PENDAL

Factsheet

Income & Fixed Interest

30 June 2025

Pendal Managed Cash Fund

ARSN: 088 832 491

About the Fund

The Pendal Managed Cash Fund (**Fund**) is an actively managed portfolio of Australian cash and short term fixed interest securities of strong credit quality. Key features of the Fund include same day access to funds with no transaction costs and monthly interest accrual. The Fund invests in short term securities issued by Prime Banks or that have a credit rating of A-1+ (minimum 75% of the Fund) and non-Prime Bank short term securities rated A-1 (maximum 25% of the Fund).

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Bank Bill Index. The Fund also aims to maintain a stable $1.00 unit price while providing income which reflects the returns available in the short term money market.

Description of Fund

This Fund is designed for investors who want capital stability, regular income from the short term money market and same day access to funds. The Fund predominantly invests in short term securities issued by Prime Banks[3] or short term securities that we consider to have similar credit characteristics. The Fund also invests in a combination of bank-backed, corporate and government short term money market and floating rate securities and annuities. The Fund aims to maintain capital stability through limited exposure to interest rate movements and prudent credit management.

Pendal's investment process for Australian cash and short term fixed interest securities aims to add value through multiple strategies, including active security and sector selection, yield curve positioning and investment research. Pendal focuses on weighted average maturity management and asset allocation between deposits with Authorised deposit-taking institutions (ADI's), government and semi-government debt and commercial paper. Our investment research focuses on macroeconomic analysis, sector and security valuation and portfolio construction.

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 Steve Campbell who has more than 26 years industry experience.

Portfolio Characteristics

Maximum duration	0 - 70 days
Minimum credit rating	A-1+ or issued by Prime Banks (minimum 75% of the Fund) A-1 (maximum 25% of the Fund)
Liquidity	Same day access (before 2.00pm)

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	0.33	0.35	0.32
3 months	1.02	1.08	1.02
6 months	2.10	2.21	2.10
1 year	4.40	4.63	4.39
2 years (p.a)	4.42	4.65	4.38
3 years (p.a)	3.91	4.13	3.88
5 years (p.a)	2.39	2.57	2.34
Since Inception (p.a)	5.63	5.91	5.68

Source: Pendal as at 30 June 2025.

Performance returns (post-fee) is based on issuer fee deducted from the unit price: currently 0.22% (pa).

Performance returns (post-fee) are calculated: to the first day of each month using average daily distribution yields; taking into account management costs of the Fund. Performance returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns.

Returns for periods greater than one year are annualised. Fund inception: September 1986. Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 June 2025)

11am cash	6%
Bank securities	75%
Promissory Notes	13%
Term Deposit	6%

Security Credit Ratings (as at 30 June 2025)

A-1+	78%
A-1	22%

Fund Statistics (as at 30 June 2025)

Yield to Maturity#	4.07%
Running Yield*	4.26%
Modified duration	0.15 years
Credit spread duration	0.14 years
Weighted Average Maturity	0.15 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.

Prime Banks are Australian Prudential Regulated Authority (APRA) Authorised Deposit Taking Institutions that meet the Australian Stock Exchange's (ASX) strict eligibility criteria. Prime banks are appointed annually by the Administrator (ASX Benchmarks Pty Ltd) following consultation with the BBSW Advisory Committee and Market Participants. The ASX recognises securities issued by Prime Banks to be of the highest quality in regards to liquidity, credit and consistency of relative yield. *Source: ASX Prime Bank Conventions, September 2023*.

Credit rating by Standard and Poor's.credit ratings reflect the agency's opinion about the ability of the issuer of the rated security to meet its financial obligations in full and on time. Credit agencies may downgrade their rating for a security held in the Fund at any time which may impact the price and liquidity of the security. Credit ratings are intended to be a guide for wholesale investors only and therefore should not be relied upon by retail investors when making a decision to invest in a security.

Other Information

Fund size (as at 30 June 2025)	$708 million
Date of inception	September 1986
Minimum investment	$100,000
Buy-sell spread	Nil
Distribution frequency	Monthly
APIR code	WFS0245AU

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]	0.22% pa

[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.

The management fee on this Fund increased from 0.12% p.a. to 0.22% p.a. from 1 October 2022.

Market review

The Reserve Bank of Australia (RBA) did not meet in June, but after a dovish cut in mid May left the market leaning towards another cut in July. Activity data during June added to the case for another rate cut. First quarter gross domestic data came in at 0.2% and 1.3% annually, below market and RBA forecasts. Markets ended the month pricing over a 90% chance of a rate cut in early July priced, up from 70% at the start of month.

In offshore events economic data and trade talk headlines took a back seat to geopolitical tension in the Middle East. Israel launched airstrikes against Iran mid-month and saw the oil price rising quickly in response. Brent oil rose 13% in the aftermath. Escalating the situation further was the involvement of the United States, which conducted air strikes targeting Iran's nuclear sites. Iran retaliated by targeting the US base in Qatar. Their retaliation was viewed as being at the lower end and saw the oil price fall back to levels seen pre-Israel's airstrike.

European bonds underperformed their US counterparts during the month. Weighing on European yields was an increase in annual defence spending to 5% of gross domestic product by 2035 announced following the NATO summit. The amount is split with 3.5% going towards core defence requirements and 1.5% allocated towards protecting critical infrastructure and strengthening the defence industrial base. US bonds benefitted from more dovish central bank language. Headlines suggesting changes to Supplementary Leverage Ratio (SLR) that apply to globally systemic important US banks also assisted. The move is intended to increase capacity for large US banks to engage in low-risk activities such market intermediation in US treasuries. US ten-year bond yields ended the month 17 basis points lower at 4.23%. German ten-year yields finished the month 11 basis points higher at 2.61%.

Equity markets were also mixed. In the US the S&P500 reached a new peak following a monthly gain of 5%. Diversified banks rose by 9%, assisted by the potential SLR changes. European bourses didn't reflect the same strength during the month, although remain at or near all-time highs. The DAX (Germany) ended the month -0.4% and the CACS (France) fell by 1.1%.

In the United States the Federal Reserve left policy settings unchanged. The Federal Reserve provided updated economic forecasts via their 'dot plot'. The median forecast continues to reflect 2 rate cuts by the end of this year. Further policy easing of 25 basis points is forecast for 2026 and 2027. The prior forecast had 50 basis points of easing for 2026 and 25 basis points for 2027. Economic growth was revised lower with inflation and unemployment revised upward. In his semi-annual testimony Powell indicated that he is in no rush to cut rates soon given the strength of the labour market. Uncertainty about the impact from yet to be resolved tariffs is also supporting the case for remaining on hold.

Economic data was tilted towards the weaker than expected side. The ISM services index was weaker than expected and dipped below 50, indicating a contraction in activity. The ISM manufacturing index continues to indicate contraction as well. The unemployment rate was unchanged at 4.2%, in line with expectation. Non-farm payrolls were slightly better for the month, although the prior 2 months data had a net downward revision of 95,000 jobs. Monthly headline and core inflation undershot consensus when rising by 0.1% (against 0.2% and 0.3%). The Conference Board Consumer Confidence survey was weaker and fell sharply. The fall was attributed to concerns over the impact of tariffs on the economy and jobs.

Other central banks to leave policy settings unchanged during the month included the Bank of Japan. The BoJ left its policy rate unchanged at 0.50%. They did announce their intention to reduce quarterly government bond purchases by 200bn yen from April 2026. The current pace of bond purchases is 400bn yen per quarter. The Bank of England left policy unchanged, although the 6-3 vote surprised the market and increased expectations of policy easing at their next meeting in August. The Bank of Canada also left their policy rate unchanged at 2.75%.

Central banks that eased during the month included the European Central Bank. The ECB eased by 25 basis points to 2%, in line with market expectations. ECB President Lagarde was however more hawkish with her comments post the decision and saw yields rise. Lagarde stated that "I think we are getting to the end of a monetary policy cycle'. Headlines suggested that the ECB may pause at their next meeting in July and some see the easing cycle as having finished.

The Swiss National Bank also eased by 25 basis points, taking their policy rate to zero. The Bank has expressed a reluctance to move back into negative interest rate policy territory and signaled they would intervene in the foreign exchange market if required.

The Norges Bank surprised the market when easing policy by 25 basis points to 4.25%, marking the first policy change from the bank since December 2023. In Sweden the Riksbank continued policy easing when reducing their policy rate by 0.25% to 2%.

Fund performance and activity

The Fund returned 0.33% (net of fees) for the month outperforming by 1 basis point. The yield on the Fund at month end was 4.07%.

Six-month BBSW ended the month slightly higher at 3.78%. The bills-OIS spread widened by 0.15% to 0.41%. The market ended the month pricing over a 90% chance of a further rate cut by the RBA at their next meeting in early July and expects the cash rate to end the year around 3%.

Positioning remains consistent with prior months. Additional yield from non-major bank exposure along with higher margin deposits from the major banks continue to benefit performance. The fund remains highly liquid and is well positioned to outperform in the coming months.

Market outlook

As indicated by market pricing the RBA will most likely ease the cash rate further in July to 3.60%. The market is also pricing a follow-up cut at their meeting in August as being highly likely. The key piece of domestic economic data that will solidify policy easing is the 2nd quarter inflation data to be released in late July. International events continue to provide headwinds for global economic growth. The 90-day pause on 'Liberation day' tariffs announced in April and subsequent trade deals will garner headlines during July. How events unfold around US trade policy will determine the pace and extent of further policy easing from the RBA.

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

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