

# Mutual Credit Fund (MCF)

Fund Report | 31 July 2025



Mutual Limited

## Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
<b>Fund Net Return</b>	2.23	2.91	6.65	7.16	4.71	4.47
<b>AusBond Bank Bill Index</b>	0.97	2.02	4.31	3.94	2.40	2.24
<b>Relative Performance</b>	<b>1.26</b>	<b>0.89</b>	<b>2.34</b>	<b>3.22</b>	<b>2.31</b>	<b>2.23</b>

\*Returns greater than 1 year are per annum

## Gross Running Yield

**6.39%**

## Risk Profile



Low-Medium

## Key Facts

### Fund Objective

To source and actively manage a portfolio of fixed interest credit assets across APRA regulated institutions, corporate and structured assets. Targeted portfolio construction is to hold assets with a shorter credit duration to ameliorate periods when risk assets sell-off.

### Benchmark Index

AusBond Bank Bill Index

### Inception Date

February 2020

### APIR/ISIN

PRM8256AU/AU60PRM82564

### Distribution

Quarterly

### Buy/Sell Spread

Nil / Nil

### Minimum Investment

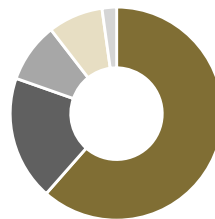
\$20,000 (\$1 via IDPS)

### Ratings

Zenith Recommended

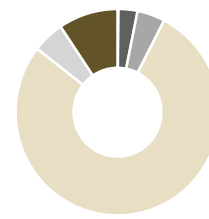
Lonsec Recommended

## Portfolio Allocation



- APRA Regulated
- RMBS
- Corporate
- ABS
- Cash and Short Term

## Rating Exposure



- AAA
- AA
- A
- BBB
- BB
- Unrated

## Monthly Commentary

MCF returned 0.93% (net) in July. The 6 month net return was 2.91% and the 12 month net return was 6.65% at the end of July. Over the past 12 months the fund has returned 2.34% above the Ausbond Bank Bill Index, against a fund target of 2.20%.

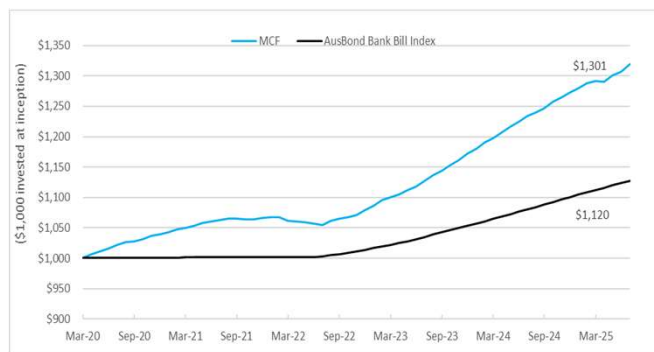
Against all odds and expectations, at the July meeting the RBA left the cash rate unchanged at 3.85%. Markets were pricing a near 100% probability of a cut, with the broad consensus community in agreement. The decision to hold was not unanimous, with three of nine board members voting for a cut. The board expressed a desire for more data before they cut again.

Following both labour data and CPI, markets are now pricing (again) a near 100% probability of a rate cut at the August RBA meeting. We are holding onto the view of just one more rate cut in this cycle post August. However, eyes are on the global economic backdrop, in particular the flow of tariffs in the US onto consumers. Market consensus currently has one additional rate cut baked in, taking the RBA cash rate down to 3.10%.

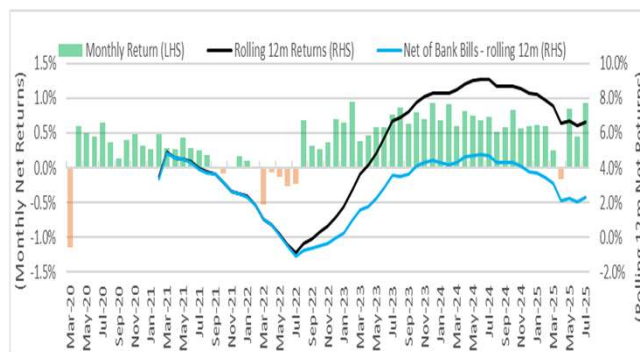
In credit, Tier 2 led the returns in what was a record month for the fund. A strong rally in credit spreads has sent 10NC5 Tier 2 to the tightest levels in over three years. The move was a function of ongoing demand as funds continue to flow into fixed income, and a benign issuance period. NAB finally took advantage of the market strength with a 15NC10 year fixed trade on 22 July. With the banks very well advanced on the APRA requirements for Tier 2 capital, we don't expect heavy issuance of Tier 2 for the remainder of this year.

Deal flow returned to structured credit in July, with the market responding strongly to the recent lack of supply. Coverage ratios for the La Trobe and Think Tank trades were strong across the capital stack, allowing both deals to revisit the pre Liberation day low in spreads. It will be a close watch from here, with the middle section of deals in terms of the spreads already starting to show some investor fatigue. A gradual improvement in underlying credit performance, as seen in the latest arrears figures, will support overall performance of the asset class.

## Performance Comparison



## Monthly Net Return



## Portfolio Statistics

Running Yield	6.39%
Yield to Maturity	5.78%
APRA	64%
Structured	27%
Corporate	9%
Interest Duration	0.09 years
Credit Duration	2.39 years
Investment Grade	86%
Fund size	\$740.12m

## 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

Asgard, BT Panorama, Centric, CFS, Hub24, Netwealth, Powerwrap



Signatory of:



**M Mutual Limited**

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