

Mutual High Yield Fund (MHYF)

Fund Report | 28 February 2025



Mutual Limited

Performance

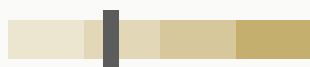
	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	2.48	5.42	11.01	8.27	6.48	6.26
AusBond Bank Bill Index	1.10	2.21	4.48	3.44	2.10	1.97
Relative Performance	1.38	3.21	6.53	4.83	4.38	4.29

*Returns greater than 1 year are per annum

Gross Running Yield

8.45%

Risk Profile



Low-Medium

Key Facts

Fund Objective

To source and actively manage a portfolio of fixed interest credit assets with a core focus on structured credit. Targeted portfolio construction is to hold assets with a shorter credit duration to limit capital movements during periods of market volatility.

Benchmark Index

AusBond Bank Bill Index

Inception Date

February 2019

APIR/ISIN

PRM8798AU/AU60PRM87985

Distribution

Quarterly

Buy/Sell Spread

Nil / 0.25%

Minimum Investment

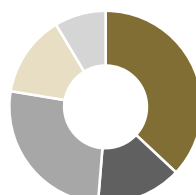
\$20,000 (\$1 via IDPS)

Ratings

Zenith Approved

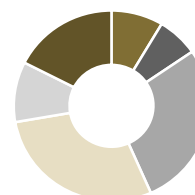
Lonsec Recommended

Portfolio Allocation



- RMBS
- ABS
- Financial
- Corporate
- Cash and Short Term

Rating Exposure



- AA
- A
- BBB
- BB
- B
- Unrated

Monthly Commentary

MHYF returned 0.76% (net) in February. The 6 month net return was 5.42% and the 12 month net return was 11.01% at the end of February. Over the past 12 months the fund has returned 6.53% above the Ausbond Bank Bill Index, versus a target of 4.50%.

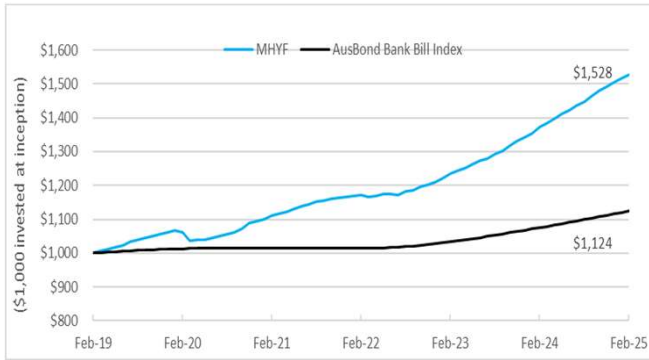
The RBA met market expectation in February and cut the cash rate by -0.25bps. It was widely considered a hawkish cut, with the RBA Governor urging caution around future rate cut expectations. With the first cut now out of the way, market economists and trading desks quickly turned their attention to when the next cut will come, and how many will there be in this cycle. On the latter question, consensus is for 3 cuts in 2025. Some voices are looking for back to back cuts, with the next meeting outcome to be announced on 1 April. This will be the first decision under the new rate setting board and also likely in the middle of the Federal election campaign, so we think highly improbable.

Structured credit markets are now well and truly up and running for 2025 with deal after deal being mandated. Pricing has tightened again since the levels seen at the end of 2024, with ORDE Financial pricing their second public non-conforming deal at +117bps for the senior AAA tranche versus Think Tank pricing at +125bps in November. It is a similar theme in the lower rated mezzanine notes, with pricing of BB and B notes -20bps tighter since the end of 2024. Demand is again the theme, with coverage ratios on these notes >5 times covered.

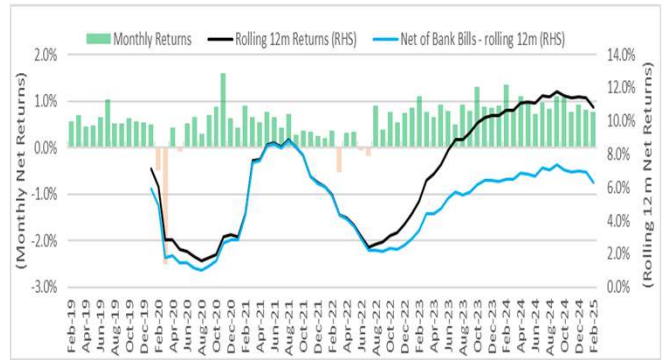
In terms of credit performance in RMBS, there was a slight spike in the latest arrears data, with non-conforming arrears up +0.26% to 3.24% from 2.98% previously. Prime arrears were also up, albeit slightly, to 0.82% from 0.77%. We do observe a seasonal spike in January's arrears, so at this stage there is no reason for any concern.

Credit spreads feel tight at current levels, however against an uncertain macro backdrop with geopolitical risks rising and the threat of a full scale trade war, demand remains at record levels and only growing. With this demand dynamic in place, we expect the fund to continue to perform.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	8.45%
Yield to Maturity	7.84%
Financial	35%
Structured	51%
Corporate	14%
Interest Duration	0.06 years
Credit Duration	2.42
Fund size	\$188.55m

Why Mutual?



Trusted Expertise

Highly experienced Australian investment manager specialising in cash, credit, and fixed income investments.



Capital Stability with Regular Income

Our defensive investment approach prioritises capital preservation and steady returns.



Daily Liquidity and Low Fees

Benefit from the accessibility of daily liquidity across all our Funds, along with a cost-effective fee structure.

Platform Availability

BT Panorama, Centric, Hub24, Insignia, Mason Stevens, Netwealth, Powerwrap, Praemium



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