

Pendal Monthly Income Plus Fund

Performance

The Monthly Income Plus Fund -0.62% in November (net of fees), underperforming its cash benchmark. Exposure to domestic equities was the largest detractor from performance. Duration also detracted though this was partially offset by gains in Australian investment-grade (IG) credit.

Performance summary

Period	Nov 2025
Fund return	-0.62%
RBA Cash rate	0.30%
Excess return	-0.92%

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

Current positioning

Duration management:

- We entered November expecting bond yields to drift lower, viewing inflation as past its peak and anticipating eventual RBA easing as growth and wages continued to moderate.
- However, stronger inflation and employment data challenged that view, prompting markets to **abandon near-term rate-cut expectations**.
- In response, **we trimmed risk**, maintaining a modest duration, below two years, but remain ready to **de-risk further** if the RBA's hawkish tone strengthens.

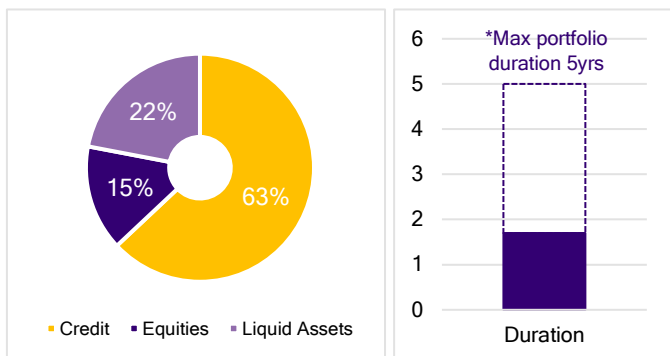
Credit markets:

- IG credit remained a source of stability** through November, holding firm despite equity volatility and rising bond yields, supported by solid corporate fundamentals and limited recession risk.
- With spreads tight but steady, **IG credit continues to provide reliable income and portfolio resilience**, positioning us well to benefit once yields stabilise.

Equities allocation:

- We cut our exposure to the 8% minimum** early in the month, anticipating that weakness in overvalued US tech names would spill over into global markets.
- As US reporting season progressed and AI leaders like NVIDIA delivered strong results, **we viewed the pullback as an opportunity, selectively buying the dip**. This move was rewarded as late-month strength helped offset market weakness in the earlier weeks.

Asset allocation



Outlook

Global macro environment:

- In the US, **treasuries continue to reflect wide uncertainty**. On the one hand, markets are hopeful for rate cuts. On the other, they are still wary of inflation, treasury issuance, and economic resilience.
- The release of the US Fed minutes showed policymakers remaining cautious, noting that while inflation had eased, it was still too high to justify rate cuts soon, reinforcing the message that **monetary policy would likely stay restrictive for longer**.

Australia-specific considerations:

- The October CPI report surprised to the upside**, driven by higher power bills, import prices, and travel costs. This prompted markets to scale back expectations for 2026 rate cuts.
- The labour market also proved resilient**, with 42,000 full-time jobs added in October, unemployment easing to 4.3%, signalling that the economy remains stronger than anticipated.
- Together, these data releases reinforced the view that rate cuts are not imminent, with some **traders pricing in a possible late-2026 hike** as the RBA maintained a firmly hawkish tone at its November meeting.

Investment strategy moving forward:

- The fund maintains an active approach to its duration positioning, **preferring to stay away from any structural levels of duration** for the portfolio whilst the push-and-pull forces continue to play out in **higher bond market volatility**.
- Credit market participation will remain selective, with a strong focus on **pricing discipline**, whilst maintaining a high-quality portfolio.
- The fundamental backdrop remains **broadly supportive of risky assets** and as such we expect to maintain a **moderate and active allocation to equities**.
- The fund remains committed to **active asset allocation and risk-aware portfolio construction** to navigate evolving market conditions effectively.

PENDAL

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