

CASH FUND – INSTITUTIONAL

As at December 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

\$483.5 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

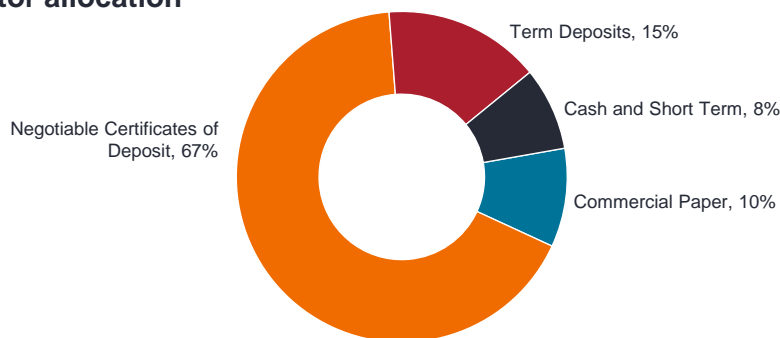
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.27	0.83	1.33	1.32	0.63	1.18	1.91	2.82
Fund (net)	0.26	0.80	1.28	1.21	0.51	1.02	1.72	2.63
Benchmark	0.25	0.74	1.17	1.25	0.55	1.01	1.67	2.55
Excess return*	0.01	0.06	0.11	-0.04	-0.04	0.01	0.05	0.08

*Excess return is measured against net performance.

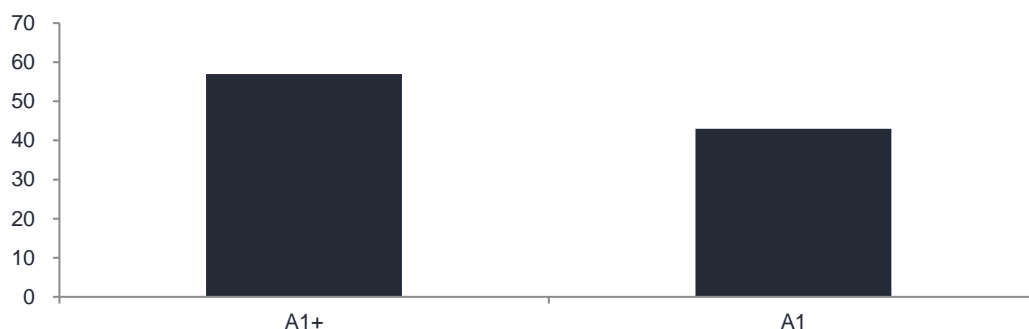
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	3.25
Benchmark EWAYTM	3.12
Running yield	3.25
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	0.12
Active Position	0.04

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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) and 0.27% (gross). The Fund outperformed the Bloomberg AusBond Bank Bill Index (Benchmark) by 0.02% (net) in December, which returned 0.25% on the month.

The Fund benefitted from its allocation to major bank term deposits, notice period accounts and securities issued by regional banks which are earning a margin over bank bill swap rates. The Fund's interest rate strategy weighed negatively on the Fund's performance relative to its Benchmark as money market yields rose.

Market review

The decision by the Bank of Japan (BOJ) to lift its 10-year government bond yield curve control target from 0.25% to 0.5% roiled global bond markets. Australian government bond yields initially moved lower on signs that growth was slowing, before rapidly rising following the BOJ move. Flaring volatility saw risk appetite wane, with equity markets weaker and credit markets mixed.

The Reserve Bank of Australia (RBA) lifted the cash rate by a widely expected 0.25% increment in early December, taking the cash rate to 3.1%. While noting monetary policy was not on a pre-set path, the RBA signalled that further tightening was likely over the period ahead, with the interval and size of moves to be guided by incoming data and the RBA's assessment of the labour market and inflation outlook. Volatility returned to the short-term money market as markets reassessed the outlook for monetary policy. Three- and six-month bank bill yields lifted by 17.5bps and 20.5bps to end the month at 3.26% and 3.77%. In terms of the tightening cycle, markets are looking for the cash rate to peak close to 4.0% in late 2023.

Market outlook

The move by the BOJ threw a curve ball at markets and resulted in higher yields at the longer end of the curve. The rally in yields across the yield curve in early December proved to be premature given the hawkish stance of central banks and no signs of a definitive softening in labour markets or gap down in inflation. However, the rally was a harbinger of what to expect once markets look through the final phase of the tightening cycle.

Our base case has the RBA tightening by 0.25% in February and then pausing before delivering a late tightening cycle 0.25% "inflation insurance" move in May. This would take the cash rate to a moderately restrictive 3.6%, making the current tightening cycle the largest and fastest in the monetary policy inflation targeting era.

While we do not see the conditions in place for monetary easing in 2023, the window opens for the RBA to take its foot off the monetary brakes over 2024 provided core inflation eases in response to a period of sub trend growth. After pricing in a cash rate peak closer to our profile in early December, market pricing has pivoted back to a 4% cash rate peak later in 2023 and 4.4% long-run cash rate (using the eight-year rate two-years forward as a proxy). In our view such a cash rate is more in line with a cyclical peak rather than the 'new' long-run normal cash rate. Accordingly, we see the recent lift in yields as beginning to restore value.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Jan23.

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(continued)

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Investment strategy

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.

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.