

# CASH FUND – INSTITUTIONAL

## As at January 2022

### Fund objective

The Fund seeks to achieve a total return after fees that exceed the total return of the Benchmark, over rolling annual periods.

### Investment approach

The Fund is an actively managed portfolio of high quality short term securities that seek to provide investors with low risk exposure to secure cash investments and returns that closely track the prevailing level of short-term interest rates. The manager seeks to add value using a combination of interest rate and yield enhancement strategies.

### Benchmark

Bloomberg AusBond Bank Bill Index

### Risk profile

Very Low

### Suggested timeframe

1 year

### Inception date

31 July 2008

### Fund size

\$638.6 million

### Minimum investment

\$100,000

### Management cost (%)

0.10 p.a.

### Buy/sell spread (%)

0.00/0.00

### Distribution frequency (if any)

Monthly

### ARSN code

127 731 006

### APIR code

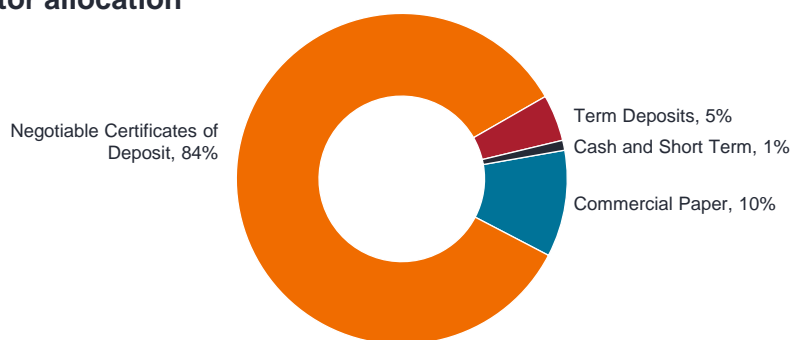
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.02	0.06	0.06	0.12	0.73	1.28	2.17	2.92
Fund (net)	0.01	0.03	0.01	0.00	0.58	1.10	1.97	2.71
Benchmark	0.01	0.01	0.02	0.03	0.57	1.08	1.90	2.63
Excess return*	0.00	0.02	-0.01	-0.03	0.01	0.02	0.07	0.08

\*Excess return is measured against net performance.

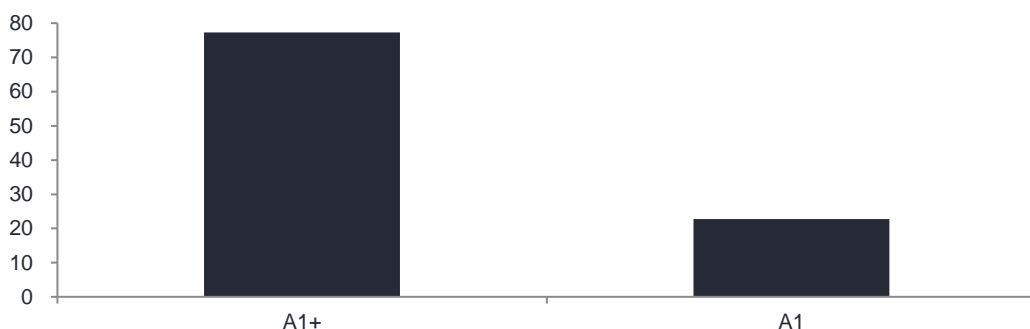
Past performance is not a reliable indicator of future performance.

### Sector allocation



Rounding accounts for small +/- from 100%.

### Credit rating distribution (%)



### Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) <sup>1</sup>	0.14
Benchmark EWAYTM	0.05
Running yield	0.15
Weighted Average Credit Quality	AAA

<sup>1</sup>Estimated Weighted Average Yield to Maturity is a measure of the average annual yield of all securities in the Fund.

Modified duration	Years
Fund	0.23
Benchmark	0.12
Active Position	0.11

## CASH FUND – INSTITUTIONAL

(continued)



**Head of Australian  
Fixed Interest**  
Jay Sivapalan

### Fund performance

Money market yields continued to edge higher, as market cash expectations brought forward the first Reserve Bank of Australia (RBA) cash rate hike to late 2022. As a result, three-month bank bills ended the month 0.5 basis points (bps) higher at 7.5bps, while six-month bank bills ended 4bps higher at 25bps.

The Janus Henderson Cash Fund – Institutional (Fund) returned 0.01% (net), performing inline with the Bloomberg AusBond Bank Bill Index (Benchmark) for the month. Given the low three-month bank bill swap rate (BBSW3M), the key drivers of return continue to be the Fund's allocation to major bank term deposits, notice period accounts and securities issued by regional banks at margins over bank bill swap rates.

Rising short-term money market yields over the past few months are providing the opportunity to access higher yields than what has typically been available over the past year or so. This rise in yields was driven by an increase in demand from Australian banks for wholesale funding as credit growth remains relatively strong. We continue to take advantage of this situation by extending the average maturity of the Fund's investments.

### Market review

- 2022 commenced with another installation of the 'great normalisation' theme of monetary policy withdrawal being priced in by market participants. A hawkish pivot by the US Federal Reserve (Fed) in the face of persistent inflation drove yields higher, resulting in poor bond market performance in January.
- Prices data was stronger than both market and RBA estimates. The headline CPI rose by 1.3% over the quarter for a 3.5% yearly rate. Core inflation measures were also strong, with the trimmed mean rising by 1% for a 2.6% yearly rate. Key drivers were higher fuel, home building and domestic holiday prices.
- Short-term money market rates continued to edge higher on economic readings and offshore central bank leads. Markets continued to bring forward RBA lift-off, with cash futures pricing in a 0.25% cash rate by May, 1% by November and 1.5% by May 2023.

### Market outlook

- Monetary normalisation is coming, with the first cab off the rank being the upcoming decommissioning of remaining quantitative measures.
- We also expect the RBA to pivot to a more hawkish stance following upward trending core inflation readings, we remain in the cash rate 'lift-off', not 'blast-off' camp.
- We have brought forward the timing of the first tightening from early 2023 to November this year and look for a steady tightening cycle that takes the cash rate to 1.75% by early 2025. Markets are pricing an earlier and more aggressive tightening cycle, with the cash rate topping at 2.25% by mid-2025.
- With fiscal stimulus waning, tightening too aggressively runs the risk of choking off any post-pandemic bounce.
- We continue to remain very active and selective in this transitional environment, favouring relative value within sub-sectors whilst being cautious on overall credit beta.
- We continue to be attracted to semi-government securities, particularly those issued by NSW as market pricing has adjusted with the impending removal of formal QE from the RBA.
- 2022 does commence with an improved running yield, which should lead to better investment outcomes than experienced in 2021.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit [go.janushenderson.com/Viewpoint-Feb22](https://go.janushenderson.com/Viewpoint-Feb22).

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(continued)

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### Investment strategy

The following is a summary of the key strategies in the Fund:

#### Interest rates:

**Overweight duration** – The gradual rise in money market yields is creating opportunities for the Fund to extend its duration. With the market continuing to bring forward the first RBA cash rate hike and an aggressive hiking cycle, we will seek to be nimble and actively add duration in order to take advantage of the higher yields on offer.

#### Sector allocation:

**Non-major banks** – Non-major banks pay a premium above major banks to compete for funding. The Fund has allocated a prudent proportion to this sector in order for investors to enjoy slightly higher yields.

**Commercial Paper** – We favour a selective allocation to high quality commercial paper as the available yield premium is relatively attractive versus other money market instruments.

**Term Deposit** – We are observing signs of competitive tensions emerging in institutional term deposits as margins have started to increase. We will continue to monitor the situation and add to exposure once attractive margins are being offered.

### Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2021 is available at [www.janushenderson.com/australia](http://www.janushenderson.com/australia).

Past performance is not a reliable indicator of future performance. Performance source: Morningstar, Janus Henderson. Performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested. Holdings are subject to change daily. This monthly report contains general information only and does not take account of your individual objectives, financial situation or needs. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. None of Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor their respective related bodies corporate, associates, affiliates, officers, employees, agents or any other person are, to the extent permitted by law, responsible for any loss or damage suffered as a result of any reliance by any reader or prospective investor. You should consider the current PDS, available at [www.janushenderson.com/australia](http://www.janushenderson.com/australia), before making a decision about the Fund. Target Market Determinations for funds issued by Janus Henderson are available here: [www.janushenderson.com/TMD](http://www.janushenderson.com/TMD). Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.