


PORTFOLIO CONSTRUCTION AND STRATEGY

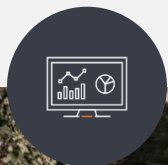
PORTFOLIO PANORAMA

Europe ex-UK | Edition 2 | September 2025



Janus Henderson
Portfolio Construction
and Strategy

Portfolio Panorama



01 INVESTOR BEHAVIOUR

Investor risk appetite showed remarkable resilience, remaining steady and balanced despite persistent macroeconomic uncertainty and shifting market dynamics.

02 EQUITIES

In a cautious but opportunistic market, European investors stayed local, leaned into large-cap tech and financials, and held back on small caps - awaiting clearer signals on rates.

03 FIXED INCOME

European clients reduced duration as a response to increased interest rate volatility and focused on active managers to navigate uncertainty.

04 IMPLEMENTATION

Shift toward active management, especially in fixed income.

Janus Henderson's Portfolio Construction and Strategy Team presents **Portfolio Panorama**

Welcome to the second edition of Portfolio Panorama by the Janus Henderson Portfolio Construction and Strategy (PCS) Team. Following our successful inaugural issue, we continue our mission to simplify the complexities of investing, now backed by our analysis of over 25,000 model portfolios for nearly 6,500 global clients.

In this dynamic financial environment, understanding allocation shifts is crucial. Utilising the Janus Henderson Edge™ analytics platform, we're able to uncover investment trends to help inform your decision-making process.

In this edition, we focus on aggregated data from European (excluding UK) portfolios across two distinct six-month intervals: September 2024 - February 2025 and March 2025 - August 2025. Those 6 months are referenced throughout the report as "February 2025" and "August 2025".

We are thrilled to continue sharing our expertise and supporting your investment goals.

The Janus Henderson EMEA PCS Team

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In the face of significant uncertainty, European investors demonstrated resilience by **favouring US large-cap** equities and **active management** in fixed income, adapting to shifting market dynamics with **cautious optimism**."



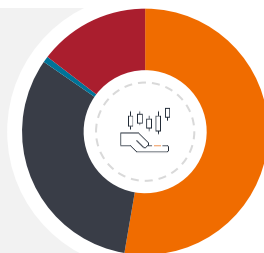
Investor behaviour

An overview of how the average portfolio is constructed

“European clients chose to **stay the course**, keeping their risk exposures steady despite market fluctuations during these uncertain times.” - PCS Team

Average Portfolio Allocation

(top-level, change since February 2025)



52.7%	Equity (+0.6%)	31.9%	Fixed Income (-0.4%)
0.8%	Alternatives (-0.5%)	14.6%	Allocation (+0.4%)



Allocation: Multi-asset strategies **maintained** their ground, consistently representing ~15% of portfolio allocations.



Alternatives: Clients **reduced** their allocation to alternatives by a third, repeating the trend observed in March 2025.



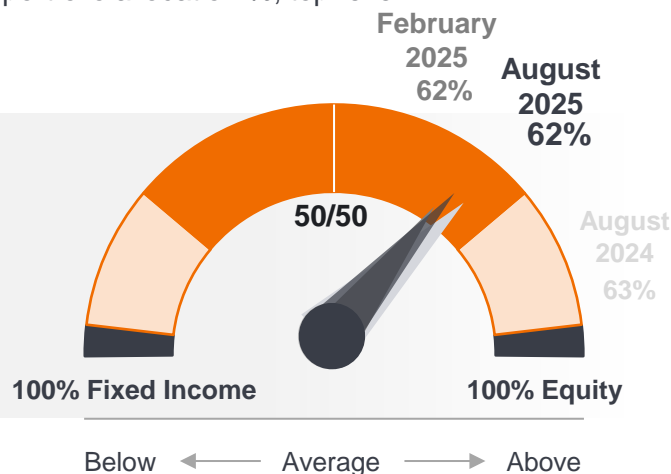
Fixed Income: Allocations to fixed income strategies **decreased** based on higher interest rate volatility.



Equity: Investors **increased** their equity positioning across portfolios.

Risk positioning remained unchanged, with investors opting for consistency

Avg. portfolio allocation %, top-level



Top client questions

- ➔ **Equity:** Is my portfolio too US-centric in a world of rising geopolitical tensions and trade frictions?
- ➔ **Fixed Income:** Should I reduce my exposure to long-duration assets if rate cuts are delayed?
- ➔ **Alternatives:** Have alternatives helped to diversify my portfolio?
- ➔ **Allocation:** Did my multi-asset strategies adapt effectively to the turbulence in markets this year?

Equities

Positioning within the equity sleeve of the average portfolio

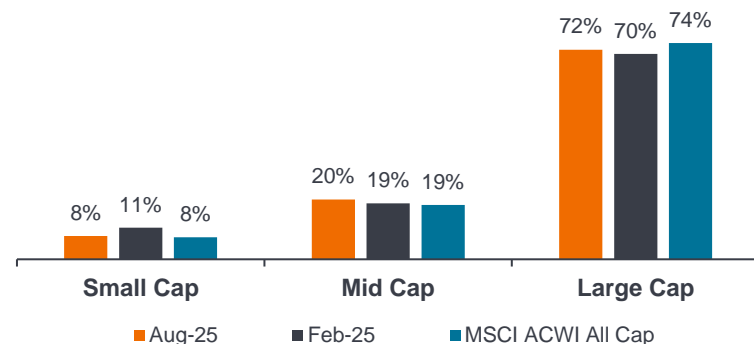
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European clients maintained their **home bias**. However, cautious sentiment has driven investors towards the relative **safety of US** and **large-cap stocks**, particularly in the **technology sector**, where EPS growth remains robust.”

- PCS Team

Market capitalisation breakdown

% of total equity allocation, look-through

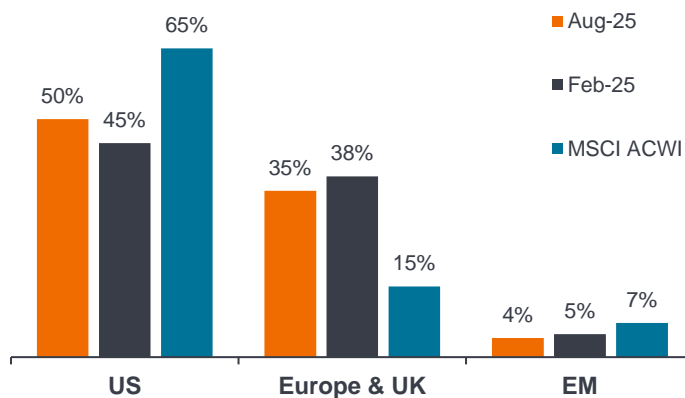


Key takeaways

- **Home bias:** The allocation to the US has increased again, following a relative reduction earlier in the year that started with an influx to European equities.
- **Sectors:** Technology continues to be the preferred equity sector, followed by industrials and financials - displacing healthcare from the top three sectors.
- **Market capitalisation:** Large caps dominated allocations over both periods but stayed below the global equities index. Interest in small caps suffered a small setback as investors ponder the next central bank moves.

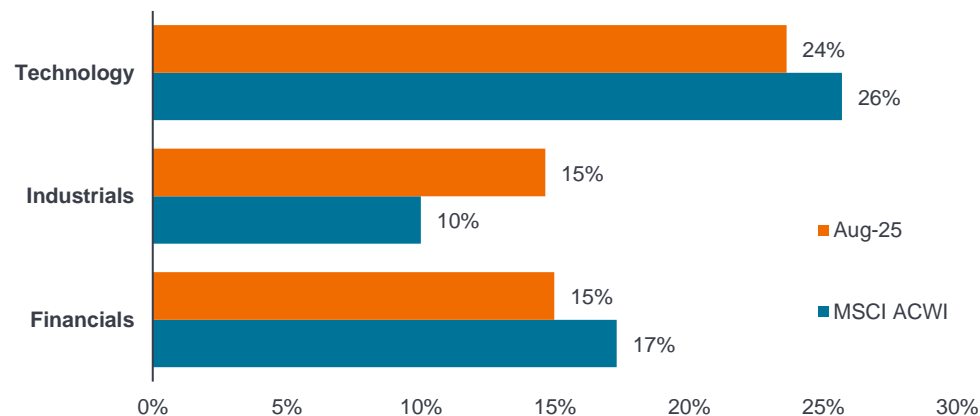
Home Bias Persists

% of total equity allocation, look-through



Overweight/Underweight to Top 3 Sectors Relative to MSCI ACWI

Technology, Industrials, and Financials were top 3 sectors allocated to by investors



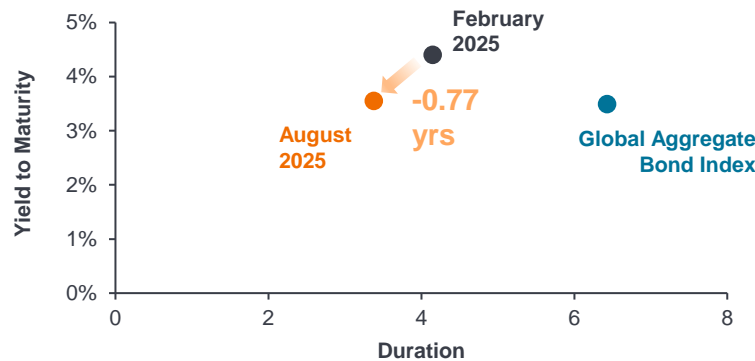
Fixed income

Positioning within the fixed income sleeve of average portfolio

“Exceptional bond market volatility has pushed investors to focus on **income**, **shorten duration**, and lean into **active** strategies.”
– PCS Team

Clients have reduced duration, signalling a more defensive stance on interest rate risk

Average change in portfolio duration and yield

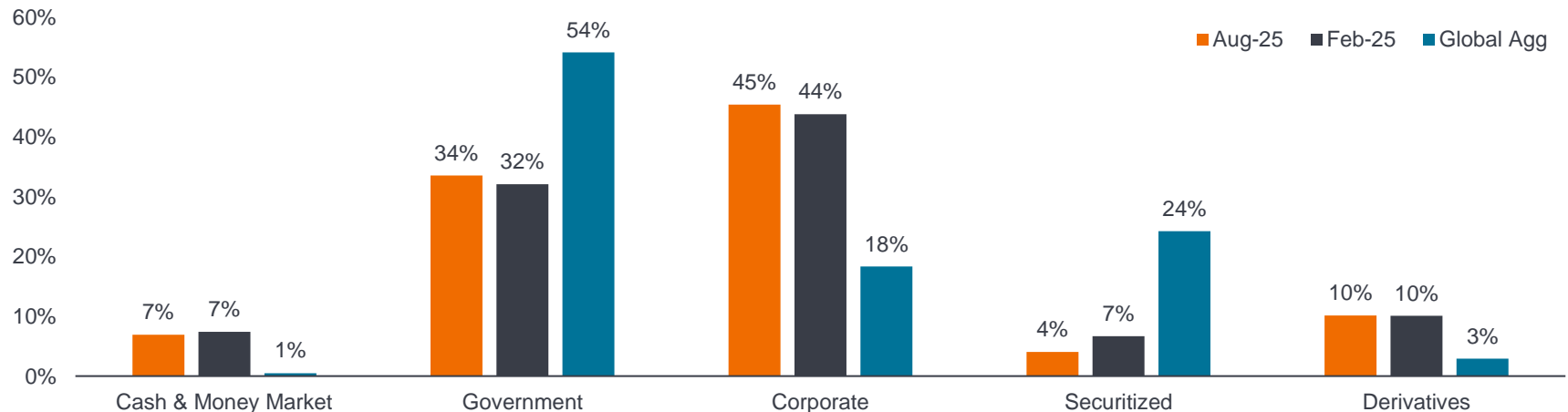


Key takeaways

- **Yield:** Clients are targeting high short-end yields, favouring income generation over duration risk in a volatile rate environment.
- **Duration:** European clients shortened duration to reduce interest rate risk and stay agile amid volatile markets and delayed rate cuts.
- **Sectors:** Portfolios have continued to shift away from traditional Global Aggregate exposures, increasingly favouring corporate bonds and derivatives over government and securitised assets.

Portfolios have been straying from traditional Global Aggregate Bond Index exposures

Average underlying exposure in average portfolio



Implementation

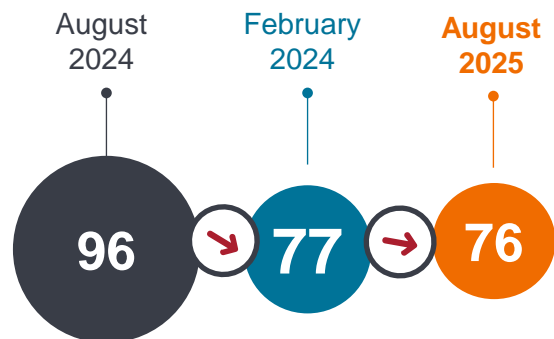
Implementing asset allocation views

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*Clients are increasingly leaning into active management **without letting costs spiral** — a trend most visible in fixed income, where the **rotation out of passive** marks a broader shift in conviction and risk appetite.” – PCS Team*

Portfolio expense ratio

In basis points (bps), top-level



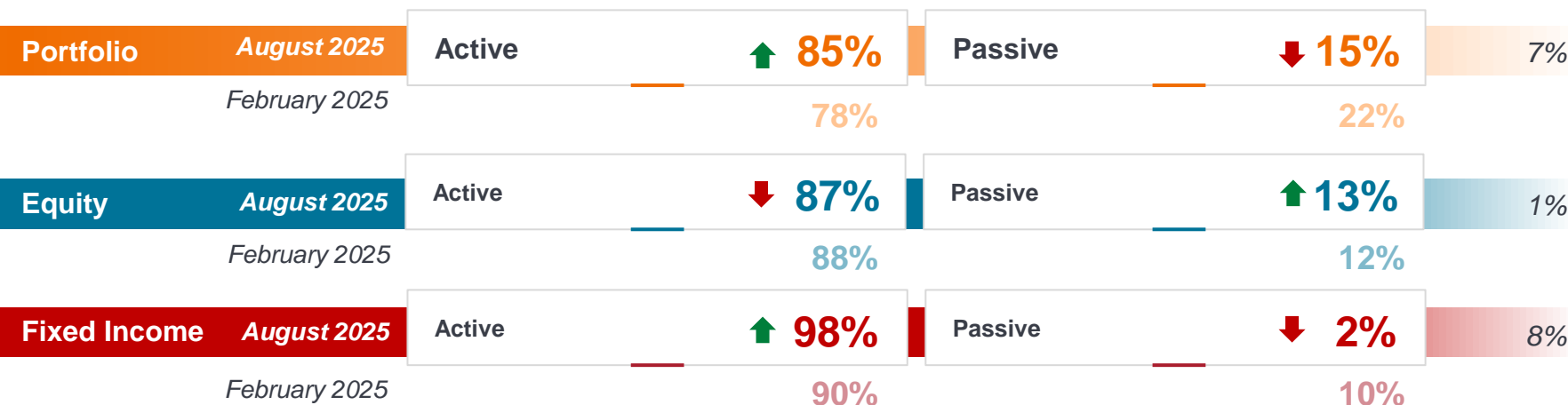
Key takeaways

- **Active vs. Passive:** Active exposure across portfolios has increased by an average of 7%, driven primarily by a rotation from passive to active strategies within fixed income allocations.
- **Fees:** Portfolio fees edged down slightly from 77 to 76 basis points, extending the steady march toward lower costs.

Portfolio allocation to active and passive funds

% of total portfolio, top-level

Diff. to prev.
period



Methodology

The information in this report originates from client portfolios uploaded into our proprietary analytical system, Janus Henderson Edge™ from March 2024 to August 2025. Underlying data is solely derived from Morningstar and from Janus Henderson internal sources. For this report we use 205 portfolios that were added to Janus Henderson Edge™ across Europe ex-U.K. countries (i.e., France, Spain, Germany, Italy, Belgium, Luxembourg, Switzerland, Netherlands, Malta, Austria, Portugal). This analysis assumes portfolios are fully invested. Portfolios with cash allocations of 10% or more have been excluded to ensure consistency and comparability across investment strategies.

Portfolio Breakdown by Asset Class*: Average exposure of all portfolios in each region.

Portfolio Risk Gauge*: Only considers the weights in Fixed Income and Equity funds. The allocations are reweighted to 100% with the average equity weight shown. We assume that a higher/lower allocation to equities reflects an increased/reduced risk appetite.

Home bias**: Compares the allocation to local equities versus US Equities.

Sector breakdown**: Average equity allocations across MSCI Global Industry Classification Standard (GICS) sectors.

Market Cap breakdown**: Average exposures by market. Small caps include Micro Caps, and Large caps include giant caps.

Goals Based Fixed Income Allocation*: Average allocations four fixed income investment goals as per our proprietary framework.

Duration**: Shows the weighted average duration using the reported Effective Duration for each fund.

Fixed Income Sector Breakdown**: Average exposures to fixed income sub-sectors.

Alternatives*: Average allocations to Morningstar Categories for funds classified as Alternatives, shown as a percentages of the total.

Passive funds*: Average allocations to funds classified by Morningstar as “Index Funds”.

Expense ratio*: Average expense ratios as reported by Morningstar. The “Net Expense Ratio” field is used for US mutual funds and ETFs, while the “KIID Ongoing Charge” is used for non-US mutual funds and ETFs.

Definitions

Home bias refers to the tendency of investors to allocate capital to securities of companies from or domiciled in their home country.

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.

Goals-Based Framework: Janus Henderson’s PCS team’s proprietary framework which classifies fixed income funds into four categories, based on different investment goals:

- 1) Preserve – capital protection (typically cash and money market)
- 2) Defend – ballast against equity volatility during a market drawdown
- 3) Diversify – dynamically combines some elements of equity ballast with higher income potential
- 4) Increase Income – highest total return within fixed income by seeking high income opportunities and potential capital appreciation to achieve equity-like return on a global scale

Top-level allocations: Calculated as allocations using the broadest classification of the funds used in the portfolios. It ignores any underlying exposures to equities and fixed income for funds classified as Allocation (i.e., multi-asset) funds.

Look-through Allocations: Calculated as allocations to equities and fixed income, including Allocation funds using the underlying positions in equities and bonds.

Our Investment Edge & Your Portfolio Needs

The PCS Team provides tailored analysis and insights on investment portfolios. From thousands of consultations, the team identifies trends and opportunities in portfolio construction.

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

- ▶ **Matthew Bullock**, Head of Portfolio Construction and Strategy, EMEA & APAC
- ▶ **Sabrina Denis**, Senior Portfolio Strategist
- ▶ **Mario H. Aguilar CFA**, Senior Portfolio Strategist



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