

# PORTFOLIO COMMENTARY

## Global Allocation Model Portfolios

### Market Environment

- Global stocks rallied in the period as economies continued their reopening.
- The U.S. led other developed markets as well as emerging markets as some regions in the latter category struggled to contain new COVID-19 variants.
- Bonds rallied on a combination of improving appetite for corporate credits and then a late-period fall in interest rates.

### Performance Summary

The Janus Henderson Global Allocation – Conservative Portfolio outperformed its primary benchmark, the Global Conservative Allocation Index, an internally calculated, hypothetical combination of total returns from the Bloomberg Barclays Global Aggregate Bond Index (60%) and the MSCI All Country World Index<sup>SM</sup> (40%).

The Janus Henderson Global Allocation – Moderate Portfolio outperformed its primary benchmark, the Global Moderate Allocation Index, an internally calculated, hypothetical combination of total returns from the MSCI All Country World Index<sup>SM</sup> (60%) and the Bloomberg Barclays Global Aggregate Bond Index (40%).

The Janus Henderson Global Allocation – Growth Portfolio outperformed its primary benchmark, the Global Growth Allocation Index, an internally calculated, hypothetical combination of total returns from the MSCI All Country World Index<sup>SM</sup> (80%) and the Bloomberg Barclays Global Aggregate Bond Index (20%).



For more information, please visit [janushenderson.com/managedaccounts](https://janushenderson.com/managedaccounts).

### Portfolio Discussion

Janus Henderson Global Allocation Model Portfolios offer broad global diversification for investors through a strategic allocation across equities, fixed income and alternatives, with the goal of providing the opportunity for higher returns and lower volatility. Each model seeks an optimized allocation to actively managed underlying Janus Henderson mutual funds in combinations that provide diversification across asset classes, geographies and investment styles. Asset allocation decisions are developed through a team assessment of fundamental macro asset class views, quantitative risk and scenario analysis, risk premia research and bottom-up specialist input.

## Manager Outlook

At a high level, the second quarter was smooth sailing for the capital markets. The resilience of equities continued, with the MSCI All Country World Index gaining nearly 8% and U.S. Treasuries taking a pause from their recent sell-off. The yield on 10-year notes fell by roughly 30 basis points over the quarter.

Yet under this “calmness,” there were many gyrations. These were a reflection of the battle between the market and the Federal Reserve (Fed) – and even within the Fed – on the future course of inflation and growth and whether the time is coming for liquidity conditions to normalize and the central bank to step back from high levels of accommodation. This led to violent fluctuations in the performance of growth versus value stocks. At times, we saw value considerably outperform growth and growth outperform value at others. Sharp moves also unfolded in the Treasury markets as inflation fears sent yields higher, only to reverse on Fed rhetoric echoing their confidence that inflation will be transitory and economic damage from the pandemic is still far-reaching and, thus, requiring stimulus for many more years. While the tug-of-war continues, capital markets sided with the Fed by the end of the quarter; the Fed’s reassurance that stimulus is not going away anytime soon sent equities to higher highs and quelled the sell-off in yields.

## Portfolio Management



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Past performance is no guarantee of future results.

Discussion is based on performance gross of fees and expenses.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

Our Adaptive Multi-Asset Solutions Team arrives at its outlook using options market prices to infer expected tail gains (ETG) and expected tail losses (ETL) for each asset class. The ratio of these two (ETG/ETL) provides signals about the risk-adjusted attractiveness of each asset class. We view this ratio as a “Tail-Based Sharpe Ratio.”

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

The opinions are as of 6/30/21, are subject to change and may not reflect the views of others in the organization. Janus Henderson may have a business relationship with certain entities discussed. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

**Investing involves risk, including the possible loss of principal and fluctuation of value.**

Global Allocation - Conservative Composite, benchmarked to the Global Conservative Allocation Index, includes portfolios that seek total returns through a primary emphasis on income with a secondary emphasis on growth of capital. Portfolios typically invest in a diversified portfolio of Janus Henderson funds normally consisting of approximately 40% stocks and 60% bonds and money market securities. The composite was created in October 2011.

**Global Conservative Allocation Index** is an internally-calculated, hypothetical

combination of total returns from the Bloomberg Barclays Global Aggregate Bond Index (60%) and the MSCI All Country World Index<sup>SM</sup> (40%).

Global Allocation - Growth Composite, benchmarked to the Global Growth Allocation Index, includes portfolios that seek total returns through a primary emphasis on growth of capital with a secondary emphasis on income. Portfolios typically invest in a diversified portfolio of Janus Henderson funds normally consisting of approximately 80% stocks and 20% bonds and money market securities. The composite was created in October 2011.

**Global Growth Allocation Index** is an internally-calculated, hypothetical combination of total returns from the MSCI All Country World Index<sup>SM</sup> (80%) and the Bloomberg Barclays Global Aggregate Bond Index (20%).

Global Allocation - Moderate Composite, benchmarked to the Global Moderate Allocation Index, includes portfolios that seek total returns with an emphasis on growth of capital and income. Portfolios typically invest in a diversified portfolio of Janus Henderson funds normally consisting of approximately 60% stocks and 40% bonds and money market securities. The composite was created in October 2011.

**Global Moderate Allocation Index** is an internally-calculated, hypothetical combination of total returns from the MSCI All Country World Index<sup>SM</sup> (60%) and the Bloomberg Barclays Global Aggregate Bond Index (40%).

**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.

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