PENDAL

Factsheet

Pendal Australian Long/Short Fund

ARSN: 121 948 810

Equity Strategies

30 September 2025

About the Fund

The Pendal Australian Long/Short Fund (**Fund**) is an actively managed portfolio of Australian shares investing in both long and short positions. The Fund utilises Pendal's existing Australian equity research capabilities to capture additional sources of value-add by using both buy and sell ideas.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 200 (TR) Index over the medium to long term by taking both long and short positions in Australian shares. The suggested investment timeframe is five years or more.

How the Fund is managed

Pendal's investment process for Australian shares is based on our 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 our assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Our fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).

The Fund aims to generate investment returns by taking advantage of Pendal's buy and sell ideas using a strategy that combines a long and a short portfolio known as a long/short strategy. To take advantage of the buy ideas, a long portfolio is created consisting of securities that are bought and held, consistent with our view that these securities will outperform the market. These securities are referred to as long positions.

To take advantage of our sell ideas, a short portfolio is constructed with short positions. Short positions are created by selling securities in a process called short selling, where we believe these securities will underperform the market. To implement the Fund's short strategy, the Fund does not borrow money. However, it does borrow securities from a securities lender with the intention of buying back the securities from the market and returning them to the lender at a price lower than the sale price.

Short selling is used by us when we expect that the price of a security will fall. If the price of the security falls in value, the Fund will make a profit because it buys the security back from the market for less than it was sold. This can be contrasted with the Fund's long positions, where the Fund makes a profit from an increase in the price of a security.

The Fund may have long positions of up to 135% and short positions of up to 35% of the Fund's net asset value. This means that at any given time, the Fund's gross exposure to securities held both long and short may range from 95% to 170% while generally maintaining a net market exposure of around 100%.

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

Investment Team

Pendal's nineteen member Equity team is one of the largest in the Australian fund's management industry. The portfolio manager for the Fund is Jim Taylor.

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	-1.10	-1.06	-0.78
3 months	3.63	3.77	4.71
6 months	12.59	12.86	14.66
1 year	9.13	9.69	10.56
2 years (p.a)	15.21	15.81	16.03
3 years (p.a)	14.67	15.26	15.17
5 years (p.a)	13.36	14.08	12.98
Since Inception (p.a)	7.35	8.47	6.09

Source: Pendal as at 30 September 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: November 2007.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 September 2025)

Energy	4.9%
Materials	19.6%
Industrials	6.6%
Consumer Discretionary	5.6%
Consumer Staples	2.1%
Health Care	7.7%
Information Technology	5.2%
Telecommunication Services	7.3%
Utilities	-0.2%
Financials ex Property Trusts	30.6%
Property Trusts	6.5%
Cash & other	4.2%

Top 10 Holdings (as at 30 September 2025)

BHP Group Ltd	9.0%
Commonwealth Bank of Australia	8.0%
ANZ Group Holdings Limited	6.3%
CSL Limited	6.0%
National Australia Bank Limited	5.7%
Telstra Group Limited	4.4%
Westpac Banking Corporation	4.3%
Aristocrat Leisure Limited	3.2%
Xero Limited	2.9%
Qantas Airways Limited	2.8%

Investment Guidelines

Risk Limits:	Relative to S&P/ASX 200 (TR) Index	
Investable universe	ASX and NZX listed stocks, large cap and small cap, (or those to be listed within 12 months), cash, derivatives	
Investment Allocation	**Australian equities** Long: 95 - 135% Short: 0 - 35% Net long exposure max 100% **Cash**: 0 - 5%	
Stock Numbers	Long Portfolio 30-70 Short Portfolio up to 40	
Ex-ante tracking error	2.0% – 6.0%	
Min/max active sector position	+/- 10%	
Min/Max active long stock position	+/- 6%	
Max active short stock position	- 6%	
BARRA risk factors	+/- 0.8 std. dev.	

Other Information

Fund size (as at 30 September 2025)	$639 million
Date of inception	November 2007
Minimum investment	$25,000
Buy-sell spread[1] For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Half-yearly
APIR code	RFA0064AU

[1] 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.

Changes to key service providers of the Fund

The Fund changed its custodian and administrator to the Northern Trust Company on 3 October 2022.

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[2]	0.50% pa
Performance fee [3]	15% of the Fund's performance (before fees) in excess of the performance hurdle

[2] 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.

[3] This is the fee we charge if the Fund's investment performance exceeds its performance hurdle, and any performance deficit has been recouped. The Fund's performance fee is 15% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (S&P/ASX 200 (TR) Index) plus the management fee of 0.50% pa. If a performance fee is payable, it is charged in addition to the management fee. The performance fee is calculated in dollar terms each Business Day based on the investment performance and value of the Fund on that day. If we are entitled to a performance fee, it is paid to us as at 30 June each year.

Market review

Offshore equity markets generally defied concerns around seasonal weakness in September to end the month up.

In the US, the S&P 500 gained 3.5% as data painted a picture of an economy which is slowing, but not tipping into recession. The Fed cut interest rates and are expected to do so again twice more before the year's end.

The S&P/ASX 300 bucked the broader trend, to finish down -0.7%. Weakness was broad-based, with all sectors bar Materials and Utilities finishing down.

Stronger-than-expected Australian GDP data early in the month reflected observations in reporting season around resilient consumer spending. However it also dampened the market's expectations around further rate cuts. This was reinforced by inflation coming in stronger than expected later in September.

Gold continued to surge, up 11.9% for the month, with silver (+17.4%) also joining the party, while Brent crude oil was down -1.6%.

Materials (+6.5%) did best, fuelled by strong gains from gold miners Northern Star (NST, +27.5%), Evolution (EVN, +26.9%) and Newmont (NEM, +15.9%). Among the majors, BHP (BHP, +0.6%), Rio Tinto (RIO, +5.7%) and Fortescue (FMG, -0.1%) benefited from iron ore prices which remain relatively resilient.

Utilities (+0.7%) also outperformed, largely on the back of AGL Energy (AGL, +7.5%) which partially rebounded following its -12.7% fall in August.

Energy (-9.1%) was the weakest sector, as sentiment on oil soured as OPEC+ continues to talk about increasing supply. Woodside Energy (WDS) fell -12.8%, while Santos (STO) was down -13.9%. The latter was also hit by the news that its potential takeover deal had been withdrawn.

Health Care (-4.7%) also underperformed. The sector has been taking its lead from the US, where uncertainty around the impact of tariffs and pricing has been a headwind, although there have been some company-specific issues at play as well. CSL (CSL, -5.8%), ResMed (RMD, -2.5%) Cochlear (COH, -6.7%) and Sigma Healthcare (SIG, -4.4%) all gave up ground among the larger index-weights.

Fund performance

The Fund underperformed the benchmark over the month of September.

Key contributors

Overweight Northern Star Resources (NST, +27.5%)

Gold miner Northern Star made strong gains on the back of a continued surge in the gold price, helped in turn by a weaker US dollar. Its most recent earnings update came in ahead of expectations, while the outlook for production growth remains solid, with the mill expansion at its KCGM asset remains on-track. This remains key to NST's production growth (along with the Hemi project), with the mill expanding from its current 13 million tonnes per annum (Mtpa) to 27Mtpa.

Underweight Woodside Energy (WDS, -12.8%)

Further commentary from OPEC+ that they would continue to increase supply is driving a cautious market outlook around the oil price and energy sector. We continue to prefer Santos to Woodside within the space, with the former reaching an inflection point in terms of cash flow as capex declines and production from the newly-developed Barossa field start to ramp up, underpinning the outlook for capital return.

Key detractors

Overweight Santos (STO, -13.9%)

Santos weakened in response to the news that the proposed takeover by the ADNOC consortium had fallen through after the parties could not reach agreement on binding terms for the Scheme of Arrangement. We maintain a positive outlook for STO, which produced the first gas flows from its Barossa field in September. This underpins the outlook for increased cash flow which, combined with a reduction in capex, should see increased scope for capital return. The underweight in Woodside Energy largely offset the detraction from holding Santos.

Overweight Viva Energy (VEA, -14.8%)

VEA weakened in part on the news that the CEO of the Convenience & Mobility (C&M) division announced that he is resigning, for personal reasons. He had been instrumental in the deals that C&M have been doing such as Liberty, Coles Express and OTR, the integration of which has been intense work against a backdrop of cost of living pressures and the rise of illicit tobacco. There were signs of stabilisation in the C&M business in the second quarter quarter. The company intends to bringing in a well credentialed and experienced retailer, which should benefit the organisation as a lot of the transformation/systems activity has been done.

Outlook

Liquidity is one of the four factors we are watching to see if the market can sustain current levels, with the others being growth, long-end bonds and AI.

Liquidity barometers continue to look supportive for markets, with ETF flows picking up and bitcoin reaching new all-time highs and entering a seasonally strong period.

In aggregate, survey data continues to indicate that while growth in the US remains sluggish, it is not yet at a tipping point.

Our view remains that the US economy begins to re-accelerate in Q2 2026, on the back of the fiscal stimulus from the Big Budget Bill (which is expected to contribute ~0.9% to growth in CY26) plus rate cuts.

Consumption is set to slow from the recent strong pace - which has probably been driven a greater wealth effect than most economists expected - but should remain reasonably supportive of growth.

Investment spending - particularly AI-related - will also slow, but again provides a base level of support for the economy.

At this point demand for AI-related hardware – particularly chips – remains strong and sentiment towards the sector remains bullish. However we do note that some of the recent announcements have been "circular" in nature, with Nvidia's decision to invest $100bn in OpenAI to build AI data centres a case in point. This will be a factor to watch.

Australia's economy is holding up well, reflected in both a better-than-expected GDP data, but also inflation slightly above consensus expectations. RBA Governor Bullock noted that the upside in inflation was broadly in line with expectations, suggesting inflation will settle around the midpoint of the target band.

Markets are now pricing in no more RBA rate cuts this year. This perspective is in-line with our views coming out of reporting season; that the domestic economy is performing pretty well and does not require a significant cutting cycle to juice it up.

Australian equity valuations remain at the top end of its historic range, leaving the market largely reliant on earnings for further support and potential vulnerable to pullback in the event of an economic shock.

However the earnings outlook is supportive – with consensus expectations of mid-single digit earnings growth in FY26 following several years of declines. This is supported in turn by a relatively benign economic outlook.