

Pendal Monthly Income Plus Fund

Income & Fixed Interest

ARSN: 137 707 996

31 May 2026

About the Fund

The Pendal Monthly Income Plus Fund (**Fund**) is designed for investors who want the potential for regular income and some long-term capital growth to protect against inflation, diversification across a range of asset classes and are prepared to accept some variability of returns. The Fund invests in a number of income generating strategies across a range of asset classes, including fixed interest, shares and cash. The Fund may also use derivatives.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the RBA Cash Rate over rolling 3-year periods while allowing for some capital growth to reduce the impact of inflation.

Investment Strategy

The Fund's investment strategy seeks to provide a reliable and consistent income stream that is commensurate with the prevailing cash rate. This will be achieved primarily by exposure to liquid cash and fixed income investments that generally continue to produce income even in times of stress.

The Fund's strategy also seeks to reduce the impact of inflation through exposure to growth assets (namely Australian shares) which will provide investors with the potential for some capital growth.

The Fund invests mainly in fixed and floating credit, government bonds and cash securities as well as Australian shares. The Fund is diversified with the goal of achieving stability and consistency of income over the long term.

Investment Process

Pendal's investment process provides a defensive approach to asset allocation. The process is aimed at preserving capital and minimising the occurrence of adverse income outcomes.

The Fund has a particular focus on managing downside risk and providing a regular, consistent and stable income. It also aims to provide some capital growth in order to reduce the impact of inflation. However, any capital growth that the Fund accumulates over time is secondary to the primary considerations of seeking to provide income and limit downside risk, and specifically limiting capital losses.

Investment Guidelines

Asset class	Range
Cash	0 - 50%
Fixed Interest	20 - 100%
Shares	0 - 30%

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	0.65% 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.

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	0.41	0.47	0.37
3 months	-0.30	-0.14	1.04
6 months	0.67	1.00	1.96
1 year	1.97	2.63	3.87
2 years (p.a)	5.30	5.98	4.11
3 years (p.a)	5.61	6.30	4.18
5 years (p.a)	3.20	3.86	3.06
Since Inception (p.a)	4.49	5.16	2.58

Source: Pendal as at 31 May 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: July 2009.

Past performance is not a reliable indicator of future performance.

Benchmark: RBA Cash Rate

Distribution (over the last 12 months)

Month	CPU	Month	CPU
31/05/2026	0.40	30/11/2025	0.30
30/04/2026	0.40	31/10/2020	0.30
31/03/2026	0.40	30/09/2025	0.25
25/02/2026 [^]	0.40	31/08/2025	0.25
31/01/2026	0.40	31/07/2025	0.25
31/12/2025	0.30	30/06/2025 [*]	3.3269

^{*} Distribution is large due to year end distribution.

[^] Early payment of February 2026 distribution. The change was made for operational reasons and will be for February 2026 only.

Sector Allocation (as at 31 May 2026)

Government bonds	0.0%
Semi-Government bonds	0.0%
Corporate bonds	54.3%
Mortgage backed	3.8%
Asset backed	0.0%
Australian shares	12.3%
Cash & other	29.6%

Fund Statistics (as at 31 May 2026)

Yield to Maturity [#]	5.41%
Running Yield [†]	4.41%
Modified duration	0.37 years
Credit spread duration	1.69 years
Weighted Average Maturity	1.97 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.

Other Information

Fund size (as at 31 May 2026)	\$482 million
Date of inception	July 2009
Minimum investment	\$25,000
Buy-sell spread ² For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Monthly
APIR code	BTA0318AU

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.

Market review

Fixed income markets in May featured the return of inflation risk and the renewed uncertainty it created for central banks. Yields sold off meaningfully around the middle of May, particularly in longer maturities, as investors became less confident that central banks would be able to maintain a dovish or neutral bias for the rest of the year. The catalyst was not one single event but rather an accumulation of pressure points. Robust US macro data, elevated oil prices and geopolitical risks all combined to unsettle bond markets.

In the US, the April jobs report came out stronger than expected, confirming that the economy still retained a degree of resilience. That alone was not enough to unsettle bonds materially as some underlying indicators continued to point to a gradual cooling in activity. However, firmer inflation data made the picture more difficult. Headline inflation was supported by energy while core inflation remained sticky, reminding investors that the Fed had not yet completed its inflation task. Later in the month, the April FOMC minutes reinforced the same broad message. The language didn't suggest the Fed was necessarily about to restart an aggressive hiking cycle. Rather it highlighted how consumer prices were still too elevated for the central bank to validate the market's earlier hopes for a more rapid shift toward easier policy. Fed officials continued to emphasise that policy needed to remain sufficiently restrictive until there was greater confidence that inflation was returning to target.

Australian bonds followed the global move but with important domestic influences. The RBA delivered another 25 basis point hike in early May, taking the cash rate to 4.35%. The decision itself was broadly anticipated as the RBA made clear in prior meetings that inflation risks had shifted higher, not only because of the Middle East-driven energy shock but also because domestic capacity pressures had already been building. Governor Bullock was particularly focused on the risk that firms facing higher costs would pass those expenses through to final prices.

However, as the month rolled on, domestic data began to look less one-sided. The first important catalyst was the labour market. April jobs growth turned negative with the unemployment rate rising to 4.5%, the highest level in several years. That shifted the tone in local rates as the case for repeated near-term rate hikes became less compelling.

The second catalyst was the April monthly CPI indicator. Headline inflation slowed from 4.6% to 4.2%, helped by a moderation in petrol prices and government measures. While trimmed mean inflation rose to 3.4%, highlighting concerns around second-order effects, it did suggest that the most acute tail risks for inflation had eased. For rates markets, the data reduced the perceived urgency for another immediate RBA hike, even though it did not remove the risk that further tightening may still be required if underlying inflation remains too persistent.

Australian IG credit was comparatively resilient in May. The mid-month sell-off in rates and the rise in geopolitical uncertainty created some caution, particularly around longer-dated, less liquid securities where margins are exposed to higher funding costs or energy prices. Primary market activity became more selective among certain sectors but demand eventually returned as market conditions stabilised. High quality issuers continued to clear the market and order books for well-known domestic names remained healthy. Credit fundamentals also remained reasonably robust, inviting a modest degree of spread compression across the board.

Australian equities ended the month modestly higher, helped by better performance across selected materials and consumer discretionary stocks. The ASX200 came under pressure early in the month as the RBA's decision to hike triggered higher yields which weighed on valuations. Investors also became more concerned about the pressure on households. Sector-wise, banks faced a more challenging backdrop, with higher funding costs, mortgage competition and the risk of softer credit growth weighing on sentiment. On the other hand, materials companies were heavily supported by strong global infrastructure spending.

Fund performance

The Monthly Income Plus Fund returned 0.41% (net of fees) in May, outperforming its cash benchmark. Equities contributed the most to returns while duration and Australian investment-grade (IG) credit helped offset some of the losses.

Fund positioning

Within the core of our book, domestic IG credit with shorter and intermediate maturities remains the most attractive. Tight valuations mean there is limited room for disappointment and we believe longer-dated names would be disproportionately exposed to a negative credit event. Senior bank paper, infrastructure, utilities and other essential-service names continue to make sense in a portfolio context. We also continue to avoid lower-liquidity exposures, namely data centre companies, where the compensation for complexity or subordination has become relatively thin. In a month such as May, liquidity was valuable. The ability to adjust portfolio risk quickly mattered because the macro narrative changed materially between the start and the end of the month.

We maintained a modest allocation to Australian equities because, in the near term, there are still reasons to keep some exposure to growth assets. Corporate balance sheets remain in reasonable shape, earnings have been more resilient than feared, and the prospect of an on-hold RBA should continue to provide some support to equity valuations. However, we do not think this is an environment to be overly aggressive. Valuations are no longer cheap, higher interest rates are still working their way through the economy, and the outlook for margins remain vulnerable if demand slows further. For that reason, we think a measured allocation makes sense, but the better approach is still to remain selective, avoid chasing the market too hard, and preserve flexibility should more attractive entry points emerge.

On interest rates, we kept duration risk low through May because the near-term backdrop remained unfriendly for bonds even though we continue to see better opportunities emerging over the medium term. At the front end of the curve, inflation momentum still needs to show clearer signs of slowing before central banks can comfortably move away from a restrictive stance. At the long end, yields are still being pressured by the fact that overseas bond markets are facing many of the same inflation challenges as Australia. This is important because even if Australia makes progress in rebalancing the labour market and bringing inflation back toward target, a meaningful domestic bond rally will be difficult if US, European and UK yields are still moving higher. In that environment, domestic bonds may outperform other markets

but a full decoupling is unlikely. The risk of more inflationary shocks, particularly through second-order effects, also argued against leaning too heavily into duration too early. For now, we believe duration remains a position to build patiently rather than a risk to lean on aggressively today.

As such, the portfolio will continue to retain flexibility in duration rather than rely on a single large directional call. Australian bonds now offer a more attractive entry point, particularly if labour market softening continues and the RBA pauses to assess the impact of earlier tightening. US Treasuries also offer better value after the sell-off, although the long end remains sensitive to fiscal concerns and changes in term premium. In credit, we continue to favour high-quality income, strong liquidity and issuers that can withstand a slower growth environment. May was a useful reminder that carry remains valuable, but only when it is supported by underlying credit quality and sufficient liquidity.

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

PENDAL

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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.