

Mutual High Yield Fund (MHYF)

Fund Report | 31 December 2024



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	2.77	5.71	11.86	8.00	6.22	6.22
AusBond Bank Bill Index	1.12	2.24	4.47	3.19	1.98	1.90
Relative Performance	1.65	3.47	7.39	4.81	4.24	4.32

*Returns greater than 1 year are per annum

Gross Running Yield

9.03%

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

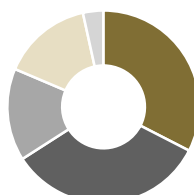
\$20,000 (\$1 via IDPS)

Ratings

Zenith Approved

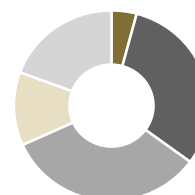
Lonsec Recommended

Portfolio Allocation



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

Rating Exposure



- AA
- BBB
- BB
- B
- Unrated

Monthly Commentary

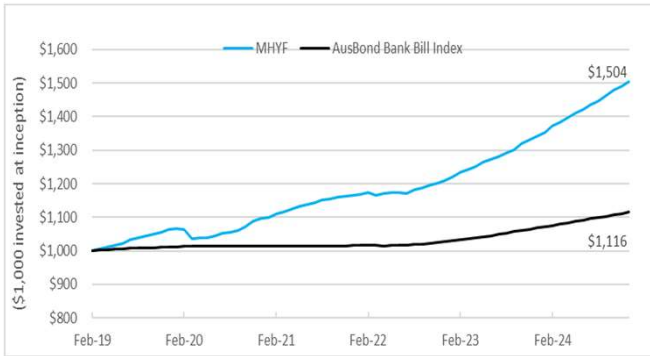
MHYF returned 0.92% (net) in December. The 6 month net return was 5.71% and the 12 month net return was 11.86% at the end of December. Over the past 12 months the fund has returned 7.39% above the Ausbond Bank Bill Index, versus a target of 4.50%.

The December narrative contained a mix of caution (looming trade wars, Fed & RBA uncertainty) and optimism (US growth policies). In the end, caution generally prevailed given gains already in the tin for stocks with investors taking some risk off the table into year end. In local data, the Australian economy almost stalled in Q3, with GDP printing at +0.3%, a modest +0.1% improvement on Q2. The annual figure slipped to +0.8% YoY, the lowest annual run rate since the early 1990's. The unemployment rate slipped to 3.9% vs 4.1% previously and consensus expectations of 4.2%.

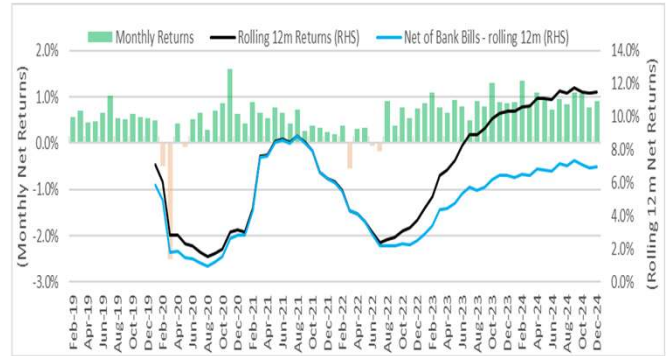
The next RBA meeting is February 17th, with consensus for the board to leave rates unchanged. The market has assigned some probability to a cut, however we will need to wait for Q4 CPI data due at the end of January. While the expectation is for the headline number to print within the RBAs target range of 2 – 3%, the data is flattered by government energy rebates. We maintain a view for no change in policy until the second half of the year.

The usual break in structured credit new issuance is expected in January, although we do expect the first deals to hit screens before the traditional Australia Day starting line. It was a similar break with tradition in December, with new deals pricing well into the month. Demand is expected to remain strong across both RMBS and ABS, and issuance is expected to grow again on the record in 2024. Against this backdrop we expect 2025 to pick up on where we finished 2024, which will support fund returns.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	9.03%
Yield to Maturity	8.33%
Financial	23%
Structured	58%
Corporate	19%
Interest Duration	0.08 years
Credit Duration	2.51 years
Fund size	\$154.26m

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



Signatory of:



M Mutual Limited

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