

Mutual Income Fund (MIF)

Fund Report | 28 February 2025



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.52	3.04	6.26	4.67	3.17	2.92
AusBond Bank Bill Index	1.10	2.21	4.48	3.44	2.10	2.09
Relative Performance	0.42	0.83	1.78	1.23	1.07	0.83

*Returns greater than 1 year are per annum

Gross Running Yield

5.61%

Risk Profile



Low-Medium

Key Facts

Fund Objective

To provide investors a high level of capital preservation and to outperform the Bloomberg AusBond Bank Bill Index, generating net returns to investors in excess of cash alternatives.

Benchmark Index

AusBond Bank Bill Index

Inception Date

April 2013

APIR/ISIN

PRM0015AU/AU60PRM00152

Distribution

Quarterly

Buy/Sell Spread

Nil / Nil

Minimum Investment

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

Min. Allocation to Big 4 Banks

60%

Ratings

Zenith Recommended

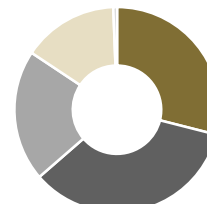
Lonsec Recommended

Portfolio Allocation



- Major Bank Subordinated
- Major Bank Senior Debt
- Regional Bank Subordinated
- Mutual Bank Senior
- Cash and Short Term
- Regional Bank Senior

Rating Exposure



- AA-
- A-
- BBB+
- BBB
- BBB-

Monthly Commentary

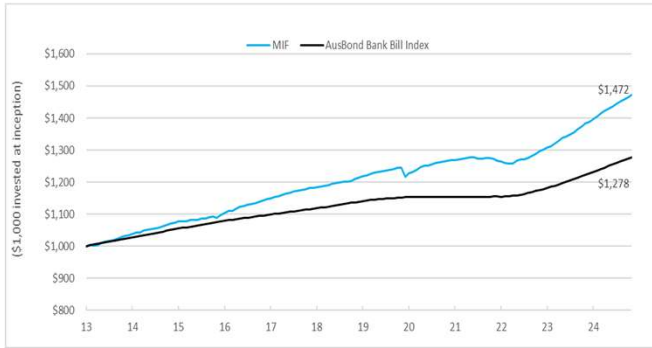
MIF returned 0.53% (net) in February. The 6 month net return was 3.04% and the 12 month net return was 6.26% at the end of February. Over the past 12 months the fund has returned 1.78% above the Ausbond Bank Bill Index, versus a target of 1.20%.

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.

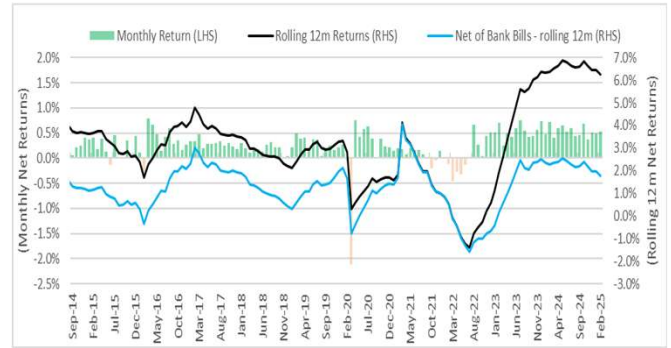
Primary activity again dominated our focus. ANZ issued a 3Y and 5Y senior line early in the month, with \$2.4bn of the shorter line at +68 bps and \$1.9bn of the 5Y at +81 bps, which was 5 bps inside guided levels and 3 bps inside the prior major bank senior line. Both lines priced inside long run averages, but not at historical lows. In the tier 2 space, WBC priced a vanilla 10NC5 (\$1.25bn) at +152 bps vs +160 bps guidance – their third in 12-months. By month end the line was quoted around +143 bps.

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. The theme continues to be Asian buying of Australian dollar credit, which is showing no signs of slowing down. With this demand dynamic in place, we expect the fund to continue to perform.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	5.61%
Yield to Maturity	5.27%
Senior ADI Risk	44%
Subordinated ADI Risk	56%
Interest Duration	0.13 years
Credit Duration	2.32
Investment Grade	100%
Minimum allocation to Big 4 banks	60%
Fund size	\$683.01m

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

AMP, Asgard, BT Panorama, Centric, CFS, Hub24, Macquarie, Mason Stevens, Netwealth, Powerwrap, Praemium



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