

CASH FUND - INSTITUTIONAL

As at August 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

\$557.3 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

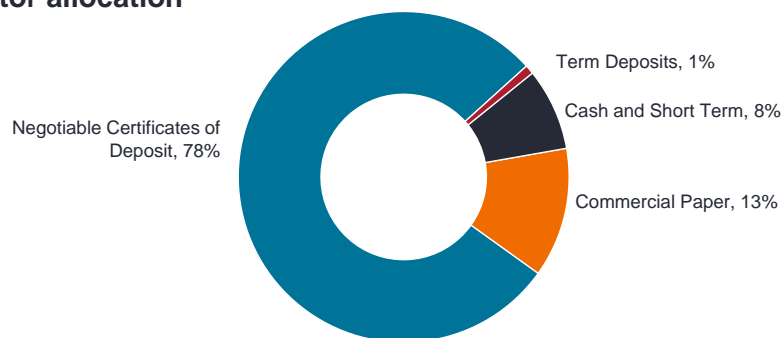
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
Fund (gross)	0.01	0.03	0.06	0.15	1.03	1.45	2.39	3.01
Fund (net)	0.00	0.00	0.00	0.00	0.86	1.26	2.18	2.80
Benchmark	0.00	0.01	0.02	0.04	0.84	1.22	2.11	2.71
Excess return*	0.00	-0.01	-0.02	-0.04	0.02	0.04	0.07	0.09

*Excess return is measured against net performance.

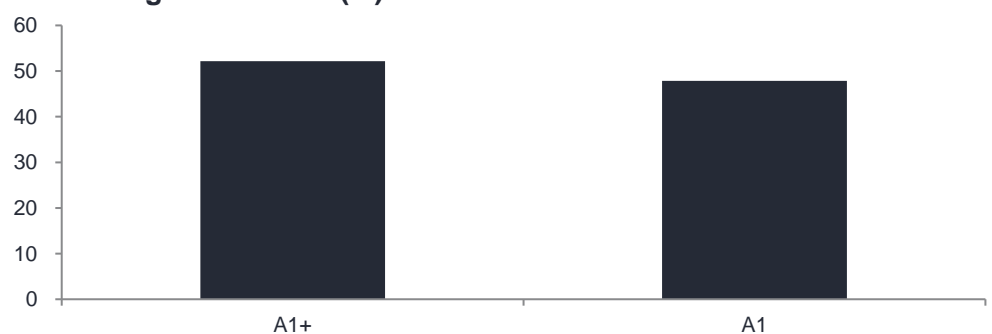
Past performance is not a reliable indicator of future performance.

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	0.02

¹Estimated Weighted Average Yield to Maturity is a measure of the average annual yield of all securities in the Fund.

Modified duration	Years
Fund	0.14
Benchmark	0.13
Active Position	0.01

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(continued)



**Head of Australian
Fixed Interest**
Jay Sivapalan

Fund performance

Money market yields were relatively steady to slightly lower as the Reserve Bank of Australia (RBA) reiterated its commitment to keeping funding costs low until the labour market and inflation outlook improved. Further to the RBA keeping rates low, excess bank funding post RBA Term Funding Facility (TFF) drawdowns has resulted in banks not aggressively competing for deposits. As a result, the three-month bank bill swap rate (BBSW3M) ended the month 1 basis point (bp) lower at 0.01%, and the six-month bank bill rate ended 2bps lower at 0.03%.

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

- Markets and central bankers shifted into a more cautious mode while awaiting more clarity on the tussle between the growth-dampening Delta COVID-19 variant and rising vaccination rates. Economic releases painted a picture of an economy losing momentum from mid-year following a period of rolling lockdowns and extended lockdowns in NSW and Victoria.
- While labour market outcomes were better than expected in July, with an unexpected small gain in employment and fall in the unemployment rate to 4.6%, large falls in weekly payroll data point to a sharp fall in hours worked and weaker labour market outcomes over the months ahead.
- Inflation expectations edged lower despite stressed supply chains. Yields edged marginally lower after some intra-month volatility, more so at the longer end of the government yield curve.
- While a strong earnings season provided fundamental support to credit markets, a clear theme from Management teams was an increasing focus on shareholder-friendly activity, including record dividends and buy-backs.

Market outlook

- The economy will contract sharply in the September quarter, with both NSW and Victoria locked down and the fall in the level of activity occurring then. As vaccination rates rise to 70-80% during the middle of the December quarter and restrictions begin to ease, activity will rebound quickly as the economy makes up for lost time.
- Faced with increasing uncertainty about the near-term outlook, we expect the RBA to be 'data', not 'date' driven. Our base case still has the first tightening in a cycle that takes monetary conditions from accommodative to neutral starting in H1 2024.
- We see the balance of risks tilted towards yield curve steepening over time as growth and inflation expectations are revised up as vaccination rates lift.
- 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.
- We remain attracted to semi-government securities in the current low yield environment, particularly those issued by NSW.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Sept21

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(continued)

Given current market expectations and RBA forward guidance, we expect money market yields to remain at current levels for the foreseeable future.

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 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.