

Macquarie Master Cash Fund

Quarterly report – 30 June 2025

Investment objective

Aims to perform in line with the Bloomberg AusBond Bank Bill Index over the short term (before fees) and provide regular income while preserving capital by using a low risk investment strategy.

Key information

Fund details	
APIR code	MAQ0187AU
Inception date	30 June 2000
Fund size	\$21.7m
Distribution frequency	Generally quarterly
Management fee*	0.513% pa
Minimum investment (Direct)	\$100,000
Unit prices and spreads	<a href="https://macquarie.com/mam/unit-prices">macquarie.com/mam/unit-prices</a>
*Read the Product Disclosure Statement for more details on fees and costs.	

Fund performance to 30 June 2025

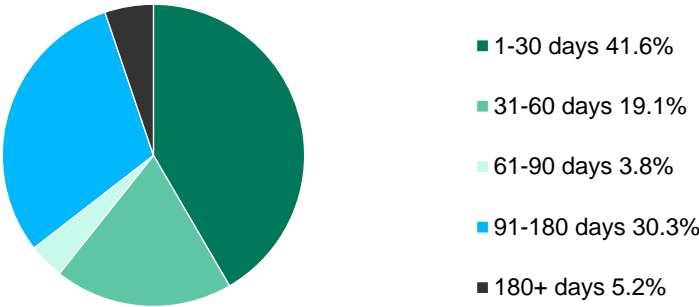
	Total Fund return (gross)	Benchmark return	Total excess return (gross)	Total Fund return (net)*
3 months (%)	1.09	1.02	0.07	0.96
1 year (%)	4.71	4.39	0.32	4.17
2 years (% pa)	4.74	4.38	0.36	4.21
3 years (% pa)	4.20	3.88	0.32	3.67
5 years (% pa)	2.58	2.34	0.24	2.05

Past performance is not a reliable indicator of future performance.

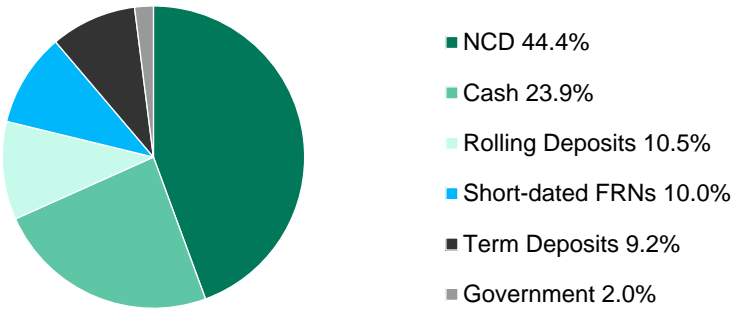
Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

\*Total net returns are quoted after the deduction of all fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

Time to maturity



Allocation by security type



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## Fund highlights

Yields fell over the quarter. Overall, 3-month bank bills fell 36bps to 3.60% while 6-month yields decreased 11bps to 3.78%. The yield curve remained below the target cash rate for most of the quarter. The Fund's duration was naturally reduced as maturities were invested in deposits and other shorter-dated securities that were yielding more than NCDs. The weighted average maturity is longer due to exposure to short-dated bank floating rate notes (FRNs), which was increased during the quarter. This contributed positively to performance as spreads compressed. During June, given the steepness of the curve, the Fund took advantage of the positive basis between investments in 6-month securities with bank bill futures sold against them. The Fund also opportunistically invested in Treasury Notes when they traded above NCDs. Excess running yield earned on deposits held at attractive negotiated rates, holdings with our favoured non-major bank issuers, FRNs, and term deposits contributed to the outperformance relative to the benchmark.

## Market overview

The Reserve Bank of Australia's (RBA) rhetoric evolved from an initially hawkish tone, to become more dovish by May. The Board left the cash rate unchanged at the April meeting, with Governor Bullock confirming that the Board "did not explicitly discuss a rate cut." However, the RBA highlighted concerns around global tariff uncertainty, noting that "recent announcements from the United States on tariffs are having an impact on confidence globally and this would likely be amplified if the scope of tariffs widens, or other countries take retaliatory measures," potentially causing "an adverse effect on global activity," while the impact on inflation "could move in either direction." Following President Trump's announcement of large-scale reciprocal tariffs, market volatility surged and the market priced in a greater probability of a rate cut at the May meeting. The RBA eased the target cash rate by 25bps in May, to 3.85%, stating that the move made "monetary policy somewhat less restrictive." Revised forecasts showed "inflation is in the target band and upside risks appear to have diminished as international developments are expected to weigh on the economy," though growth and inflation were downgraded, and the unemployment rate was revised slightly higher. Governor Bullock acknowledged that the Board had also discussed the possibility of a 50bp cut. However, the Board determined that the combination of domestic developments and global trade policy was not sufficient to warrant a 50bp reduction at the meeting. The May meeting minutes reinforced comfort around inflation, while concerns around "labour market tightness" and a "slightly positive output gap" persisted.

Economic data released during Q2 25 underscored a slowing economy with inflationary pressures easing but persistent labour market tightness. Q1 GDP missed forecasts at 0.2% QoQ, and per capita GDP fell back into negative territory at -0.2% QoQ. Retail sales consistently underperformed expectations, with monthly growth slowing in both March and April (with annualised growth falling by 3.6% and 3.8% respectively). In contrast, labour data showed resilience, with the unemployment rate remaining at 4.1% over the quarter. Inflation metrics aligned with RBA forecasts, with Q1 CPI at 2.4% YoY and trimmed-mean inflation at 2.9% YoY, though housing and market services costs continued to moderate. Monthly CPI data for May, which was weaker than expected, led economists to anticipate another rate cut in July, with markets almost fully pricing in a 25bp cut.

## Outlook

The RBA is expected to maintain a cautious yet adaptive stance on monetary policy in the coming months. Following the 25bp cut to 3.85% at the May Board Meeting, the RBA appears increasingly comfortable that inflation is moderating. Policy was seen as "somewhat restrictive" in the minutes with the case to lower rates seen as the "path of least regret". Adding to the case for further easing, the Monthly CPI data released in June came in weaker than expected, reinforcing expectations of a rate cut in July. The May minutes also noted that the Board "judged that it was not yet time to move monetary policy to an expansionary stance". The RBA's upcoming decisions will likely hinge on how inflation and labour market dynamics evolve, as well as on the balance of risks presented by domestic and global economic and political developments.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarie.com/mam](https://macquarie.com/mam)**

## Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

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