

Pendal Monthly Income Plus Fund

Performance

The Monthly Income Plus Fund returned -1.49% post-fee in March, underperforming its cash benchmark. Australian equities were the largest detractor to performance.

Performance summary

Period	Mar 2026
Fund return (post-fee)	-1.49%
Benchmark return	0.34%
Excess return	-1.83%

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

Current positioning

Duration management:

- Began March with moderate interest rate exposure, then **took profits and reduced duration early** as markets reacted to geopolitical headlines and near-term inflation uncertainty.
- As yields backed up, the Fund **selectively rebuilt duration** where risk/reward improved, while remaining disciplined during periods of oil-driven inflation risk.
- Later in the month, **reduced duration meaningfully** as part of a broader risk control response amid global yield sell-offs.
- Reduced duration to **minimal levels into month-end** following a more hawkish reading of the RBA's March meeting minutes.

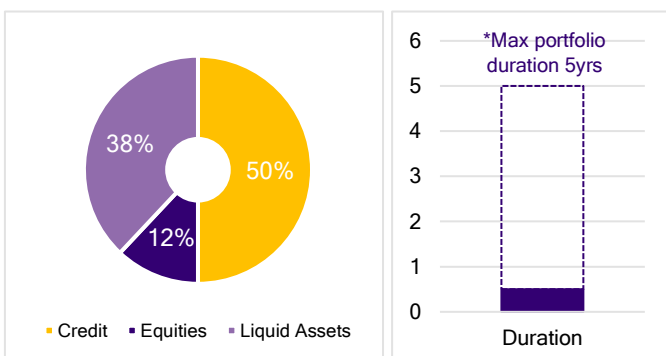
Credit markets:

- Domestic spreads widened modestly but markets remained orderly, with demand supported by higher all-in yields after the intra-month rates sell-off.
- The Fund **reduced exposure to tighter-spread, longer-dated credits**, building a tactical cash balance amid minimal primary market participation.

Equities allocation:

- Equity exposure was **reduced at the start of the month**, then **increased to 12%** on positive signals, where it remains despite further drawdown from continued geopolitical escalation.
- Equities remain one of **the most liquid components of the portfolio**, reinforcing the importance of liquidity in riskier allocations during volatile periods.

Asset allocation



Outlook

Global macro environment:

- March was characterised by **highly turbulent macro conditions**, with geopolitics, energy prices and shifting policy expectations driving abrupt rotations in cross-asset leadership.
- The energy impulse was central, with tightening global energy markets driving **inflation expectations higher and amplifying interest rate volatility**, while headlines oscillated between de-escalation and renewed escalation
- The month increasingly highlighted the risk that a **sustained energy shock becomes growth-destructive** even as inflation remains elevated – challenging diversification and amplifying correlation risk.

Australia-specific considerations:

- Australian rates markets priced in a peak of **over 5% in the RBA Overnight Cash Rate** intra-month as energy-driven inflation concerns intensified.
- The **ASX All Ordinaries fell over 8%**, erasing February's reporting season gains, likely reflecting the market's view that Australia is **more sensitive than the US to both the inflation and growth dimensions** of the current oil shock.

Investment strategy moving forward:

- Most of March saw bond markets **pre-occupied with the inflation component of stagflation**, with cross-asset correlations elevated as if repeating 2022.
- As the market's inflation concerns become exhausted, we stand ready to **lean into a more meaningful duration position** in coming weeks.
- A **higher-than-average cash balance** equips the portfolio with greater flexibility to navigate ongoing volatility.
- Risks ahead appear **asymmetric for spreads and liquidity**; we stand ready to deploy into dislocations or replenish via primary markets on de-escalation.

PENDAL

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