# First Sentier Cash Fund

First Sentier Investors

Monthly Factsheet

31 March 2026

**For Institutional use only**

## Investment Strategy

The Fund is designed for investors who are looking for a regular income stream from investments in money market securities with a low risk of capital loss. Fund's investment strategy is to invest directly or indirectly in money market securities (including asset-backed securities), with predominately short maturities, with the aim of achieving a stable income stream. The Fund invests in assets that offer value-for-risk by taking into account economic analysis and market trends. Derivatives may be used for risk management.

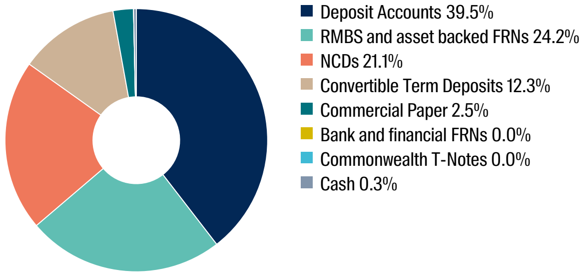
## Investment Objective

To provide a regular income stream from investments in money market securities with a low risk of capital loss. The Fund aims to outperform the returns of Australian money markets over rolling three-year periods as measured by the Bloomberg AusBond Bank Bill Index before fees and taxes.

### Product details

| | |
|---|---|
| APIR code | PIM3425AU |
| Share class inception date | 10 June 2020 |
| Fund size (A$ million) | 708 |
| Benchmark | Bloomberg AusBond Bank Bill Index |
| Fund manager | Tony Togher |
| Minimum investment (A$) | 20,000 |
| Running yield | 4.90% |
| Running yield Index | 4.16% |
| Duration (Days) | 45 |
| Duration (Days) Index | 49 |
| Credit Duration (Years) | 0.63 |
| Credit Duration Index (Years) | 0.13 |

### Fund composition




### Performance summary (% before fees and expenses)

| Period | 1 mth | 3 mth | 6 mth | 1 yr | 3 yr | 5 yr | Incep. |
|---|---|---|---|---|---|---|---|
| Fund return | 0.31 | 0.99 | 2.05 | 4.44 | 4.84 | 3.41 | 3.05 |
| Benchmark return | 0.32 | 0.91 | 1.82 | 3.80 | 4.15 | 2.89 | 2.49 |
| Excess return | -0.01 | 0.08 | 0.23 | 0.64 | 0.69 | 0.52 | 0.56 |

Past performance is not a reliable indicator of future performance.

### Interest rate reset breakdown %

| Grade | Weight |
|---|---|
| 0 - 30 days | 67.08 |
| 31 - 90 days | 13.40 |
| 91 - 180 days | 19.51 |
| 181 - 364 days | 0.00 |

Data source: First Sentier Investors 2026
Data as at: 31 March 2026

**Performance Review**

The fund rose in value by 0.31% over the month, a return that was 0.01% behind the Bloomberg AusBond Bank Bill Index benchmark. The Fund's rolling twelve month return to the end of March 2026 is 4.44%, which is 0.64% ahead of the benchmark.

**Fund Review**

No changes were made to the Fund's investment strategy or overall portfolio positioning during March. The Fund continues to seek investments offering yields above bank bill swap rates, focusing on areas of the yield curve that present the best value for risk.

The portfolio remains diversified across Deposits, Negotiable Certificates of Deposit (NCDs), Promissory Notes and high-quality Residential Mortgage Backed Securities (RMBS). All holdings are AUD-denominated, highly rated, and selected with a strong emphasis on capital preservation and credit quality, supported by both external ratings and internal credit analysis.

**Market Review**

**Australia**

Short-dated yields moved higher again through March as the Reserve Bank delivered a second consecutive rate increase and signalled heightened uncertainty around the inflation outlook amid escalating geopolitical risks. Over the month, three-month bank bill rates rose 32bps to 4.31%, while six-month yields increased 46bps to 4.78%.

At its March meeting, the RBA lifted the cash rate by a further 25bps to 4.10%. The decision was narrowly split, with a 5–4 majority in favour of tightening. The Board judged that ongoing labour market tightness, capacity constraints and sharply higher fuel prices linked to the Iran conflict were likely to keep inflation above target with risks tilted to the upside. The RBA also cautioned that a prolonged conflict posed material risks to both inflation and growth expectations, noting that it was not possible to predict the future cash rate path with confidence.

In the minutes, the RBA shared a simple estimate suggesting that if oil prices were to remain around US$100 per barrel, the direct impact via petrol prices alone could lift headline CPI to around 5% year on year in the June quarter. This would place inflation well above the RBA's 2–3% target band and reinforces concerns that inflationary pressures may become more persistent if energy costs remain elevated.

Labour market conditions remain tight. February labour force data showed the participation rate edging higher to 66.9%, with the unemployment rate rising modestly to 4.3%. Employment increased by 49,000 over the month. While month-to-month volatility persists, the underlying picture continues to point to a labour market operating on a firm footing, reinforcing the RBA's assessment that capacity pressures remain evident across the economy.

Market pricing adjusted in response to the March decision and the more pronounced inflation risks. By month-end, markets were pricing two additional rate hikes by September 2026, implying a total of four increases over the calendar year. Elevated uncertainty around the global energy outlook has increased volatility across rates markets, particularly at the front end of the curve.

The March rate hike is consistent with our long-held view that Australia's strong labour market and elevated asset prices are inconsistent with sustainably low and stable inflation. While the Iran conflict presents a clear upside risk to inflation, it also has the potential to dampen consumer demand if higher energy prices persist. We continue to expect interest rates to trend higher over time, albeit with greater uncertainty around the timing and extent of further tightening as the RBA balances inflation risks against emerging growth headwinds.

**Global**

**United States**

The Federal Reserve held policy steady, maintaining its assessment that economic growth remains solid and inflation is still somewhat elevated. Commentary on the labour market was softened slightly, noting limited changes in recent months. The Fed highlighted increased uncertainty around the economic implications of developments in the Middle East and reiterated that the extent and timing of any further policy adjustments will remain data dependent.

Economic data were mixed. February nonfarm payrolls declined by 92,000 jobs, well below expectations, while the unemployment rate edged up to 4.4%. Before the full March energy shock took hold, the Fed's preferred Core Personal Consumption Expenditures (PCE) inflation index stood at 3.1% YoY through January, while headline CPI remained elevated at 2.4% YoY to February 2026.

Interest rate expectations shifted meaningfully. Markets moved from pricing around 60bps of rate cuts in 2026 at the end of February to pricing only a small probability of one cut by year-end. Treasury yields rose sharply, with the 2-year yield ending the month nearly 42bps higher at 3.80%, and the 10-year yield up 38bps to 4.32%. US equities declined across the board, with the S&P 500 down 5.1%, the NASDAQ down 4.8% and the Dow Jones down 5.4%. The US dollar (DXY) strengthened 2.4% over the month, supported by higher short-term rate expectations.

**Europe**

European markets also faced significant pressure in March as rising energy prices and higher bond yields weighed on sentiment. The ECB held rates steady but adopted a more cautious tone, indicating that future policy decisions would depend on the duration of the Middle East conflict, the intensity of the supply shock and the scale of second-round inflation effects. Markets began to price two 25bp rate hikes in 2026, reversing prior expectations for policy easing.

Eurozone inflation surprised to the upside, with February CPI rising 0.7% MoM and 1.9% YoY, while unemployment ticked slightly higher to 6.1%. European equities declined materially, with the STOXX 600 down 8.0% over the month, led lower by interest-sensitive sectors such as real estate and autos.

**United Kingdom**

UK markets repriced sharply as the Bank of England delivered unexpectedly hawkish messaging despite holding rates steady at 3.75%. The Monetary Policy Committee vote was unanimous, with members actively discussing the possibility of future rate hikes. This marked a significant shift from earlier in the year, when markets had been pricing additional easing. By month-end, investors were pricing two rate hikes before year-end, contributing to higher gilt yields and equity market weakness. The FTSE 100 declined 6.7% in March.

**Japan**

Asian markets were among the weakest global performers during March, with Japan materially underperforming amid rising global yields, higher energy costs and risk-off sentiment. Japanese equities declined sharply, reversing earlier year-to-date gains, as expectations for tighter global financial conditions and slower external demand weighed on export-oriented sectors. While the longer-term narrative around gradual policy normalisation and structural reform remains intact, near-term sentiment deteriorated in response to global macro and geopolitical headwinds.

Any apparent discrepancies in the numbers are due to rounding. Performance returns are calculated gross of management fees and net of transaction costs. Performance returns for periods greater than one year are annualised.

www.firstsentierinvestors.com.au

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