

Mutual Credit Fund (MCF)

Fund Report | 28 November 2025



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.69	3.64	6.35	7.31	4.82	4.54
AusBond Bank Bill Index	0.89	1.84	4.04	4.09	2.64	2.33
Relative Performance	0.80	1.80	2.31	3.22	2.18	2.21

*Returns greater than 1 year are per annum

Gross Running Yield

6.01%

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

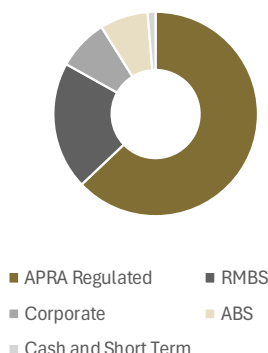
\$20,000 (\$1 via IDPS)

Ratings

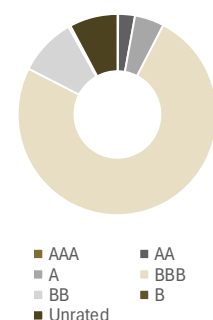
Zenith Recommended

Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MCF returned 0.31% (net) in November. The 6 month net return was 3.64% and the 12 month net return was 6.35% at the end of November. Over the past 12 months the fund has returned 2.31% above the Ausbond Bank Bill Index, against a fund target of 2.20%.

Two key data points printed in November that the market quickly interpreted as spelling the end of the easing cycle from the RBA. The first was employment data. After spiking up to 4.5% in September, the unemployment rate eased back to 4.3%, with a strong full-time jobs result. The second data point was CPI. The inaugural full monthly series CPI data for October printed higher at 3.8% YoY headline and +3.2% YoY trimmed mean. Both numbers are well outside the RBA's 2% to 3% target band. The RBA expected CPI to remain outside their target ranges through to the second half of 2026, possibly into 2027. While the RBA is likely to view the monthly CPI data cautiously, particularly due to the lack of history underpinning the seasonal adjustment process for some expenditure classes, the extent of the upward surprise is likely sufficient for them to be cautious about inflation risks.

Short-term rates spiked on the economic data with 3m BBSW jumping from a low of 3.49% in October to 3.66% by the end of November. A couple of forecasters have gone as far as to put 2 rate hikes into calendar year 2026. The market pricing is not quite as hawkish, with the first hike priced for August 2026. Barrenjoey released research showing the medium period for the RBA to shift from an easing cycle to tightening cycle is 11 months, which suggests market pricing is almost spot on.

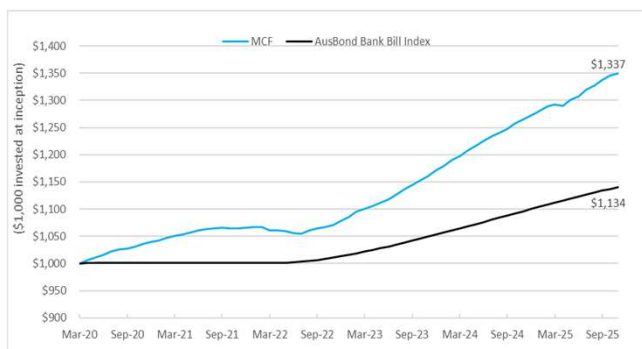
November is annual reporting season for three of the four majors (excludes CBA). Some stand out themes include asset growth continuing to lift, while margins held firm but facing pressure going forward with ongoing competition. Asset quality has stabilised, with lower interest rates contributing to the flattening arrears after a modest rise over the past couple of years. Capital remains solid for all the banks with regulatory hurdles comfortably met. Issuance is unlikely to rapidly increase in 2026, with the outlook generally the same, and in some cases, below the 2025 run rate.

Credit underwhelmed over the month after a very strong calendar year 2025. Global market volatility was one factor working against credit spreads and in floating format the levels below long run averages appeared to exhaust demand. As issuance slows into the end of the calendar year, credit spread performance should return with investors chasing secondary stock to park excess cash over the holiday period.

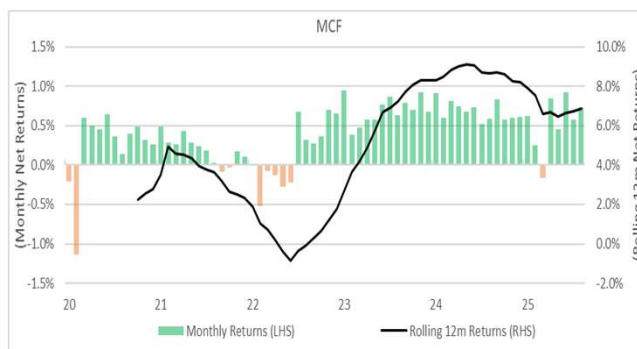
For structured credit it has been another big year with over A\$75bn of issuance printing, versus a record of almost A\$80bn in 2024. Both ABS and CMBS have set new records, with ABS printing A\$19.7bn and CMBS A\$3.0bn respectively. We are hearing of record settlement numbers from more than a few non-bank lenders, so 2026 looks like it will be another solid year for issuance.

For the fund we expect credit to consolidate around current levels. January will see a pickup in issuance. Whether supply is enough to move credit spreads wider is likely a function of the global market backdrop. It is possible we see very little movement in spreads well into 2026 if current conditions persist.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	6.01%
Yield to Maturity	5.35%
APRA	64%
Structured	28%
Corporate	8%
Interest Duration	0.10 years
Credit Duration	2.38 years
Investment Grade	83%
Fund size	\$783.64m

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



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Important Information:

Past performance is not a reliable indicator of future performance. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The reference indices do not incur these costs. This information is provided for general comparative purposes.

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