

CASH FUND – INSTITUTIONAL

As at October 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

\$515.4 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

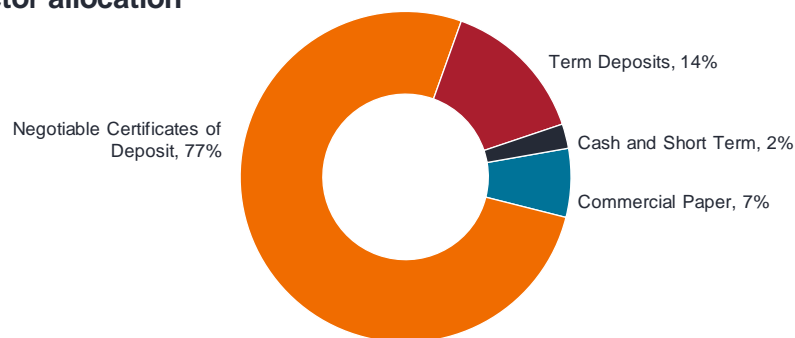
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.27	0.57	0.81	0.79	0.51	1.12	1.92	2.82
Fund (net)	0.26	0.55	0.76	0.69	0.38	0.97	1.73	2.62
Benchmark	0.24	0.54	0.75	0.76	0.43	0.97	1.68	2.54
Excess return*	0.02	0.01	0.01	-0.07	-0.05	0.00	0.05	0.08

*Excess return is measured against net performance.

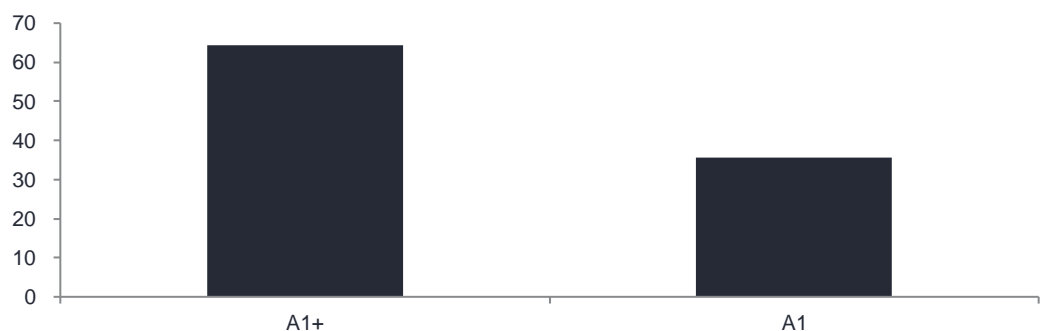
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	2.89
Benchmark EWAYTM	2.91
Running yield	2.89
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	0.15
Benchmark	0.12
Active Position	0.03

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(continued)

Janus Henderson
INVESTORS



**Head of Australian
Fixed Interest**
Jay Sivapalan

Fund performance

The Janus Henderson Cash Fund - Institutional (Fund) returned 0.26% (net) outperforming the Bloomberg AusBond Bank Bill Index (Benchmark) which returned 0.24% on the month.

Income from elevated levels of bank bill yields are now a healthy contributor to total return. 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.

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 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 – Banks are now paying a reasonable premium to take deposit funding in the form of term deposits and notice accounts. As such, we have allocated a reasonable amount of the Fund to these deposits.

Market review

Markets remained volatile, with yields surging on hawkish US Federal Reserve (Fed) commentary and retreating on expectations that the pace of global tightening may slow. Risk appetite recovered from September's fall, with equity markets higher while credit markets remained volatile.

The Reserve Bank of Australia (RBA) lifted the cash rate by a less than expected 0.25% increment in early October, taking the cash rate to 2.60%. In subsequent commentary, the RBA noted that it was mindful of the impacts of the size and speed of policy withdrawal since May, both on the economy and relative to other central banks that did not meet as often. Short-term money market yields initially fell on the smaller than expected RBA tightening but climbed again following hawkish Fed signalling and RBA guidance that it would continue to tighten further to bring demand and supply into better balance. After falling to as low as 2.85% and 3.29%, three and six-month bank bill yields ended the month 2 basis points (bps) and 9bps higher at 3.09% and 3.66%. In terms of the tightening cycle, markets are looking for around a 3.1% cash rate by year's end and for a further 100bps of tightening over 2023.

Market outlook

While much of the heavy lifting has been done, persistent and broad-based price pressures, evident in the latest CPI, mean that the RBA will need to push monetary conditions into restrictive territory. We have revised our base case view to build in 25bps of tightening in November, December and February. This would take the cash rate to 3.35% and into moderately restrictive territory and we expect the RBA to keep policy tight until the first half of 2024.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Nov22.

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

Investment strategy

Market pricing remains more aggressive, with the cash rate priced to peak at around 4.00% in H2 2023. As has been the case for several months, domestic markets continue to price the cyclical peak in the cash rate as the new normal, with forward rates projecting around a 4% cash rate for the next decade. During the spike in yields mid-October, this rate rose to 4.5%, making the mid-to-longer part of the yield curve attractive. While some of the value we saw then has been released, this type of volatility is a source of value for investors with a longer-term focus. We continue to remain active in interest rate management, taking advantage of overshoots to add duration and having the discipline to ease positions when yields fall.

Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 31 October 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.