

Mutual High Yield Fund (MHYF)

Fund Report | May 2026



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	1.22	3.06	8.14	9.90	8.19	7.39
AusBond Bank Bill Index	1.00	1.91	3.78	4.18	3.03	2.29
Relative Performance	0.22	1.15	4.36	5.72	5.16	5.10

*Returns greater than 1 year are per annum

Gross Running Yield

8.87%

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

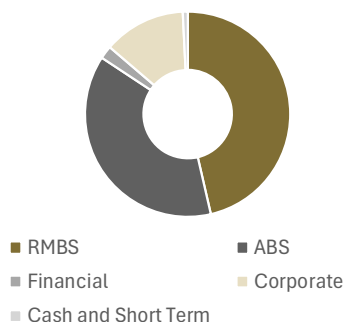
\$20,000 (\$1 via IDPS)

Ratings

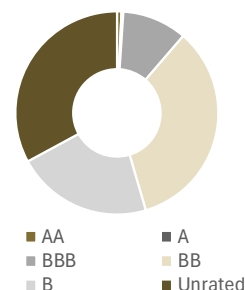
Zenith Recommended

Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MHYF returned 0.59% (net) in May. The 6 month net return was 3.06% and the 12 month net return was 8.14% at the end of May. Over the past 12 months the fund has returned 4.36% above the Ausbond Bank Bill Index, versus a target of 4.50%.

May marked a significant shift in market sentiment, with investors increasingly embracing a "soft landing" narrative following the volatility of March and April. While geopolitical tensions in the Middle East remained unresolved, progress toward ceasefire discussions and improving conditions through the Strait of Hormuz reduced fears of a prolonged energy shock. The market seems resolved to the possibility of ongoing regional tensions without significant disruption to global economic activity. As a result, risk assets performed strongly and volatility declined across most major asset classes.

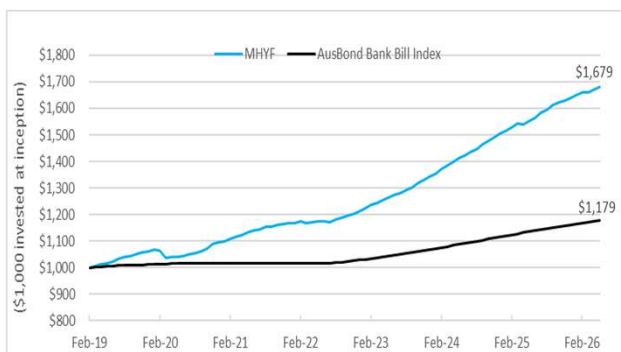
The Federal Budget was a significant domestic event in May, cited as the biggest changes to personal and investment taxes in decades. The changes are well documented, however what is still developing is negativity towards the incumbent Government right across their voter base. The latest polling shows a large swing away from Labor, with most demographics surveyed expecting to be worse off because of the changes to tax policies announced. The final legislation is yet to pass, so amendments are possible, but at this stage the Government is holding firm. House prices are a key topic, with the 50% CGT discount to be replaced by indexation and negative gearing no longer available for existing residential properties. Auction clearance rates have sunk since the budget announcements, and while house prices are holding the consensus is for falls between 3 – 5% over the next 12 months.

Against this backdrop the RBA is still grappling with inflation that is refusing to go away. The April CPI rose 0.4% mom, taking the annual rise to 4.2%. This number was below the March annual figure of +4.6%. While a positive result in the short term, most forecasters still have inflation rising further through the second half of the calendar year. Markets have taken a more positive view, paring back expectations for multiple further rate hikes to possibly just one more in this cycle.

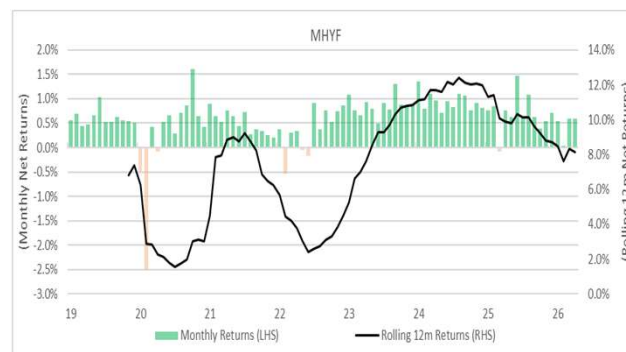
The combination of the potential for further cash rate hikes and softening house prices is yet to dampen investor demand for RMBS securities. May continued to be a busy month for issuance, with mezzanine tranches well covered at tighter pricing than April levels. S&P released an FAQ in response to the budget tax changes, concluding that given the new tax rules only apply to future assets and the structural undersupply of housing in Australia will continue, there should be minimal impact on house prices.

The fund experienced a busy month with deployment of capital towards target securities lifting the yield to maturity above 8.50%. Further opportunities are under review which we expect will further lift income for investors.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	8.87%
Yield to Maturity	8.56%
Financial	3%
Structured	84%
Corporate	13%
Interest Duration	0.06 years
Credit Duration	2.29 years
Fund size	\$530.04m

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, Hub24, Insignia, Macquarie, Mason Stevens, Netwealth, Powerwrap, Praemium



Signatory of:



M Mutual Limited

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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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