

Pendal Sustainable Balanced Fund Class R

ARSN: 637 429 237

Factsheet Multi-Asset Strategies

31 May 2025

About the Fund

The Pendal Sustainable Balanced Fund (**Fund**) is an actively managed diversified portfolio that invests in Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and Alternative investments. Investments are selected based on a range of sustainable, ethical and financial criteria.

Investment Return Objective

The Fund aims to provide a return (before fees and expenses) that exceeds the Fund's benchmark over the medium to long term. The suggested investment timeframe is five years or more.

Description of Fund

This Fund is designed for investors who want the potential for long term capital growth and income, and diversification across a broad range of asset classes. The Fund invests in Australian and International shares, Australian and International property securities, Australian and International fixed interest, Alternative investments and cash.

The Fund may gain exposure to its asset classes by investing in shares, bonds, cash, or derivatives. The Fund may also invest in managed funds, exchange traded funds (**ETFs**), listed investment companies (**LICs**) and listed investment trusts (**LITs**) which invest primarily in such asset classes.

The Fund has a higher weighting towards growth assets than defensive assets.

The Fund has assets that are denominated in foreign currencies. This means that changes to the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. The International fixed interest and International property securities asset classes are fully hedged to the Australian dollar to the extent considered reasonably practicable. Generally, the Fund's International shares and Alternative investments exposures are partially hedged, though the extent of this may vary over time.

The Fund may use derivatives to achieve its investment objective and to gain exposure to the Fund's assets and markets. Derivatives may also be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets.

The Fund applies a sustainable approach to investments and applies exclusionary screens.

The Fund has a sustainability objective which aims to support the transition to a more sustainable economy (the **Sustainability Objective**).

We define a sustainable economy as an economic system which balances environmental, social, and economic factors.

The Fund aims to support the transition to a more sustainable economy, by aligning 50% or more of its capital (within the Australian and International shares, Australian and International fixed interest and part of the Alternative investments asset classes of the Fund) in aggregate with investments that advance this transition. We aim to do this by allocating capital to investments that in our view:

- support positive environmental and/or social change via their investment processes, use of capital and/or approach to active ownership; and
- avoid exposure to companies and issuers with business activities that negatively impact the environment and/or society.³

Performance¹

(%)	Total Returns (post-fee)	(pre-fee)	Benchmark Return
1 month	3.26	3.33	3.50
3 months	1.94	2.15	1.59
6 months	1.77	2.18	2.70
1 year	9.43	10.30	12.71
2 years (p.a)	8.93	9.81	12.95
3 years (p.a)	6.20	7.05	9.97
5 years (p.a)	7.90	8.76	9.06
Since Inception (p.a)	9.19	10.06	9.70

Source: Pendal as at 31 May 2025.

"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 1984.

Past performance is not a reliable indicator of future performance.

Asset allocation (as at 31 May 2025)

Australian shares	27.8%
International shares	35.9%
Australian property securities	2.0%
International property securities	1.9%
Australian fixed interest	7.8%
International fixed interest	7.9%
Alternative investments	12.2%
Cash	4.4%

Other Information

Fund size (as at 31 May 2025)	\$675 million
Date of inception	August 1984
Minimum investment	\$25,000
Buy-sell spread ² For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Quarterly
APIR code	BTA0122AU

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.



CERTIFIED BY RIAA

The Pendal Sustainable Balanced Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

¹ The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the Fund performance reflects the asset allocation neutral positions and ranges that have applied over time. The benchmark performance shown is that of the combined benchmarks that the Fund has aimed to exceed over time.

³ The Fund applies a sustainable approach to investments and applies exclusionary screens. For more information of the Fund's sustainable investment approach and how exclusions are applied, refer to section 5 'How we invest your money' of the Fund's Product Disclosure Statement at www.pendalgroup.com/PendalSustainableBalancedFundClassR-PDS.

The Fund's exclusionary screens may be applied differently across the asset classes of the Fund.

For more information on the Fund's sustainable investment approach and how exclusions are applied go to section 5 of the 'Product Disclosure Statement' at www.pendalgroup.com/PendalSustainableBalancedFundClassR-PDS.

Benchmark

The benchmark for the Fund is created from a range of published indices. The benchmark is based on the neutral position and the index returns for each asset class. Details of the particular market indices used for the Fund's benchmark can be found at www.pendalgroup.com/products/pendal-sustainable-balanced-fund.

Investment Team

The Fund is managed by Perpetual's Multi-Asset Strategies Team. The team has a diverse skill set, with deep experience in asset allocation and portfolio construction; and draws on the broader resources of Perpetual Group's other specialist teams around the world. During March 2024 the prior responsible investment management team, being the Pendal Multi-Asset Investments Team, merged with the Perpetual Multi-Asset Team.

Investment Guidelines

Asset allocation ranges (%)	*Neutral position	Ranges		Sustainable assessments and screens applied
		Min	Max	
Australian shares	30	20	40	Yes
International shares	34	20	40	Yes
Australian fixed interest	8	0	25	Yes
International fixed interest	8	0	25	Yes
Australian property securities	2	0	10	-
International property securities	2	0	10	-
Alternative investments	12	0	20	Yes
Cash	4	0	20	-

*Neutral positions effective from 31 May 2025.

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 ⁴	0.80% pa
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⁴ 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

In May, equity markets continued their rally, driven by easing trade tensions and strong corporate earnings. The S&P 500 and NASDAQ Composite led the gains in the US, while Australian and Japanese equities also performed well due to improved global trade relations and favourable domestic policies. However, US trade policy remained a dominant factor, causing volatility in bond markets and mixed economic data.

European shares rose, led by Germany, despite lingering concerns around tariff negotiations. The UK equities trailed the broader developed market, impacted by the Bank of England's rate cut and rising inflation. Japanese equities benefited from a depreciating Yen and corporate governance reforms, while emerging markets lagged behind developed markets despite the de-escalation of trade tensions.

Bond markets experienced elevated volatility due to rising fiscal sustainability concerns and the Trump administration's reconciliation bill. US 10-year bonds sold off on fiscal concerns, and Moody's downgraded the US sovereign credit rating. Outside the US, the growth outlook remained clouded by international trade uncertainties, with the EU's growth outlook weakening and the Australian economy facing challenges from higher inflation and sustained elevated interest rates.

Fund performance

The Pendal Sustainable Balanced Fund delivered a return of 3.26% (net of fees) vs a benchmark return of 3.50%. Equities rebounded strongly after the volatility in April, especially global equities, these drove total returns for the fund. The Fund underperformed slightly vs its benchmark driven by active returns in Global shares which was slightly offset by Australian equities outperformance as well as Alternatives.

In Australian shares the Fund delivered a total return of 4.45% vs Australian shares benchmark of 4.2%. the key drivers were the funds overweight positions in some technology stocks in Xero and Technology One as well as its cyclical overweights such as Qantas (QAN, +19.9%), Nine Entertainment (NEC, +12.9%) and Seek (SEK, +14.1%) which outperformed, helped by the RBA's 25bp interest rate cut and positive signalling on future cuts, as well as Labor's election win which underpins government spending. Meanwhile, the Fund's explicit downside protection strategies also detracted as equity markets advanced.

We have observed a volatile start to the year reflecting disruption to international trade regimes and growth concerns. Valuations remain expensive relative to history in many regions, and elevated market concentration and the preponderance of passive investment continue to contribute to heightened sensitivity of equity markets. We remain concerned about the long-term return expectations for equities given these high starting valuations and the dominance of US equities in global benchmarks. The past decade of US exceptionalism - culminating in the extraordinary run of the Magnificent 7 tech stocks - has created very strong global equity returns. The stellar gains in US equities and their leading tech firms, represents a bring forward of investment returns, rather than a new steady state of ongoing out-performance. The Fund is close to benchmark weight in equities with a marginal underweight in Australian stocks. All equity exposures remain focused on stock selection alpha opportunities and exposure to equity beta remains carefully managed.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of equity and credit markets and complementing this with option protection where it has been attractively priced to implement. These include put options on the S&P 500, call options on the GBP against the US dollar, USD calls versus the Hong Kong Dollar and a put option on the USD against the Japanese Yen.

Outlook

The macroeconomic outlook and the uncertain path of inflation and monetary policy given changes to US trade policy represent a challenging backdrop for investors. We anticipate lower returns and elevated volatility from market cap benchmark reflecting high starting valuations and increasing concentration, but government bonds are offering less reliable diversification in the face of rising government debt, and elevated risk of sustained above-target core inflation.

For more information please call 1300 346 821,
contact your key account manager or visit [pendalgroup.com](https://www.pendalgroup.com)

PENDAL

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PFSL is the responsible entity and issuer of units in the Pendal Sustainable Balanced Fund (**Fund**) ARSN: 637 429 237. A product disclosure statement (**PDS**) is available for the Fund and can be obtained by calling 1300 346 821 or visiting www.pendalgroup.com. The Target Market Determination (**TMD**) for the Fund is available at www.pendalgroup.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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Performance figures are calculated in accordance with the Financial Services Council (**FSC**) standards. Where performance returns are quoted "Post fees" then this assumes reinvestment of distributions and is calculated using exit prices which take into account management costs but not tax you may pay as an investor. Where performance returns are quoted "Pre fees and tax", they exclude the effects of management costs and any taxes. Past performance is not a reliable indicator of future performance.

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.