

EQUITY MARKET OUTLOOK

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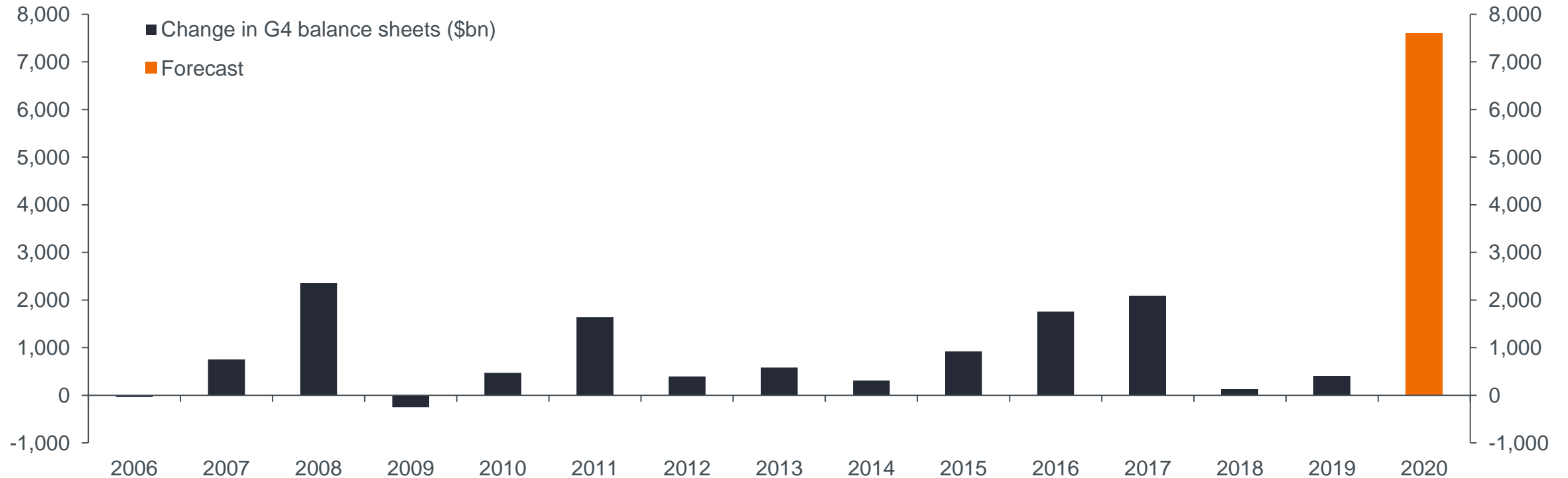
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CENTRAL BANKS TO THE RESCUE!

Massive surge in QE

Change in G4 Central Bank Balance Sheets (\$bn)



Source: Janus Henderson Investors, J.P. Morgan, as at 30 June 2020
Note: 12 month change as of 31 December, bn USD. Forecast Data beyond 2019.
Past performance is not a guide to future performance.

GLOBAL GROWTH

Consensus forecasts

Real GDP Growth by Region (%)

Region	2020	2021	2022
World	-3.9	5.2	3.6
Developed	-5.3	4.0	2.9
Emerging	-0.8	5.0	5.0
US	-3.6	3.8	2.9
UK	-11.0	5.4	4.0
Eurozone	-7.3	4.7	3.3
Japan	-5.3	2.5	1.8
China	2.0	8.1	5.5

Source: Janus Henderson Investors, Bloomberg, as at 25 November 2020

2021 EARNINGS RECOVERY – REGIONS

Strong earnings growth to follow the slump

Equity Market Valuation and Earnings Outlook

Region	12m Forward Valuations		EPS Growth (YoY%)			EPS Forecast Revisions (3m%)		
	P/E (x)	DY (%)	20F	21F	22F	20F	21F	22F
Global	20	2.3	-16	27	16	5	3	3
Developed	21	2.3	-18	26	16	5	3	2
US	23	2.0	-11	20	16	6	2	2
Eurozone	18	2.4	-37	48	19	1	-2	-1
UK	15	4.0	-39	39	17	0	2	1
Japan	18	2.1	-11	47	16	0	-3	-1
Emerging	15	2.5	-8	34	16	5	6	6

Source: Janus Henderson Investors, Refinitiv Datastream, as at 07 December 2020

Note: P/E is price-to-earnings ratio, DY is dividend yield. 'F' indicates forecasts. Japan numbers are shifted by one year to reflect the different reporting year end date.

GLOBAL EQUITY STYLE FACTORS

Style divergence persists

Relative Performance of Global Equity Style Factors



Source: Janus Henderson Investors, Datastream, as at 07 December 2020

Note: MSCI World style factor indices relative to MSCI World, total return

Min. Vol. = minimum volatility

Valuation of Growth Compared to Value Stocks



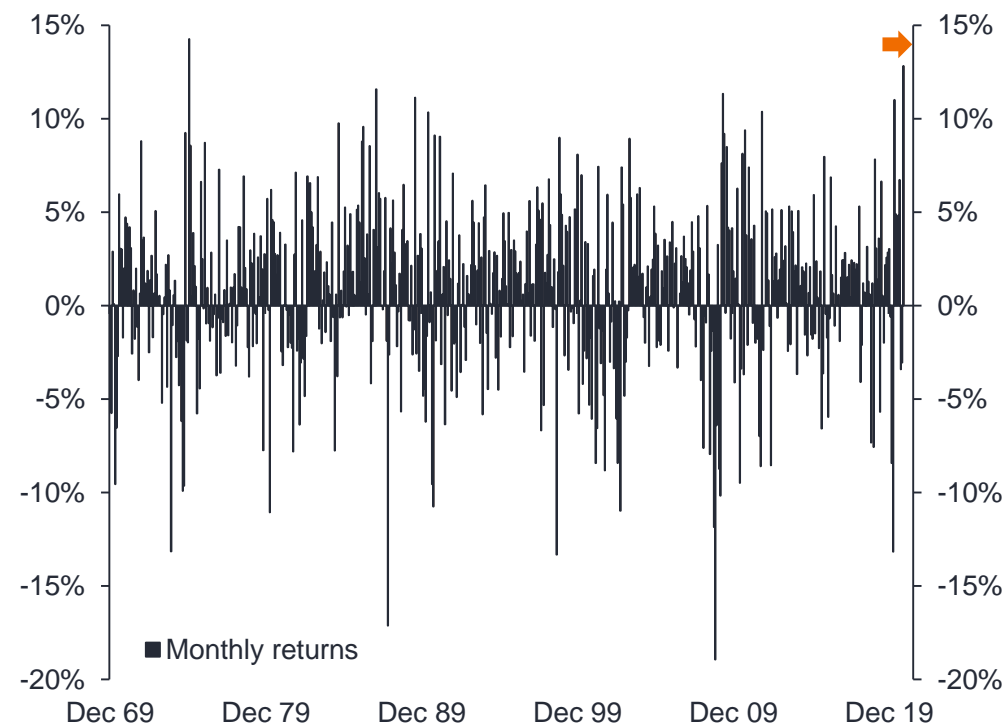
Source: Janus Henderson Investors, Bloomberg, as at 30 November 2020

Note: Price-to-book ratio of MSCI Europe Growth vs MSCI Europe Value

WHAT HAPPENS AFTER EQUITIES +10% RETURNS MONTHS?

Momentum surges usually continue

Developed Market Equity Monthly Returns



Developed Equity Returns Following 1-Month Surges

Date	Index Return (%)	Subsequent Returns			
		1 Month	3 Month	6 Month	12 Month
Jan 75	14	9	13	10	23
Nov 20	13	—	—	—	—
Jan 87	12	3	16	18	5
Apr 09	11	9	18	26	38
Jul 89	11	-3	-4	-2	-5
Apr 20	11	5	13	13	0
Oct 11	10	-2	3	8	10
May 90	10	-1	-10	-14	-1
Average	—	3	6	7	9
Median	—	2	8	9	2

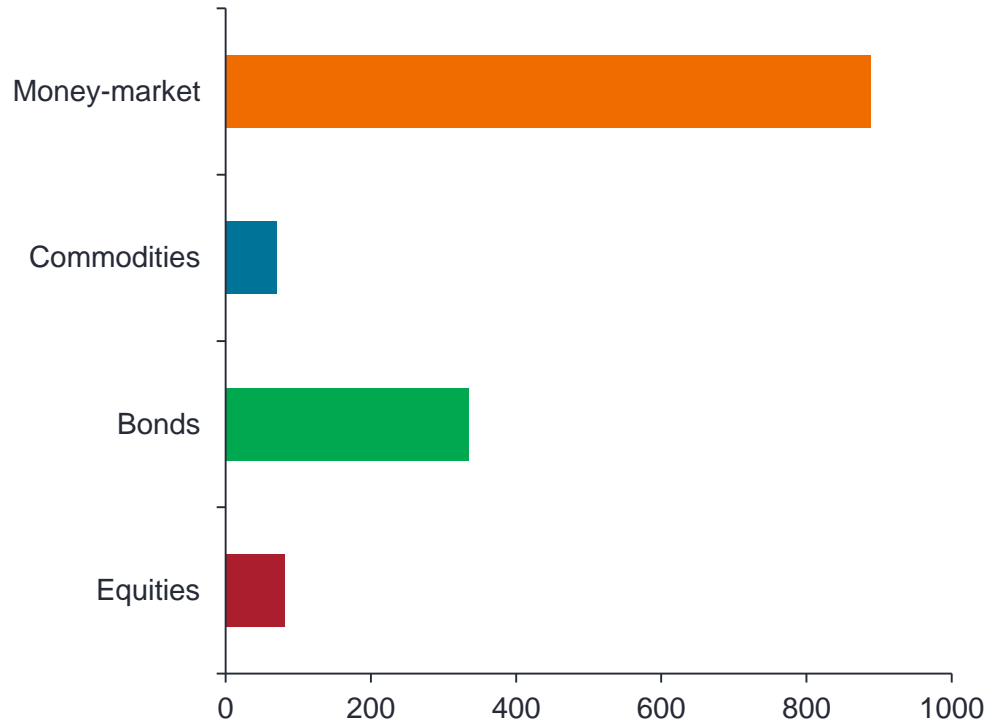
Source: Janus Henderson Investors, Bloomberg, as at 07 December 2020
 Note: One month returns of MSCI World

Source: Janus Henderson Investors, Datastream, as at 03 December 2020
 Note: Performance following 1-month returns of over 10% for MSCI World

MULTI-ASSET FLOWS

Investors accumulated cash in 2020

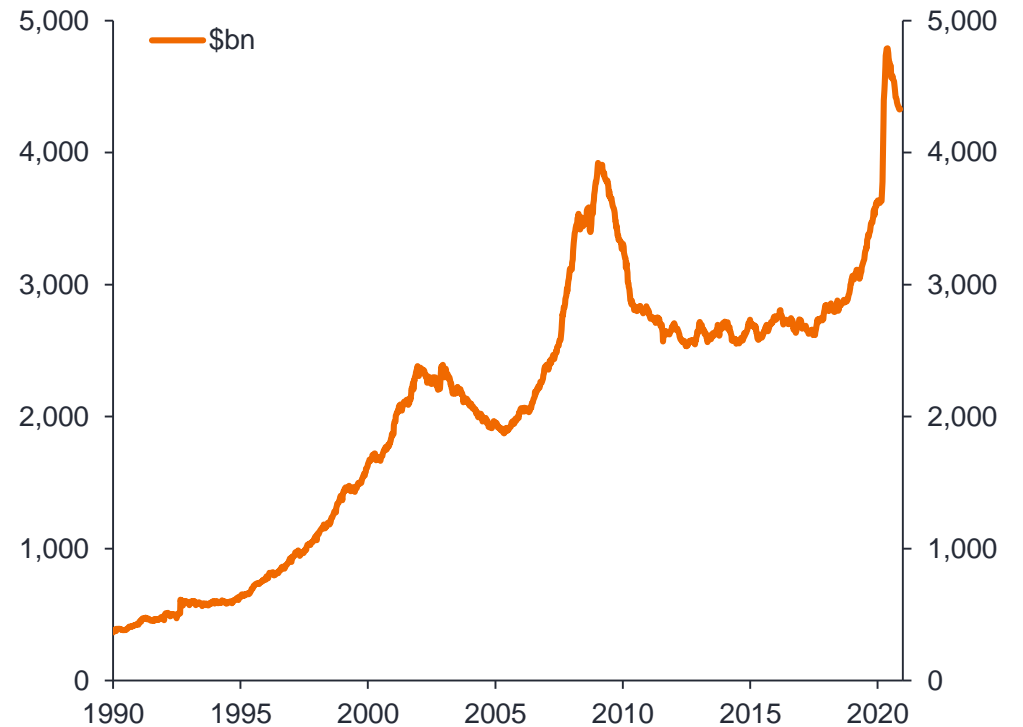
Global Asset Class Flows in 2020 (\$bn)



Source: Janus Henderson Investors, BofA Merrill Lynch Global Investment Strategy, EPFR Global, 24 November 2020

Notes: Includes mutual funds and ETFs

Assets in US Money Market Funds (\$bn)



Source: Janus Henderson Investors, Bloomberg, 1 December 2020

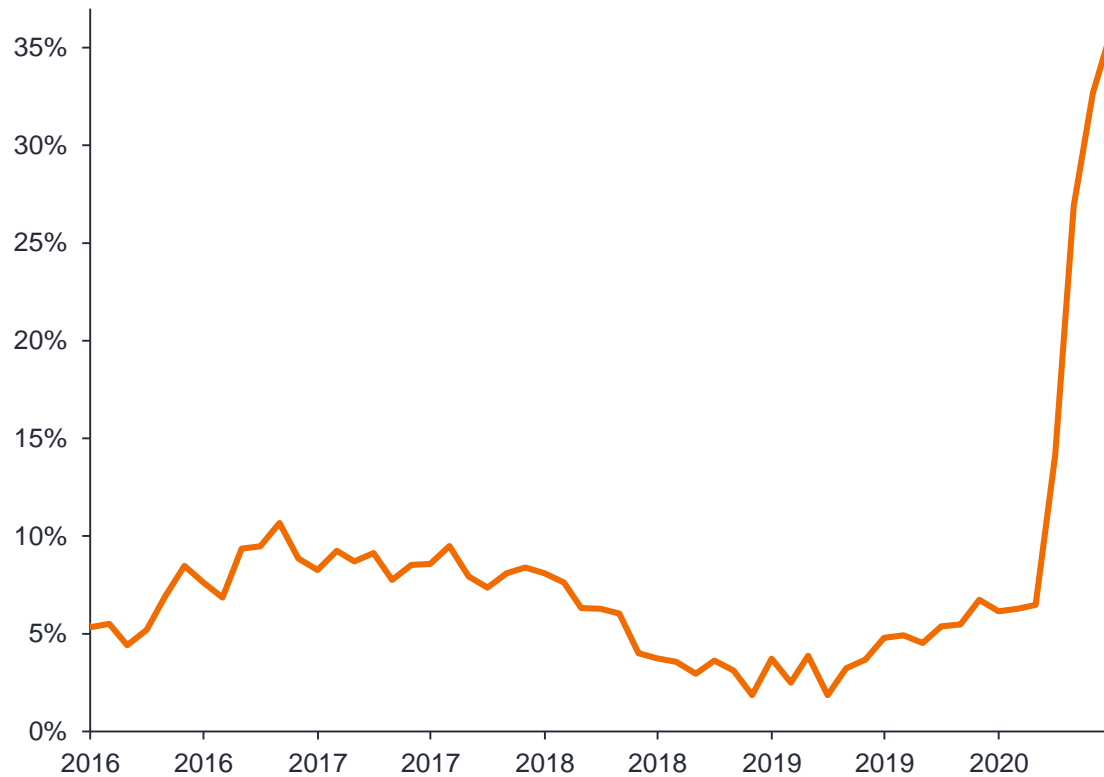


POSSIBLE THEMES FOR THE FUTURE?

1. Reflation?
2. Re-equitization?
3. Can the UK be loved again?

THEME 1: REFLATION? M1 MONEY SUPPLY

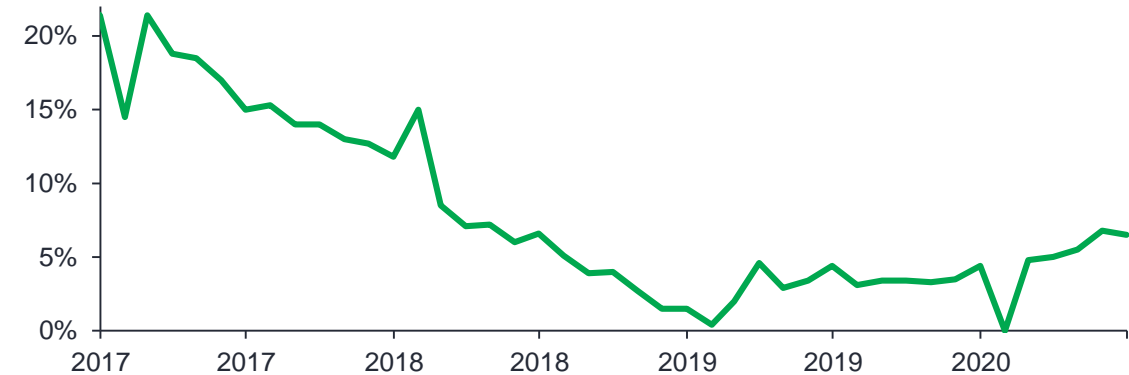
US M1 (YoY%)



Eurozone M1 (YoY%)



China M1 (YoY%)

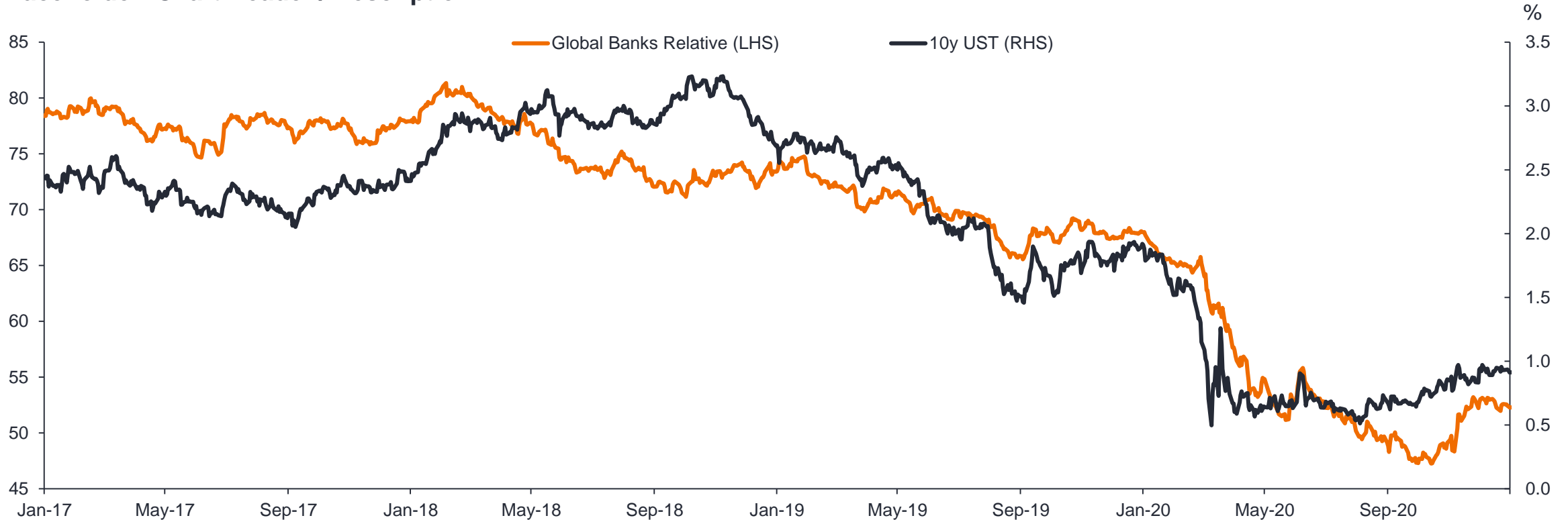


Source: J.P.Morgan Cazenove, Datastream, 30 June 2020

Note: European M1 is deflated using HICP

BANKS RELATIVE PERFORMANCE IS LINKED TO BOND YIELDS

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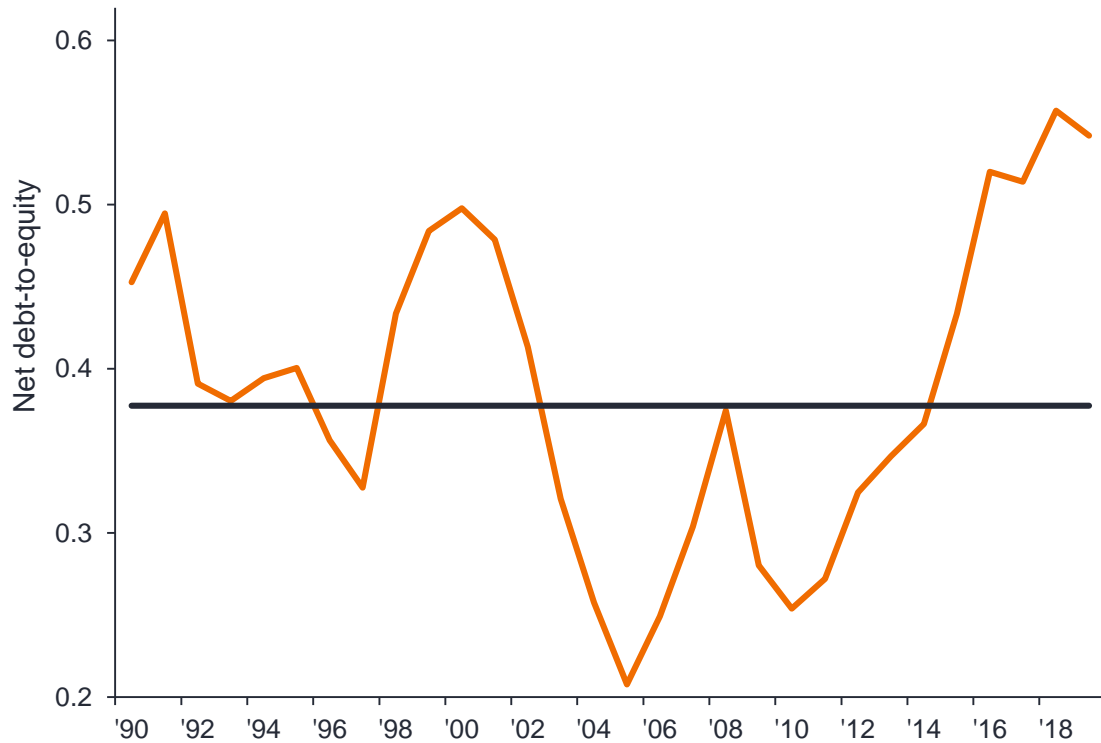


Source: Citi, MSCI, Datastream as at 31 December 2020

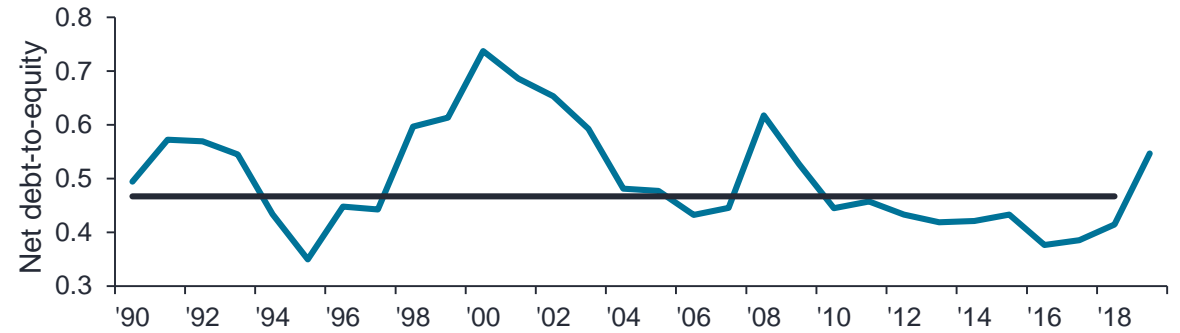
Note: Both indices are total return in US\$

THEME 2 : RE-EQUITIZATION? THE JAPAN MODEL?

Median Net Debt-to-Equity for US



Median Net Debt-to-Equity for Eurozone



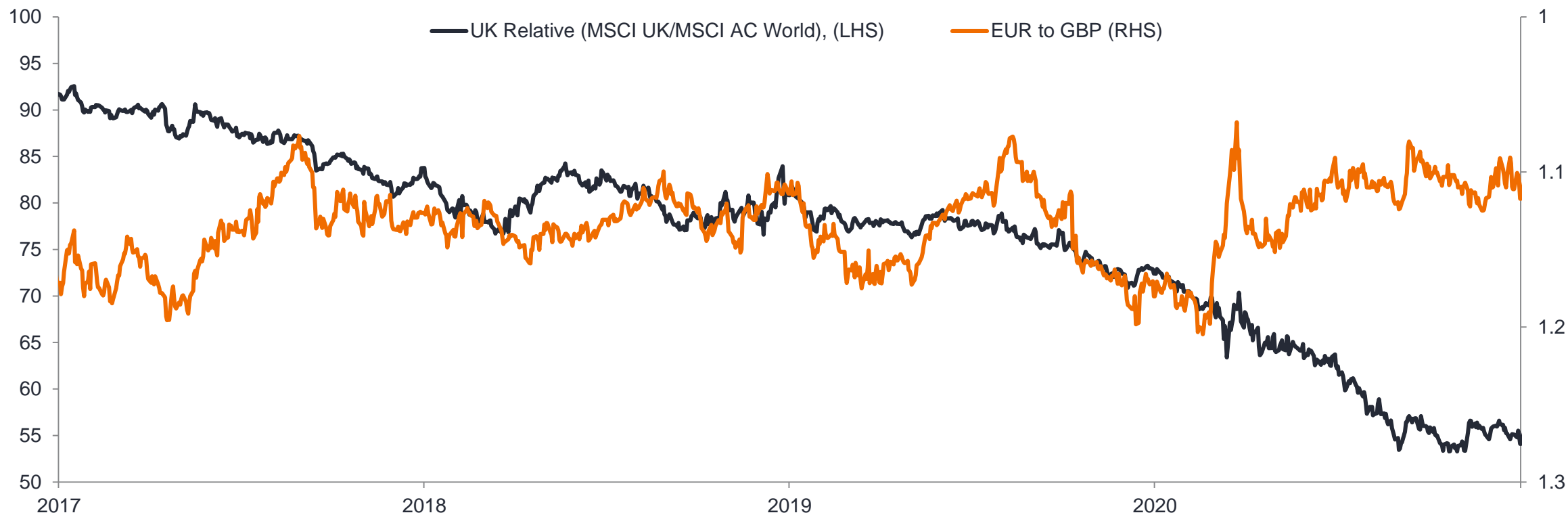
Median Net Debt-to-Equity for Japan



Source: Datastream, J.P. Morgan, 2019

Note: US refers to S&P 500 Index, Eurozone refers to MSCI Eurozone Index, Japan refers to MSCI Japan Index

THEME 3: UK STARTING TO RECOVER – INVESTORS RETURN



Source: Citi, MSCI, Datastream as at 31 December 2020

Note: Both indices are total return.

APPENDIX

BIOGRAPHY



Alex Crooke

Co-Head of Equities – EMEA and Asia Pacific | Portfolio Manager

Alex Crooke is Co-Head of Equities – EMEA and Asia Pacific at Janus Henderson Investors, a position he has held since 2018. Alex is responsible for equities in the EMEA and APAC regions and is a Portfolio Manager for the Global Equity Income and Global Dividend and Income Builder strategies as well as a number of UK and Australian funds and investment trusts. In addition, he is a member of the Janus Henderson Executive Committee. Previously, he was head of Global Equity Income and Specialist Equities Teams from 2013. Alex was recruited by Henderson to co-manage the UK assets of an investment trust in 1994 as an associate director. He later became a fund manager responsible for a number of UK and global income-oriented equity products. Alex began his investment career with Equitable Life Assurance Society in 1990 as a US investment analyst.

Alex holds a BSc degree (Hons) in physics and astrophysics from Manchester University. He is an associate member of the Society of Investment Professionals (ASIP) and has 31 years of financial industry experience.

Source: Janus Henderson, as at 31 December 2020

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