

# Pendal Monthly Income Plus Fund

## Performance

The Monthly Income Plus Fund returned 0.50% post-fee in February, outperforming its cash benchmark. Australian investment grade credit and equities were the largest contributors to performance this month.

## Current positioning

### Duration management:

- Entered February with a **very low duration position** amid inflation rates volatility concerns.
- During the month, Australian rate markets became more orderly and **upside pressure on yields faded**.
- Australian bond markets showed greater responsiveness to bond-favourable offshore data.
- Despite multiple hawkish domestic developments, yields failed to move materially higher, allowing to **selectively add duration** and end the month with over one year of duration.

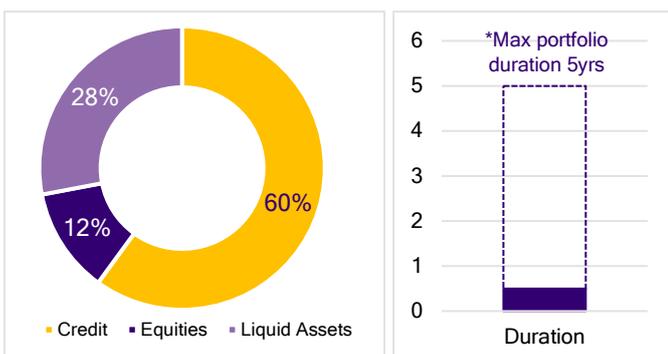
### Credit markets:

- Credit spreads widened modestly during volatility but remained orderly.
- Spread moves were driven primarily by **risk repricing and primary supply dynamics**, rather than systemic credit stress.
- Became increasingly **selective in primary market participation**, favouring liquid exposures amid longer-dated and subordinated issuance with limited concessions.

### Equities allocation:

- Equity exposure was **actively managed again this month** in response to episodes of volatility and relief.
- During the month, we raised our position from 11% to 19% following early volatility and reduced back to 11% as markets recovered.

### Asset allocation



## Performance summary

Period	Feb 2026
Fund return (post-fee)	0.50%
Benchmark return	0.29%
Excess return	0.21%

Past performance is not a reliable indicator of future performance. [Visit our website for the Fund's full performance.](#)

## Outlook

### Global macro environment:

- February was characterised by **volatility across rates and risk assets**, driven by evolving Fed communication, geopolitical tensions and AI-related macro debate.
- US data continued to point to resilient growth, though concerns around inflation persistence **reduced expectations for near-term policy easing**.
- Overall, the period reflected a **repricing of market narratives** rather than a deterioration in underlying growth fundamentals, with risk assets stabilising into month-end.

### Australia-specific considerations:

- Australian bond markets were more affected by **offshore bond market momentum** than domestic data.
- Australian equity markets performed strongly during the month as reporting season reflected an overall **healthy earnings-growth environment**.

### Investment strategy moving forward:

- We expect a **more supportive environment for duration**, while retaining flexibility rather than holding structural exposure.
- We anticipate a period of **consolidation across credit and risk markets**, reinforcing a selective and disciplined approach.
- Equity allocation will continue to be used as a **liquid risk-management tool**, allowing rapid adjustment to volatility.
- Overall strategy remains **nimble and opportunistic**, balancing income generation with capital preservation amid ongoing macro uncertainty.

# PENDAL

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