

About the Fund

The Pendal Short Term Income Securities Fund (**Fund**) is an actively managed portfolio of primarily Australian cash and fixed interest securities. The Fund invests in a combination of short-term money market instruments and medium-term floating and fixed rate securities.

The Fund invests in short-term and medium-term securities that are investment grade¹. Duration is managed in a range of +/- 0.5 year around the index.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Bank Bill Index. The recommended investment time frame is 12 months or more.

Investment Approach

The Fund aims to add value through active management by exploiting market inefficiencies through the shape of the money market curve and the mispricing of credit securities. Research is focused on assessing economic factors, the likely direction of interest rates and credit analysis. Credit margin relative value is assessed with reference to rating, sector, maturity, liquidity and underlying credit fundamentals.

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 George Bishay, who has more than 30 years industry experience.

Fund Characteristics

Weighted average maturity	+/- 0.5 years around the index
Minimum credit rating	Investment Grade
Liquidity	Following day access (before 2.00pm)

Fund Statistics (as at 31 May 2026)

Yield to Maturity [#]	4.96%
Running Yield [*]	4.84%
Modified duration	0.11 years
Credit spread duration	1.76 years
Weighted Average Maturity	1.92 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.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.42	0.44	0.34
3 months	1.09	1.16	1.00
6 months	2.21	2.34	1.91
1 year	4.55	4.81	3.78
2 years (p.a)	4.79	5.05	4.10
3 years (p.a)	4.95	5.21	4.18
5 years (p.a)	3.57	3.83	3.03
10 years (p.a)	2.92	3.18	2.17
Since Inception (p.a)	4.43	4.75	4.22

Source: Pendal as at 31 May 2026

"Post-fee" return is based on management fees deducted from the unit price: currently 0.25% (pa). "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: January 1994.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 31 May 2026)

Money market	18.4%
Corporate	74.4%
Residential mortgage backed	7.2%
Government bond	0.0%
Other asset backed securities	0.0%

Security Credit Ratings (as at 31 May 2026)

AAA	10.1%
AA	57.4%
A	9.7%
BBB	4.4%
Money market	18.4%

Other Information

Fund size (as at 31 May 2026)	\$1,200 million
Date of inception	January 1994
Minimum investment	\$100,000
Buy-sell spread ²	For the Fund's current buy-sell spread information, visit www.pendalgroup.com
Distribution frequency	Quarterly
APIR code	WFS0377AU

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	0.25% 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.

¹ Investment grade securities refer to securities that are expected to have a high probability of payment of interest and repayment of principal.

Market review

May was a busy month for markets, driven by domestic and international events. Despite a rate hike of 0.25% and slightly higher global bond yields, Australian bonds had a constructive month, driven by moderating fuel prices and a deteriorating employment picture. Three-year bonds finished 0.28% lower at 4.48%, and 10 year bonds 0.23% lower at 4.83%.

The RBA rate hike in early May was the third in a row, taking cash back to the previous high of 4.35%. It took six months to cut by 0.75% in 2025 but only three months to hike back this year. The Statement of Monetary Policy released at the same time saw year end 2026 inflation forecasts raised from 3.6% to 4%, before falling back into the 2-3% target band in 2027.

Inflation data released in May, the April monthly numbers, showed a picture of inflation peaking. The CPI Year on Year (April 2026 versus April 2025) was 4.2%, down from 4.6% in March. A week earlier, the employment numbers saw an 18,600 decline in workers and an unemployment rate of 4.5%, above RBA expectations of 4.3% by year end. Together these data points saw RBA expectations fall below one more hike this year, having been at two more in early May.

Other data released in May generally leant towards a slowing economy. The NAB survey saw business conditions fall from a long-term average of 6 to 3, and confidence remained very weak at -24. Wages were well behaved with the Wage Price Index at 3.3%. The only bright spot for the economy was buoyant capital expenditure, driven primarily by data centres.

Credit review

Markets in May were dominated by geopolitical developments, specifically the US-Iran conflict and uncertainty around the Strait of Hormuz, which drove volatility in oil and bond markets, whilst equity markets were supported by strong US company earnings. Risk sentiment shifted rapidly with headlines, as de-escalation triggered rallies while any renewed tensions pushed oil prices higher. Headlines indicating progress in the US and Iran reaching a deal to extend the ceasefire and potentially reopen traffic in the Strait of Hormuz saw markets perform even with uncertainty remaining around the details, and the more contentious issues around Iran's nuclear program still unresolved.

US macroeconomic data surprised on the upside which also supported markets. Payrolls and retail sales printed better than expected however CPI and producer prices were higher than expected.

Credit spreads were mixed over the month. The Australian iTraxx index (series 45) traded in a tight 6bp range, finishing 5bps narrower to close at 72bps. Australian physical credit spreads were a little wider on average on the back of significant new issuance during the month which saw some re-pricing of secondary curves. Semi-government bonds were unchanged to Commonwealth government bonds.

Fund performance and activity

The Fund outperformed the benchmark over the month.

Financials and industrials added to performance.

Activity during the month included increasing exposure to industrials and RMBS funded out of short dated banks. We also completed two switches in Australian major bank new issues. We invested in 3 year maturities funded out of shorter dated tenors which offer better carry and roll payoff profiles.

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.

Credit outlook

We maintain defensive positioning in relation to our credit exposure given our concerns around the US labour market and now the Middle East conflict. A deterioration in US employment conditions is a risk for markets as this would increase the chances of a recession. Also, a prolonged conflict pushing oil to higher prices for a sustained period would be inflationary and an economic headwind, however we do believe the war will be short lived as Trump has a clear incentive to get oil prices back down, given lower energy prices were a cornerstone of his election campaign as the midterm elections approach.

We also have questions around the profitability of the significant AI capex spend that we have seen as well as implications on unemployment. We expect the return on capital spend will underwhelm and/or we get a material increase in unemployment due to continued employer cost cutting efforts which will be a headwind for the market going forward.

Global trade uncertainty remains, with the big unknowns now being will there be tariffs and if so who will ultimately pay for the Trump's tariffs. Will companies absorb it and impact profits/margins or will they pass the expense on to their end customers/consumers, either way not great for earnings, inflation and cost of living for the consumer.

On the flip side, the US consumer remains resilient and the economy is supported by government fiscal spending including the upcoming tax cuts which will continue to benefit US corporate earnings and credit fundamentals.

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.

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