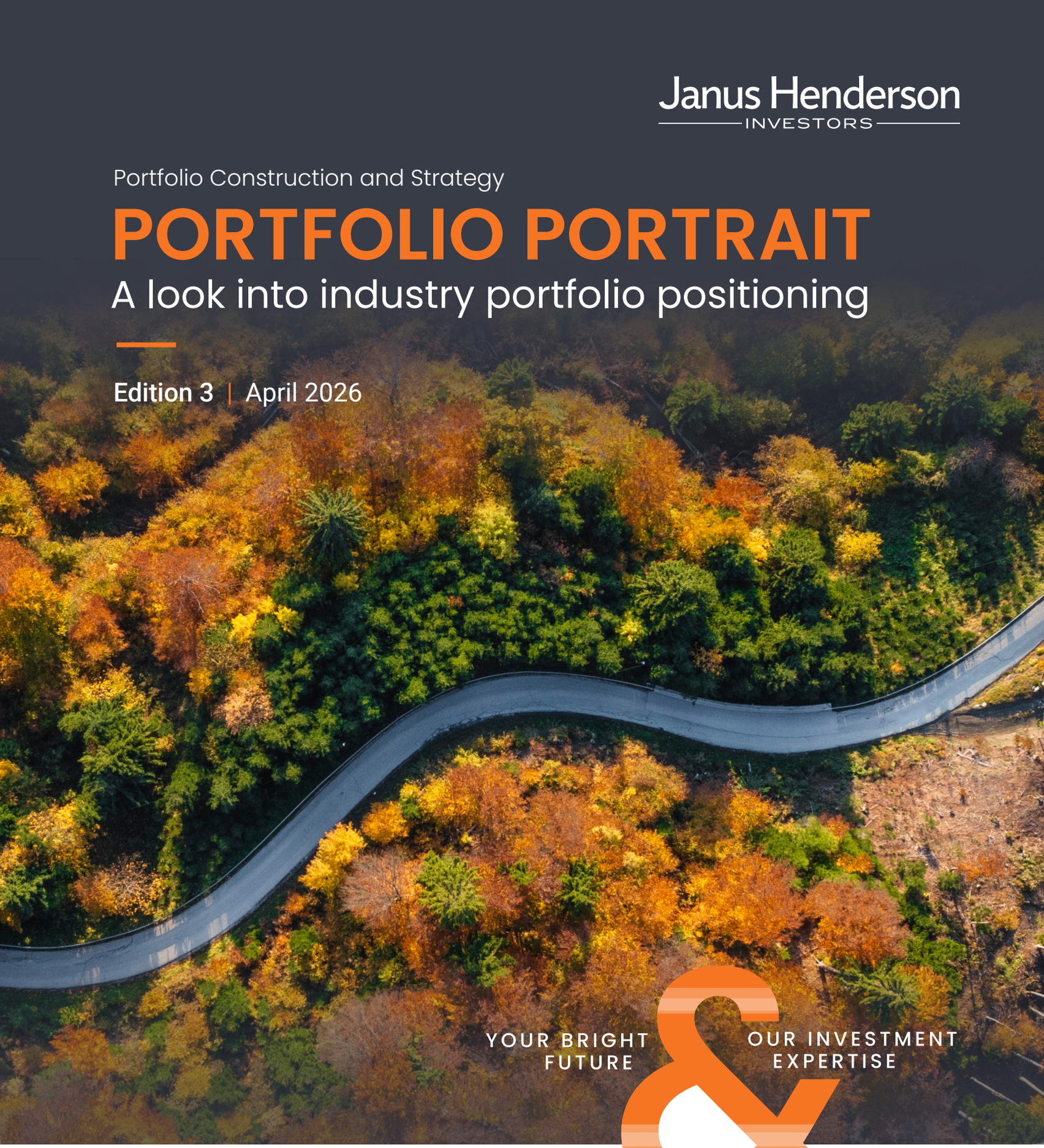
Janus Henderson
INVESTORS

Portfolio Construction and Strategy

PORTFOLIO PORTRAIT

A look into industry portfolio positioning

Edition 3 | April 2026



WHAT'S INSIDE

1 Portfolio Positioning
Broadening market shifts, geopolitical risks, and a new Federal Reserve chair are pushing investors to be more selective with risk and look for diversified opportunities.

2 Equities
Investors have broadened equity exposure through sector and regional rotations.

3 Fixed Income
While rate volatility persists alongside debt concerns, investors have gravitated toward higher-quality yield and lower interest rate sensitivity.

4 Focus Insight: Banks and Tanks
European industrials and financials provide a cheaper opportunity relative to their U.S. counterparts.

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

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 behaviors to support more informed portfolio decisions.

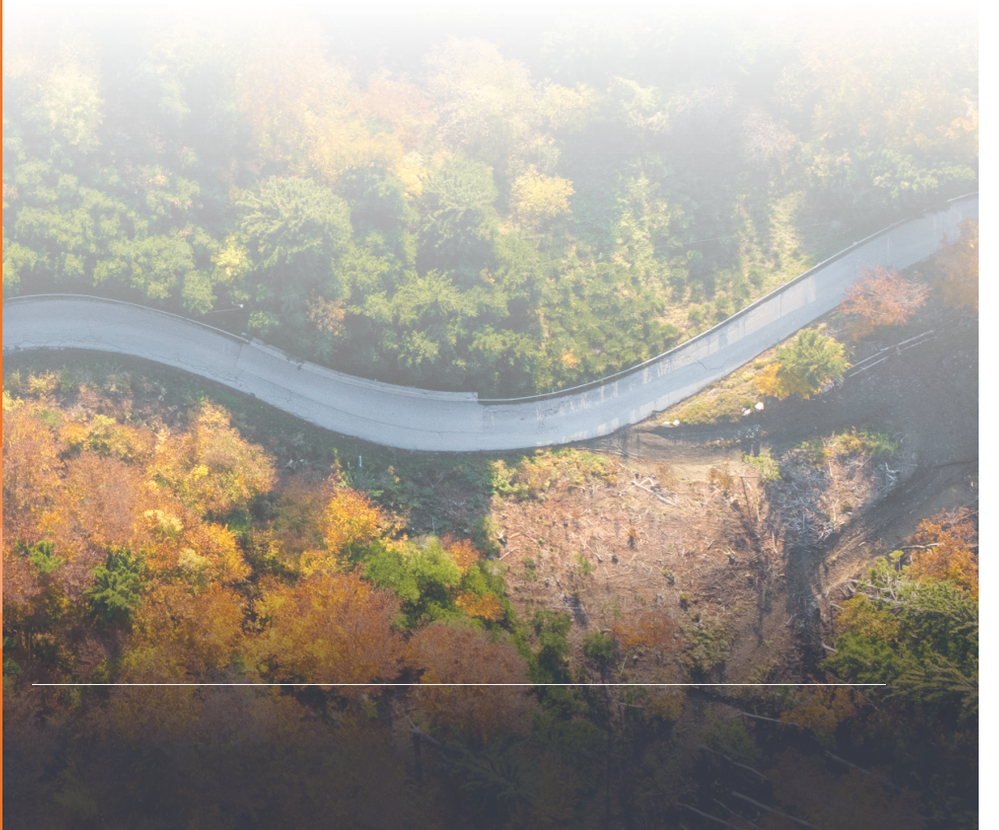
In this dynamic financial environment, it's crucial to stay ahead with effective investment strategies. Thanks to our **Janus Henderson Edge™** analytics platform, we're able to identify areas for rebalancing to help you invest with confidence.

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

The model portfolios analyzed were defined as moderate, with 50% to 70% equities exposure (e.g., a model portfolio with 60% exposure to equities and 40% exposure to fixed income was included, while a model portfolio with 40% equities exposure and 60% fixed income exposure was not included).

To analyze investor behavior over time, two distinct time periods were reviewed:

- **Prior period:** March 1, 2025 to August 31, 2025
  - **Moderate model portfolios analyzed:** 1062
- **Current period:** September 1, 2025 to February 28, 2026
  - **Moderate model portfolios analyzed:** 1034

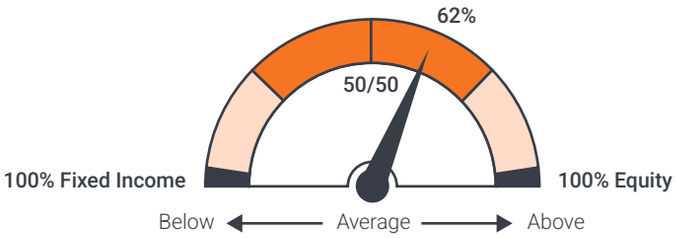


Portfolio breakdown and risk appetite

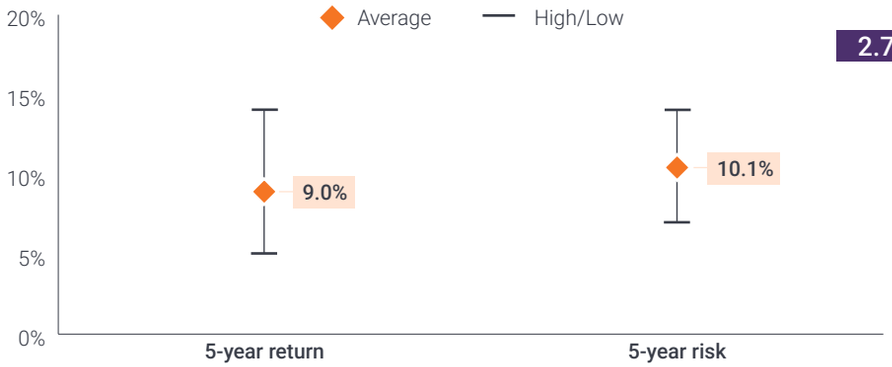
An overview of how the average moderate portfolio is constructed

Average moderate portfolio allocation

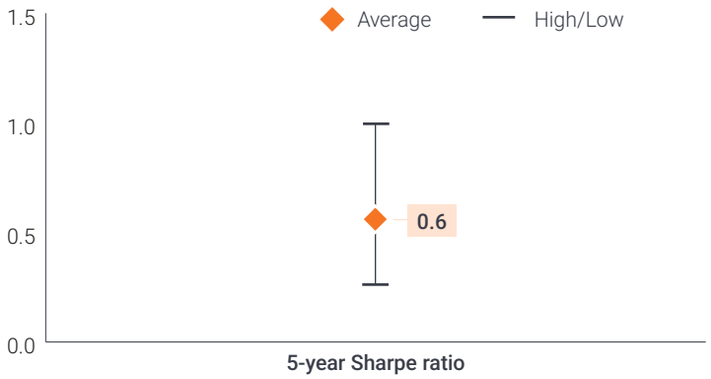
Investors opted to maintain a more risk-on positioning compared to traditional benchmarks, favoring slightly more equity exposure as of February 2026.



5-year risk and return*



5-year Sharpe ratio*



Portfolio positioning and observations

55.0%

EQUITIES: Investors **maintained** equity exposure through a broadened approach, betting on strong growth to continue.

35.4%

FIXED INCOME: Conviction in fixed income **increased** while rates remain attractive.

6.9%

MULTI-ASSET: Allocation to multi-asset strategies **increased** in favor of a dynamic approach.

2.7%

ALTERNATIVES: Investors **decreased** allocations to alternatives in favor of traditional fixed income and multi-asset managers.

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

"The S&P 500® Index delivered another strong year in 2025, but investors are being asked to navigate another uncertain environment where valuations are high, growth remains strong, and uncertainty around policy and geopolitics remains elevated."

- PCS TEAM

Number of holdings	18	Expense ratio	0.55%	12-month yield	2.78%

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 moderate portfolio.

Source: Janus Henderson Edge.

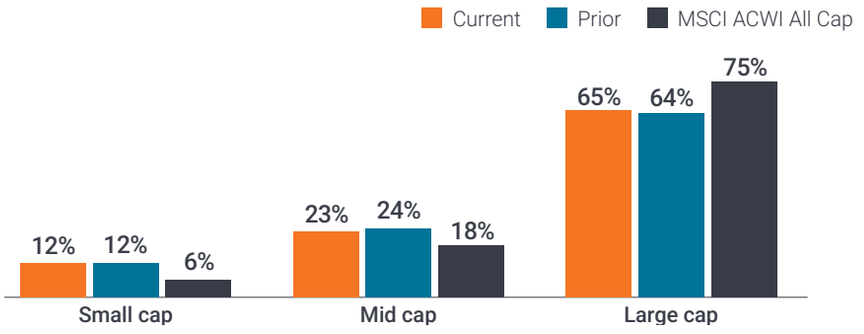
*5-year risk and return and 5-year Sharpe ratio denote the average statistics for all Moderate portfolio models, which we have defined as models containing between 50% and 70% exposure to equities, e.g. a model portfolio with 65% exposure to equities and 35% to fixed income. As of February 28, 2026.

Equities

U.S. large cap continues to be the overweight while international equities have seen increased exposure in portfolios. Advisors should maintain portfolios that align with the broadening market.

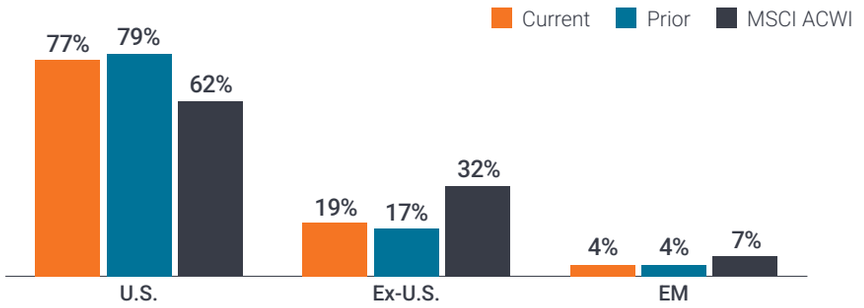
Market cap

Underlying exposure across the market-cap spectrum



Regional exposure

Average regional equity exposure



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Market cap
Persistent outperformance of large-cap stocks has led investors to maintain their allocations.

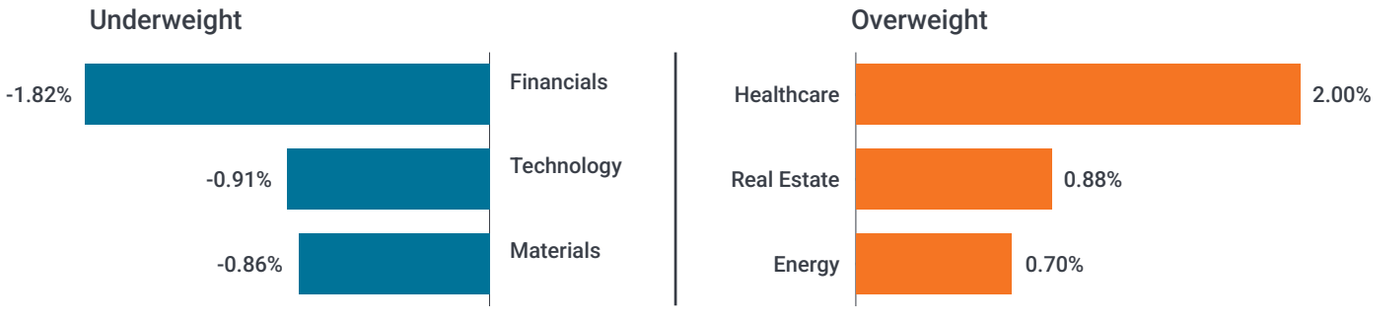
Regional exposure
With major international indices outperforming in 2025, investors increased exposure to ex-U.S. equities.

Sectors
Technology continued to be the heaviest allocation in portfolios yet most underweight relative to benchmarks.

Prior period: March 1, 2025 to August 31, 2025
Current period: September 1, 2025 to February 28, 2026

Overweight/underweight to top 3 sectors

Relative to the MSCI ACWI



Average exposures in equity portfolios

Active	61%
Passive	39%
% of advisors holding a dedicated sector fund	46%

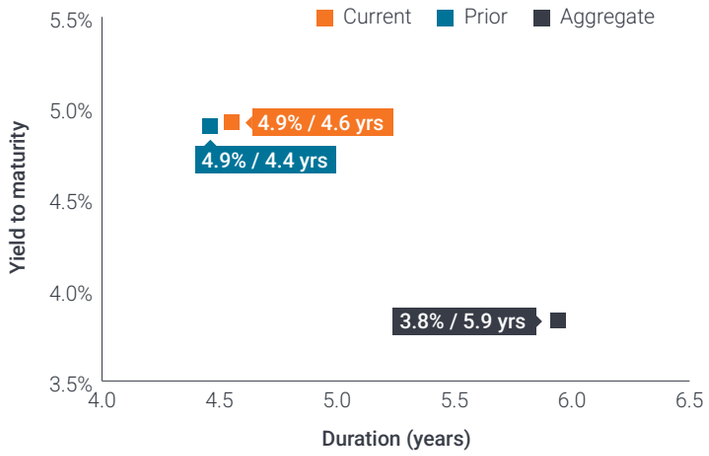
Past performance cannot guarantee future results. Investing involves risk. For illustrative purposes only and does not represent actual performance or allocation of any individual client account. Investors should not assume they will have an investment experience similar to the average moderate portfolio.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

Fixed Income

Investors slightly extended duration but remain shorter than benchmarks while maintaining broader sector diversification. Advisors should consider reviewing the amount and quality of their corporate debt holdings to ensure they aren't over-exposed to spreads widening.

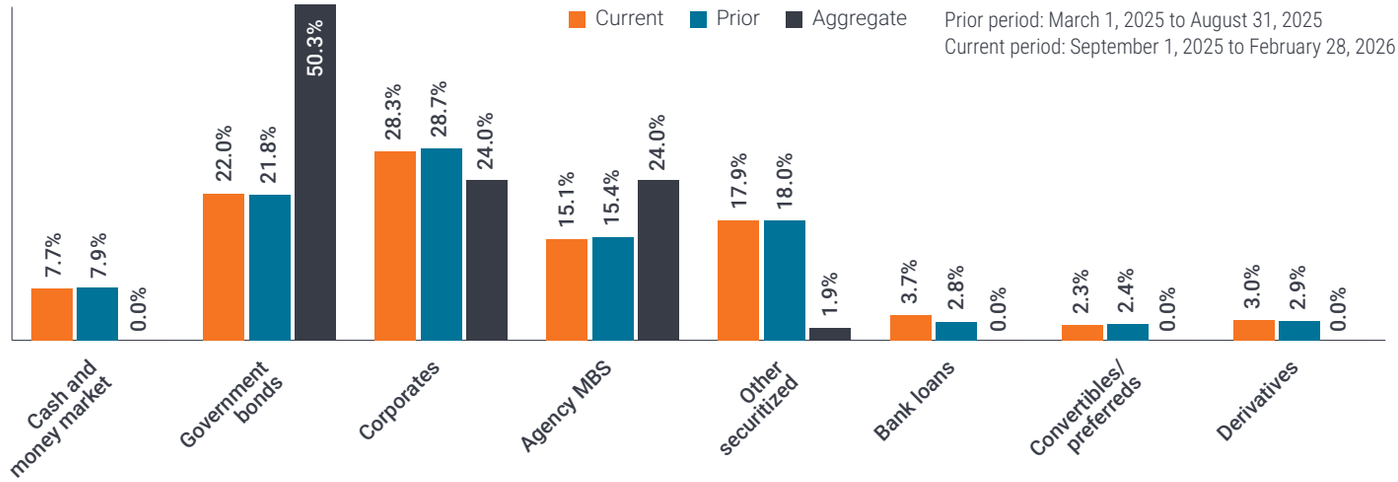
Portfolios modestly extended duration without sacrificing yield

Average change in portfolio duration and yield



Portfolios have been straying from traditional Agg exposures

Average underlying exposure in average moderate portfolio



CLIENT PULSE

Beyond the Agg
Investors continue to recognize the limitations of traditional fixed income benchmarks.

Interest rate sensitivity
Duration modestly increased but remains approximately 1.5 years less than the Agg.

Sectors
In pursuit of income, investors have looked to securitized assets (Asset-Backed Securities, Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities) while maintaining slightly higher allocations to corporate credit.

Prior period: March 1, 2025 to August 31, 2025
Current period: September 1, 2025 to February 28, 2026

Average exposures in fixed income portfolios

Active	91%	Passive	9%
Avg allocation to credit quality	83% IG | 17% Sub-IG		

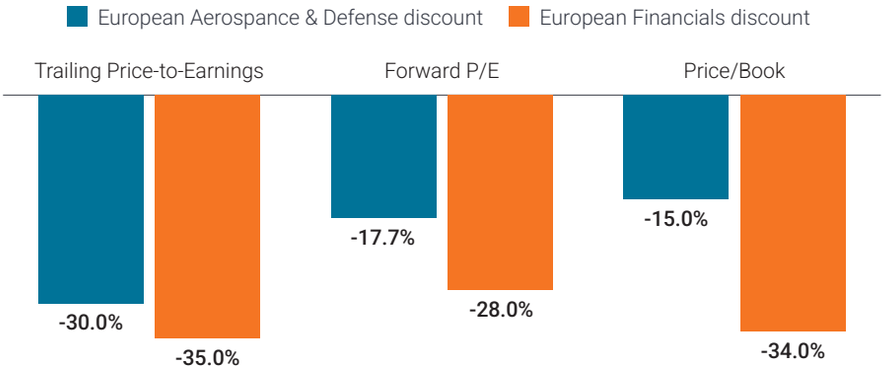
Past performance cannot guarantee future results. Investing involves risk. For illustrative purposes only and does not represent actual performance or allocation of any individual client account. Investors should not assume they will have an investment experience similar to the average moderate portfolio. Source: Janus Henderson Edge, Morningstar. Exposure from Bloomberg US Aggregate Index. US Aggregate Bond Index 12-month yield from iShares Core US Aggregate Bond ETF and duration from Bloomberg US Aggregate Index. Definition: Current Average and Previous Average defined as average of all Moderate portfolios (defined on Page 3) for Period 1 (Previous Average) and Period 2 (Current Average) (defined on Page 3). As of February 28, 2026.

Focus Insight: Banks and Tanks

Fundamentals have improved faster than valuations in Europe, especially in banks and defense. Advisors should consider reviewing their international allocations to ensure they are aligned with secular growth opportunities across styles.

European Defense & Financials trade at large discounts to their U.S. peers

Comparing relative valuations across regions



Absolute valuations

Comparing valuations across regions

	European Aero. & Defense	U.S. Aero. & Defense	European Financials	U.S. Financials
Trailing P/E	34.8	49.7	12.2	18.7
Forward P/E	28.4	34.5	11.1	15.4
Price/Book	8.6	10.2	1.6	2.4

Source: MSCI Europe / Aerospace & Defense (industry), MSCI USA / Aerospace & Defense (industry), MSCI Europe / Financials (sector), MSCI USA / Financials (sector)

CLIENT PULSE

Banks

European banks have structurally repaired balance sheets and restored profitability yet still trade at a meaningful discount to U.S. peers, suggesting fundamentals have improved faster than valuations.

Tanks

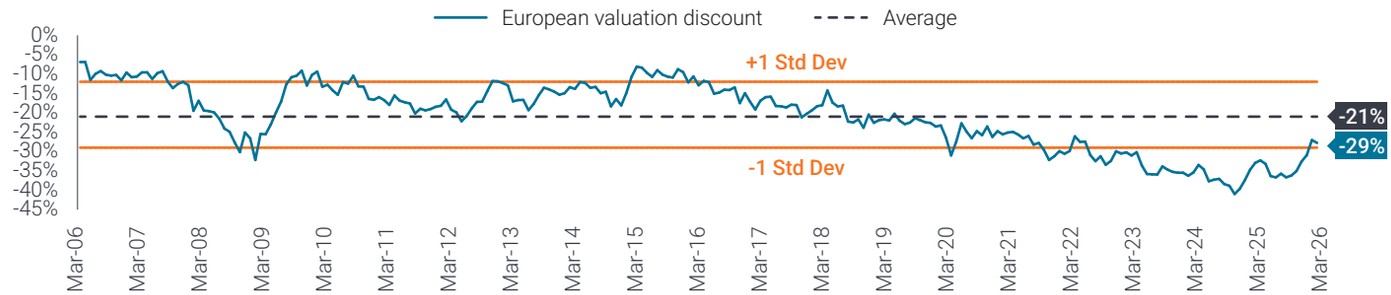
European aerospace and defense companies are benefiting from a multi-year reset in defense spending, but valuations remain below U.S. peers despite stronger demand visibility and policy support.

Room to run

Many investors are questioning if this strong run of outperformance in international stocks can persist. Zooming out, European stocks are still well below their normal discount to U.S. stocks, suggesting this trend may be far from over.

European rally may still be in the early innings

Despite the recent outperformance of European stocks, valuations still look relatively attractive.



Average international style

Growth	Value	Blend
27%	30%	42%

Past performance cannot guarantee future results. Investing involves risk. Source: Factset, MSCI AC Europe, S&P 500, Forward Price-to-earnings. As of February 28, 2026.

YOUR PORTFOLIO NEEDS



OUR INVESTMENT EDGE

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 customized portfolio consultation.



Peter Harrington-Howes
Senior Portfolio Strategist



Andrew Molinet, CFA
Senior Portfolio Strategist



CJ Van Dyke, CFA
Portfolio Strategist



Definitions

Aerospace and defense industries can be significantly affected by changes in the economy, fuel prices, labor relations, and government regulation and spending.

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.

MSCI All Country World Index℠ reflects the equity market performance of global developed and emerging markets.

Price-to-Book (P/B) Ratio measures share price compared to book value per share for a stock or stocks in a portfolio.

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.

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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