



Mutual Limited

Security with Performance

Investment Update - January 2024

MCTDF - Mutual Cash

All figures as at 31 January 2024

Fund Performance

	3 months %	6 months %	12 months %	3 years % p.a.	5 years % p.a.	Since Inception % p.a.
MCTDF (pre-fees)	1.23	2.41	4.49	2.25	1.90	2.62
MCTDF (post-fees)	1.16	2.28	4.24	2.00	1.65	2.33
Bloomberg AusBond Bank Bill Index	1.09	2.15	4.00	1.83	1.44	2.13
Relative Performance (Net)	0.07	0.13	0.24	0.17	0.21	0.20

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 0.42% (net) in January, maintaining the 12 month return at 4.24% (net) for the 12 months to January. There was no RBA meeting in January, with the first meeting under the new schedule of eight meetings annually to be held on February 5th and 6th.

Overview: While there was no RBA meeting in January, we did see some meaningful changes to market pricing for future cash rates. The Q4 CPI data printed inside consensus estimates, +4.1% YoY versus +4.3% YoY expected, and well down on the Q3 print of +5.4% YoY. It has been 12-months now since inflation peaked at +7.8% YoY. While goods inflation continues to moderate, services inflation remains stubbornly high. Prior to the Q4 CPI release the market was pricing in one rate cut in 2024. The market has since shifted expectations, now pricing in two rate cuts in 2024. As at the end of January, the first cut is expected in August and the second in December. It is worth highlighting the RBA were slow to start hiking interest rates, and will be very wary of making another policy error. Their CPI forecast released in November had Q4 CPI at +4.5% YoY. The result is ahead of the forecast, but CPI remains above the top of the target 2 – 3% target band.

Outlook

Rate cuts in Australia are not imminent and will certainly come after the first cut by the Federal Reserve in the US. The long end of the interest rate curve is quick to adjust to expectations on the direction of the cash rate, however the short end needs to see cuts before any significant movement. Recent 3m BBSW reflects this, trading 1bps either side of 4.35% (current cash rate) through December and January. We expect this will continue for some months yet, anchoring the weighted average yield on the portfolio around current levels with some room for a small increase as all the portfolio fully takes into account the last hike from the RBA in November 2023.

Liquidity	Authorised Investments	Yield
Up to 5 days	Cash, Term Deposits and NCD's	4.84%
	Counterparties are Major Australian Banks only	
	Current Portfolio Diversification	
	No. of Deposit Counterparties	4
	No. of Deposits	48
	Duration	89 days
	Security	% of Portfolio
	Big 4 Banks	100%

Portfolio Manager
Mutual Limited

Inception
7 September 2011

Fund Size
\$558.4 million

Month End Price
\$1.047713

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
Zenith
Canstar 5 stars

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

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