

Pendal MidCap Fund

ARSN: 130 466 581

Equity Strategies

30 April 2026

About the Fund

The Pendal MidCap Fund (**Fund**) is an actively managed portfolio of Australian mid cap shares.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Pendal MidCap Custom Index over the medium to long term. The suggested investment timeframe is five years or more.

Description of Fund

This Fund is designed for investors who want the potential for long term capital growth and tax effective income from a portfolio of primarily 40-60 Australian mid cap shares and are prepared to accept higher variability of returns. Pendal defines the mid cap universe to include companies ranked between 51 and 150 of the S&P/ASX 200 Index. The Fund may also invest in equivalent companies listed on the New Zealand Stock Exchange, hold cash and may use derivatives.

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 may have assets denominated in foreign currencies. This means that changes in the value of the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. The Fund's foreign currency exposure may be hedged from time to time, in whole or part.

Derivatives may be used to reduce risk and can 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 Equity team is headed up by Crispin Murray who has extensive experience and a strong record in equities research. The Fund is managed by Brenton Saunders.

A combination of the Australian equities large cap and small cap teams' research is used to construct the Pendal MidCap Fund.

Investment Guidelines

Investable universe	ASX and NZX listed and soon to be listed companies; derivatives; cash
Investment ranges	Australian shares 80 - 100% New Zealand shares 0 - 10% Cash 0 - 20%
Ex-ante tracking error	3 – 8%
Number of stocks	Typically 40 – 60
Absolute stock position	15%
Maximum active stock position	+/- 5% ¹
Maximum active sector position relative to index	+/- 10% ¹

¹ compared to benchmark.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	3.90	3.98	2.85
3 months	-9.54	-9.35	-8.35
6 months	-10.63	-10.24	-7.16
1 year	14.28	15.30	13.06
2 years (p.a)	11.02	12.01	10.31
3 years (p.a)	9.47	10.46	9.63
5 years (p.a)	6.64	7.60	7.38
Since Inception (p.a)	9.53	11.22	7.15

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: June 2008.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 April 2026)

Energy	9.7%
Materials	28.7%
Industrials	14.2%
Consumer Discretionary	7.4%
Consumer Staples	4.4%
Health Care	3.8%
Information Technology	8.3%
Telecommunication Services	0.0%
Utilities	0.0%
Financials ex Property Trusts	18.6%
Property Trusts	0.0%
Cash & other	5.0%

Top 10 Holdings (as at 30 April 2026)

Charter Hall Group	3.7%
Vicinity Centres	3.7%
ALS Ltd.	3.6%
Genesis Minerals Limited	3.3%
Orica Limited	3.1%
Capricorn Metals Ltd	2.8%
Mineral Resources Limited	2.6%
PLS Group Limited	2.6%
Challenger Limited	2.6%
Nextdc Limited	2.6%

Other Information

Fund size (as at 30 April 2026)	\$376 million
Date of inception	June 2008
Minimum investment	\$25,000
Buy-sell spread ²	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Quarterly
APIR code	BTA0313AU

² 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.

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	0.90% p.a.
Performance fee ⁴	20% of the Fund's performance (before fees) in excess of the performance hurdle

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.

⁴ 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 20% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (Pendal MidCap Custom Index) plus the management fee of 0.90% 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.

Fund manager commentary

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 51-150 pared its earlier gains, to finish up +2.9%. This was ahead of the broadcap S&P/ASX 300 (+2.3%).

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 (+17.4%) enjoyed some relief after several months of heavy selling. Codan (CDA, +33.3%) led the sector higher, but there was strength across the board. NextDC (NXT, +27.8%) rose on a large contract win, while software names Technology One (TNE, +4.3%) and Life360 (360, +7.6%) also held up well.

Financials (+6.4%) also outperformed. Zip (ZIP, +56.8%) surged on a well-received update, with fears around bad debts receding. There were also notable contributions from Block (XYZ, +15.2%) and AMP (AMP, +11.5%)

Consumer Staples (-7.9%) underperformed, due largely to a downgrade from A2 Milk (A2M, -26.0%) due to supply chain disruption and some weakness in Metcash (MTS, -8.1%) on concern over its upcoming result given weaker trends flagged by peers in supermarkets and liquor.

Health care (-2.9%) was also down, although underlying performance was mixed. Medical software company 4DMedical (4DX, -31.3%) was a key drag, although Fisher & Paykel Healthcare (FPH, -2.7%) and Ansell (ANN, -6.4%) also lost ground. Telix Pharmaceuticals (TLX, +9.8%) and Neuren Pharmaceuticals (NEU, +5.5%) both had better months.

The Pendal Midcap Fund returned 3.90% after fees for the month, outperforming the benchmark index return of 2.85%.

The largest contribution came from the overweight in Zip. Its Q3 trading update was well received as US bad debts held steady, calming the market's main concern, and management guided to this falling in 4Q versus analyst expectations for this to trend higher. The company achieved this without reducing growth. On the consumer, they pointed to strength in non-discretionary categories driving growth, potentially shielding them from more discretionary consumer weakness, which we are not yet seeing in the US. The Australian business grew total transaction volume 5%.

Elsewhere the lithium exposure helped via positions in PLS Group (PLS, +17.2%) and Liotown (LTR, +38.2%) on the back of a renewed rally in lithium prices. While news was limited, the current energy price shock continues to drive up demand expectations, particularly for energy storage. At the same time diesel shortages are hampering any near-term supply response. CATL, the world's largest battery maker, also reported better-than-expected Q1 results on higher battery demand.

Not owning 4DMedical was also beneficial.

The largest drag came from A2 Milk, which downgraded FY26 earnings around 11% as increased testing for cereulide in baby formula at both manufacturing facilities and on entry in China has added four weeks to the supply chain. In combination with low inventory - due to Synlait's on-going manufacturing challenges - this has left A2M without enough product to sell through into China. The loss of sales affects FY26 earnings, amplified by the need to use more, higher-cost air freight to help contain the supply delay. Management believe the issue will be resolved for FY27 and therefore see minimal impact on earnings that year (the market has put through 2% downgrades). The risk is testing delays extend longer and that A2 lose share if their product is not available on shelf. The company believes these issues represent limited risk, noting they have managed supply disruption effectively before. This highlights why A2M have bought their own manufacturing capability.

The gold exposure dragged via positions in Capricorn Metals and Genesis Minerals as the gold price fell 11.5% in March despite heightened geopolitical risk. A rally in the US dollar was a headwind, as were reports of investors taking recent profits in gold to deploy elsewhere or cover margin calls and some commentary around central banks pausing gold purchases. There was some offset from the underweight in Regis Resources and Vault Minerals.

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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