



Mutual Limited

Security with Performance

Investment Update - July 2024

MCTDF - Mutual Cash

All figures as at 31 July 2024

Fund Performance

	3 months %	6 months %	12 months %	3 years % p.a.	5 years % p.a.	Since Inception % p.a.
MCTDF (pre-fees)	1.25	2.47	4.88	2.99	2.14	2.67
MCTDF (post-fees)	1.19	2.34	4.63	2.74	1.89	2.38
Bloomberg AusBond Bank Bill Index	1.10	2.18	4.37	2.56	1.69	2.22
Relative Performance (Net)	0.09	0.16	0.26	0.18	0.20	0.16

Investment Objective and Investment Strategy

Mutual's objective is to source and actively manage a portfolio of the best term deposits offered by the Big 4 major Australian banks with small cash and NCD holdings to provide Fund liquidity. The Fund capitalises on the competition between the Big 4 banks for deposits, targeting capital security for investors and net returns that outperforms the Bloomberg AusBond Bank Bill Index and cash alternatives.

Month in Review

Performance: MCTDF returned 0.40% (net) in July, lifting the 12 month net return to 4.63%. The focus in July was the long awaited June CPI print that showed underlying inflation was trending in the right direction, completely removing any chance the next move from the RBA will be an increase to the cash rate.

Overview: The key data point in July was the June quarter CPI figures, and the outcome showed inflation is moderating. AU Q2 CPI printed in-line with consensus on the quarter, +1.0% QoQ (flat to Q1), but higher annually as expected, +3.8% YoY (+20 bps to Q1). Trimmed mean was more encouraging, and that's the figure the RBA is more focused on for policy setting, moderating to +0.8% QoQ vs +1.0% QoQ last (+1.0% QoQ consensus). The annual trimmed mean run rate eased to +3.9% YoY vs +4.0% YoY last (+4.0% YoY consensus).

While inflation is a key data series at this stage of the cycle, labour data is almost as equally important – from an RBA policy perspective. To this end the Australian unemployment rate rose to 4.1% from 4.0%, in line with consensus.

Outlook

Post the CPI outcome consensus estimates quickly moved to rates remaining on hold for 2024, although there is a reasonable number of forecasters (8/30) predicting at least one cut by year end. Market pricing also indicates the possibility of a cut, but no full rate cut is priced in until February 2025.

The next RBA meeting is August 5 - 6th, at which point the board is expected to leave rates unchanged at 4.35%. What will be of interest is the tone of the statement given the last two meetings have produced increasingly hawkish statements. Markets will now be looking for a hint of dovishness from the RBA, but it remains way too early for the RBA to declare the battle with inflation as over.

The weighted average maturity of the Term Deposit book has gradually lengthened over the past couple of months with short term interest rates increasing on expectations of a potential hike from the RBA. The shape of the curve quickly flattened at the end of the month, with the prospect of a hike taken out. This leaves the portfolio well positioned for a prolonged period of steady interest rates.

Liquidity	Yield	
Up to 5 Days	4.9%	
Duration	107 days	
Authorised Investments	Big 4 Banks	100%
Current Portfolio Diversification	No. of Counterparties	4
	No. of Deposits	42

Portfolio Manager
Mutual Limited

Inception
7 September 2011

Fund Size
\$530.3 million

Month End Price
\$1.047196

Benchmark
Bloomberg AusBond Bank Bill Index

Distribution Frequency
Quarterly

Minimum Investment
\$1 through IDPS
\$20,000 for Retail &
Wholesale Investors

Minimum Investment Term
Longer than 5 days
(suggested)

Management Fees
0.25% p.a. (inclusive of GST)

Buy / Sell Spread
Nil / Nil

APIR Code
PRM0010AU

ISIN
AU60PRM00103

Ratings
Lonsec
Zenith
Canstar 5 stars

Platforms
AMP MyNorth
Asgard
BT Panorama
Centric
Colonial First State
Expand
Hub 24
Macquarie
Mason Stevens
Netwealth
Powerwrap
Praemium

Mutual Limited

ABN 42 010 338 324

AFLS No. 230347

Level 17, 447 Collins Street

Melbourne VIC 3000

P: +61 3 8681 1900

E: mutual@mutualtd.com.au

W: www.mutualtd.com.au

If you would like more information on MCTDF please visit www.mutualtd.com.au or contact Mutual on + 61 3 8681 1900

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