

GRADUATE EDUCATION PROGRAMME

25 February 2021

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Portfolio Manager, Multi Asset



EXCLUSIVE FORUM

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SUMMARY

Contents

- How to design a Multi Asset solution
- Why does asset allocation matter?
- Market outlook
- Questions

BUILDING A MULTI ASSET SOLUTION

WHAT IS THE STRATEGY TRYING TO ACHIEVE

Client engagement to define investment needs

Asset liability matching

- Client specific
- Match potential returns against outgoings
- Level of outgoings drives risk tolerance
- Generally fixed income heavy

Target return

- Absolute return
- Inflation targeting
- Cash +
- Active management of risk and investments
- Flexible asset classes

Index replication

- Efficient replication of chosen asset class
- Physical or synthetic
- Can be tailored to meet client requirements
- Eg MSCI World

Alpha vs index

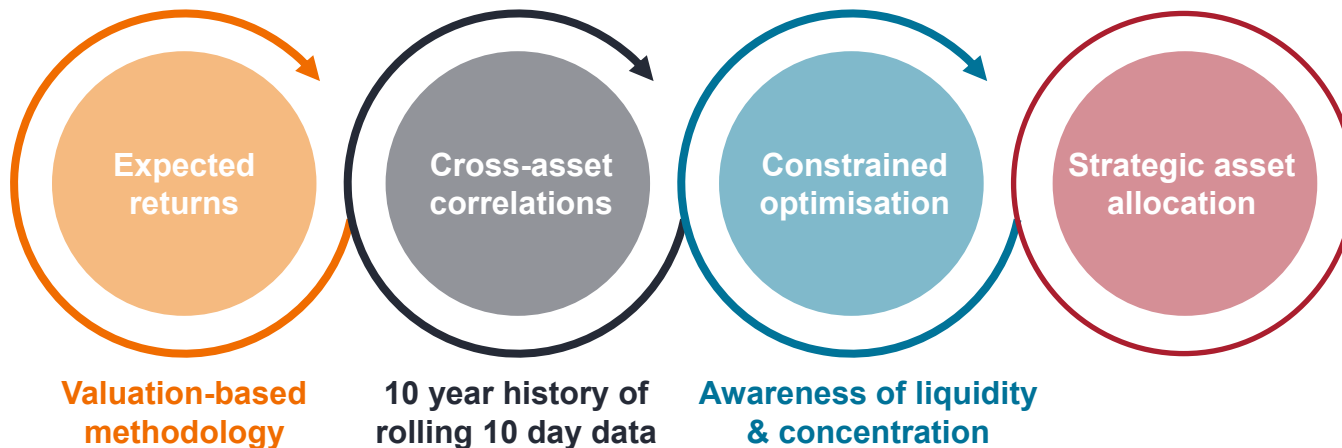
- Active management vs chosen asset class
- Stock picking or asset allocation calls
- Potential alpha trade off with risk and fees
- Eg FTSE 100 +2% pa

STRATEGIC ASSET ALLOCATION

Longer-term core to portfolio construction

Serves three purposes:

- Creates the foundations of a diversified portfolio
- Identifies secular opportunities and risks
- Aligns the risk and return expectations with the longer-term objective

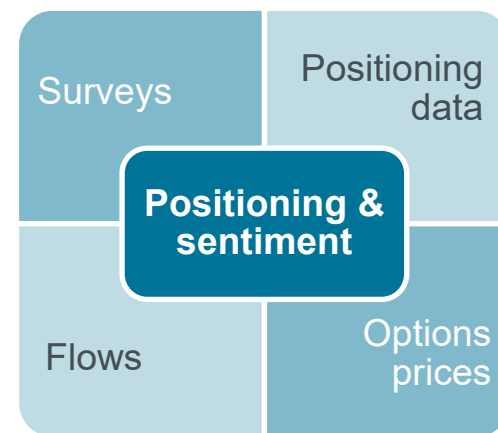
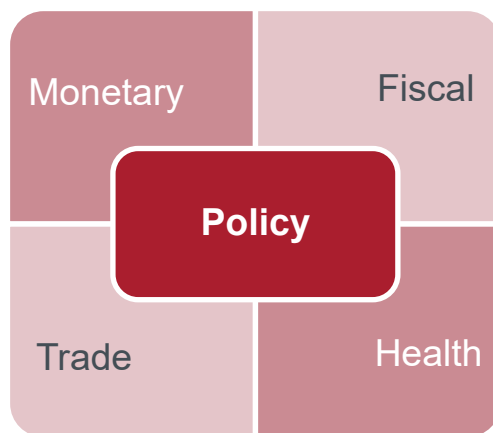
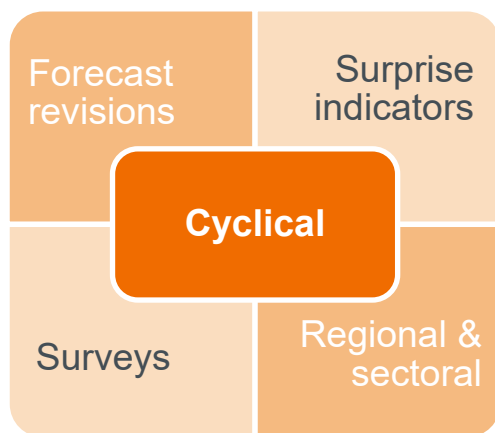


Source: Janus Henderson Investors, as at 31 December 2020.

DYNAMIC ASSET ALLOCATION

Market and macro indicators

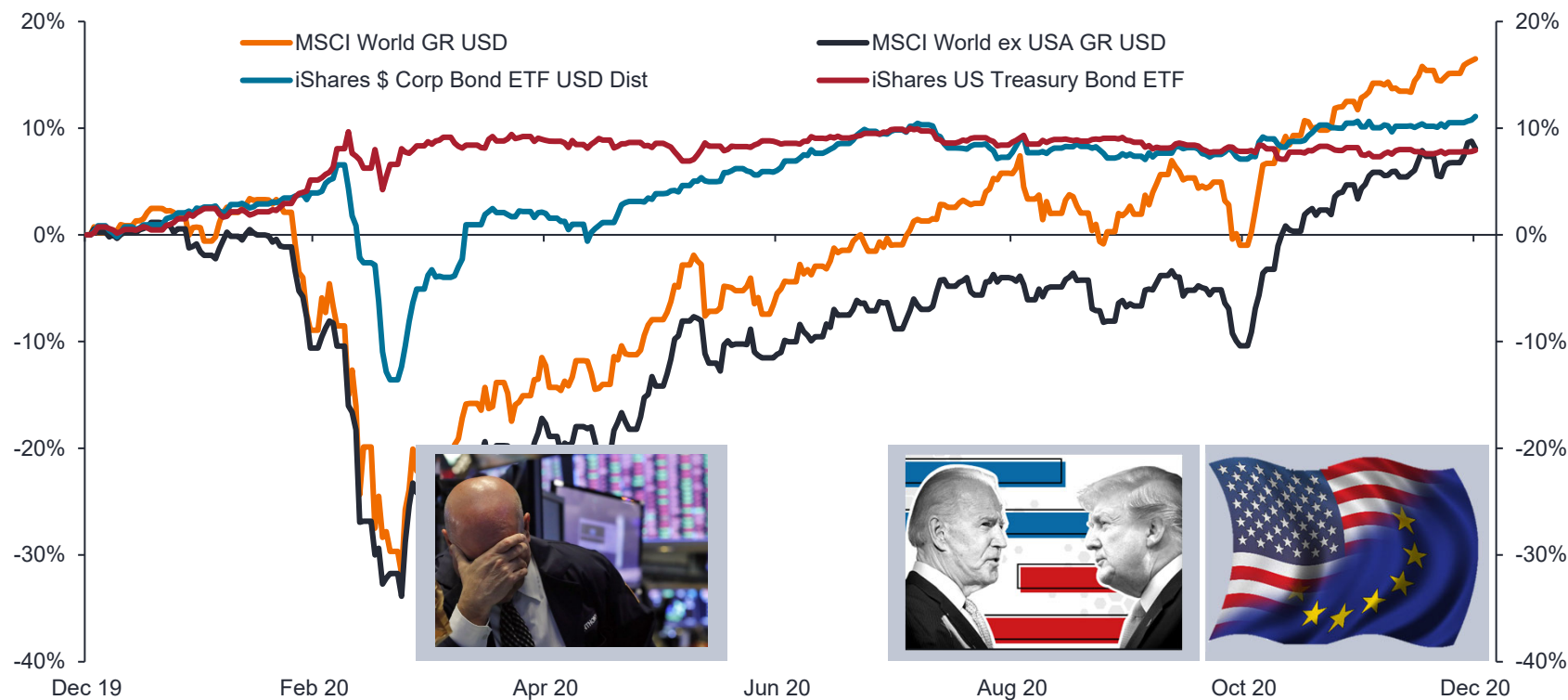
- Using a wide range of macro inputs to identify opportunities and risks
 - Identifying shorter-term drivers of asset performance
 - Understanding multi-dimensional interactions between asset classes



WHY DOES ASSET ALLOCATION MATTER?

NAVIGATING 2020

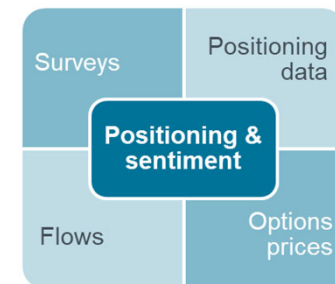
Nothing to see here



Source: Janus Henderson, as at 31 December 2020

CONTRARIAN TRADES

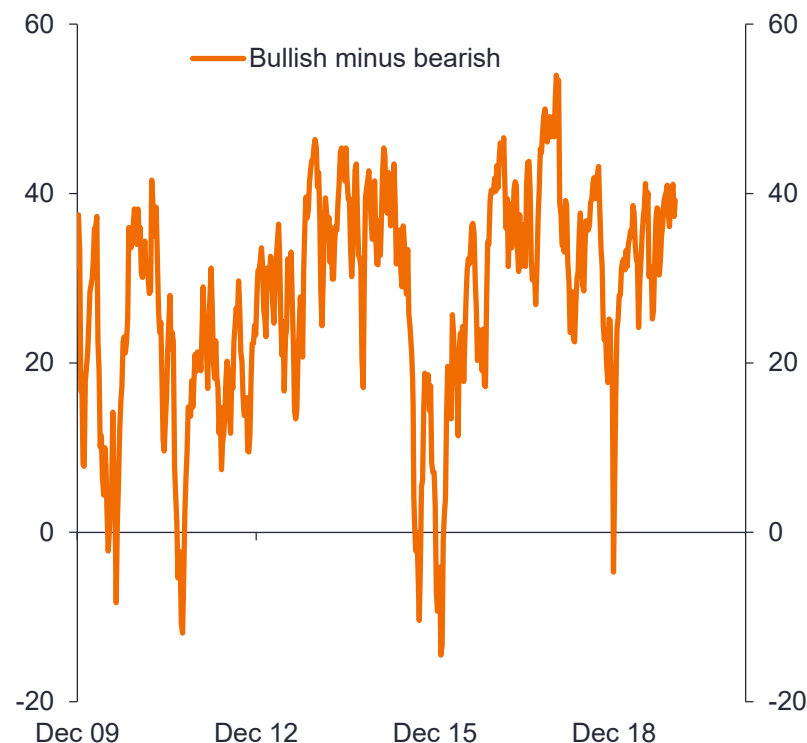
Be greedy when everyone else is fearful



Going into 2020...

- Economy and markets doing well
- But....
 - Investors universally bullish
 - Cash levels depleted
 - Massive flows into risk assets
 - Options markets benign
 - Volatility low
- Virus news flow noisy
- Euphoric positioning drove caution

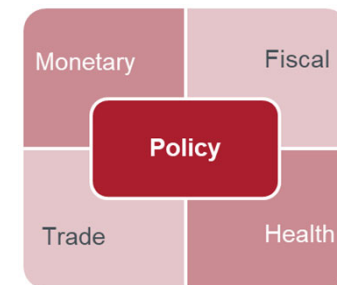
US investment advisor sentiment



Source: Janus Henderson Investors, Refinitiv Datastream, as at 11 February 2021

POLICY MATTERS

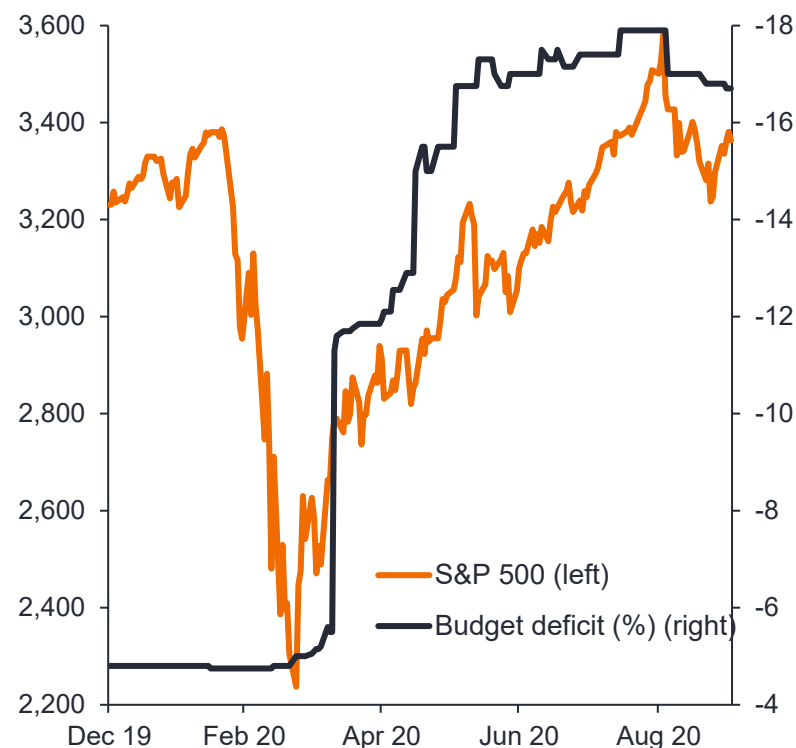
Switch to fiscal expansion



US Presidential Election

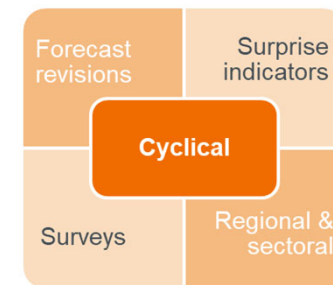
- Clear divergence in policy approach
- Trump win
 - Anti globalisation
 - Conservative fiscal party
 - Maintain status quo
- Biden win
 - Less confrontational globally
 - Big infrastructure spend
 - Raise minimum wage
- Implications for risk appetite

US 2020 deficit forecasts vs S&P 500



FUNDAMENTALS

Follow the earnings



Combining bottom up and top down

- Economic reopening
- Loose fiscal and monetary policy
- Potential for rising bond yields
- US expensive vs RoW
- More earnings growth in RoW

Equity market forecast earnings and valuations

Region	12m fwd P/E	EPS Growth	
		2020	2021 (F)
Global	20	-16%	27%
US	23	-11%	20%
EU	18	-37%	48%
UK	15	-39%	39%
Japan	18	-11%	47%
EM	15	-8%	34%

Source: Janus Henderson Investors, Refinitiv Datastream, as at 08 January 2021

Notes: 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.

MARKET OUTLOOK

MULTI-ASSET OUTLOOK

From virus to vaccine, from recession to recovery

Short-Term Gloom vs. Medium-Term Boom

Consensus Positioning & Sentiment are Optimistic

Watch News Flow on New Coronavirus Variants

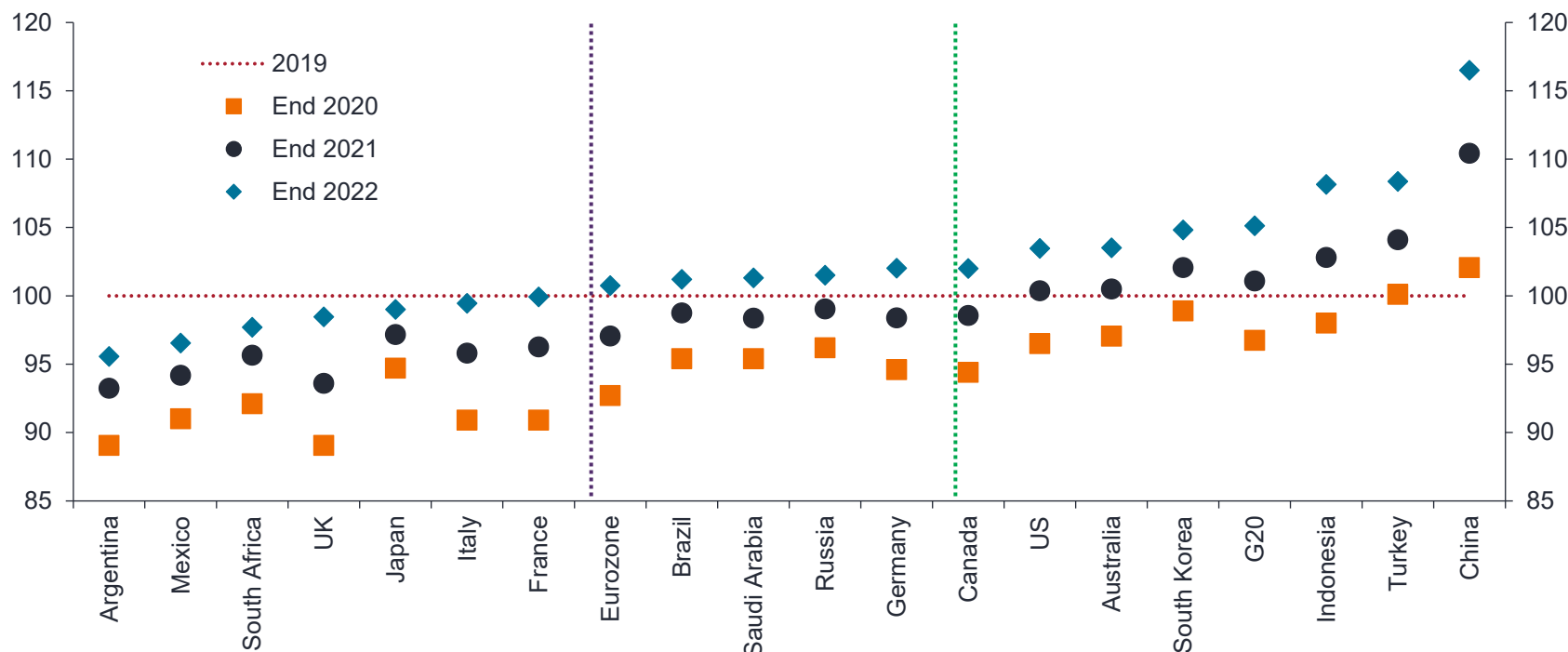
Strategically Favour Equities

The Big Rotation

LONG ROAD BACK

Most countries will take years to recover from the COVID-19 shock

Levels of GDP relative to end-2019 level (based on Bloomberg consensus forecasts)

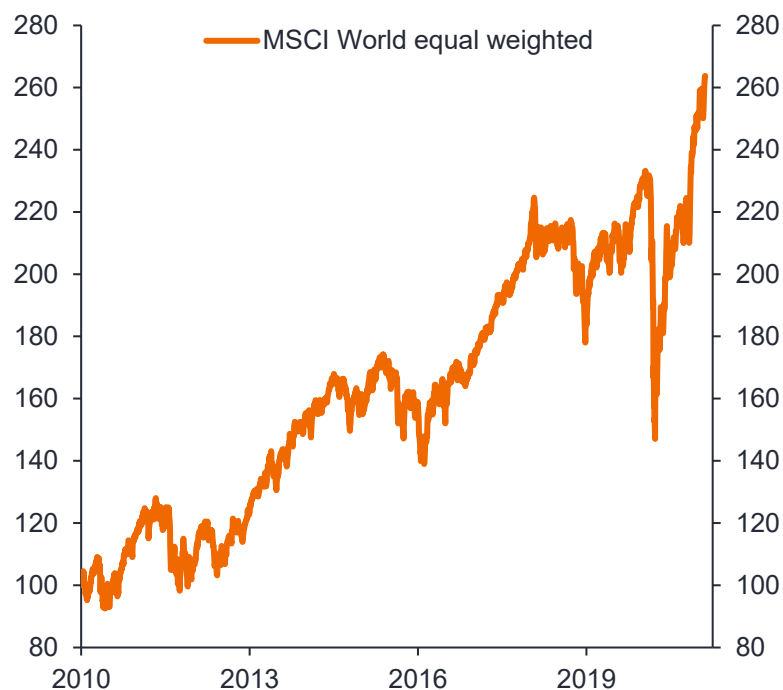


Source: Janus Henderson Investors, Bloomberg as at 11 February 2021

NEW HIGHS!

Risk assets rebound

Developed market equity performance (\$)



Source: Janus Henderson Investors, Bloomberg, as at 11 February 2021
Notes: Rebased to 100 as at December 2009

US credit markets total returns



Source: Janus Henderson Investors, Bloomberg, as at 11 February 2021
Note: Rebased to 100 as at the end of December 2017

CORONAVIRUS – NEW CASES

Cases per million of population

	12 Dec	19 Dec	26 Dec	02 Jan	09 Jan	16 Jan	23 Jan	30 Jan	06 Feb
North America	599	604	528	576	687	622	492	421	336
USA	653	658	576	627	742	677	535	459	366
Canada	174	179	145	174	255	188	153	119	102
Europe	236	292	286	334	423	387	376	325	272
France	154	240	199	203	272	234	354	313	305
Germany	260	294	235	217	264	188	169	149	102
Italy	274	265	238	242	276	262	204	205	197
Spain	140	204	176	224	373	617	756	744	608
United Kingdom	264	366	532	726	881	717	549	377	283
Sweden	583	665	409	585	737	481	335	280	299
APAC	16	17	20	22	37	39	34	23	15
Australia	0	1	1	1	1	1	0	0	0
Japan	20	21	24	27	46	48	42	29	19
New Zealand	1	1	1	1	1	1	1	1	0
EM Asia	11	9	8	7	7	6	5	5	4
China	0	0	0	0	0	0	0	0	0
India	22	18	16	14	13	11	10	9	8
Korea, South	15	19	20	18	15	10	8	9	7
Latin America	157	170	132	133	184	203	202	195	142
Brazil	204	224	170	168	242	255	243	242	182
Mexico	81	80	70	73	89	118	135	116	76

Source: Janus Henderson Investors, Bloomberg, as at 12 February 2021

Notes: Data are 7 day aggregates per million population.

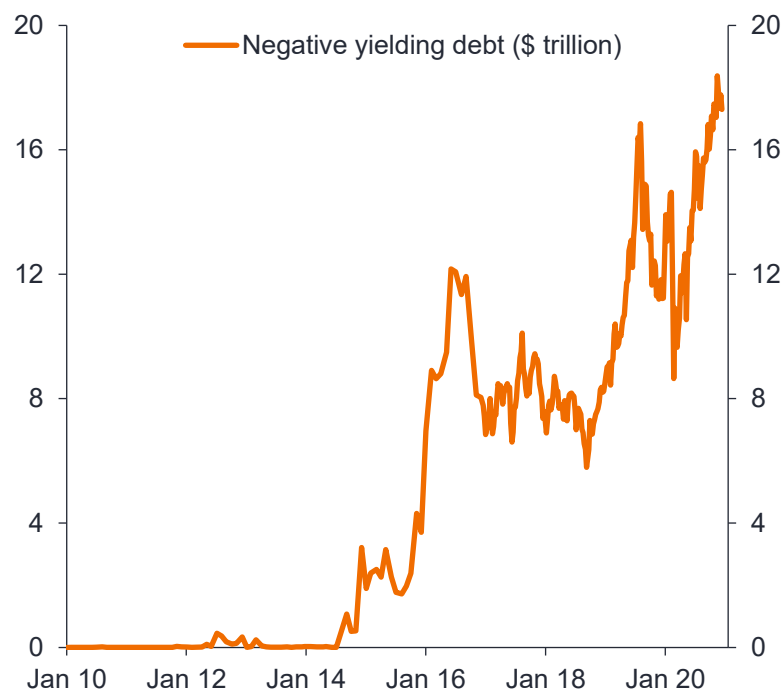
THE SEARCH FOR YIELD INTENSIFIES

Less than 30% of global bonds yield more than 1%

Average yield on global bonds (%)



Amount of negative yielding debt globally



Source: Janus Henderson Investors, Bloomberg, as at 12 February 2021
Notes: Average yield on Bloomberg Barclays Global Aggregate index

Source: Janus Henderson Investors, Bloomberg, as at 12 February 2021

US EQUITIES VS. NON-US

Non-US stocks beginning to outperform on recovery hopes

Non-US equities vs US 10-year Treasury yields



Source: Janus Henderson Investors, Bloomberg, as at 11 February 2021

Valuation of growth stocks vs value stocks

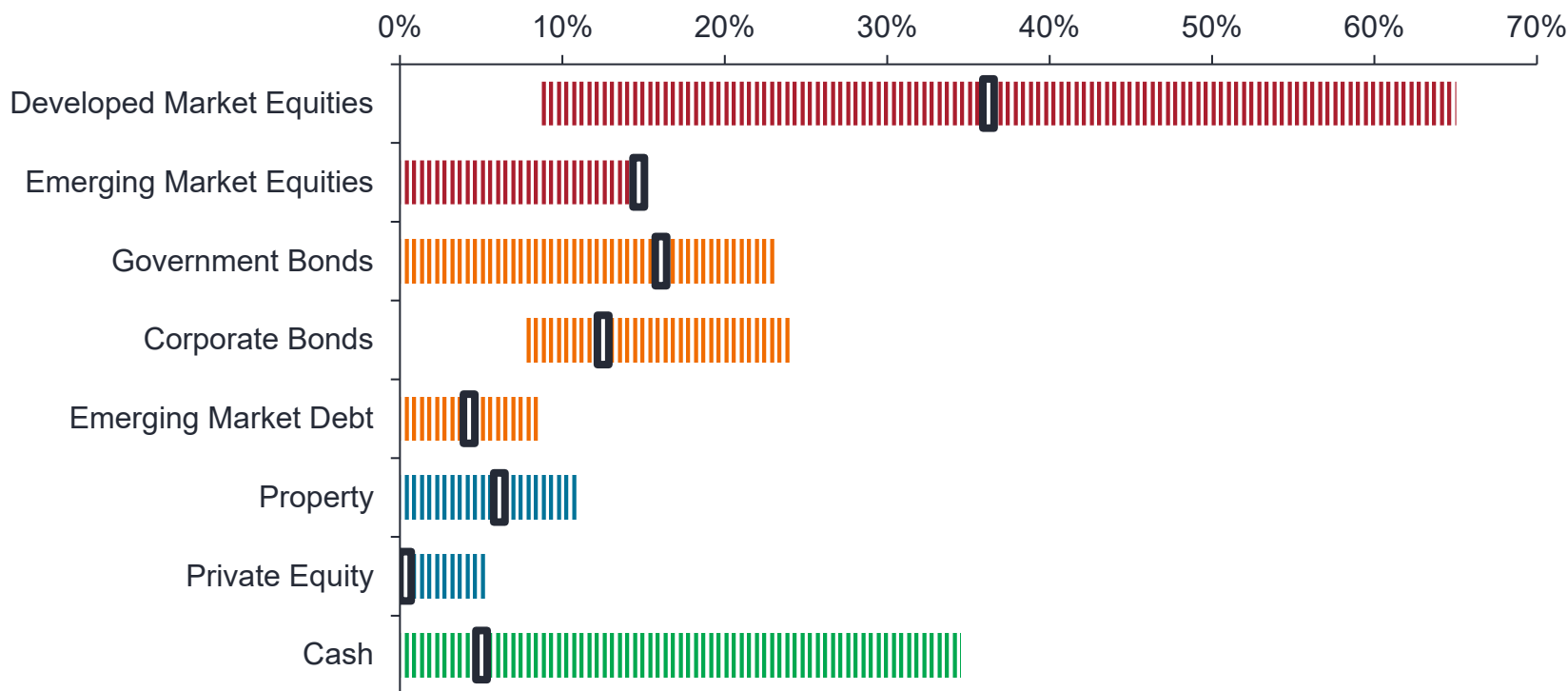


Source: Janus Henderson Investors, Bloomberg, as at 11 February 2021
Notes: Price-to-book ratio of MSCI World Growth vs MSCI World Value

DYNAMIC ASSET ALLOCATION

Track record of active management

Asset class investment ranges and historical positioning



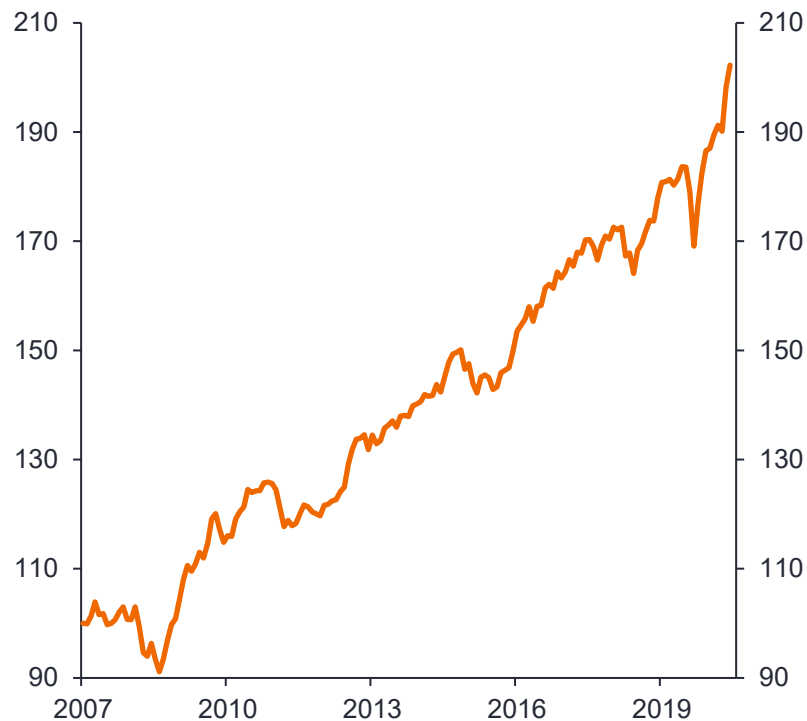
Source: Janus Henderson Investors, as at 31 December 2020.

Note: Data based on a representative segregated account from 31 July 2007 to 31 December 2011 and the Janus Henderson Diversified Growth Fund thereafter. Current positioning shows the Janus Henderson Diversified Growth Fund. Holdings are subject to change without notice.

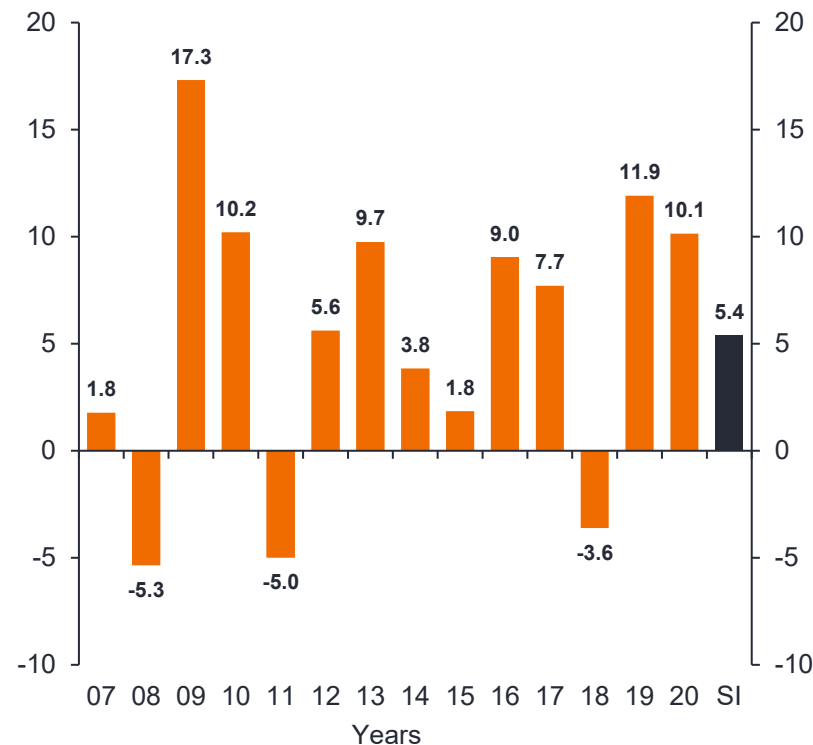
LONG-TERM PERFORMANCE

Capital appreciation with low volatility

Strategy performance since inception (%)



Annual performance since inception (%)



Source: Janus Henderson Investors, Datastream, as at 31 December 2020.
Note: Strategy: Janus Henderson Diversified Growth, gross of fees, in GBP.
Past performance is not a guide to future performance.

Source: Janus Henderson Investors, Datastream, as at 31 December 2020.
Note: Strategy: Janus Henderson Diversified Growth, gross of fees, in GBP.
Returns greater than one year are annualised.
Past performance is not a guide to future performance.

APPENDIX

BIOGRAPHY



Nick Watson, CFA

Portfolio Manager

Nick Watson is a Portfolio Manager on the UK-based Multi-Asset Team at Janus Henderson Investors, a position he has held since 2012. Nick is responsible for asset allocation and fund manager research, with a particular focus on the Core Multi-Asset solutions range of products. He joined Henderson in 2007 as a graduate trainee and rotated through various global equity products and fixed income. In 2009, Nick became a research and insight manager across Global Distribution, which included involvement in Henderson's acquisitions of New Star and Gartmore.

Nick graduated with an honours degree in economics from the University of Exeter. He holds the Investment Management Certificate and the Chartered Financial Analyst designation. He has 14 years of financial industry experience.

COMPOSITE PERFORMANCE

- Composite: Multi-Asset - Diversified Growth
- Benchmark: LIBOR GBP 3 Month Index
- Composite base currency: GBP (Reported currency: GBP)
- Gross returns as at: 31 January 2021
- Firm: Janus Henderson Investors

Year	Composite gross return (%)	Composite net return (%)	Benchmark return (%)	Composite 3-yr standard deviation (%)	Benchmark 3-yr standard deviation (%)	Number of portfolios	Number of portfolios throughout period	Dispersion (%)	Market value at end of period GBP
2020	10.19	10.11	0.39	6.83	0.07	2	2	0.02	340,774,976
2019	12.07	12.07	0.82	4.30	0.06	2	2	0.15	372,578,386
2018	-3.68	-3.68	0.67	4.56	0.05	2	2	0.25	342,175,265
2017	7.64	7.64	0.34	4.46	0.03	2	2	0.05	398,645,619
2016	9.10	9.10	0.52	4.36	0.02	2	2	0.07	331,668,010
2015	1.57	1.54	0.57	4.54	0.01	2	1	0.00	322,553,942
2014	4.01	4.06	0.54	3.74	0.06	2	2	0.08	341,637,131
2013	9.77	9.62	0.51	4.46	0.06	2	2	0.21	324,164,598
2012	5.50	5.60	0.89	5.11	0.04	2	2	0.01	309,038,065
2011	-5.00	—	0.84	6.88	0.20	3	2	0.68	128,102,263
2010	10.19	—	0.68	< 3 Years	< 3 Years	2	1	0.00	194,252,961
2009	17.31	—	1.65	—	—	2	2	0.68	226,595,561

COMPOSITE DISCLOSURES

For the purpose of claiming GIPS compliance, Janus Henderson Investors defines its GIPS Firm as the following entities within Janus Henderson Group plc that directly manage assets: AlphaGen Capital Limited, Gartmore Investment Limited, Henderson Global Investors Limited, Janus Henderson Investors (Singapore) Limited (excluding private equity assets), Henderson Investment Funds Limited, Janus Capital Management LLC, Janus Henderson Investors (Australia) Institutional Funds Management Limited and Perkins Investment Management LLC. The GIPS firm was formed on January 1, 2018 as a result of the merger of the predecessor GIPS firms Janus Capital Management LLC and Henderson Global Investors, which previously claimed compliance since January 1, 1994 and January 1, 2009, respectively.

The following entities or asset classes are excluded from the firm definition: Direct property assets, Private Equity assets, Funds formerly managed by New Star Institutional Investors, Institutional portfolios with single holdings in Henderson OEICs or SICAVs, Henderson Global Natural Resources desk (formerly 90West), Geneva Capital, Henderson Global Commodity Managed Futures (GCMF) formerly H3.

The Firm claims compliance with the GIPS standards for the period 1 January 2009 to 31 December 2017.

Henderson Global Investors has made three significant acquisitions : A joint transaction for Perennial Growth Management Pty Ltd and Perennial Fixed Interest Partners Pty Ltd with effect 2nd November 2015, Gartmore Investment Management Limited with effect from 4th April 2011 and New Star Investment Management with effect from 15th April 2009.

Portfolios within this composite are from the Gartmore firm acquired by Henderson. Gartmore had been independently verified from 1st January 1999 to 31st March 2011, copies of the verification report are available upon request.

Description

Multi-asset composite comprising fully discretionary accounts managed in a similar manner that seeks to achieve long term capital growth with some potential for income returns with lower than equity market volatility using a capital preservation focused strategy through dynamic asset selection diversified portfolio construction and efficient implementation of investment ideas within a risk-controlled framework.

Benchmark

LIBOR GBP 3 Month which is based in the interest rates offered by a panel of UK banks.

Fee Disclosure

Henderson composites contain both Retail, Hedge and Segregated funds, the highest Annual Management Charge fee for any retail funds is 2.0% + performance fee although fees for individual share classes within retail funds may differ. All fees for segregated funds are negotiated individually with each client.

On 22nd of July 2016 the performance track record was restated. The performance calculation methodology changed from gross of Annual Management Charge to gross of Total Expense Ratio for all of our Retail funds. This change was made after discussion with our GIPS verifiers, PricewaterhouseCoopers. As well as using the new methodology going forward, the track record was amended to reflect this change historically (from the 31st December 2008).

Basis of Returns

Time weighted gross of fee returns are presented before deduction of investment management fees and non-investment related expenses but after deduction of all trading expenses. Composite and benchmark returns are calculated after deduction of non-reclaimable withholding taxes on dividends, interest and capital gains but including any reclaimable element. All returns in excess of 12 months are annualised. If no 3 Year Standard Deviation is displayed, this is because a full 36 monthly data points are not available for the calculation.

Composite Dispersion

Asset weighted composite dispersion is shown where a composite consists of five or more constituent accounts for the full year.

GIPS Policies and Procedures

The firm's policies and procedures for valuing portfolios, calculating performance and preparing the compliant presentation is available on request.

Minimum Asset Level

The minimum asset level for a portfolio to join a composite is 5 million in the reference currency of the portfolio. If the portfolio asset level descend below 3.5 million in the reference currency of the portfolio then it will be removed from the composite until it reaches again the initial minimum level required to be included.

Composite Currency

The base currency for composite and benchmark returns and values is GBP.

DISCRETE PERFORMANCE

Janus Henderson Multi-Asset - Diversified Growth composite

	Jan 2010 – Jan 2021	Jan 2019 – Jan 2010	Jan 2018 – Jan 2019	Jan 2017 – Jan 2018	Jan 2016 – Jan 2017	Jan 2015 – Jan 2016
Composite (Gross)	9.93	9.20	-1.32	7.67	10.99	-1.93
Benchmark	4.31	4.80	4.70	4.35	4.51	4.57

Source: Janus Henderson Investors, as at 31 January 2021

Benchmark: LIBOR GBP 3 Month Index

Note: Returns are shown gross of fees in GBP. Your jurisdiction currency may be different and changes in currency exchange rates may cause the value of your investment and any income from it to rise or fall.

Past performance is not a guide to future performance.

Contact us

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There is no assurance that the investment process will consistently lead to successful investing. Any risk management process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors.

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