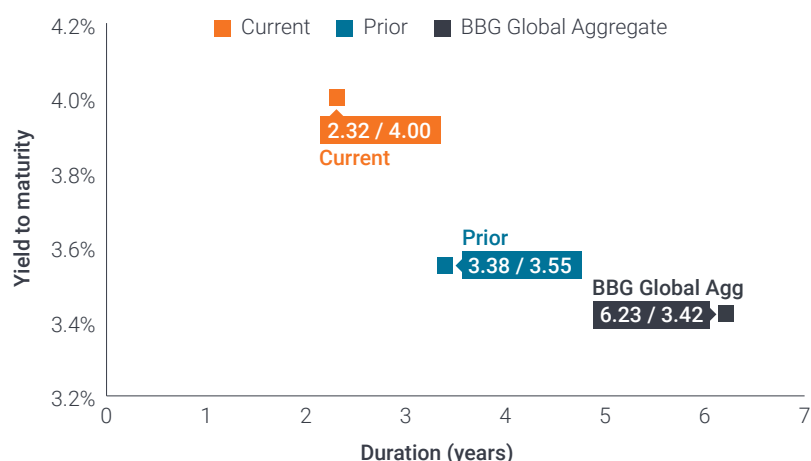
Fixed Income

"Investors continued to lower duration as expectations of further rate reductions started to be questioned. With rate volatility increasing, this looks like it may have been a good move, especially as investors locked in higher yields."

– Mario Aguilar, Senior Portfolio Strategist, Portfolio Construction & Strategy

Portfolios reduced duration and enhanced yield

Average change in portfolio duration and yield

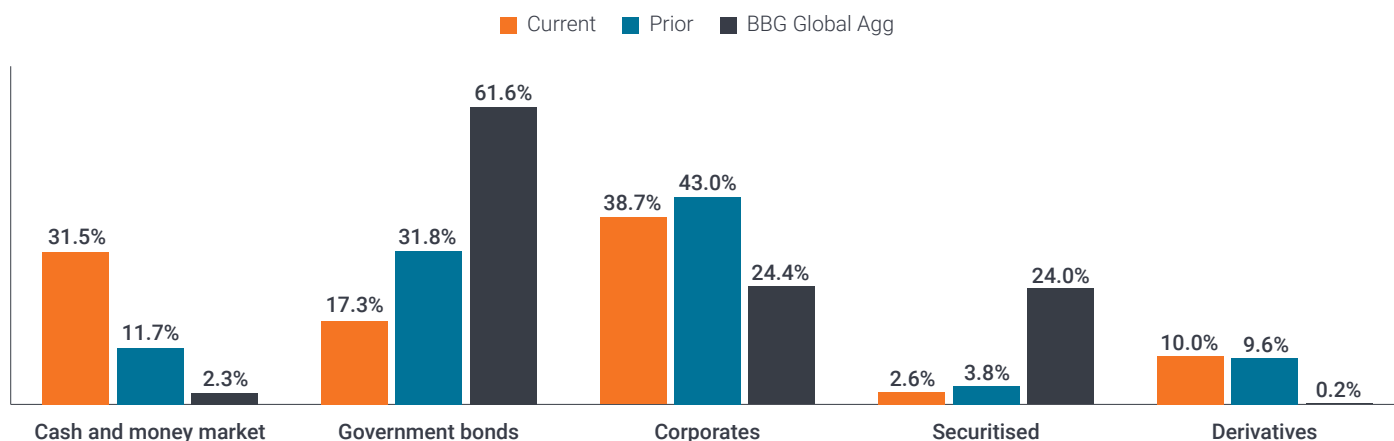


CLIENT PULSE

- **Beyond the Global Agg**
Investors continue to recognise the limitations of traditional fixed income benchmarks.
- **Interest rate sensitivity**
Duration was cut sharply as expectations of rate cuts were lowered with rates remaining higher over longer.
- **Sectors**
With the expectation that rates will remain higher and Central Banks would not cut, coupled with more volatility, investors sought the historically high money market returns and safety of cash.

Portfolios have been straying from traditional Agg exposures

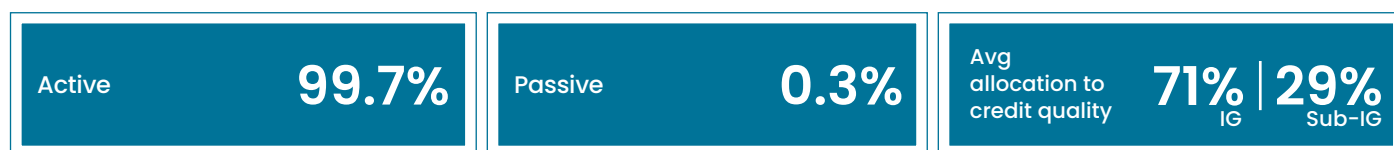
Average portfolio underlying exposure



Prior period: 1 March 2025 to 31 August 2025

Current period: 1 September 2025 to 28 February 2026

Average exposures in fixed income portfolios



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The PCS team provides **tailored analysis and perspectives on investment portfolios.**

Drawing on insights from thousands of consultations, the team identifies trends and opportunities in portfolio construction that help inform our recommendations.

Our goal is to help investors make sense of what's happening in the market, understand the portfolio implications, and discover how to seek an investment edge through practical insights.

Have portfolio construction needs?

Reach out to our team for a customised portfolio consultation.



Matt Bullock

Head of Portfolio Construction
& Strategy – EMEA & APAC



Mario Aguilar, CFA

Senior Portfolio Strategist,
Portfolio Construction & Strategy



Definitions

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

Correlation measures the degree to which two variables move in relation to each other. A value of 1.0 implies movement in parallel, -1.0 implies movement in opposite directions, and 0.0 implies no relationship.

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

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.

Equity securities are subject to risks including market risk. Returns will fluctuate in response to issuer, political and economic developments.

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.

Price-to-Earnings (P/E) Ratio measures share price compared to earnings per share for a stock or stocks in a portfolio.

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

Sharpe Ratio measures risk-adjusted performance using excess returns versus the "risk-free" rate and the volatility of those returns. A higher ratio means better return per unit of risk.

Technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions. A concentrated investment in a single industry could be more volatile than the performance of less concentrated investments and the market as a whole.

Volatility measures risk using the dispersion of returns for a given 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.

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