

# Pendal Dynamic Income Fund

## Performance

The Dynamic Income Fund returned 0.47% in January, outperforming its cash benchmark. Australian investment-grade credit holdings in the portfolio were the largest contributor to performance.

## Performance summary

Period	Jan 2026
Fund return	0.47%
Benchmark return	0.31%
Excess return	0.16%

Past performance is not a reliable indicator of future performance.

[Visit our website for the Fund's full performance.](#)

## Current positioning

### Duration management:

- Entered January with a **defensive duration stance**
- A brief downside surprise in Australian CPI early in the month created an opportunity to **tactically add duration**.
- Subsequent data shifted the policy narrative, with **markets increasingly pricing the risk of a February RBA hike**.
- Duration was reduced through the month, with **outright exposure largely exited** as hawkish pricing intensified.

### Credit markets:

- Maintained a **constructive allocation** to Australian investment-grade credit.
- Continued to **participate selectively in primary issuance** across financials, transportation and utilities.
- Elevated Australian bond yields, driven by hawkish RBA pricing, continued to support **carry-seeking demand for AUD credit** despite tight spreads.

### Return booster allocation:

- Exposure was reduced early in the month** as volatility increased and global rate repricing weighed on risk assets.
- Allocations were **tactically rebuilt at wider spreads** before being trimmed later in the month amid increased volatility and policy uncertainty.
- The fund finished January **with moderate allocations to emerging markets and high yield** as the backdrop remains favourable for credit carry.

## Outlook

### Global macro environment:

- January was characterised by a **repricing of interest rate expectations** rather than a decisive shift in risk appetite.
- Bond yields moved higher across developed markets as economic data remained resilient, **challenging expectations of near-term easing**.
- Volatility was most evident in rates, FX and commodities, **reflecting policy uncertainty** rather than deteriorating growth.

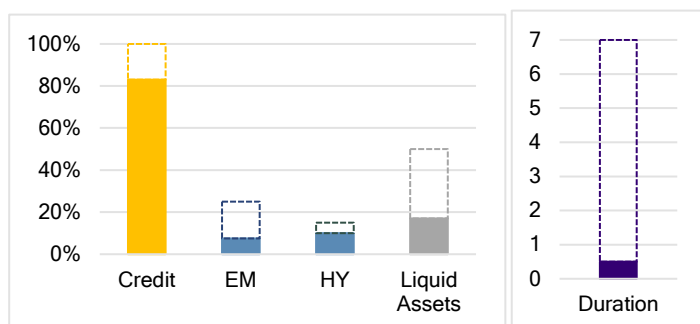
### Australia-specific considerations:

- Australian markets continued to price a **more hawkish policy path relative to global peers**.
- Higher Australian yields have driven **strong demand for AUD-denominated credit**.

### Investment strategy moving forward:

- The fund will continue to take an **active, risk-aware approach** to duration, avoiding structural exposure while **policy uncertainty and rate volatility remain elevated**.
- Credit exposure will **remain focused on quality and pricing discipline**, with selective participation in primary markets.
- Allocations to higher-risk income assets will continue to be managed dynamically, **seeking to capture carry when conditions are supportive while remaining responsive to shifts in global macro momentum**.

## Asset allocation



# Performance

As of 31 Jan 2026	1 month	3 months	6 months	1 year	2 years (pa)	3 years (pa)	5 years (pa)	7 years (pa)	Since Inception (pa)*
Portfolio return (%)	0.47	0.37	1.50	5.56	6.44	6.03	3.05	3.26	3.13
RBA cash rate	0.31	0.91	1.84	3.89	4.17	4.13	2.79	2.19	2.09
Excess	0.16	-0.55	-0.33	1.68	2.28	1.90	0.26	1.07	1.04

Net returns based on headline fee of 0.55% pa. Source: Pandal. Past performance is not a reliable indicator of future performance. \* December 2017



## PENDAL

This document has been prepared by Pandal Fund Services Limited (PFSL) ABN 13 161 249 332, AFSL No 431426 and the information contained within is current as at the date of this factsheet. It is not to be published, or otherwise made available to any person other than the party to whom it is provided.

PFSL is the responsible entity and issuer of units in the Pandal Dynamic Income Fund (Fund) ARSN: 622 750 734. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1300 346 821 or visiting [www.pandalgroup.com](http://www.pandalgroup.com). The Target Market Determination (TMD) for the Fund is available at [www.pandalgroup.com/ddo](http://www.pandalgroup.com/ddo). You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

This document is for general information purposes only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. It has been prepared without taking into account any recipient's personal objectives, financial situation or needs. Because of this, recipients should, before acting on this information, consider its appropriateness having regard to their individual objectives, financial situation and needs. This information is not to be regarded as a securities recommendation.

The information in this document may contain material provided by third parties, is given in good faith and has been derived from sources believed to be accurate as at its issue date. While such material is published with necessary permission, and while all reasonable care has been taken to ensure that the information in this factsheet is complete and correct, to the maximum extent permitted by law neither PFSL nor any company in the Pandal group accepts any responsibility or liability for the accuracy or completeness of this information.

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Where performance returns are quoted "Post fees" then this assumes reinvestment of distributions and is calculated using exit prices which take into account management costs but not tax you may pay as an investor. Where performance returns are quoted "Pre fees and tax", they exclude the effects of management costs and any taxes. Past performance is not a reliable indicator of future performance.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. All investing involves risk including the possible loss of principal.