

Mutual Credit Fund (MCF)

Fund Report | August 2026



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.59	2.76	6.11	7.36	5.72	5.04
AusBond Bank Bill Index	1.15	2.16	3.99	4.21	3.26	2.53
Relative Performance	0.44	0.60	2.12	3.15	2.46	2.51

*Returns greater than 1 year are per annum

Gross Running Yield

6.69%

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

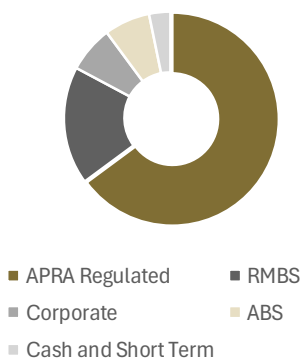
\$20,000 (\$1 via IDPS)

Ratings

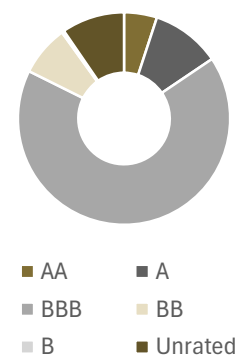
Zenith Recommended

Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MCF returned 0.44% (net) in August. The 6 month net return was 2.76% and the 12 month net return was 6.11% at the end of August. Over the past 12 months the fund has returned 2.12% above the Ausbond Bank Bill Index, against a fund target of 2.20%.

July CPI was the main act in August, with a repricing of the interest rate outlook driven by July CPI that beat on both measures. Headline CPI eased to +3.5% YoY but exceeded the +3.3% consensus, while the trimmed mean held at +3.5% YoY against +3.5% expected. The RBA held the cash rate at 4.35% unanimously alongside dovish forecasts, but the press conference ran the other way, the Governor naming excess demand and inflation expectations as key risks and saying she personally thought it quite possible the Board would need to go again.

Adding to the CPI data, the household sector showed a refusal to slow, even as the labour market softened. July household spending accelerated to +7.0% YoY against +5.7% YoY expected, with sentiment up +6.0% to 88.9 — consumers accepting higher prices and firms passing costs on without losing volume. Against that, employment fell 15,800 and unemployment rose to 4.5%.

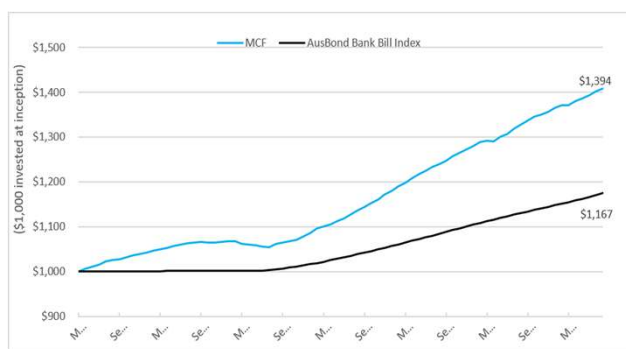
Credit spreads widened modestly in August, driven by the inaugural hyperscaler issuance from Alphabet that more than doubled the largest A\$ corporate deal previously issued. Rated at AA+, the 3 and 5 year FRNs at +65bps and +90bps respectively dragged some demand away from major bank senior in secondary. By the end of the month, major bank senior spreads were 2-4bps wider.

It was a busy month for issuance in Tier 2 with Westpac pricing A\$1.5bn 10NC5 at +127bps. This deal was quickly followed by ANZ with a dual tranche deal across NC10 and 20y tenors. The final bank transaction for August was Bendigo Bank, printing A\$300m of 10NC5 at +157bps which replaces their A\$125m October call and potentially a partial refinance of the AT1 call due in mid 2027.

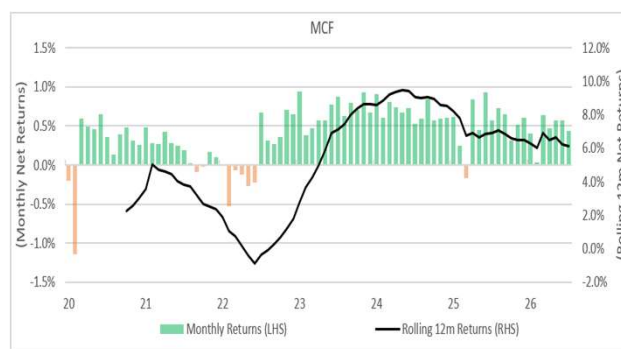
New issuance in securitisation was also busy with nine transactions pricing for a total value of almost A\$8bn. At the top of the structures the AAA tranches are pricing wider than the February levels across the different asset classes, while down the mezzanine stack pricing is at or inside levels from earlier in the calendar year. This is peculiar given we have seen two rate hikes and ongoing softness in house prices. On the latter, the latest data showed a fall of 1.1% in capital city prices in August, taking prices 4.6% below the March 2026 peak. Price declines are broadening across suburbs, however data for the 3 months to July shows larger declines in the top 25% of sales by value. These properties typically have higher loan values which are unlikely to be funded in an RMBS pool.

With a flurry of T2 deals in August we expect issuance to taper off into the remainder of the year. Higher base rates are contributing to fund returns, and the potential for further hikes from the RBA will keep upward momentum on returns.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	6.69%
Yield to Maturity	6.22%
APRA	68%
Structured	25%
Corporate	7%
Interest Duration	0.10 years
Credit Duration	2.45 years
Investment Grade	82%
Fund size	\$842.54m

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

For more information, contact Copia

1800 442 129 | clientservices@copiapartners.com.au | mutualtd.com.au

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.

This Monthly Update is intended to provide general advice and information only and has been prepared by Mutual Limited ("Mutual") (AFSL No. 230347). This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific reader. As such, before acting on any information contained in this document, readers should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. A current PDS and Target Market Determination is available at mutualtd.com.au.

The rating issued October 2025 APIR PRM8256AU is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445 (Lonsec). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating assigned APIR PRM8256AU referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant products). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>.