

Pendal Australian Long/Short Fund

Equity Strategies

ARSN: 121 948 810

30 April 2026

About the Fund

The Pendal Australian Long/Short Fund (**Fund**) is an actively managed portfolio of Australian shares investing in both long and short positions. The Fund utilises Pendal's existing Australian equity research capabilities to capture additional sources of value-add by using both buy and sell ideas.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 200 (TR) Index over the medium to long term by taking both long and short positions in Australian shares. The suggested investment timeframe is five years or more.

How the Fund is managed

Pendal's investment process for Australian shares is based on our core investment style and aims to add value through active stock selection and fundamental company research. Pendal's core investment style is to select stocks based on our assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Our fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).

The Fund aims to generate investment returns by taking advantage of Pendal's buy and sell ideas using a strategy that combines a long and a short portfolio known as a long/short strategy. To take advantage of the buy ideas, a long portfolio is created consisting of securities that are bought and held, consistent with our view that these securities will outperform the market. These securities are referred to as long positions.

To take advantage of our sell ideas, a short portfolio is constructed with short positions. Short positions are created by selling securities in a process called short selling, where we believe these securities will underperform the market. To implement the Fund's short strategy, the Fund does not borrow money. However, it does borrow securities from a securities lender with the intention of buying back the securities from the market and returning them to the lender at a price lower than the sale price.

Short selling is used by us when we expect that the price of a security will fall. If the price of the security falls in value, the Fund will make a profit because it buys the security back from the market for less than it was sold. This can be contrasted with the Fund's long positions, where the Fund makes a profit from an increase in the price of a security.

The Fund may have long positions of up to 135% and short positions of up to 35% of the Fund's net asset value. This means that at any given time, the Fund's gross exposure to securities held both long and short may range from 95% to 170% while generally maintaining a net market exposure of around 100%.

The Fund may use derivatives to reduce risk and to act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives can also be used to gain exposure to assets and markets.

Investment Team

Pendal's nineteen member Equity team is one of the largest in the Australian fund's management industry. The portfolio manager for the Fund is Jim Taylor.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	2.24	2.29	2.18
3 months	-3.60	-3.48	-1.22
6 months	-3.56	-3.32	-0.87
1 year	5.71	6.25	10.12
2 years (p.a)	7.11	7.67	9.95
3 years (p.a)	7.98	8.54	9.66
5 years (p.a)	7.27	7.86	8.36
Since Inception (p.a)	6.87	7.96	5.87

Source: Pendal as at 30 April 2026

"Post-fee" returns assume reinvestment of distributions and is calculated using exit prices. "Pre-fee" returns exclude the effects of management costs and any taxes. Returns for periods greater than one year are annualised. Fund inception: November 2007.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 April 2026)

Energy	5.4%
Materials	28.4%
Industrials	6.3%
Consumer Discretionary	5.7%
Consumer Staples	1.0%
Health Care	5.2%
Information Technology	4.7%
Telecommunication Services	5.1%
Utilities	-0.3%
Financials ex Property Trusts	31.7%
Property Trusts	4.3%
Cash & other	2.5%

Top 10 Holdings (as at 30 April 2026)

BHP Group Ltd	13.2%
Commonwealth Bank of Australia	9.0%
National Australia Bank Limited	5.2%
Telstra Group Limited	5.1%
ANZ Group Holdings Limited	4.8%
CSL Limited	4.2%
Rio Tinto Limited	3.7%
Westpac Banking Corporation	3.5%
Santos Limited	3.0%
Qantas Airways Limited	2.9%

Investment Guidelines

Risk Limits:	Relative to S&P/ASX 200 (TR) Index
Investable universe	ASX and NZX listed stocks, large cap and small cap, (or those to be listed within 12 months), cash, derivatives
Investment Allocation	Australian equities Long: 95 - 135% Short: 0 - 35% Net long exposure max 100% Cash: 0 - 5%
Stock Numbers	Long Portfolio 30-70 Short Portfolio up to 40
Ex-ante tracking error	2.0% – 6.0%
Min/max active sector position	+/- 10%
Min/Max active long stock position	+/- 6%
Max active short stock position	- 6%
BARRA risk factors	+/- 0.8 std. dev.

Other Information

Fund size (as at 30 April 2026)	\$611 million
Date of inception	November 2007
Minimum investment	\$25,000
Buy-sell spread ¹	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Half-yearly
APIR code	RFA0064AU

¹ The buy-sell spread represents a contribution to the transaction costs incurred by the Fund, when the Fund is purchasing and selling assets. The buy-sell spread is generally incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Changes to key service providers of the Fund

The Fund changed its custodian and administrator to the Northern Trust Company on 3 October 2022.

Fees and costs

You should refer to the latest Product Disclosure Statement for full details of the ongoing fees and costs that you may be charged.

Management fee ²	0.50% pa
Performance fee ³	15% of the Fund's performance (before fees) in excess of the performance hurdle

² This is the fee we charge for managing the assets and overseeing the operations of the Fund. The management fee is deducted from the Fund's assets and reflected in its unit price.

³ This is the fee we charge if the Fund's investment performance exceeds its performance hurdle, and any performance deficit has been recouped. The Fund's performance fee is 15% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (S&P/ASX 200 (TR) Index) plus the management fee of 0.50% pa. If a performance fee is payable, it is charged in addition to the management fee. The performance fee is calculated in dollar terms each Business Day based on the investment performance and value of the Fund on that day. If we are entitled to a performance fee, it is paid to us as at 30 June each year.

Market review

The Australian equity market continued the rebound from late March into early April as a ceasefire in the Iran conflict saw hopes rise of a peace deal and a re-opening of the Strait of Hormuz.

However these hopes faded over the course of the month. While the ceasefire has largely held, the Strait remained effectively shut, exacerbating the disrupted supply of oil, LNG and other commodities.

The S&P/ASX 300 pared its earlier gains, to finish up +2.3%. This was well below the +10.4% return from the S&P 500, which was further bolstered by a strong quarterly earnings season and strength in the tech sector on the AP capex theme.

The Q1 consumer price index (CPI) rose 1.4% quarter/quarter and the trimmed mean was 3.5% year/year, which saw underpinned rising expectations of another interest rate hike from the RBA in May.

The oil price oscillated along with sentiment around the likelihood of a peace deal. Brent crude finished down -3.7% for the month, at US\$114 a barrel, which is up 87.4% for the calendar year to date. Iron ore (+1.2%) and aluminium (+0.6%) were steady, while Copper gained +5.4%. Gold slipped another -1.1%.

Information technology (+12.1%) enjoyed some relief after several months of heavy selling, with data centre-related names particularly strong. Xero (XRO) gained 6.6%, NextDC (NXT) +27.8%, and Wisetech (WTC)+12.4% among the larger index weights.

Real Estate (+8.1%) also outperformed, although much of this was due to a 15.8% gain in sector heavyweight Goodman Group (GMG), on the data centre theme. Scentre Group (SCG, +11.8%) was also strong, on a well-received quarterly update.

Health Care (-8.4%) was the weakest sector. A downgrade by Cochlear (COH, -44.4%) made a major contribution, but several of the larger companies were weaker, such as CSL (CSL, -11.7%) and ResMed (RMD, -7.4%), in part due to a stronger Australian dollar.

Consumer Staples (-3.8%) also underperformed. Woolworths (WOW, -5.6%) downgraded its outlook, as did A2 Milk (A2M, -26.0%). The latter has been hit by supply chain disruption as the product testing process in China has been expanded.

Fund performance

The Fund marginally outperformed the benchmark over the month of April.

Key contributors

Overweight NextDC (NXT, +27.8%)

NXT announced a 250 megawatt contract win at its S4 data centre. This came alongside a large capital raising - including \$1.5bn in equity - to support the roll out of this contract. The market has been concerned about NXT's balance sheet and the new debt and equity raised has resolved this issue for the moment. This is NXT's largest ever contract win, taking contracted EBITDA to >\$1bn, resulting in a business which is four times larger than it is today.

Underweight Cochlear (COH, -44.4%)

COH issued a large downgrade on weaker expected revenue growth. In emerging markets, there are impacts from the Middle East as well as reimbursement challenges in China. In developed markets there are issues in Europe while the US was blamed on a weak consumer. On the cost side there may be some receivables issues in Middle East and the company has taken the opportunity to re-shape the cost base to be better positioned for future. Looking forward, growth appears difficult to come by in our view and COH may need to spend to try and invigorate it.

Key detractors

Overweight CSL (CSL, -11.7%)

CSL drifted lower in March, with the market moving to the low end of management's guidance – or just below it – for FY26 earnings, with uncertainty over the near-term level of Chinese demand for albumin a key factor. The stock is now at a material valuation discount to the market, reflecting fears over structural issues in the key plasma market and the market's desire to see proof of better performance. We believe these fears are overdone.

Overweight Evolution Mining (EVN, -5.7%)

The gold mining sector remained muted, along with the gold price, in April. EVN delivered a better-than-expected Q3 update, with guidance retained despite fears weather disruptions at Ernest Henry would trigger a downgrade. Cash flow also remained strong, with EVN back in a net cash position (~3-months ahead of schedule) and Q4 set to deliver an improvement on the ~A\$500m net mine cash flow in Q3. As such, capital management remains a key focus heading towards the FY26 result. The interim dividend was a material uplift at a 67% payout ratio versus a policy of 50%, and in the absence of M&A EVN remains well placed to continue higher capital returns.

Outlook

Financial markets continue to suggest the Iranian conflict will not trigger a further significant rise in energy prices, suggesting some form of resolution is close.

Its worst fears around supply shortages have not eventuated, yet, due to the availability of more inventory and higher-than-expected demand reduction.

When the crisis started the market would have expected that a nine-week closure of the Strait, with only 4% of product getting through, would lead to far higher oil prices than we have seen.

Reasons for the more benign reaction include 1) reserve / inventory drawdowns have been more significant than expected, 2) demand has fallen more than expected at a given oil price, and 3) higher crude exports from other regions – notably the Americas – running at around 3m barrels per day.

The market seems to have been quite efficient in adapting to the shock and this has given confidence to broader financial markets.

However, a large part of this reflects the ability to draw on stockpiles, both visible and invisible. We do not know where the tipping point may be which, if hit, would require far more material demand destruction.

The US economic backdrop remains supportive, evidenced by a strong quarterly reporting season.

Employment data shows that the flow on effects of the fuel shock, while affecting confidence, is not impacting the economy. Nor is AI leading to meaningful labour shedding. It is currently in the sweet spot of not being strong enough for the Fed to worry about wages responding to the energy shock, but also not weak enough to put pressure on the central bank to cut rates.

Combined with strong corporate earnings, this has given the market confidence to look through the short-term input cost issues.

Australian interest rates have returned to the previous cycle high, with the RBA driven by concerns of firms passing on costs given the tight labour market, the strength of the economy's momentum prior to the Iran war, and domestic industry structures which gives corporates pricing power.

Governor Bullock did indicate that the board now sees policy as slightly restrictive and having risen three times in a row - and given the uncertainty - we would expect a pause. The market is still expecting one further rise, potentially in August.

Corporate results and updates domestically suggest that the Australian economy and earnings continue to hold up. Everyone is looking for signs of weakness, but very few have emerged to date - and those tend to be in more structurally-challenged franchises.

For more information please call 1300 346 821,
contact your key account manager or visit pendalgroup.com

PENDAL

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