

Pendal Monthly Income Plus Fund

Performance

The Fund returned 0.39% post-fee in June, performing broadly in line with the cash benchmark. Duration contributed the most to returns. Australian Investment Grade credit also added to performance. Domestic equities detracted from returns.

Performance summary

Period	June 2026
Fund return (post-fee)	0.39%
Benchmark return	0.36%
Excess return	0.03%

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

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

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.

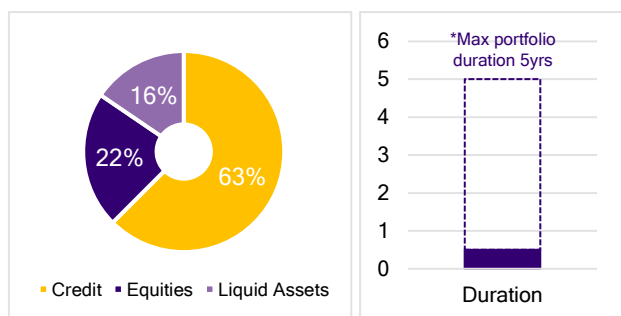
Credit markets:

- **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.

Equities allocation:

- **Australian equity exposure was increased from 12% to 22%** as normalising energy prices reduced geopolitical tail risk and US earnings momentum supported global sentiment.

Asset allocation



Solid bars indicate positioning as at end of month

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

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