

Mutual High Yield Fund (MHYF)

Fund Report | 29 November 2024



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	2.92	5.42	11.59	7.58	6.14	6.19
AusBond Bank Bill Index	1.12	2.22	4.46	3.07	1.92	1.89
Relative Performance	1.80	3.20	7.13	4.51	4.22	4.30

*Returns greater than 1 year are per annum

Gross Running Yield

9.28%

Risk Profile



Low-Medium

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 / 0.25%

Minimum Investment

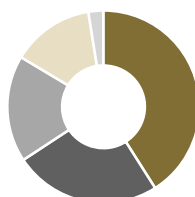
\$20,000 (\$1 via IDPS)

Ratings

Zenith Approved

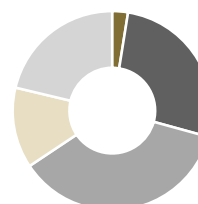
Lonsec Recommended

Portfolio Allocation



- RMBS
- ABS
- Financial
- Corporate
- Cash and Short Term

Rating Exposure



- AA
- BBB
- BB
- B
- Unrated

Monthly Commentary

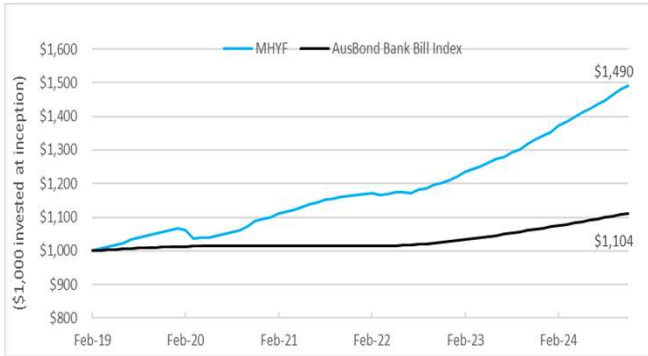
MHYF returned 0.76% (net) in November. The 6 month net return was 5.42% and the 12 month net return was 11.59% at the end of November. Over the past 12 months the fund has returned 7.13% above the Ausbond Bank Bill Index, versus a target of 4.50%.

The main event for November was the US Presidential Election outcome. It was a 'Red Sweep' for the Republicans, regaining control of the Senate, the House, and of course the Presidency. Stocks surged on the result as Trump is seen as 'market friendly'. Domestically, the RBA November meeting outcome was as expected, with the cash rate left unchanged. The statement was probably still on the hawkish side of neutral, which surprised some, with the board reiterating "whatever is necessary" to return inflation (trimmed) back to target ranges. In data, the main release was the monthly CPI indicator for October that printed at +2.1% YoY (headline), at the bottom of the RBA's range, but it's important to appreciate the figure includes Government energy subsidies.

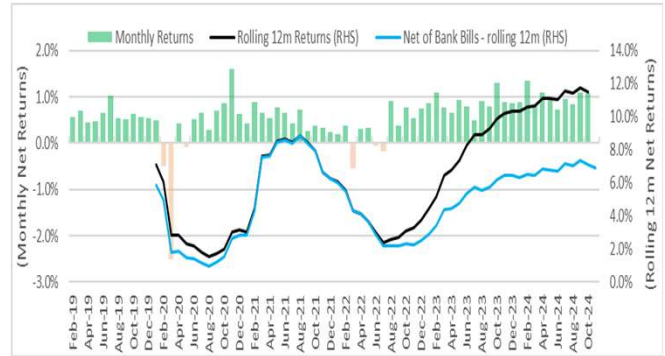
It was another solid month of issuance in structured credit with A\$6.5bn priced across ten deals. For the year, total issuance is now A\$77bn, a big jump on last years A\$52bn, which was a post-GFC record. The pipeline has finally run dry for 2024, with no new deals expected in December. Usually the market waits for Australia day to reopen, however we suspect issuers will be keen to get the year off to a quick start, so the non-banks could be launching mandates as early as mid January.

Towards the end of November the months long spread compression in tier 2 finally cracked, with spreads drifting wider. The main catalyst looked to be selling activity to fund new issues, and a weak print of a longer BNP tier 2 deal in AUD, that looked poorly allocated and also ran into the political issues building in France. By the end of the month, this selling had switched back to buying which gives us confidence for strong returns over the holiday period.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	9.28%
Yield to Maturity	8.56%
Financial	20%
Structured	66%
Corporate	14%
Interest Duration	0.05 years
Credit Duration	2.37 years
Fund size	\$132.05m

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, Mason Stevens, Netwealth, Powerwrap, Praemium



Signatory of:



M Mutual Limited

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