

# CASH FUND – INSTITUTIONAL

## As at January 2023

### 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

\$499.1 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

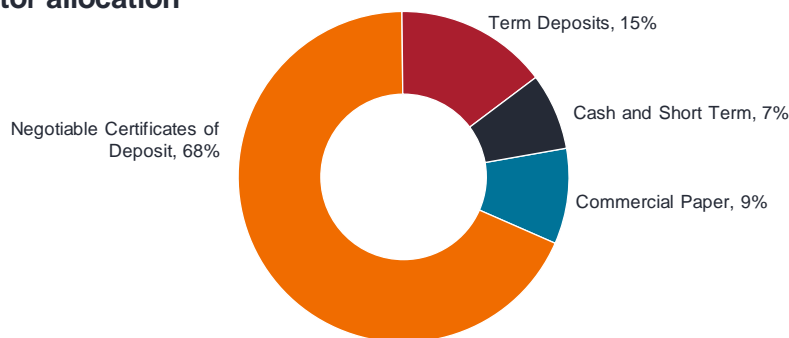
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.28	0.84	1.42	1.58	0.69	1.20	1.91	2.83
Fund (net)	0.27	0.82	1.37	1.48	0.57	1.04	1.72	2.63
Benchmark	0.27	0.77	1.31	1.52	0.61	1.03	1.67	2.55
Excess return*	0.00	0.05	0.06	-0.04	-0.04	0.01	0.05	0.08

\*Excess return is measured against net performance.

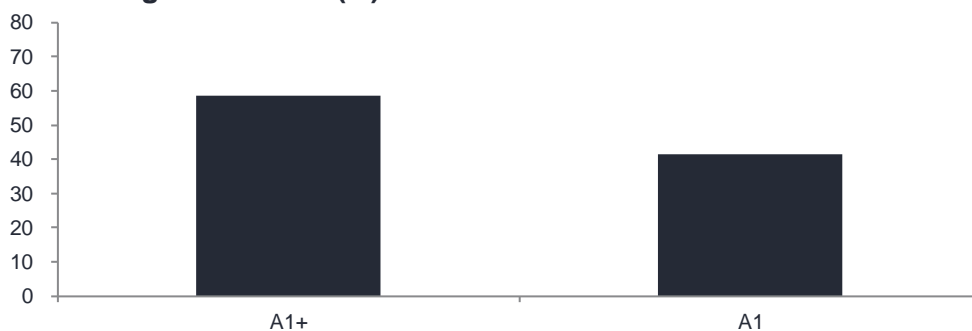
Past performance is not a reliable indicator of future performance.

### Sector allocation



Rounding accounts for small +/- from 100%.

### Credit rating distribution (%)



### Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) <sup>1</sup>	3.28
Benchmark EWAYTM	3.24
Running yield	2.98
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	0.13
Benchmark	0.13
Active Position	0.00

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(continued)



**Head of Australian  
Fixed Interest**  
Jay Sivapalan

## Fund performance

The Janus Henderson Cash Fund - Institutional (Fund) returned 0.27% (net) and 0.28% (gross). 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

Signs of slowing growth led markets to factor in a slowing in the pace of monetary tightening, particularly in the United States. Domestic yields fell across the yield curve, even after a late month lift on a high December quarter inflation result. Risk appetite improved, with both equity and credit markets performing strongly.

Short-term money markets remained volatile as monetary tightening expectations shifted on data flows. The higher-than-expected inflation readings saw three-month bank bill yields end the month 11bps higher at 3.37% as tightening was brought forward. Six-month bank bill yields ended 4bps lower at 3.72%. In terms of the tightening cycle, markets are looking for the cash rate to peak around 3.75% mid-year.

## Market outlook

The Reserve Bank of Australia's (RBA) shift from the 'heavy lifting' to 'finesse' stage of the monetary tightening cycle wasn't made any easier by the breadth of inflation in the latest CPI release. The reason for finesse this year is that on the one hand, higher frequency activity-based data pointed to slowing growth towards the end of last year. To the extent that excess demand was behind inflation, a deceleration in growth suggests that the contribution to price pressures from this source will decline over the year ahead. Indeed, we look for economic growth to slow from 2.6% over 2022 to 1.4% for 2023. Our base case remains for a slowdown rather than a recession.

On the other hand, the breadth of inflation will be a source of concern for the RBA. While slowing demand and improving supply chains point to moderating inflation over the period ahead, direct and indirect pass through of higher gas prices and building wage pressures will act to limit the pace of deflation. Not responding to these price dynamics when policy settings are mildly restrictive would be a policy mistake.

Our base case cash rate view remains unchanged and has the RBA lifting the cash rate by 0.25% in February and then pausing to monitor the path of demand. Provided demand responds to earlier tightening, we look for a late tightening cycle 0.25% "inflation insurance" move in May. This would take the cash rate to a moderately restrictive 3.60%, making the current tightening cycle the largest and fastest in the monetary policy inflation targeting era.

The value we saw building up in the sharp lift in government bond yields over late December was released as yields fell over January. While we currently see yields as fairly valued, we would regard periods of higher yields, as we enter into the maturing phase of the current tightening cycle, as potential opportunities to add duration.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit [go.janushenderson.com/Viewpoint-Feb23](https://go.janushenderson.com/Viewpoint-Feb23).

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

### Investment strategy

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 deposits** – 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 to these deposits.

### 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.