Mutual Income Fund (MIF)

Fund Report | October 2026

Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	0.95	2.33	4.50	5.75	4.60	3.55
AusBond Bank Bill Index	1.11	2.23	4.14	4.23	3.41	2.33
Relative Performance	**-0.16**	**0.10**	**0.36**	**1.52**	**1.19**	**1.22**

*Returns greater than 1 year are per annum

Gross Running Yield

5.94%

Risk Profile



Low-Medium

Key Facts

Fund Objective
To provide investors a high level of capital preservation and to outperform the Bloomberg AusBond Bank Bill Index, generating net returns to investors in excess of cash alternatives.

Benchmark Index
AusBond Bank Bill Index

Inception Date
April 2013

APIR/ISIN
PRM0015AU/AU60PRM00152

Distribution
Quarterly

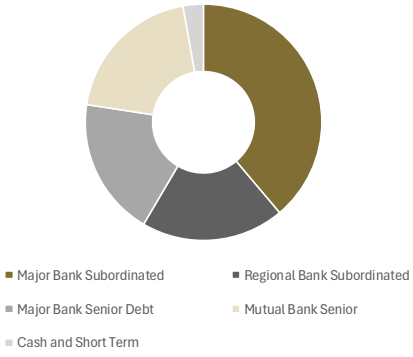
Buy/Sell Spread
Nil / Nil

Minimum Investment
$20,000 ($1 via IDPS)

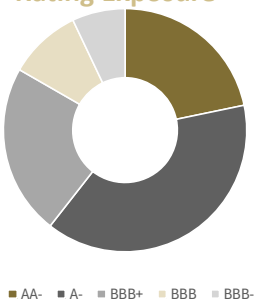
Min. Allocation to Big 4 Banks
60%

Ratings
Zenith Recommended
Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MIF returned 0.27% (net) in October. The 6 month net return was 2.33% and the 12 month net return was 4.50% at the end of October. Over the past 12 months the fund has returned 0.36% above the Ausbond Bank Bill Index versus a target of +1.20%.

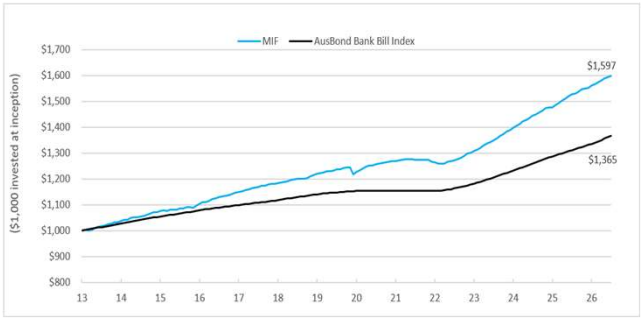
With no RBA meeting in October, the market focus was on domestic economic data. September employment figures showed a fall of 39,300 versus a 20,000 gain expected. The unemployment rate rose to 4.7%, above the RBA's 4.5% forecast for December. Following the data, the market briefly priced almost no chance of a November rate hike. But inflation refused to cooperate. September CPI rose to +4.3% YoY against +4.2% expected, and for the quarter headline prices rose +1.3% QoQ while the trimmed mean lifted to +3.7% YoY, +10 bps versus consensus. This left the RBA with little choice, and at the November meeting the board decided 6 votes to 3 to lift the cash rate for the 5th time this year to 4.85%.

The December meeting is not considered live now the RBA have delivered consecutive hikes. At the press conference, Governor Bullock highlighted the 3 votes to hold were looking for more information. Bullock described now as a good place to "take stock" and see if the data shows "we are travelling more or less in line with the forecasts". The market still has some chance of another hike priced in, around 30% probability by March 2027.

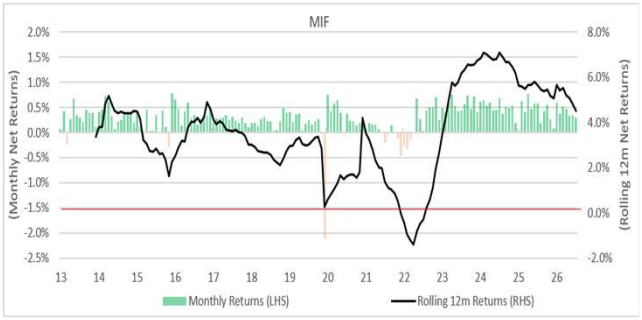
Credit spreads drifted wider through October, more on the expectation of new issuance post the US mid terms and major bank reporting period, both due in the first week of November. 5 year major bank senior has settled around +70bps, a few bps above the ANZ print in August that priced at +66bps. It was left to Mutual Banks and Bank of Queensland to deliver supply in October. BoQ printed a 10NC5 year subordinated transaction at +158bps. Pricing at the time looked ok at around +25bps over the major bank equivalent, however post the rating downgrade delivered by S&P on October 19th spreads widened +10bps. S&P lowered the BoQ long-term rating by one notch to BBB+, citing weaker loan growth reported in FY26 results.

Higher short-term interest rates helped lift the running yield on the portfolio in October. 3m BBSW started the month at 4.76%, lifting +14bps to 4.90% by the end of the month. This increase will be reflected in returns as coupon rates reset, a result of the portfolio being 100% floating rate. While credit spreads were modestly wider in October which detracted from income, we think the credit spread widening has largely run its course so income should drive returns into year end.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	5.94%
Yield to Maturity	5.74%
Senior ADI Risk	42%
Subordinated ADI Risk	58%
Interest Duration	0.13 years
Credit Duration	2.44 years
Investment Grade	100%
Minimum allocation to Big 4 banks	60%
Av. Weighted Credit Rating	A-
Fund size	$771.92m

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

AMP, Asgard, BT Panorama, Centric, CFS, Hub24, Macquarie, Mason Stevens, Netwealth, Powerwrap, Praemium

Zenith RECOMMENDED

Recommended Lonsec Research

Signatory of: PRI Principles for Responsible Investment

Mutual Limited

For more information, contact Copia

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

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