



## STRATEGIST HIGHLIGHT

## Janus Henderson GROUP PLC

### PFG Janus Henderson Balanced Strategy:

- The PFG Janus Henderson Balanced Strategy seeks capital appreciation, with income as a secondary consideration.
- The PFG Tactical Income Strategy seeks current income. Fixed income instruments may be of any maturity and credit rating, including high-yield bonds.

### Allocation Changes:

- The PFG Janus Henderson Balanced Strategy had no changes.
- The PFG Tactical Income Strategy shifted:
  - 2.00% out of the Janus Henderson Developed World Bond Fund
  - 2.00% into the Janus Henderson Mortgage-Backed Securities ETF

### Janus Henderson Commentary:

The PFG Janus Henderson Balanced Strategy:

- There were no changes to this Strategy
- Janus Henderson remains cautious on the economic outlook and believes that a defensive tilt to the portfolio remains appropriate.
  - Concerns about the stickiness of inflation given still strong wage growth paired with a lagged effect of rate hikes
- U.S. Treasury yields have continued to rise as investors have reflected the view the interest rates will likely remain higher for a longer period, which has put downward pressure on valuations across all asset classes recently as safer fixed income now offers a more competitive rate of return compared to risk assets.
- Janus Henderson remains cautious on U.S. stocks.
- Janus Henderson continues to favor assets that offer greater diversification or more defensive characteristics.

The PFG Tactical Income Strategy:

- Janus Henderson is reducing the exposure to the Developed World Bond strategy, and increasing exposure to the Mortgage-Backed Securities strategy, as it is believed there is better value in mortgage-backed securities relative to other fixed income after the recent market moves.
- Mortgage-backed securities have historically been more defensive assets, but are now being viewed as having possibly better returns relative to both sovereign bonds and higher quality corporate debt.
- Janus Henderson remains cautious on the economic outlook and believes that markets continue to express too high a level of confidence in more positive outcomes.
- Overall, they continue to favor assets that offer greater diversification or more defensive characteristics.

## MODEL HIGHLIGHT



- Both the PFG Janus Henderson Balanced Strategy and the PFG Tactical Income Strategy can be found in the more moderate to conservative Target PLUS Models.
- The PFG Janus Henderson Balanced Strategy continues to be positioned well, providing positive returns so far this year.
  - Janus Henderson remains cautious within this Strategy, and therefore maintains a defensive tilt on the portfolio.
- The PFG Tactical Income Strategy made some changes to take advantage of positive indicators seen in mortgage backed securities.

## TALKING POINTS: *This weeks' conversation starters for advisors to educate and inform your clients*

### Market News

- US Equities fell for the second week in a row, on the back of mixed corporate earnings reports and rising interest rates which put downwards pressure on investor sentiment. Ultimately, the S&P 500, Dow Industrial Average, and NASDAQ finished -2.52%, -2.62%, and -2.14% lower for the week, respectively.
- A better-than-expected "advance" estimate of GDP showed that the U.S. economy grew 4.9% annually in the third quarter versus estimates of 4.7% according to the BEA. Consumer spending, which accounts for two-thirds of U.S. economic activity, rose 4% in the third quarter, much higher than the 0.8% rise seen in the second quarter.
- While year-over-year core personal consumption expenditures (PCE) price index levels moved down slightly to 3.7% on a year-over-year basis, it increased 0.3% in September from 0.1% In August, giving slightly mixed views on the moderating path of inflation.
- Although sovereign yields remain at high levels, they seemed to trend downwards throughout last week. The 10-Year U.S. Treasury yield finished the week at 4.86% after crossing the 5% level on Monday.

### PFG Strategy News

- The PFG Active Core Bond Strategy was one of the better performing Strategies this past week, with all of the underlying funds locking in positive gains for the week.
  - Of the underlying funds, the PIMCO Investment Grade Credit Bond Fund and the PIMCO Total Return Fund performed best.
- The PFG BNY Mellon Diversifier Strategy was also one of the better performing PFG Strategies last week. The Strategy's diversified approach has helped it retain positive performance even in poor market environments.
  - One of the largest allocations within the PFG BNY Diversifier Strategy currently is the BNY Core Plus bond fund which tends to focus on high-quality investment grade corporate bond which contributed to the Strategy's gains last week.

## CHART OF THE WEEK:



As interest rates continue to rise, paired with geopolitical tensions, the U.S. Dollar has risen to an eleven-month high earlier this month, disincentivizing demand for US exports and therefore further tightening financial conditions. A stronger dollar may appear to be a welcome sign for the Fed in order to lower inflation.

Source: [https://www.gsam.com/content/gsam/us/en/advisors/market-insights/market-strategy/global-market-monitor/2023/market\\_monitor\\_102723.html](https://www.gsam.com/content/gsam/us/en/advisors/market-insights/market-strategy/global-market-monitor/2023/market_monitor_102723.html)

## THIS WEEK AHEAD

### Tuesday, October 31:

- Employment Cost Index
- Case-Schiller Home Price Index
- Consumer Confidence

### Wednesday, November 01:

- ADP Employment
- S&P U.S. Manufacturing PMI
- Job Openings
- ISM Manufacturing
- Construction Spending

### Thursday, November 02:

- Initial Jobless Claims
- U.S. Productivity
- U.S. Unit-Labor Costs
- Factory Orders

### Friday, November 03:

- U.S. Nonfarm Payrolls
- U.S. Unemployment Rate
- S&P U.S. Services PMI
- ISM Services

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The indices are presented as broad-based measures of the equity, fixed-income, and consumer markets. The indices are provided for comparative and illustrative purpose to provide a comparison of the model against the broader-based equity, fixed income and consumer market. The indices are not intended to reflect the investment objectives of the model as the securities held within the model will differ in market volatility, concentration, investment objectives and diversification among others from those of the indices. The indices are not managed, and returns do not reflect the deduction of fees, expenses, transaction costs or taxes that actual client accounts are subject to. Investors cannot invest directly in an index. Returns are not annualized for periods less than 1 year.

**Net of Fees** Performance returns for each model are net of fees which assume the maximum annual management fee of 2.0. Actual fees charged are negotiable and may vary based on a variety of factors, including the size of a client's account, services rendered, or investments within the model. Actual fees charged are disclosed and agreed to by the client at the time of entering into an investment management agreement or in the fund's prospectus as applicable. TPFG's fees do not include the internal expenses which may be assessed by a fund or investment vehicle held within the model.

Trailing Major Index Returns and YTD S&P Sector Returns are sourced from Morningstar Direct.

All other economic and market data sources may include, and is not limited to:

- JPMorgan Asset Management, publicly available at <https://am.jpmorgan.com/us/en/asset-management/adv/>
- insights/market-insights/market-updates/weekly-market-recap/
- Edward Jones, publicly available at <https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update>
- Goldman Sachs, publicly available at <https://www.gsam.com/content/gsam/us/en/advisors/market-insights.html>
- T. Rowe Price, publicly available at <https://www.troweprice.com/personal-investing/resources/insights/global-markets-weeklyupdate.html>