

Pendal Dynamic Income Fund

Performance

The Fund returned 0.70% post-fee in June, outperforming its cash benchmark. Each segment of the portfolio contributed meaningfully to performance with duration serving as the biggest driver.

Performance summary

Period	June 2026
Fund return (post-fee)	0.70%
Benchmark return	0.36%
Excess return	0.35%

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

Correct to 2 decimal places. Numbers may not sum due to rounding

Current positioning

Duration management:

- The Fund entered June with duration at the lower end of its historical range, reflecting caution around the inflationary impulse from elevated oil prices and persistent central bank hawkishness.
- As oil prices fell and the Middle East shock proved less disruptive to inflation than feared, duration was **gradually extended** alongside the addition of approximately one year of a **long-Australia, short-US cross-market trade**, reflecting diverging rate outlooks between the two economies.
- Duration **remains below the midpoint of the historical range** at month-end; underlying inflation is still too elevated and the labour market insufficiently soft to justify a large outright long-duration call.

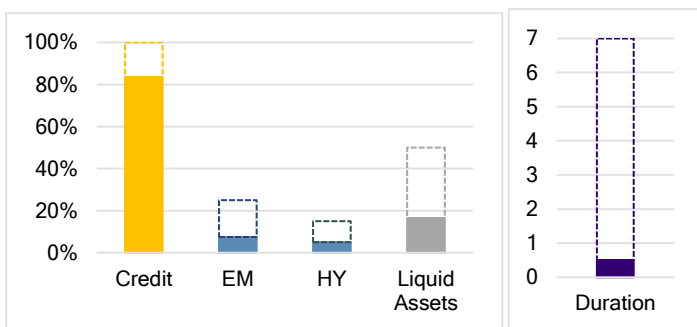
Credit markets:

- **Spreads were broadly orderly** through June, secondary liquidity improved, and the new issuance pipeline remained active, led by Kangaroo bonds and IT/software names, with banks and general corporates supported by solid credit fundamentals.
- The Fund remained **constructive but selective**, favouring higher-quality investment-grade issuers and participating in new issuance for incremental value; with **spreads no longer offering a cheap buffer**, credit risk will not be deployed without adequate compensation.

Return booster allocation:

- **US High Yield and Emerging Markets sovereign exposure was cut from 27.5% to 12.5%**, harvesting gains after post-shock spread compression left valuations stretched and the buffer against negative surprises materially narrowed.

Asset allocation



Outlook

Global macro environment:

- The **dominant tension between inflation persistence and growth deceleration** will continue to drive cross-asset volatility, with energy prices and Middle East geopolitics remaining key swing factors in the near term.
- **Central banks are not yet in a clean easing cycle**: the Fed's hawkish pivot and the residual risk of a further tightening surprise remain live constraints on both duration positioning and appetite for lower-quality credit risk globally.
- The **next round of inflation and labour market prints** will be decisive. A confirmed downward inflection would support a further lean into duration and risk assets, while continued data resilience would sustain the higher-for-longer regime.

Australia-specific considerations:

- The RBA's comparatively **more dovish tone relative to the Fed**, acknowledging softening consumer activity and a shift in housing momentum, supports the view that the next RBA policy move is more likely a cut than a hike.
- Signs of **weaker business conditions, lower capacity utilisation and moderating consumer demand** reinforce the structural rationale for the Fund's long-Australia, short-US cross-market trade as domestic growth increasingly diverges from US resilience.

Investment strategy moving forward:

- The Fund is **positioned to extend duration further** if the next few inflation and labour market releases confirm a meaningful downward inflection, but will remain patient until that signal is unambiguous rather than extrapolating from a single month's data.
- **Australian IG credit remains the Fund's primary performance engine**, offering yield pickup alongside defensive characteristics well-suited to an environment where the macro outlook remains uncertain and central bank tightening bias has not yet fully dissipated.
- **Reduced return booster exposure preserves liquidity and optionality**, allowing the Fund to re-deploy capital into US high yield or EM sovereign debt at more compelling valuations should a renewed macro shock cause spreads to widen from current stretched levels.

PENDAL

This document has been prepared by Pendal 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 Pendal 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.pendalgroup.com. The Target Market Determination (TMD) for the Fund is available at www.pendalgroup.com/ddo. You should obtain and consider the PDS and TMD 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 Pendal 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 neither Pendal nor any company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) accepts any responsibility or liability for the accuracy, reliability or completeness of this information.