

Pendal Monthly Factsheet

Pendal Sustainable Future Australian Shares Portfolio (the Portfolio)

March 2026

Market review

The disruption to commodity production and shipping in the wake of US and Israeli attack on Iran dominated markets in March.

Iran retaliated with strikes on Gulf State energy production infrastructure and effectively closed the Strait of Hormuz.

This saw energy prices surge and prompted concern about the ultimate impact on inflation and interest rates - with the market in the US flipping from pricing rate cuts to rate hikes.

The Gulf and Strait are also important in global production of fertiliser, helium, aluminium and sulphur, among other commodities. The market also started to focus on the possible effect of a period of higher prices - or shortages - of key inputs at a macroeconomic, industry and company level.

The Trump Administration made several statements that suggested a relatively short conflict. However continued attacks and deadlines, bellicose Iranian responses, and threats of escalation to critical infrastructure, saw market sentiment oscillate and extremely volatile markets with sometimes large intra-day swings.

The net effect was the S&P/ASX 300 fell -7.3% for the month, an outcome which suggests that on balance, the market still expects a cessation to hostilities relatively soon and the resulting disruption to be brief.

Energy did best, with strength across the oil/LNG producers, the fuel refiners and distributors, and the coal miners as the market started to contemplate substitutes. Woodside Energy (WDS, +27.2%), Santos (STO, +17.8%), Ampol (ALD, +21.9%), Whitehaven Coal (WHC, +18.4%) and Viva Energy (VEA, +48.0%) all surged.

Utilities also held up relatively well on the view that they would also benefit from higher energy prices. Origin Energy (ORG) gained 4.5% and pipeline company APA Group (APA) 8.2%.

Materials was the worst-performing sector. Gold miners fell 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. This saw Northern Star (NST) down -32.2% and Evolution (EVN) -23.0%. Copper was also weak. Continued friction between BHP (BHP, -12.1%) and China's iron ore buying group saw it fall. Rio Tinto (RIO, -1.4%) held up better than the market, with Gulf disruption seeing aluminium price rises.

Meanwhile fears around AI disruption continued to weigh on Information Technology. Selling remained largely broad-based, with software stocks Xero (XRO) down -9.7%, Wisetech (WTC) -19.9% and Life360 (360, -23.6%). Data centre stocks were also weak. Technology One (TNE, +3.0%) bucked the trend.

Portfolio overview

Investment strategy	Pendal's investment process for Australian shares is based on its 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 its assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Pendal's fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).
Sustainability	The strategy aims to invest in companies that advance the transition to a more sustainable economy. Pendal views a sustainable economy as one which is comprised of companies: <ul style="list-style-type: none"> – producing or offering products or services that provide social and/or environmental benefits; and/or – that have leading operational practices with regard to the environment, their employees and community, and conduct their business ethically; and/or – whose actions, business models and products or services do not cause significant harm. In managing the strategy, Pendal focuses on sustainable themes (including energy transformation, sustainable environment, human basics and increasing prosperity), and draws on internal and external research to assess companies on their sustainability performance.
Exclusionary screens	In addition to employing a sustainability assessment framework, exclusionary screens are applied to avoid exposure to companies with business activities that Pendal considers to negatively impact the environment and/or society ¹ .
Investment objectives	To deliver outperformance relative to the benchmark before fees over a rolling five-year period by investing in companies which Pendal has identified as having leading financial, ethical and sustainability characteristics.
Benchmark	S&P/ASX 300 (TR) Index
Number of stocks	15 - 40 (31 as at 31 March 2026)
Sector limits	Australian Shares, 65 - 98%, Australian Property 0 - 30%, Cash 2 - 5%
Dividend yield	3.30% ²

Top 10 holdings

Code	Name	Weight
CBA	Commonwealth Bank of Australia	9.00%
TLS	Telstra Group Limited	7.15%
RIO	Rio Tinto Limited	7.01%
ANZ	ANZ Group Holdings Limited	5.83%
CSL	CSL Limited	5.64%
NAB	National Australia Bank Limited	5.28%
FMG	Fortescue Ltd	3.98%
WBC	Westpac Banking Corporation	3.88%
QBE	QBE Insurance Group Limited	3.57%
QAN	Qantas Airways Limited	3.47%

Source: Pendal as at 31 March 2026

¹ As defined by the Portfolio's exclusionary screens and gross revenue thresholds.

² The Portfolio's dividend yield represents the weighted average 12-month forward-looking dividend yield of the Portfolio's holdings (excluding cash), as at the date of this factsheet. Each individual security's dividend yield is calculated using market consensus forecast data, collated by Pendal, for dividend per share (DPS) before tax and franking credits, and divided by the closing market price of the security as at the date of this factsheet. The Portfolio dividend yield is therefore only an estimate and predictive in nature. It does not reflect the actual dividend yield of the Portfolio which will be affected by market movements in the price of the individual securities, the returns on other assets such as cash holdings and variances of an individual security's actual dividends from the forecasted DPS.

Performance

	1 month	3 month	6 month	1 year	3 year (p.a.)	5 year (p.a.)	Since inception (p.a.)*
Pendal Sustainable Future Australian Shares Portfolio	-7.72%	-4.45%	-6.64%	7.30%	9.96%	8.25%	9.17%
S&P/ASX 300 (TR) Index	-7.30%	-2.04%	-2.91%	11.59%	9.43%	8.46%	8.31%
Active return	-0.42%	-2.41%	-3.73%	-4.30%	0.53%	-0.22%	0.86%

Source: Pendal as at 31 March 2026.

*Since Inception - 16 June 2018.

Performance returns track the value of a notional portfolio and are calculated pre-fee. The performance information shown may differ from the performance of an individual investor's portfolio due to differences in portfolio construction or fees. Investors should contact their platform provider for applicable fee rates. Past performance is not a reliable indicator of future performance.

Top 5 overweight positions versus S&P/ASX 300

Code	Name	Weight
TLS	Telstra Group Limited	4.89%
RIO	Rio Tinto Limited	4.75%
DOW	Downer EDI Limited	3.13%
CSL	CSL Limited	3.07%
QAN	Qantas Airways Limited	2.99%

Source: Pendal as at 31 March 2026.

Top 5 contributors - monthly

Code	Name	Value Added
<i>BHP</i>	<i>BHP Group Ltd (not held)</i>	<i>0.49%</i>
TLS	Telstra Group Limited	0.44%
TLX	Telix Pharmaceuticals Limited	0.36%
RIO	Rio Tinto Limited	0.27%
QBE	QBE Insurance Group Limited	0.19%

Source: Pendal as at 31 March 2026.

Underweight positions are shown in *italics*.

Top 5 contributors - 1 year

Code	Name	Value Added
RIO	Rio Tinto Limited	1.39%
LYC	Lynas Rare Earths Limited	1.02%
DOW	Downer EDI Limited	0.88%
SFR	Sandfire Resources Ltd	0.84%
TLS	Telstra Group Limited	0.82%

Source: Pendal as at 31 March 2026.

Underweight positions are shown in *italics*.

Top 5 underweight positions versus S&P/ASX 300

Code	Name	Weight
BHP	BHP Group Ltd (not held)	-9.64%
WES	Wesfarmers Limited (not held)	-3.12%
WDS	Woodside Energy Group Ltd (not held)	-2.51%
WOW	Woolworths Group Ltd (not held)	-1.67%
TCL	Transurban Group Ltd. (not held)	-1.64%

Source: Pendal as at 31 March 2026.

Top 5 detractors - monthly

Code	Name	Value Added
<i>WDS</i>	<i>Woodside Energy Group Ltd (not held)</i>	<i>-0.64%</i>
EVN	Evolution Mining Limited	-0.37%
SFR	Sandfire Resources Ltd	-0.30%
ALQ	ALS Ltd.	-0.25%
QAN	Qantas Airways Limited	-0.22%

Source: Pendal as at 31 March 2026.

Underweight positions are shown in *italics*.

Top 5 detractors - 1 year

Code	Name	Value Added
CSL	CSL Limited	-2.56%
XRO	Xero Limited	-2.51%
<i>BHP</i>	<i>BHP Group Ltd (not held)</i>	<i>-2.00%</i>
SEK	Seek Limited	-1.04%
<i>WDS</i>	<i>Woodside Energy Group Ltd (not held)</i>	<i>-0.83%</i>

Source: Pendal as at 31 March 2026.

Underweight positions are shown in *italics*.

Stock specific drivers of monthly performance relative to benchmark

Three largest contributors

Underweight BHP (BHP, -12.1%)

Uncertainty over the ongoing negotiations between BHP and the centralised iron ore buying group China Mineral Resources Group (CMRG) weighed in March. A stand-off between the two parties over pricing, contract structure and settlement currencies led to CMRG instructing Chinese steel mills to stop buying some BHP products. As of early April, it appears that some of these restrictions have been wound back.

Overweight Telstra (TLS, +2.9%)

Telstra benefited from a rotation towards defensives amid the volatility in March. The stock also continues to perform well in the wake of its 1H26 result, where strength in the mobile business underpinned an unexpected increase in dividend. The company continues to be disciplined on costs, allowing operating leverage. TLS continues to deliver dependable growth with cash EBIT expected to grow over 12% this year and trades on a cash PE of 20.5x which makes it attractive relative to other predictable defensives.

Overweight Telix Pharmaceuticals (TLX, +36.6%)

TLX continued to rise in the wake of a well received FY25 result, on the back of 2026 guidance which was ahead of market. In March it released safety data associated with therapeutic - TLX591. The data presented appeared good and the company will file with the FDA to try and gain approval to move to Phase 3.

Three largest detractors

Underweight Woodside Energy (WDS, +27.2%)

The surge in energy prices saw oil/LNG producer Woodside rise in March. It delivered its FY25 result early in the month. While largely pre-announced, the tax outcome was better than expected and helped fuel a higher dividend.

Overweight Evolution Mining (EVN, -23.0%)

The gold price fell in March, weighing on the gold mining sector, including EVN. Operationally, EVN remain in good shape and in February announced several incremental growth opportunities via expansions and better efficiencies at its existing operations. It continues to deliver strong free cash flow and improved capital returns to shareholders.

Overweight Sandfire Resources (SFR, -20.6%)

Concerns over the impact of the Iran conflict on global growth saw the copper price slide -8.4%, weighing on copper miner Sandfire. The company did see upgrades from various sell-side research houses over the balance of the month, noting growth opportunities in the Kalkaroo project in South Australia.

Performance and outlook

The Portfolio finished behind the index in March. Its balanced construction, designed to help manage market shocks, meant that material changes in the portfolio's thematic positioning were not required in an environment of elevated market stress and volatility.

Several of the portfolio's positions saw material drawdowns on the back of issues related to the conflict. Evolution fell on a weaker gold price, Qantas was down on concerns over fuel costs while a lower copper price weighed on Sandfire.

There was some offset from the portfolio's more defensive, less cyclical exposures such as Telstra and QBE Insurance.

The outlook remains highly uncertain. The market is highly sensitive to statements from the Trump Administration; the consensus view on the conflict's likely end could shift quickly in either direction and prompt a rapid relief rally or further drawdowns.

This underpins the case for retaining a balanced portfolio construction, not positioning the portfolio to be reliant on one pathway or outcome, and having stocks that can outperform in either scenario.

Even if the conflict is brought to swift resolution and the Strait returns to something like normal traffic, there will still likely be the "air pocket" of constricted supply to work through the system.

At the same time, the combination of war-related damage to Gulf commodity production infrastructure - and the time required to restart and ramp up shuttered capacity - is likely to further exacerbate a period of disrupted supply.

The risk for Australia is that this will be felt in a period higher prices and lower demand, against a backdrop in which the RBA is raising rates. This could weigh on the earnings outlook for companies tied to domestic consumer demand and we are incrementally more cautious on these stocks.

The counterpoint could be in areas more tied to the global growth outlook. Resource companies look relatively well placed in this regard, helped at the margin by disrupted supply in certain commodities as a result of the conflict. Companies with little exposure to a disrupted supply chains or higher input costs, but which have nevertheless been sold down on broader fears around global demand, are also looking more attractive. We have been using this month's weakness to add to some of these positions.

There were some constructive signals from both the US and Iran at the start of April, possibly suggesting the desire to bring the conflict to an end. However this remains uncertain - as does the timeframe, the structure of any agreement, and the implications for supply chains.

As a result we continue to stay close to our companies, understanding the nature and scope of their sensitivity to issues raised by the conflict (both positive and negative), when they are likely to manifest, and what proactive strategies management are employing to deal with them.

Historically, we have been able to use episodes of market volatility to identify and add value via opportunities in individual companies, while balancing the portfolio construction to help deal with a quickly-changing environment. Single stock volatility was already elevated heading into the conflict, suggesting a high degree of mispricing that has only been exacerbated by the spike in uncertainty related to Iran. Current uncertainty is a challenge for investors, but the degree of mispricing suggest a good environment for active investors looking beyond the near-term volatility.

New stocks added and/or stocks sold to zero during the month

No new stocks added or sold to zero during the month.

Carbon performance

The estimated weighted average carbon intensity (WACI) of a portfolio provides an indication of the portfolio's exposure to carbon intensive companies.

The estimated WACI of the Portfolio, using greenhouse gas emissions (scope 1 and 2¹) data supplied by ISS and weighted by the size of the Portfolio's holding in each company, is shown in the table below. We also compare this to the weighted average emissions for the companies in the aggregated ASX300 index.

We caution that there are limitations with using carbon metrics as an indicator of a portfolio's overall exposure to climate-related risks. For example, not all companies report their emissions data and hence some of the below analysis includes estimates. Also, it does not include scope 3 emissions. Further, portfolio carbon analysis does not capture exposure to physical climate-related risks, or the unique transition risks some companies within the Portfolio face. Nevertheless, the WACI metric is recommended by the Task Force on Climate-related Financial Disclosures (TCFD)³, noting it supports greater comparability of investor reporting.

Weighted Average Carbon Intensity (tonnes CO₂e / \$M revenue)

Pendal Sustainable Future Australian Share Portfolio	ASX 300	Relative to ASX300
100.49	114.80	-14.31

Source: ISS STOXX, Pendal holdings as at 31 March 2026. Report run on 01/04/2026 using latest ISS STOXX data. Currency AUD

¹ Scope 1 emissions result from sources directly owned or controlled by the company. Scope 2 accounts for emissions from the generation of purchased electricity consumed by the company.

² Scope 3 emissions result from activities not directly owned or controlled by the company but are associated with its operation such as business travel, waste management, commuting, and the use of sold products and services. <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

³ Recommendations of the Task Force on Climate-Related Financial Disclosures, June 2017 <https://www.fsb-tcf.org/recommendations/>

Exclusionary Screens

In managing the Portfolio, we will not invest in companies which:

Fossil Fuels - directly extract or explore for fossil fuels (specifically, coal, oil and gas); or
 - derive 10% or more of their gross revenue from fossil fuel-based power generation, or from fossil fuel refinement or distribution (coal, oil and gas)*; or
 - derive 10% or more of their gross revenue from the provision of supplies or services which relate specifically to fossil fuel extraction or exploration (coal, oil and gas)*

**Companies with a climate transition plan may be exempted from this exclusion, provided that they have in place a Paris Agreement aligned transition plan and produce climate related financial disclosures annually, which in both cases we consider credible.*

Uranium - derive 10% or more of their gross revenue from directly mining uranium for the purpose of nuclear power generation

Logging - derive 10% or more of their gross revenue from unsustainable forestry or forest products, including non-Forest Stewardship Council certified forest products or non-Roundtable on Sustainable Palm Oil certified palm oil production

Gambling - directly manufacture, own or operate gambling facilities, gaming services or other forms of wagering; or
 - derive 10% or more of their gross revenue from the indirect provision of gambling (for example, through telecommunications platforms)

Pornography - produce pornography; or
 - derive 10% or more of their gross revenue from the distribution or retailing of pornography

Weapons - manufacture or distribute controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, blinding laser weapons, incendiary weapons, non-detectable fragments, depleted uranium and white phosphorous weapons); or
 - supply goods or services specifically related to controversial weapons; or
 - manufacture non-controversial weapons or armaments (including civilian firearms or military equipment); or
 - derive 10% or more of their gross revenue from the distribution or retailing of non-controversial weapons or armaments (including civilian firearms or military equipment); or
 - derive 10% or more of their gross revenue from the supply of goods or services specifically related to non-controversial weapons or armaments.

Alcohol - produce alcoholic beverages; or
 - derive 10% or more of their gross revenue from the distribution or retailing of alcoholic beverages

Tobacco - produce tobacco (including e-cigarettes and inhalers); or
 - derive 10% or more of their gross revenue from the distribution of tobacco (including e-cigarettes and inhalers) or supply of goods or services specifically related to the tobacco industry (for example, packaging or promotion)

Animal cruelty - directly undertake animal testing for cosmetic products; or
 - directly undertake live animal export

Predatory lending practices

- directly provide products or services with lending practices that are unfair or deceptive to ordinary borrowers, including small amount short term loans at higher than commercial rates of interest (for example, payday loans, pawn loans or the use of aggressive sales tactics)

Breaches/Misconduct - we consider to have been found to have significant breaches of social or environmental norms or regulations, or are subject to serious and substantiated allegations of unethical conduct, which we consider have not been remedied or adequately addressed.

For more information contact your
key account manager or visit pendalgroup.com

PENDAL

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This factsheet relates to the Pental Sustainable Future Australian Shares Portfolio, a notional portfolio of assets constructed and managed by Pental (the **Portfolio**). Descriptions relating to the investment strategy, investment process and approach of the Pental Sustainable Future Australian Shares Portfolio are in respect of the notional portfolio and references to "Portfolio" are to the notional portfolio.

Performance figures are shown gross of fees and are calculated by tracking the value of the notional portfolio. Past performance is not a reliable indicator of future performance.

The portfolio composition for any individual investor may vary and the performance information shown may differ from the performance of an individual investor's portfolio. This may occur due to factors such as differences in the buy and sell spreads of investments compared to the notional portfolio, fees, income elections and any personal investment preferences of the investor which may result in portfolio composition differences between the investor's portfolio and the notional portfolio.

Any projections contained in this factsheet are predictive and should not be relied upon when making an investment decision or recommendation. Whilst we have used every effort to ensure that the assumptions on which the projections are based are reasonable, the projections may be based on incorrect assumptions or may take into account known or unknown risks or uncertainties. The actual results may, therefore, differ materially from these projections.

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