

### Pendal Sustainable Australian Fixed Interest Fund

Income & Fixed Interest

Class R

30 April 2026

ARSN: 612 664 730

#### About the Fund

The Pendal Sustainable Australian Fixed Interest Fund (**Fund**) is an actively managed portfolio of Australian fixed interest securities. Investments are selected based on a range of sustainable, ethical and financial characteristics.

#### Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Composite 0+ Yr Index by 0.75% p.a. over rolling 3-year periods.

#### Description of Fund

The Fund is designed for investors who want income and diversification across a broad range of fixed interest securities and are prepared to accept some variability of returns. The Fund invests primarily in Australian dollar denominated investment grade fixed interest securities, including government securities, semi-government securities, supranational securities and credit securities and holds cash.

The Fund uses derivatives to gain exposure to assets and markets. Derivatives may also be used to reduce risk and can act as a hedge against adverse movements in a particular market or in the underlying assets.

Pendal's investment process for fixed interest aims to add value through multiple strategies and investment research. Pendal seeks to generate excess returns through a combination of alpha strategies such as credit management, active security (including green, social and sustainable bonds) and sector selection, duration and yield curve. Our investment approach for credit management seeks to identify opportunities on a sector, issuer and security basis by incorporating top-down and bottom-up research. Top-down research includes analysis of economic and market data, along with macro credit fundamentals such as company earnings, balance sheet health, default rates and equity volatility. Bottom-up research includes analysis of earnings and cashflow volatility, balance sheet, business diversity, industry and valuation.

#### Sustainability Approach

The Fund aims to allocate capital to issuers and securities that align to our sustainability themes: climate stability, human basics and innovation for good (the Sustainability Objective).

We undertake a sustainability assessment on all issuers that considers the extent to which each issuer manages its environmental, social (including labour standards) and governance (collectively ESG) risks (all of which include ethical factors). Our assessment draws on internal and external research to assess an issuer's sustainability performance (for example their exposure to ESG risks and how well they manage these risks relative to peers) and seeks to identify issuers that, in our view, have strong sustainability credentials for investment.

The Fund also applies exclusionary screens. Further information on the Fund's sustainability approach and exclusionary screens can be found in section 5 'How we invest your money' of the Fund's Product Disclosure Statement at [www.pendalgroup.com/PendalSustainableAustralianFixedInterestFundClassR-PDS](http://www.pendalgroup.com/PendalSustainableAustralianFixedInterestFundClassR-PDS).

#### 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.

#### Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.03	0.06	0.05
3 months	-0.76	-0.66	-0.50
6 months	-2.02	-1.83	-1.79
1 year	-0.16	0.24	-0.14
2 years (p.a)	3.45	3.86	3.41
3 years (p.a)	2.29	2.70	2.01
5 years (p.a)	0.10	0.50	0.05
Since Inception (p.a)	1.67	2.07	1.44

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: August 2016.

Past performance is not a reliable indicator of future performance.

#### Sector Allocation (as at 30 April 2026)

Government bonds <sup>^</sup>	4.5%
Semi-Government bonds <sup>^</sup>	2.8%
Sustainability Screened Corporate bonds	15.5%
ESG Thematic bonds - Green	50.1%
- Social	7.8%
- Sustainable	14.4%
Cash & other	5.0%

<sup>^</sup> Ex Green, Social & Sustainable Bonds



The Pendal Sustainable Australian Fixed Interest Fund has been certified and classified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and [RIAA's Financial Services Guide](http://RIAA's Financial Services Guide) for details.

The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certifications are current for 24 months and subject to change at any time.

## Fund Statistics (as at 30 April 2026)

Yield to Maturity <sup>#</sup>	5.34%
Running Yield <sup>*</sup>	4.19%
Modified duration	4.84 years
Credit spread duration	1.70 years
Weighted Average Maturity	6.16 years
Average Credit Rating	AA

<sup>#</sup> 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.

<sup>\*</sup> 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)	\$776 million
Date of inception	August 2016
Minimum investment	\$25,000
Buy-sell spread <sup>2</sup>	
For the Fund's current buy-sell spread information, visit <a href="http://www.pendalgroup.com">www.pendalgroup.com</a>	
Distribution frequency	Quarterly
APIR Code	BTA0507AU

<sup>2</sup> 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 <sup>3</sup>	0.40% pa
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<sup>3</sup> 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.

## Market review

There was no meeting held by the Reserve Bank of Australia (RBA) during the month. Inflation data showed first quarter trimmed mean inflation rising by 0.8% and resulting in an annual increase of 3.5%. The quarterly result was slightly weaker than expected, the annual result in line.

The monthly inflation series showed inflation rising by 1.1% in March. The increase was driven by a 32.8% surge in automotive fuel, contributing 1% to the headline result. Year-on-year inflation was up 4.6%.

Labour market data was in line with expectations. Employment grew by 17,900 jobs and the unemployment rate was unchanged at 4.3%. The participation rate fell by 0.1% to 66.8%.

The NAB Business survey painted a mixed picture. According to the survey business conditions fell marginally although remain in positive territory. Business conditions showed capacity utilisation remaining above its long run average. Purchase cost growth rose sharply. Confidence however plummeted, falling to -29 due to the conflict in the Middle East. It was the 2nd largest fall in the survey's history with the magnitude mirroring declines seen in the Global Financial Crisis and the COVID outbreak.

The Westpac Consumer Confidence survey also fell sharply. The index fell by 12.5% and is near historical lows. According to the survey the spike in fuel prices and rising interest rates triggered the largest fall since COVID.

Australian bonds ended the month higher in yield. Australian 3-year bond yields traded in a 31 basis-point range before ending 11 basis points higher in yield at 4.76%. Australian 10-year yields traded in a 26 basis-point range and ended 9 basis-points higher at 5.06%.

## Credit review

Credit spreads were a little stronger in April recovering some of March's weakness. The strength was on the back of a dialing back of Middle East tail risks and a positive US earnings season.

An extension of the US-Iran ceasefire and signs of some level of talks helped market sentiment. US enforced a naval blockade of Iran ports on all maritime traffic in mid-April on hopes it will squeeze Iran's economy forcing Tehran to capitulate on its nuclear program and reopen the Strait of Hormuz, whilst at the same time behind-the-scenes diplomacy continues. With markets having already sold off sharply in March, the shift away from worst case scenario in April supported a risk reversal.

First quarter US company earnings were materially better than expected. With approximately 60% of companies having reported by the end of the month, 81% beat earnings by 20% on average. Actual pcp profit growth was 29% whilst revenue growth was 12%. The best performing sectors in relation to earnings growth were resources and consumer discretionary at 83 & 56% respectively, whilst the worst sectors were telcos and health care at -5 & -4%.

Credit spreads were narrower over the month. The Australian iTraxx index (series 45) traded in a wide 19bp range, finishing 15bps tighter in spread to close at 77bps. Australian physical credit spreads narrowed 4bps on average. The best performing sector was domestic banks that tightened 6pts whilst the worst performing sector was real estate that moved out 1bp. Semi-government bonds narrowed 3bps to Commonwealth government bonds.

## Fund performance and activity

The Fund marginally underperformed the Bloomberg AusBond Composite Bond index over the month.

The government sector positioning slightly underperformed whilst the non-government portion of the Fund outperformed. Infrastructure and utilities sector positioning added to performance.

Activity during the month included adding to infrastructure, supranationals and semi-governments exposure funded out of cash.

This month, the Fund invested in a new Western Australia Treasury Corporation (WATC) Green Bond. The Fund has supported WATC's previous green bond, which financed renewable energy, clean transport and water infrastructure. The new issuance continues to support these categories, with the additional inclusion of projects explicitly linked to environmental resilience outcomes. These resilience-focused allocations include projects supporting natural capital. This includes the addition of approximately 6.5 million hectares to Western Australia's conservation estate, providing protection across wetlands, rangelands, forests, marine environments and areas of threatened flora and fauna. A number of these reserves are jointly managed with Traditional Owners, supporting employment, training and economic participation in regional and remote areas of Western Australia. The bond framework also permits funding aligned with the Forest Management Plan for the South West, covering approximately 2.4 million hectares of predominantly native forest managed for long-term forest health and resilience. This represents a shift away from large-scale native timber logging and

includes protections for at least 400,000 hectares of karri, jarrah and wandoo forest, alongside new forest and fire research programs and expanded recreation opportunities. Following the cessation of native forest logging, eligible projects also include the expansion of softwood plantation estates, supporting long-term timber supply and reducing pressure on native forests. Alongside these natural capital-related investments, the bond continues to support the same categories as the prior WATC green bond, including renewable energy such as wind farms and school solar programs, energy efficiency through large-scale battery projects, and climate change adaptation measures, including a desalination facility powered by renewable energy.

### Market outlook

Tensions in the Middle East will see the Reserve Bank of Australia (RBA) revise their inflation forecasts higher in their next Statement on Monetary Policy in May. With inflation already above target and moving higher it is likely that the RBA also tightens monetary policy at their May meeting. Further policy tightening after that remains largely contingent on external events. Domestically the RBA will be paying close attention to wage agreements and the effect of higher commodity prices on household spending. For now, containing inflation expectations remains the RBA's primary objective. Further policy tightening is likely, although the environment remains volatile and uncertain.

### 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 continued 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](http://pendalgroup.com)

**PENDAL**

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PFSL is the responsible entity and issuer of units in the Pental Sustainable Australian Fixed Interest Fund (Fund) ARSN: 612 664 730. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1300 346 821 or visiting [www.pentalgroup.com](http://www.pentalgroup.com). The Target Market Determination (TMD) for the Fund is available at [www.pentalgroup.com/ddo](http://www.pentalgroup.com/ddo). You should obtain and consider the PDS and TMD before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

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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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