

CASH FUND - INSTITUTIONAL

As at July 2021

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

Low

Suggested timeframe

1 year

Inception date

31 July 2008

Fund size

\$563.4 million

Minimum investment

\$100,000

Management cost (%)

0.10 p.a.

Buy/sell spread (%)

0.00/0.00

Distribution frequency

Monthly

ARSN code

127 731 006

APIR code

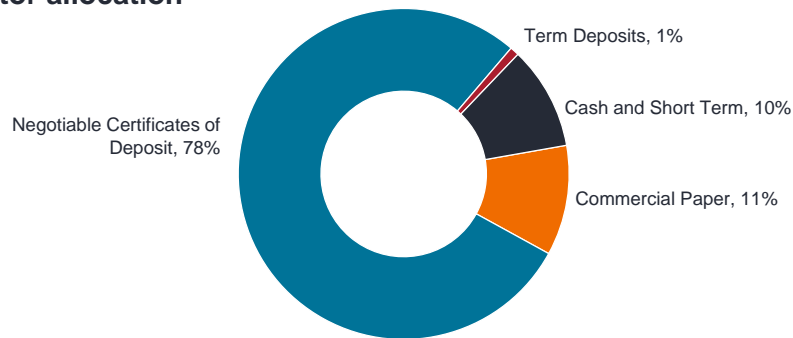
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.01	0.03	0.06	0.16	1.09	1.48	2.42	3.03
Fund (net)	0.00	0.00	-0.01	0.01	0.92	1.29	2.22	2.82
Benchmark	0.00	0.01	0.01	0.05	0.89	1.26	2.15	2.73
Excess return*	0.00	-0.01	-0.02	-0.04	0.03	0.03	0.07	0.09

*Excess return is measured against net performance.

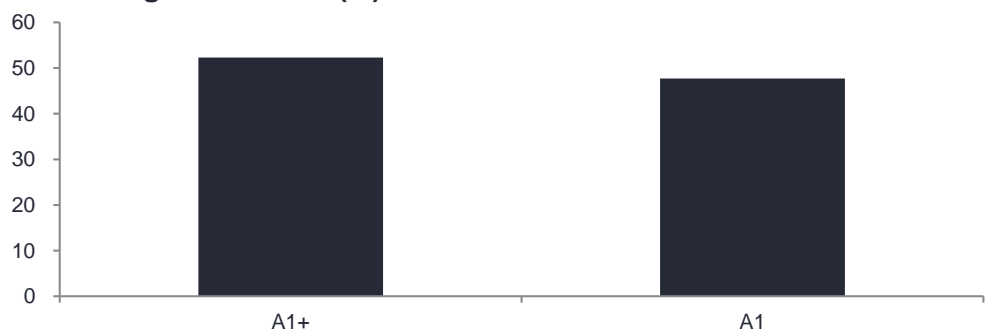
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	0.07
Benchmark EWAYTM	0.03

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)



**Head of Australian
Fixed Interest**
Jay Sivapalan

Fund performance

After the July Reserve Bank of Australia (RBA) meeting at which they announced a tapering in their monthly bond purchase programme, a period of rolling state lockdowns ensued. Markets began to push back both the start date of the next tightening cycle and the amount of likely tightening. As such short-term money market rates remained very low, three-month bank bills ended the month 1 basis point (bp) lower at 2bps, while six-month bank bills ended 1.5bps lower at 5bps.

The Janus Henderson Cash Fund – Institutional (Fund) returned 0.01% (gross), outperforming the Bloomberg AusBond Bank Bill Index (Benchmark) which was flat for the month.

The key factors driving excess returns have been the Fund's allocation to non-major banks and commercial paper issued by high quality corporates. These have been offering attractive margins over bank bill swap rates.

Market review

- A downward revision to the growth outlook following 'Delta' strain outbreaks led to sharp falls in domestic yields and a flattening in the yield curve.
- Renewed lockdowns weighed on investor sentiment in credit markets, which had been buoyed by the rebound in growth and an improving outlook for corporate earnings.
- Partial demand indicators suggest that the economy had considerable momentum before hitting the latest air pocket caused by rolling lockdowns.
- Short-term money market rates remained very low given the 0.10% official cash rate and the deterioration in the near-term growth outlook.

Market outlook

- Rolling 'Delta' lockdowns mean that the economy will hit a significant air pocket. With the Sydney outbreak proving more persistent, we look for the economy to contract by between 1%-1.5% over the September quarter. We still look for the economy to grow by around 3.75%-4% over 2021 (this was 4.75% pre lockdowns).
- For 2022, we expect the economy to grow by around 3.5% and for the unemployment rate to fall to around 4.5%.
- The near-term outlook has worsened, and we expect that deterioration to be acknowledged at the upcoming August RBA Board meeting via dovish signalling and a less urgent wind-down of quantitative policies. Our base case still has the first tightening in a cycle that takes monetary conditions from accommodative to neutral starting in H1 2024.
- At the longer end of the curve, the fall in the 10-year government bond to 1.17% has taken them to outright expensive levels in our view and vulnerable to a lift in growth and inflation expectations as vaccination rates progress.
- Spread sectors are likely to remain well-supported, with corporates in particular, benefiting from the tail winds of a cyclical recovery and persistent accommodative policy settings.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Aug21

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(continued)

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:

Interest rates:

Neutral duration – Given current market expectations and RBA forward guidance, we expect money market yields to remain at current levels for the foreseeable future. Given this, we are comfortable allowing the Fund's duration to remain in line with the Benchmark.

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.

Term Deposit – Availability of institutional term deposits remains relatively limited as excess liquidity in funding markets continues to limit bank appetite funding. With the ending of the Term Funding Facility (TFF) offered by the RBA, we are expecting banks to return to the market for funding in coming months. When they finally return to the market for funding, we will take advantage accordingly as we recently did with the new green term deposit.

Important information

A new Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2020 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. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.