

Pendal Managed Cash Fund

Income & Fixed Interest

ARSN: 088 832 491

31 May 2026

About the Fund

The Pendal Managed Cash Fund (**Fund**) is an actively managed portfolio of Australian cash and short term fixed interest securities of strong credit quality. Key features of the Fund include same day access to funds with no transaction costs and monthly interest accrual. The Fund invests in short term securities issued by Prime Banks or that have a credit rating of A-1+ (minimum 75% of the Fund) and non-Prime Bank short term securities rated A-1 (maximum 25% of the Fund).

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Bank Bill Index. The Fund also aims to maintain a stable \$1.00 unit price while providing income which reflects the returns available in the short term money market.

Description of Fund

This Fund is designed for investors who want capital stability, regular income from the short term money market and same day access to funds. The Fund predominantly invests in short term securities issued by Prime Banks³ or short term securities that we consider to have similar credit characteristics. The Fund also invests in a combination of bank-backed, corporate and government short term money market and floating rate securities and annuities. The Fund aims to maintain capital stability through limited exposure to interest rate movements and prudent credit management.

Pendal's investment process for Australian cash and short term fixed interest securities aims to add value through multiple strategies, including active security and sector selection, yield curve positioning and investment research. Pendal focuses on weighted average maturity management and asset allocation between deposits with Authorised deposit-taking institutions (ADI's), government and semi-government debt and commercial paper. Our investment research focuses on macroeconomic analysis, sector and security valuation and portfolio construction.

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 Steve Campbell who has more than 26 years industry experience.

Portfolio Characteristics

Maximum duration	0 - 70 days
Minimum credit rating	A-1+ or issued by Prime Banks (minimum 75% of the Fund) A-1 (maximum 25% of the Fund)
Liquidity	Same day access (before 2.00pm)

Performance

(%)	Total Returns		Benchmark
	(post-fee)	(pre-fee)	Return
1 month	0.36	0.38	0.34
3 months	1.04	1.09	1.00
6 months	1.96	2.07	1.91
1 year	3.89	4.12	3.78
2 years (p.a)	4.16	4.39	4.10
3 years (p.a)	4.24	4.47	4.18
5 years (p.a)	3.08	3.28	3.03
Since Inception (p.a)	5.59	5.87	5.64

Source: Pendal as at 31 May 2026.

Performance returns (post-fee) is based on issuer fee deducted from the unit price: currently 0.22% (pa).

Performance returns (post-fee) are calculated: to the first day of each month using average daily distribution yields; taking into account management costs of the Fund. Performance returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns.

Returns for periods greater than one year are annualised. Fund inception: September 1986. Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 31 May 2026)

11am cash	19%
Bank securities	71%
Promissory Notes	3%
Term Deposit	7%

Security Credit Ratings (as at 31 May 2026)

A-1+	84.7%
A-1	15.3%

Fund Statistics (as at 31 May 2026)

Yield to Maturity [#]	4.56%
Running Yield [*]	4.56%
Modified duration	0.16 years
Credit spread duration	0.16 years
Weighted Average Maturity	0.16 years

[#] 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.

^{*} 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.

Prime Banks are Australian Prudential Regulated Authority (APRA) Authorised Deposit Taking Institutions that meet the Australian Stock Exchange's (ASX) strict eligibility criteria. Prime banks are appointed annually by the Administrator (ASX Benchmarks Pty Ltd) following consultation with the BBSW Advisory Committee and Market Participants. The ASX recognises securities issued by Prime Banks to be of the highest quality in regards to liquidity, credit and consistency of relative yield. Source: ASX Prime Bank Conventions, September 2023.

Credit rating by Standard and Poor's credit ratings reflect the agency's opinion about the ability of the issuer of the rated security to meet its financial obligations in full and on time. Credit agencies may downgrade their rating for a security held in the Fund at any time which may impact the price and liquidity of the security. Credit ratings are intended to be a guide for wholesale investors only and therefore should not be relied upon by retail investors when making a decision to invest in a security.

Other Information

Fund size (as at 31 May 2026)	\$576 million
Date of inception	September 1986
Minimum investment	\$100,000
Buy-sell spread	Nil
Distribution frequency	Monthly
APIR code	WFS0245AU

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 ¹	0.22% pa
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¹ 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.

The management fee on this Fund increased from 0.12% p.a. to 0.22% p.a. from 1 October 2022.

Market review

The Reserve Bank of Australia tightened monetary policy for a 3rd time this year. The 0.25% took at the policy rate to 4.35%, with the vote 8-1 for a hike. The RBA now sees policy as slightly restrictive and that they are well positioned to deal with the challenges that lay ahead given the ongoing uncertainty around the Middle East conflict. The market rallied following the decision with their statement indicating that a further hike at their next meeting in late June as being unlikely.

The RBA also released their latest set of economic forecasts via their Statement on Monetary Policy. The largest inflation forecast changes were upward revisions of 0.3% to 3.5% and 3.1% for annual trimmed mean inflation the year ending December 2026 and June 2027. The unemployment rate is expected to end the year at 4.3% and annual GDP is forecast to be 0.5% lower at 1.3% for 2026.

First quarter wage inflation data was in line with consensus. The wage price index rose 0.8% for quarter and 33% for the year. Labour market data was weaker than expected. Employment fell by 18,600 jobs in April and the unemployment rate rose by 0.2% to 4.5%. The unemployment rate rose despite the participation rate falling by 0.1% to 66.7%.

The monthly inflation series showed inflation rising by 0.4% and annual inflation increasing by 4.2%. The results were 0.2% below consensus and saw the market wind back pricing for further policy tightening. The largest fall was recorded by the transport group (-2.7%) due to urban transport fares falling by 20%. Automotive fuel also fell by 7%. The recreation and health groups recorded rises of 2.6%, driven by domestic holiday travel and medical and hospital services.

Australian bonds ended the month lower in yield and the curve steepened. Three-year bonds ended 21 basis-points lower at 4.55% and ten-year bonds were 15 basis-points lower at 4.91%. The market ended the month pricing an 80% probability of a further rate hike by year end from the RBA. At the end of April the market had priced the cash rate peaking at 4.8% over the next 12 months.

Geopolitical events continue to dominate in May. The oil price was volatile with headlines about the relative stages of agreement between the US and Iran dominating. The West Texas Intermediate (WTI) July futures contract peaked at \$104.38 in mid-May before falling sharply. The contract ended up falling 16% to close the month at \$87.36. The Brent July futures price peaked at \$114.44 early in the month and mirrored the move in WTI. The futures contract ended the month at \$92.05, 20% off its peak.

European bonds outperformed over the month. German 10-year yields peaked at 3.20% in mid-May before rallying into month end as the oil price fell. They closed at 2.95%, 9 basis-points lower in yield from their April month-end close. In the United Kingdom yields on Gilts surged with UK Prime Minister Starmer's tenor appearing to be nearing its end following local election losses during the month. Concerns over potential successor Andy Burnham increased borrowing saw 30-year yields peak at 5.85%. Subsequent comments about fiscal responsibility allayed concerns somewhat. Weaker inflation and labour market data and the fall in oil price also resulted in bond yields rallying across the curve. The 30-year bond yield ended the month at 5.57%, 13 basis-points higher than the April close.

The worst performing bond markets were Japan and the United States. Japanese 30-year yields broke through 4% and peaked at 4.14%. This is the highest level since the 30-year bond tenor was introduced in 1999. Part of the catalyst for the move was Japanese Producer Price Index (PPI) data that showed a 4.9% annual increase against the consensus of a 3% rise. Japan's economy grew by 0.5% in the first quarter and the GDP deflator was unchanged at 3.4%. Japanese bonds did rally into month end with 10 and 30-year yields ending the month 19 and 20 basis-points higher at 2.70% and 3.92%.

In the United States bond yields ended the month higher than their April close. Federal Reserve meeting minutes showed that 'many' officials called for the dropping of the easing bias in response to inflation continuing to run above their 2% target. The minutes show that a majority of participants highlighted that some policy firming would be appropriate if inflation were to continue to run persistently above 2%. Subsequent comments from Governor Waller that he supports removing the easing bias also put upward pressure on yields.

Non-farm payrolls data was better than expected when rising 115,000 jobs in April (consensus 65,000). The unemployment rate was unchanged at 4.3% and average hourly earnings rose 0.2% for the month and 3.6% for the year, slightly weaker than expected.

US PPI data was much higher than expected. Headline PPI rose 1.4% and core CPI was up 1% in April, resulting in annual rises of 6% and 5.2% respectively. Consensus was for a monthly rise of 0.5% and 0.3%. The monthly result was driven by energy prices rising by 7.8% and transportation and warehousing costs up 5%.

US ten-year bond yields peaked at 4.67% before ending the month at 4.51%. The prior month close was 4.37%. The market ended the month pricing a 60% probability of a rate hike by year end and in turn put upward pressure on short end yields. US two-year yields ended the month 19 basis-points higher at 4.06%.

Fund performance and activity

The Fund returned 0.36% (net of fees) for the month and 3.89% (net of fees) over the year, outperforming by 2 basis points and 11 basis points respectively. The yield on the Fund at month end was 4.56%.

Six-month BBSW ended the month 5 basis points higher in yield at 4.82%. Six-month yields traded in a 9 basis-point range, troughing at 4.73% early in the month before moving higher in yield. Expectations for further policy tightening fell during the month following the RBA's May meeting that indicated a follow up hike in June was unlikely. The market ended the month pricing one further hike by year end as being more than likely. Six-month overnight index swap (OIS) ended the month 1 basis-points lower at 4.48%. The move saw the 6-month bills-OIS spread widen by 5 basis points to 0.33% at month end.

Positioning remains consistent with prior months. Additional yield from non-major bank exposure along with higher margin deposits from the major banks continue to benefit performance. The fund remains highly liquid and is well positioned to outperform in the coming months.

Market outlook

With the Reserve Bank of Australia now seeing themselves in slightly restrictive territory it is more likely that they leave policy settings unchanged at their June meeting following three successive hikes. They now see themselves in a position to wait and see how events in the Middle East evolve and how the domestic economy responds to monetary policy tightening. Inflation and labour market data in May would have provided some comfort although there are nuances within the results. The extent of second round inflation effects will also take time to emerge. Other central banks are likely to tighten policy in response to higher inflation with the European Central Bank, Bank of Japan and Reserve Bank of New Zealand all now expected to tighten monetary policy at their next meeting. Inflation has remained above the Federal Reserve's target for an extended period in the United States. With inflation higher and above target both domestically and abroad the skew towards policy tightening will most likely remain in place for the remainder of the year.

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

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Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Performance returns (post-fee) are calculated: to the first day of each month using average daily distribution yields; taking into account management costs of the Fund. No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any). Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account. Performance returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns. Past performance is not a reliable indicator of future performance.

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.

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