Mutual Income Fund (MIF)

Fund Report | July 2026

Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.37	2.33	5.20	5.90	4.37	3.54
AusBond Bank Bill Index	1.11	2.06	3.94	4.21	3.19	2.29
Relative Performance	**0.26**	**0.27**	**1.26**	**1.69**	**1.18**	**1.25**

*Returns greater than 1 year are per annum

Gross Running Yield

5.71%

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

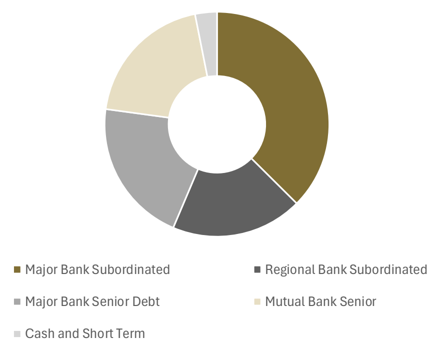
Buy/Sell Spread
Nil / Nil

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

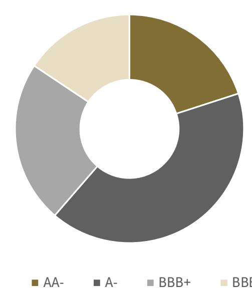
Min. Allocation to Big 4 Banks
60%

Ratings
Zenith Recommended
Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MIF returned 0.47% (net) in July. The 6 month net return was 2.33% and the 12 month net return was 5.20% at the end of July. Over the past 12 months the fund has returned 1.26% above the Ausbond Bank Bill Index versus a target of +1.20%.

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%.

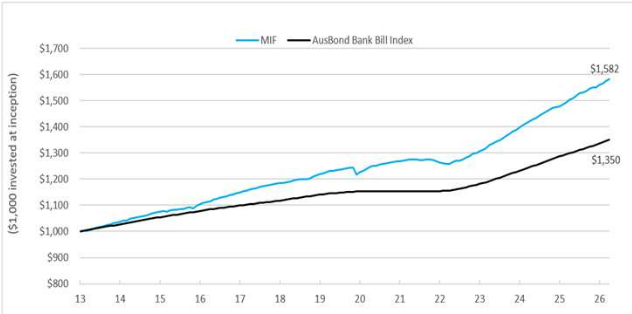
In local data, employment rose +76k in June against a consensus of +15k, following a +44k gain in the prior month. The participation rate climbed to 67.0% from 66.7%, allowing the unemployment rate to hold steady at 4.4%. Beneath the headline numbers underemployment, under-utilisation and youth unemployment 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.

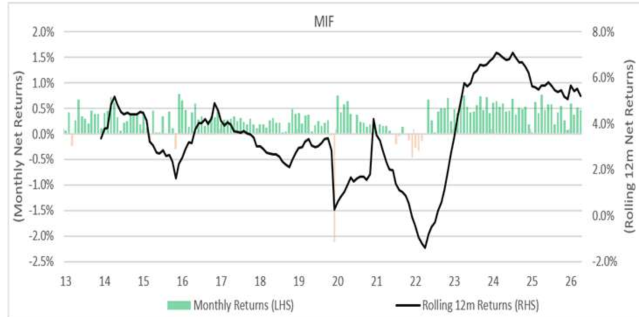
It was a relatively quiet month for bank credit. On balance major bank senior and tier 2 spreads continue to benefit from the lack of new issuance. Primary activity included CBA issuing A$2.5b of 5-year senior FRN at 3mBBSW +67bps with a modest fixed tranche of A$250 million. NAB followed with a A$2.5b 3-year senior FRN at 3mBBSW +57bps. Both deals priced right on the curve with marginal performance on the break. In Tier 2 approximately A$5.4 billion of AT1 and Tier 2 securities were called in June. The sole Australian bank issuance in T2 was Bank of Queensland's A$350 million FRN 10NC5 at 3mBBSW +158bps. Despite the transaction being around 4 times covered there was lacklustre performance on the break, which reflected a narrow trading range of just 3bps for the broader major bank 10NC5 securities.

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	5.71%
Yield to Maturity	5.36%
Senior ADI Risk	44%
Subordinated ADI Risk	56%
Interest Duration	0.12 years
Credit Duration	2.33 years
Investment Grade	100%
Minimum allocation to Big 4 banks	60%
Fund size	$744.52m

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

M Mutual Limited

For more information, contact Copia
1800 442 129 | clientservices@copiapartners.com.au | mutualltd.com.au