



Mutual Limited

Security with Performance

Investment Update - August 2024

MCTDF - Mutual Cash

All figures as at 30 August 2024

Fund Performance

	3 months %	6 months %	12 months %	3 years % p.a.	5 years % p.a.	Since Inception % p.a.
MCTDF (pre-fees)	1.23	2.48	4.89	3.11	2.19	2.68
MCTDF (post-fees)	1.17	2.35	4.64	2.86	1.94	2.39
Bloomberg AusBond Bank Bill Index	1.11	2.22	4.39	2.69	1.75	2.24
Relative Performance (Net)	0.06	0.13	0.25	0.17	0.19	0.15

Investment Objective and Investment Strategy

Mutual's objective is to source and actively manage a portfolio of the best term deposits offered by the Big 4 major Australian banks with small cash and NCD holdings to provide Fund liquidity. The Fund capitalises on the competition between the Big 4 banks for deposits, targeting capital security for investors and net returns that outperforms the Bloomberg AusBond Bank Bill Index and cash alternatives.

Month in Review

Performance: MCTDF returned 0.39% (net) in August, lifting the 12 month net return to 4.64%. August was a volatile month with wide trading ranges across stocks, bonds and credit. A weak US non-farm payrolls figure triggered concerns of a sharp slowdown in the US economy, which in turn triggered a sharp sell-off in US stocks. By the end of the month though stocks and credit had recovered while bond yields held onto gains as eventual rate cuts were baked into forecasts.

Overview: The RBA monetary policy decision from the August meeting was as expected, rates unchanged at 4.35% and despite market expectations, Governor Bullock signalled, no rate cuts this year. In the accompanying statement the board flagged continuing concerns as inflation remains elevated and persistent, commenting "quarterly underlying CPI inflation has fallen very little over the past year." The commentary also noted "the economic outlook is uncertain and recent data has demonstrated that the process of returning inflation to target has been slow and bumpy." In keeping with recent RBA statements, anything is on the table, with getting inflation under control their primary objective. Accordingly, rate hikes cannot be completely discounted, supported by the RBA stating "policy will need to be sufficiently restrictive until the Board is confident that inflation is moving sustainably toward the target range."

Outlook

Consensus estimates are for rates to remain on hold for 2024, although there is a reasonable number of forecasters (8 out of 30) predicting at least one cut by year end. Market pricing of rate cuts before Christmas have retreated over the month, from a full rate cut priced in, to now only a fraction of a cut with December Cash Rate Futures at 4.17%. Consensus is for the first rate cut to occur toward the latter stages of the first quarter of 2025. This week we have the latest GDP data, which will be closely monitored, with consensus expecting just +0.2% QoQ and +0.9% YoY (vs +1.1% YoY prior). This could shift market focus from sticky inflation to slow growth reality. The next RBA meeting is September 24th, at which point the board is expected to leave rates unchanged, at 4.35%. The house view is rates will remain on hold over the next 9 - 12 months.

The higher for longer story on interest rates is supportive for yields on term deposits and will continue to drive steady returns for the fund.

Liquidity	Yield
Up to 5 Days	4.91%
Duration	96 days
Authorised Investments	Big 4 Banks 100%
Current Portfolio Diversification	No. of Counterparties 4
	No. of Deposits 41

Portfolio Manager
Mutual Limited

Inception
7 September 2011

Fund Size
\$557.6 million

Month End Price
\$1.051268

Benchmark
Bloomberg AusBond Bank Bill Index

Distribution Frequency
Quarterly

Minimum Investment
\$1 through IDPS
\$20,000 for Retail &
Wholesale Investors

Minimum Investment Term
Longer than 5 days
(suggested)

Management Fees
0.25% p.a. (inclusive of GST)

Buy / Sell Spread
Nil / Nil

APIR Code
PRM0010AU

ISIN
AU60PRM00103

Ratings
Lonsec
Zenith
Canstar 5 stars

Platforms
AMP MyNorth
Asgard
BT Panorama
Centric
Colonial First State
Expand
Hub 24
Macquarie
Mason Stevens
Netwealth
Powerwrap
Praemium

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