Mutual Income Fund (MIF)

Fund Report | August 2026

Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.31	2.40	5.05	5.83	4.43	3.55
AusBond Bank Bill Index	1.15	2.16	3.99	4.21	3.26	2.31
Relative Performance	**0.16**	**0.24**	**1.06**	**1.62**	**1.17**	**1.24**

*Returns greater than 1 year are per annum

Gross Running Yield

5.75%

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

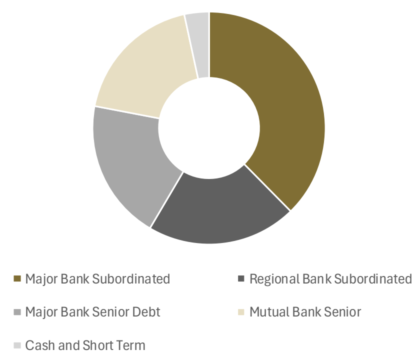
Buy/Sell Spread
Nil / Nil

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

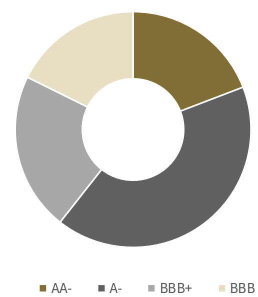
Min. Allocation to Big 4 Banks
60%

Ratings
Zenith Recommended
Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MIF returned 0.33% (net) in August. The 6 month net return was 2.40% and the 12 month net return was 5.05% at the end of August. Over the past 12 months the fund has returned 1.06% above the Ausbond Bank Bill Index versus a target of +1.20%.

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.

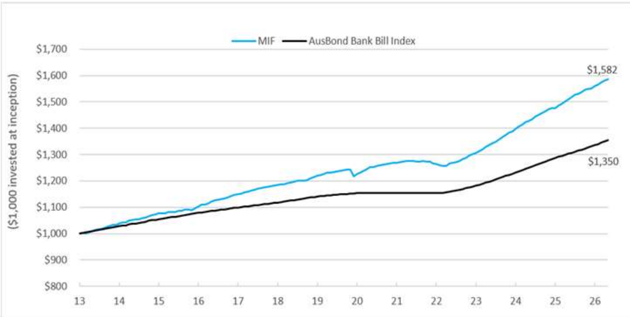
Adding to the CPI data, the household sector showed a refusal to slow, even as the labour market softened. July household spending accelerated to +7.0% YoY against +5.7% YoY expected, with sentiment up +6.0% to 88.9 — consumers accepting higher prices and firms passing costs on without losing volume. 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. Mutual banks performed better however remain elevated in terms of the spread to major banks, which makes the sector an attractive target for the fund.

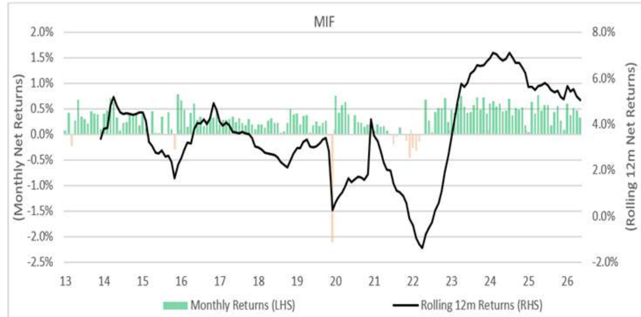
It was a busy month for issuance in Tier 2 with Westpac pricing A$1.5bn 10NC5 at +127bps. This deal was quickly followed by ANZ with a dual tranche deal across NC10 and 20y tenors. The 15NC10 year in FRN format was the first A$ issuance by a major bank, with pricing at +157bps. CBA went offshore for Tier 2, printing deals in GBP and SGD. 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.

With a flurry of T2 deals in August we expect issuance to taper off into the remainder of the year. NAB are a possible candidate for issuance domestically before year end, however once the August deals are absorbed we expect any new supply will be well received. 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	5.75%
Yield to Maturity	5.45%
Senior ADI Risk	42%
Subordinated ADI Risk	58%
Interest Duration	0.14 years
Credit Duration	2.42 years
Investment Grade	100%
Minimum allocation to Big 4 banks	60%
Fund size	$745.95m

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

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