

CASH FUND – INSTITUTIONAL

As at September 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

\$533.1 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

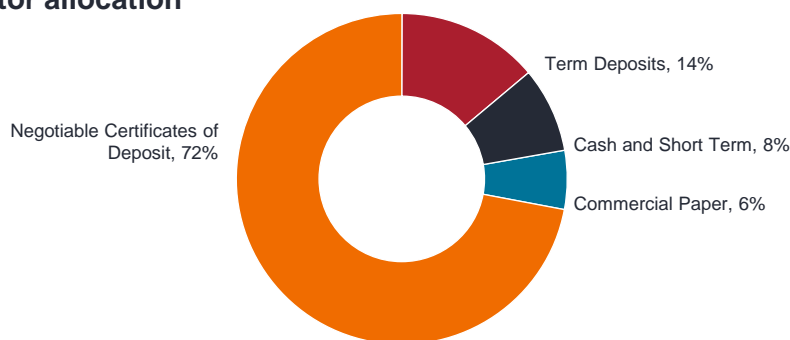
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.14	0.50	0.44	0.51	0.45	1.10	1.92	2.82
Fund (net)	0.13	0.47	0.39	0.41	0.32	0.94	1.73	2.61
Benchmark	0.15	0.42	0.49	0.52	0.38	0.95	1.68	2.54
Excess return*	-0.02	0.05	-0.10	-0.11	-0.06	-0.01	0.05	0.07

*Excess return is measured against net performance.

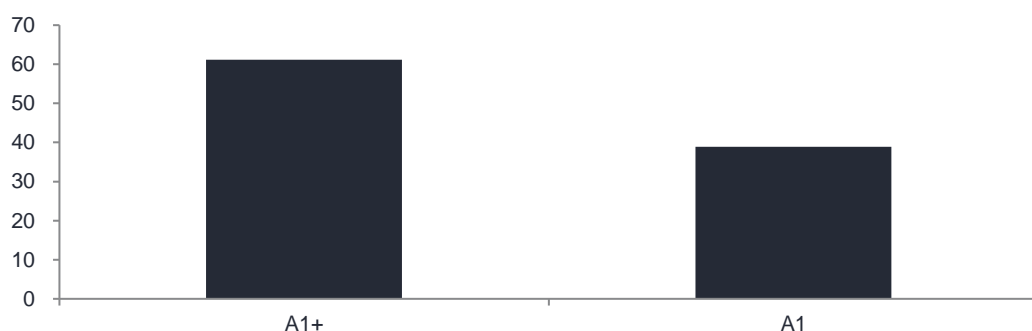
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	2.82
Benchmark EWAYTM	2.79
Running yield	2.83
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	0.16
Benchmark	0.13
Active Position	0.03

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(continued)



**Head of Australian
Fixed Interest**
Jay Sivapalan

Fund performance

The Janus Henderson Cash Fund - Institutional (Fund) returned 0.13% (net) underperforming the Bloomberg AusBond Bank Bill Index (Benchmark) which returned 0.15% on the month.

Rising yields are restoring value in money markets especially, interest income. We seek to extend the duration of the Fund to take advantage of higher yields on offer in longer tenor money markets as market pricing of the RBA becomes extended. Whilst this may increase the daily volatility of the Fund, the higher income we are able to provide will cushion against any adverse rate movements.

The key contributor to underperformance this month was the Fund's interest rate strategy. The Fund had modest overweight duration position relative to its benchmark during a month where money market yields rose significantly. Sector strategies were a positive contributor to performance as the overweight allocation to major bank term deposits, notice period accounts and securities issued by regional banks paid margins over bank bill swap rates. The following is a summary of the key strategies in the Fund:

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 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.

Market review

Hawkish US Federal Reserve (Fed) forward guidance and an ill-timed UK fiscal package that triggered Bank of England support saw yields lift sharply over the latter part of the month. Risk appetite fell as more aggressive policy tightening was seen as lifting recession risks. Equity markets fell sharply, while credit markets weakened with spreads widening.

The Reserve Bank of Australia (RBA) lifted the cash rate by another widely expected 0.50% increment in early September to 2.35%. Short-term money market yields continued to climb as markets discounted further tightening. The three-month bank bill yield ended the month 61 basis points (bps) higher at 3.06%, while six-month bank bills ended 56bps higher at 3.57%. In terms of the tightening cycle, markets increased the pace and quantum of tightening with a 3.32% cash rate priced by year end and 4.10% in mid-2023.

Market outlook

Central bank actions and forward guidance remain hawkish. After responding slowly to a larger than expected inflation shock, the pace of tightening has sped up with history reminding policy makers that the costs of fighting inflation are not diminished by drawn out tightening cycles. While the European Central Bank (ECB) has begun removing monetary accommodation, the US Federal Reserve is more advanced following its recent 0.75% lift in the US cash rate to 3.12%. Against the backdrop of peaking inflation, global tightening, European energy shortages and the ongoing Ukrainian War, the RBA must decide how hard to step on the monetary breaks. With September's tightening to 2.35% bringing the cash rate into the neutral range, the RBA has signalled that while further tightening moves lie ahead, some slowing in the pace of increases was likely as the level of the cash rate rose higher.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Oct22.

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The RBA moved by a less than expected 25bps at its October meeting.

Investment strategy

Overweight duration – The RBA moved by a less than expected 25bps at its October meeting, switching to a more 'business as usual' incremental adjustment to the cash rate. At 2.6%, the cash rate is broadly neutral and the RBA has signalled that further moves still lay ahead. The RBA is projected to tighten by another 25bps in November with respite at the December meeting. We look for the final move in this tightening cycle in February, which would see the cash rate peak at a moderately restrictive 3.1%. This would make the current tightening cycle the fastest and equal largest since the adoption of the inflation targeting regime.

Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2022 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.