

Pendal Dynamic Income Fund

Class R

Income & Fixed Interest

30 April 2026

ARSN: 622 750 734

About the Fund

The Pendal Dynamic Income Fund (**Fund**) is an actively managed diversified portfolio of Australian and international fixed income securities.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the RBA Cash Rate by 2-3% p.a. over the medium term. The suggested investment timeframe is three years or more.

Description of Fund

The Fund is designed for investors who seek income from a portfolio of Australian and international fixed income securities across a range of market conditions and are prepared to accept some variability of returns.

The Fund is an actively managed portfolio that invests primarily in Australian issued investment grade corporate bonds¹. The Fund may also invest in emerging markets² sovereign debt and international credit (including high yield), to provide portfolio diversification and enhance returns when we believe market conditions are supportive. The Fund's international credit exposure is typically obtained through indices, primarily using derivatives.

The Fund has the ability to decrease its allocation to credit and invest in cash. The Fund actively manages interest rate duration throughout the interest rate cycle and may use active currency management as part of its investment strategy to enhance returns when we believe market conditions are supportive.

Pendal uses a combination of quantitative modelling and qualitative research to construct the Fund's portfolio.

The Fund's portfolio is constructed using the following three step approach:

1. Generate investment signals through quantitative models
2. Reaffirm investment signals with qualitative research
3. Asset Allocation

If the themes also point towards lower interest rates and a negative correlation environment exists between interest rates and credit, the Fund can increase its Australian interest rate duration.

The Fund may hold its Australian and international credit exposures in non-investment grade credit securities. At the time of purchase, Australian credit securities (including corporate bonds) must be rated investment grade. However, if a corporate bond is downgraded after purchase, it can continue to be held. International credit securities may be rated non-investment grade at the time of purchase. The Fund's maximum investment exposure to Australian and international non-investment grade credit securities (in aggregate) is limited to 15% of the value of the Fund.

Investment Team

Pendal's Income & Fixed Interest team has extensive and varied experience across both local and international Fixed Interest markets. The team manages a range of strategies including Cash, Government bond, Composite bond, specialised Insurance solutions, Income solutions and Sustainable and Impact funds. The portfolio manager of the Fund is Amy Xie Patrick who has more than 20 years industry experience, supported by Co-Portfolio Manager Oliver Ge who has more than 15 years industry experience.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.64	0.68	0.34
3 months	-0.27	-0.14	0.97
6 months	0.10	0.37	1.89
1 year	3.28	3.85	3.84
2 years (p.a)	5.54	6.12	4.11
3 years (p.a)	5.50	6.08	4.17
5 years (p.a)	3.10	3.67	2.99
Since Inception (p.a)	3.01	3.52	2.15

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: December 2017.

Past performance is not a reliable indicator of future performance.

Asset Allocation (as at 30 April 2026)

Australian Credit	77.5%
Emerging Market Sovereign Debt	17.5%
High Yield Credit	9.2%
Cash	23.0%

Allocations may not add to 100% due to the use of derivatives to obtain Australian and international credit and emerging markets sovereign exposure.

Top 10 Issuer Exposure (as at 30 April 2026)

WESTPAC BANKING CORP	6.0%
NATIONAL AUSTRALIA BANK LTD	5.7%
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD	5.7%
COMMONWEALTH BANK OF AUSTRALIA	3.7%
VICTORIA POWER NETWORKS FINANCE PTY LTD	3.1%
COLES GROUP TREASURY PTY LTD	2.9%
LONSDALE FINANCE PTY LTD	2.6%
GAIF BOND ISSUER PTY LTD	2.6%
WESFARMERS LTD	2.5%
CNH INDUSTRIAL CAPITAL AUSTRALIA PTY LTD	2.4%

¹ Corporate bonds held within the Fund are required to be rated investment grade at the time of investment. Downgraded securities can continue to be held up to 15% of the Fund (in aggregate). Investment grade bonds refer to securities that are expected to have a high probability of payment of interest and repayment of principal.

² The Fund can invest up to 30% of the value of the Fund (in aggregate) in Emerging Markets Sovereign Debt and international non-investment grade securities. However, the Fund can only invest up to 15% of the value of the Fund (in aggregate) in Australian and international non-investment grade credit securities.

Fund Characteristics

Benchmark	RBA Cash rate
Liquidity	Daily

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 ³	0.55% pa
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³ 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.

Fund Statistics (as at 30 April 2026)

Yield to Maturity ⁴	5.16%
Running Yield ⁵	4.45%
Modified duration	0.16 years
Credit spread duration	2.73 years
Weighted Average Maturity	2.73 years
Average Australian Credit Rating	A+

⁴ Yield to maturity is an estimate, at a point in time, of an individual security's expected annual rate of return, assuming the security is held to maturity and all coupon payments are made on time and reinvested at the same rate. The Fund's yield to maturity uses this calculation on a weighted average basis for all physical securities held in the Fund. The Fund's yield to maturity does not represent the actual return of the Fund over any period.

⁵ Running yield is an estimate, at a point in time, of the annual income generated by an individual security expressed as a percentage of its current market price. It is calculated by dividing the coupon of the security by the market value of that security. The Fund's running yield uses this calculation on a weighted average basis for all physical securities held in the Fund. Running yield does not reflect the actual income return of the Fund.

Other Information

Fund size (as at 30 April 2026)	\$352 million
Date of inception	December 2017
Minimum investment	\$25,000
Buy-sell spread ⁶	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Quarterly
APIR code	BTA8657AU

⁶ 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.

Market review

April was a month where geopolitics, specifically the evolving situation in the Middle East, overwhelmed traditional macro drivers and dictated the direction of bond markets. While inflation data and central bank rhetoric remained important in shaping the broader backdrop, day-to-day price action in both fixed income, credit and equities was far more tightly linked to headlines around ceasefire negotiations, shipping risks, and the potential for a broader regional escalation.

The pattern was remarkably consistent. Any signs of progress toward diplomatic engagement or reduced disruption risks triggered rallies in bond markets with yields moving lower as risk premia eased. Conversely, breakdowns in talks or renewed tensions saw an immediate reversal, pushing yields higher as energy prices lifted and inflation concerns resurfaced. This dynamic created a highly reactive market environment where geopolitical headlines effectively became the primary market catalyst.

Overlaying this geopolitical volatility was a macro backdrop that, while secondary, reinforced the upward pressure on yields. US inflation prints continued to show stickiness, particularly in services, and activity data remained resilient enough to keep recession fears at bay. The Fed maintained a cautious tone, emphasising that inflation was still above target and that further progress was needed before any easing could be considered.

This combination of strong macro data and ongoing headlines of a looming fuel shortage translated into a choppy but directionally higher yield environment. Early April saw yields decline modestly as optimism grew around potential diplomatic progress in the Middle East. Oil prices softened during these periods, which helped anchor inflation expectations and allowed the market to re-engage with the idea that the Fed might still be able to ease policy later in the year. However, these moves proved fragile as setbacks in negotiations and renewed concerns around supply disruptions pushed oil prices higher again. This, in turn, fed directly into breakevens and nominal yields. The reaction was most pronounced in the front end where rate expectations remain most sensitive to inflation surprises.

Australian investment-grade (IG) credit was resilient throughout the month as spreads grinded tighter despite the volatility in rates and geopolitics. The market largely looked through the Middle East noise, treating it as a temporary risk rather than something that would impair corporate fundamentals. There were brief bouts of widening when ceasefire talks faltered, but these were shallow and quickly reversed as demand for high-quality income re-emerged. In effect, investors stayed focused on carry and balance sheet strength, and while higher government bond yields weighed on total returns, the spread component was a clear source of stability and support.

US high yield and emerging market (EM) sovereigns performed even more constructively, with spreads remaining tight and, at times, continuing to compress despite the shifting geopolitical backdrop. The two segments remained anchored by strong technicals and a benign default outlook, underpinned by a still-resilient global economy. Episodes of escalation in the Middle East did lead to short-lived spread widening, particularly as oil prices moved higher, but these moves were consistently met with buying interest. The market effectively treated volatility as an opportunity rather than a warning, reinforcing the view that as long as growth holds, high yield and EM can absorb geopolitical shocks without a material repricing of risk.

Fund performance

The Dynamic Income Fund returned 0.64% (net of fees) in April, outperforming its cash benchmark. The risk asset components contributed the bulk of gains with the remainder coming from duration.

Fund positioning

On duration, we traded between zero and one year, reflecting a balance between our medium-term constructive view on bonds and near-term caution around inflation. While we continue to believe that inflation, both headline and core, is ultimately manageable and largely priced in, the market remains focused on the risk of higher and stickier inflation, particularly given the uncertainty around Iran and energy prices. In the short term, this has kept bond markets on edge with investors reluctant to add duration ahead of what are likely to be firmer CPI prints. As a result, rather than positioning for a large directional move, we kept duration light and traded tactically, adding and trimming exposure around market swings, while waiting for clearer evidence that inflation is settling and the conditions for a more sustained bond rally are in place.

In the early part of the month, we continued to proceed cautiously with regards to IG credit. Tensions in Iran as well as valuations in parts of the credit market, particularly outside the domestic banks, posed risks that were not being adequately priced. We reduced exposure to longer-dated, less liquid names where the risk-reward was less compelling and rotated into cash, where yields remained highly competitive. As the month progressed and diplomatic developments improved sentiment, we then moved to selectively re-risk, using the primary market to rebuild exposure at more attractive levels and reset our credit spread duration. While this repositioning has supported performance, we remain disciplined in how we add risk, recognising that the improvement in sentiment likely reflects short-term relief rather than a resolution of the underlying issues.

In a similar vein to IG credit, we maintained a defensive stance with regard to higher beta credit. However, as bullish headlines emerged, we lifted our exposure of high yield and EM from zero to around 20%, reflecting our view that the initial promise of a truce in the Middle East meaningfully reduced near-term tail risks and supported risk appetite. As spreads tightened and the rally extended, we did take the opportunity to de-risk slightly at the margins, trimming some exposure where valuations became less compelling. However, we did not materially reduce our positioning, as fears of demand destruction and a deterioration in earnings had yet to materialise.

Looking ahead, the key question for markets is whether inflation will begin to moderate more convincingly in the coming months. If it does, there may be scope for yields to stabilise and for the easing narrative to re-emerge. However, if inflation remains sticky and growth continue to hold up, the "higher for longer" theme is likely to persist, keeping upward pressure on yields and maintaining a challenging environment for fixed income investors.

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

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If market movements, cash flows or changes in the nature of an investment (e.g. a change in credit rating) cause the Fund to exceed any of the investment ranges or limits specified, this will be rectified by PFSL as soon as reasonably practicable after becoming aware of it. If PFSL does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified are accurate as at the date of this factsheet and PFSL reserves the right to vary these from time to time.