

CASH FUND – INSTITUTIONAL

As at April 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

\$630.7 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

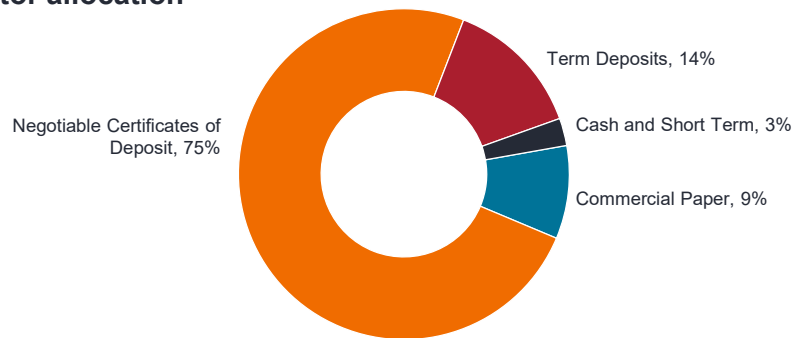
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (gross)	-0.10	-0.07	-0.02	0.02	0.50	1.16	2.05	2.86
Fund (net)	-0.10	-0.10	-0.07	-0.08	0.36	0.99	1.85	2.66
Benchmark	-0.02	-0.01	0.01	0.02	0.40	0.99	1.79	2.58
Excess return*	-0.08	-0.09	-0.08	-0.10	-0.04	0.00	0.06	0.08

*Excess return is measured against net performance.

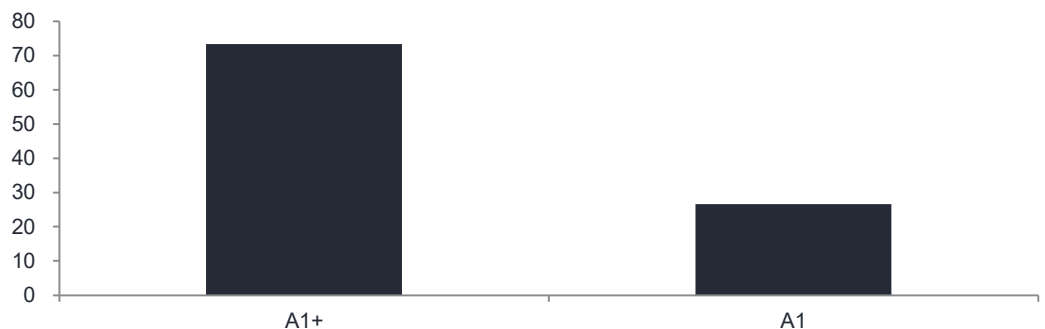
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	0.81
Benchmark EWAYTM	0.39
Running yield	0.82
Weighted Average Credit Quality	AAA

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

Modified duration	Years
Fund	0.22
Benchmark	0.12
Active Position	0.10

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(continued)



**Head of Australian
Fixed Interest**
Jay Sivapalan

Fund performance

Money market yields have continued to grind higher as market expectations further reflected the pivot to an earlier start to a large tightening cycle. The three-month bank bill yield ended the month 48 basis points (bps) higher at 0.71%, while six-month bank bills ended 75bps higher at 1.45%. The three-year government bond yield rose as tightening expectations were brought forward and ended 37bps higher at 2.71%.

The Janus Henderson Cash Fund – Institutional (Fund) returned -0.10% (gross) and -0.10% (net) and underperformed the Bloomberg AusBond Bank Bill Index (Benchmark), which returned -0.02% 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.

Interest rate duration was a key detractor to performance during the month of April as the Fund extended its duration versus the Benchmark. We are taking the opportunity to increase the Fund's duration as money market yields rise.

Market review

- Offshore and domestic yields continued to rise, reflecting inflation pressures and expectations for a more aggressive and front-end loaded central bank tightening cycle.
- Risk sentiment continued to be impacted by the prospect of aggressively tightening financial conditions to tackle elevated inflation, with consequent negative implications for medium-term growth. Equity and credit markets were softer, while inflation expectations edged upwards.
- Higher yields across the curve meant that the Australian bond market, as measured by the Bloomberg AusBond Composite 0+ Yr Index fell 1.49%.
- The key economic release was the March quarter Consumer Price Index (CPI). A much higher than expected 2.1% quarterly rise in the headline rate.
- Market pricing for RBA rate rises remains aggressive, with futures markets pricing in a 2.50% cash rate by December and 3.25% by mid-2023.

Market outlook

- Three consecutively higher core inflation readings provide the RBA with the smoking gun needed for a May lift-off in the cash rate. Our base case has the cash rate lifting to 0.25% and the RBA signalling that it will allow maturing bonds to roll off its balance sheet on maturity.
- Market pricing remains aggressive, and such a lift would take monetary conditions from accommodative to restrictive and runs the risk of creating financial instability via falling asset prices and outright recession.
- We view a more moderate tightening cycle, which has the cash rate at 1% at the end of this year and 2% at the end of 2023. This gives the RBA the best chance to meet its full employment, welfare and inflation objectives.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-May22.

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(continued)

The gradual rise in money market yields is creating opportunities for the Fund to extend its duration.

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 continue to 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. Margins on commercial paper have been widening, creating opportunity to further enhance yield pick-up for the Fund.

Term Deposit – We are observing signs of competitive tensions emerging in institutional term deposits as margins have started to increase. We continue to seek opportunities to increase term deposit exposures as margins reset back to pre-COVID levels.

Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2021 is available at 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, before making a decision about the Fund. Target Market Determinations for funds issued by Janus Henderson are available here: www.janushenderson.com/TMD. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.