Mutual High Yield Fund (MHYF)

Fund Report | July 2026

Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	2.11	3.31	7.52	9.98	8.28	7.44
AusBond Bank Bill Index	1.11	2.06	3.94	4.21	3.19	2.35
Relative Performance	**1.00**	**1.25**	**3.58**	**5.77**	**5.09**	**5.09**

*Returns greater than 1 year are per annum

Gross Running Yield

8.37%

Risk Profile

Medium - High

Key Facts

Fund Objective
To source and actively manage a portfolio of fixed interest credit assets with a core focus on structured credit. Targeted portfolio construction is to hold assets with a shorter credit duration to limit capital movements during periods of market volatility.

Benchmark Index
AusBond Bank Bill Index

Inception Date
February 2019

APIR/ISIN
PRM8798AU/AU60PRM87985

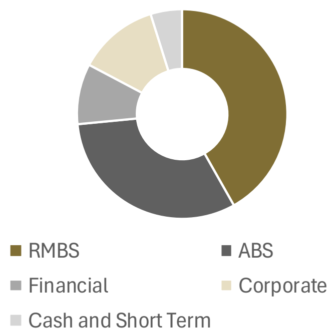
Distribution
Quarterly

Buy/Sell Spread
Nil / Nil

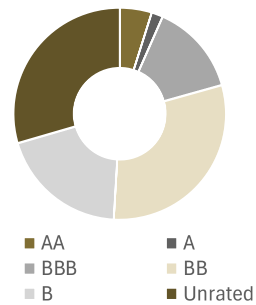
Minimum Investment
$20,000 ($1 via IDPS)

Ratings
Zenith Recommended
Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MHYF returned 0.79% (net) in July. The 6 month net return was 3.31% and the 12 month net return was 7.52% at the end of July. Over the past 12 months the fund has returned 3.58% above the Ausbond Bank Bill Index, versus a target of 4.50%.

July handed back June's disinflation dividend. Brent crude surged 23.6% to US$90 as the Iran vs US ceasefire agreement was torn up and hostilities recommenced anew. The July move almost exactly reversed June's 21% fall. The return of energy driven inflation risk at precisely the moment underlying inflation was finally improving is an awkward combination. The bond market reacted with rates moderately higher. Australian 3-year yields rose 13bps to 4.49% and 10-year yields rose 21bps to 4.93%.

In local data, employment rose +76k in June against a consensus of +15k, following a +44k gain in the prior month. The participation rate climbed to 67.0% from 66.7%, allowing the unemployment rate to hold steady at 4.4%. Beneath the headline numbers underemployment, under-utilisation and youth unemployment rates all rose, which points to a gradual easing in labour market conditions. Australian inflation data was also a tale of two measures. Headline CPI eased to 3.8% year-on-year, undershooting the 4.0% consensus and improving on the prior 4.0% - genuinely encouraging. But the trimmed mean, which is what the RBA targets, firmed again to 3.6% from 3.5%.

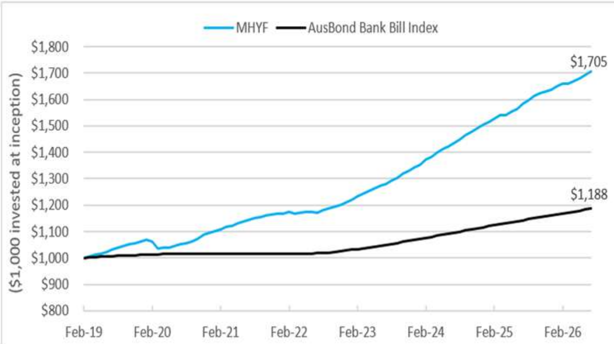
The RBA did not meet in July, with the next scheduled monetary policy meeting on August 10 – 11. Market pricing is now pointing to the RBA being on hold, which is now the position of most economists. All of the 4 major banks have no more rate hikes in their forecasts, with CBA and NAB looking for the first rate cut to land in Q2 2027.

The topic making headlines in mainstream media throughout July was the direction of house prices. The official data showed national house prices fell by 0.7% over the month. There is now a clear trend with the housing market under increasing pressure from higher interest rates and weakening sentiment following the tax changes all weighing on demand. Since the March peak, national house prices are down 2%, however still up 5.3% for the year to July. There is a lot to watch in the numbers going forward. Auction clearance rates and medium time on the market are all pointers to underlying sentiment.

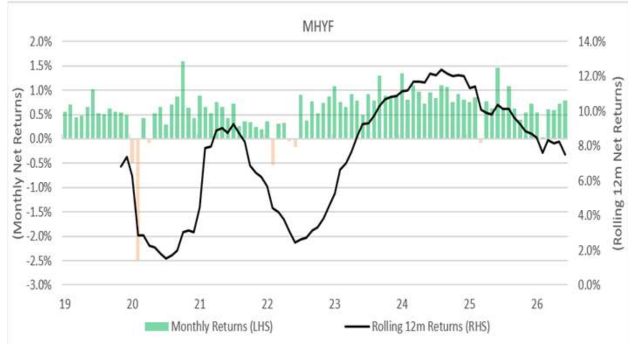
Despite the headlines the macro back drop remains constructive. The unemployment rate held steady at 4.4%, so no imminent spike in borrower stress. The key risk to monitor is whether Australia's slowing GDP growth (0.3% in the March quarter) translates into a deterioration in employment conditions over coming quarters. For now, credit quality in this asset class appears stable, but the direction of the labour market bears close watching.

With 3m BBSW to remain at a premium to the cash rate and credit spreads anchored around current levels, consistent fund returns around target are our base case for the second half of calendar year 2026.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	8.37%
Yield to Maturity	8.11%
Financial	14%
Structured	74%
Corporate	12%
Interest Duration	0.05 years
Credit Duration	2.33 years
Fund size	$629.83m

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

BT Panorama, Centric, CFS Edge, Hub24, Insignia, Macquarie, Mason Stevens, Netwealth, Powerwrap, Praemium

Zenith RECOMMENDED

Recommended Lonsec Research

Signatory of: PRI Principles for Responsible Investment

Mutual Limited

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