PENDAL

Fund Manager Commentary

Month ended 30 November 2018

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Australian Shares

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Market Review

It was another volatile month for the domestic equity market, where the S&P/ASX 200 Accumulation Index advanced by 2.3% in the first half of the month, before giving it all back and finishing November 2.8% lower. US Federal Reserve (Fed) Chair Powell's about-turn on rates - noting the rate which was "a long way from neutral" a few weeks ago is now "just below" neutral - provided some relief for those worried about policy over-tightening towards the month end. It was nevertheless overshadowed by the ongoing uncertainty over a soft patch in the Chinese economy and the outlook for trade with the US continuing to weigh on cyclicals and on the miners (-4.9%) in particular. In conjunction with weak performance from Energy (-10.7%) on the back of a continuous slump in the oil price over the month, we saw large cap Resources (-6.6%) perform worse than large cap Industrials (-1.1%).

Looking at sector performance more closely, Financials (+1.4%) and Information Technology (+1.0%) were the only groups to end in positive territory. For the first time in a long time, Banks (+2.5%) contributed strongly to the Financials sector after experiencing a relief rally which reflected the lack of any new controversy from the latest round of Royal Commission hearings. The latest updates from the big four banks on earnings results or trading updates were well received by the market, with ANZ (ANZ, +6.5%) leading the gains. Despite a somewhat weaker Net-Interest-Margin (NIM) largely attributable to the weaker Retail division, good cost management and a sector-leading capital position helped ANZ to offset the negative sentiment from the industry-wide revenue headwinds. On the other end of the spectrum, NAB spin-off CYBG (CYB, -25.8%) and private insurance provider, Medibank (MPL, -13.3%), were the two largest detractors from sector performance. CYB's share price has been sliding in recent months given uncertainty around Brexit negotiations. It has recently completed the acquisition of Virgin Money which, coupled the latter's brand and national reach with CYB's advantage in lower funding costs, was expected to deliver decent earnings accretion. However, its result released during the month revealed that pressure on near term margins, mainly from the Virgin Money book, is far higher than anyone expected or had been flagged during the acquisition process. The negative reaction was compounded by the fact that management did not offer further detail on the strategy to extract synergies and costs savings from the deal, planning to wait for an investor day next year.

Outside Financials and IT, performance was bleak across the other sectors. In addition to the drag caused by the miners on Materials (-4.7%), poor performance from the likes of Bluescope Steel (BSL, -21.9%), James Hardie (JHX, -14.9%) and Boral (BLD, -9.1%) also weighed on the sector. Following the recent compression of global steel spreads, BSL's share price has been under pressure. Nevertheless, management confirmed first half earnings (EBIT) guidance at its Annual General Meeting, which is set to be 10% higher than that of the prior quarter, subject to spread, foreign exchange and market conditions. In contrast, JHX downgraded expected net profit for the current financial year by 6% on the back of higher input prices and softer trends in US housing activity. High freight and pulp prices had been flagged to the market, however the issue is that their effect on earnings has been greater than expected and the company has limited scope to pass on these costs at this point. The softer demand backdrop was compounded by a lack of clear communication from management over their ability to continue to making inroads into market share.

Finally, Lendlease (LLC, -28.1%) recorded a double-digit loss over the month and was the largest performance detractor within Real Estate (-2.6%). Management of the property developer wrote down the value of its engineering and services book by $350m, due mainly to issues with its NorthConnex contract in Sydney. This caught the market by surprise, given management's

assurances in August that they had taken a conservative approach and contained the issues, adding to the fact they have continued to buy back stock until very recently. The stock was hard hit despite construction comprising a relatively small part of LLC's business.

Portfolio performance

The Pendal Australian Share Fund (formerly the BT Wholesale Core Australian Share Fund) returned -2.73% (post-fee, pre-tax) in November, underperforming its benchmark by 0.55%.

Contributors

Overweight Qantas

National airliner Qantas (QAN, +9.0%), one of our highest conviction holdings, saw its share price rally over the month. In the absence of new company news, the oil price slump accounted for much of the gains. The market has held doubts on whether Qantas would be able to absorb the additional fuel costs as oil price had been edging higher. Whilst the oil price is one factor that we monitor, our investment thesis is mainly predicated on the emergence of a stable duopoly in the Australian domestic market, which is supporting pricing and, in combination with strong cost control, is driving strong cash flow. Management are also allocating this capital well, returning it to shareholders via buybacks and dividends.

Overweight ANZ Banking Group

ANZ Banking Group (ANZ, +6.5%), our preferred exposure with the big four, posted strong gains in November. Despite the cyclical revenue headwinds that the whole industry has been battering its way through, the market began to pay more attention to ANZ's peer-leading cost management and its capital position, two key considerations underpinning our original thesis in ANZ.

Woodside Petroleum - not held

The crude oil price fell by more than 20% over the month to trade below the US$60 level for the first time in a year. Reluctance from Russia to cut production, alongside President Trump's decision to grant waivers to a number of key oil importers from the US-led Iranian sanction, caused jitters around near-term excess supply. This weighed on Woodside Petroleum (WPL, -10.9%). We do not own WPL and Santos (STO, -16.9%) remains our preferred exposure to the Energy sector.

Overweight Amcor

Paper packaging company Amcor (AMC, +1.0%) outperformed the market in November, as defensive names continued to attract attention in a negative market. Regarding AMC's impending acquisition of Bemis, the latest update from Management indicated they remain confident the deal will pass regulatory hurdles, although it is unlikely to be closed prior to Q1.

Detractors

Overweight Santos

Issues relating to the crude oil price decline noted above weighed on most energy-related companies, including Santos (STO, -16.9%) which represents our preferred exposure to the sector. The company also announced completion of its Quadrant Energy acquisition earlier than previously expected. Following the close of the deal, STO now has around 30% of total production that is linked to price inflation.

Overweight CYBG

CYB Group (CYB), which owns regional UK bank brands such as Clydesdale Bank, fell 25.8% in November. The stock has been sliding in recent months owing to uncertainty around Brexit negotiations. The share price was also impacted by the latest earnings results and unpleasing developments on its Virgin Money acquisition discussed above. At an unchallenging valuation of 0.8x price/book and 7.5x price/earnings, the stock presents significant value given the longer-term outlook for reasonable earnings growth. The risk from Brexit is somewhat binary in the near term and any rapprochement between the EU and UK could very well see the stock re-rate. However, without further clarity on expected synergies from the merger, the timeline for earnings-driven stock price gains appears to have been pushed out, given the near-term margin pressure.

Underweight National Australia Bank

Banks (+2.5%) in general fared better than the market during November, as investors took a respite due to the lack of any new controversy from the latest round of Royal Commission hearings. NAB (NAB, +1.6%) reported its second-half earnings results which were largely in line with expectations. Margins were down 1bp as strength from business banking offset most of the wholesale funding pressures. It is noteworthy that NAB's capital position, as measured by the CET1 ratio of 10.2%, leaves the bank at the lower end of its big four peers on capital adequacy. Our most preferred of the four remains ANZ (ANZ, +6.5%), which has the strongest cost management and capital strength amongst its major competitors.

Overweight Origin Energy

The oil price decline weighed on the share price of Origin Energy (ORG, -11.1%). In addition, the company also announced a 10% discount to concession holders in NSW, ACT, QLD and SA, following the ACCC's recent inquiry into the retail electricity market and recommendations to look at actions across the energy supply chain. Management expect the additional cost of $40m each year to be absorbed by the business and have maintained earnings guidance for FY2019.

Strategy and outlook

The portfolio finished below the index in November. Several of the key overweights held up well against a weaker market, with Qantas (QAN), ANZ (ANZ) and Nine Entertainment (NEC) all making positive gains. While Santos (STO) was the largest single detractor from performance as the oil price slumped, this was offset by the underweight in Woodside Petroleum (WPL). An earnings downgrade from management at CYBG (CYB) also dragged on relative performance.

There is a swathe of swirling issues weighing on market sentiment at the moment: oil, Brexit, technology stock valuations, trade tensions and Italian debt provide just a few examples. However, we think all of these factors can be boiled down to four key issues facing investors in the Australian market. The first is the risk of a slowdown and potential recession in the United States as a result of Fed over-tightening of interest rates. It is important to note, within the context of the market's correction, that the underlying economic picture in the US remains supportive and earnings expectations remain firm. However, the risk that the Fed tightens rates too far and derails growth cannot be discounted. Recent comments from Fed Chair Powell moderating his view on the neutral benchmark rate sent a signal that the Fed is conscious of this risk. Nevertheless, this issue has weighed on sentiment around US sensitive stocks, while providing support for rate sensitives such as REITs and infrastructure through the recent volatility.

The market also remains focused on the outlook for Chinese growth, with fear that the economic slowdown and the clamp-down on shadow banking will be exacerbated by further trade friction with the US. This remains a risk. The Government's logical response will be to stimulate growth should the economy weaken too quickly, probably using more consumer-focused tools rather than the levers of property and infrastructure. Nevertheless, uncertainty here is likely to drive caution around commodity prices and the mining sector in the near term. This has provided an opportunity in

mining services. Miners have refrained from mine and fleet maintenance and replacement for several years and are now reaching the point where it is critical. As a result, the pipeline of contract work for mining service companies is well supported and less sensitive to swings in commodity prices than is currently being implied.

There are also two domestic issues driving markets. The first is the slowing housing cycle and fears about the impact that this might have on the banks. At this point there is no sign of a property market crash. Some pockets of the market are over-supplied and have seen material price cuts - but this has not been broad-based. It is also important to remember that there are other parts of the economy doing very well -- such as education, tourism, and infrastructure -- which are helping offset the broader economic pressure that could come from a slowing housing cycle.

The second domestic issue is the ongoing trend of corporate disruption from technology, competition, and increased government and regulatory intervention. This continues to create challenges but also some of the more significant opportunities in the market for investors who can distinguish between those companies well-placed to meet the challenge and those which are not.

At an aggregate level, more near-term volatility would be unsurprising as tightened liquidity has made the market more sensitive to the plethora of macro drivers currently in play. We would expect the Australian market to display lower volatility than global equities, given its more defensive nature. At the same time, investors should be cautious on those parts of the market where cycles are rolling over, while remaining aware that there are other areas in the market with material tailwinds.

Pendal Smaller Companies Fund

Market review

It was another negative month for the domestic equity market as global macro factors impacted investor sentiment in November. Fed Chair Powell's about-turn on rates, noting the rate which was "a long way from neutral" a few weeks ago is now "just below" neutral, provided some relief for those worried about policy over-tightening towards the month end. It was nevertheless overshadowed by the ongoing uncertainty over a soft patch in the Chinese economy and the outlook for trade with the US which continued to weigh on cyclicals. That said, some upbeat company updates helped to limit the losses from the S&P/ASX Small Ordinaries Accumulation Index, which declined marginally by 0.4% over the month, outperforming its large cap counterpart by 1.8%. Small Resources (-4.1%) finished the month weaker, whereas returns from Small Industrials (+0.8%) were positive.

Looking at sector performance, the rebound within Information Technology (+8.4%), which was the worst performing sector in October, contributed strongly to the headline index return in November. Afterpay Touch (APT, +15.5%), Wisetech (WTC, +16.5%), Appen (APX, +30.6%) and Technology One (TNE, +16.0%) all made double-digit gains. APX in particular upgraded its FY18 earnings (EBITDA) guidance from US$54-59m to US$62-65m, which was driven by a sharp increase in monthly revenues, largely from existing projects from existing customers.

Consumer Staples (+3.7%), Consumer Discretionary (+2.3%) as well as Real Estate (+0.6%) also recorded positive gains over the month. Some positive trading updates helped to support the share price of a few, including produce grower Costa Group (CGC, +24.8%), childcare operator G8 Education (GEM, +36.6%), and internet auction operator Trade Me Group (TME, +27.4%). CGC held its AGM in November, providing the market with its CY19 profit guidance for the first time, to be 30% higher than CY18. Management also confirmed that the company's operations continue to do well and reaffirmed the "low-double-digit" net profit growth for FY19. Recently beleaguered GEM also had a good response from the market following its investor day. While CY18 was marginally behind, occupancy trends within the industry appears to have stabilised somewhat. The childcare

subsidy (CCS) scheme is also expected to improve occupancy from here. Lastly, TME received a preliminary, non-binding and all-cash acquisition offer from Apax Partners, valuing the business at a 25% premium to its closing share price on the day.

On the other side of the spectrum, Energy (-11.9%) detracted the most from index performance as the global oil price continued to slump over the month. The crude oil price fell by more than 20% to trade below US$60 for the first time in a year. Reluctance from Russia to cut its production, alongside President Trump's decision to grant waivers to a number of key oil importers from the US-led Iranian sanction caused jitters around near-term excess supply. This dampened investor sentiment on index heavyweights, Worley Parsons (WOR, -9.5%) and Beach Energy (BPT, -13.4%). The recent acquisition of Jacobs by WOR also remains an overhang for WOR's share price. Only 51% of the original retail entitlement offer was taken by investors, meaning there could be more shares to come to the market from the underwriters.

Elsewhere, Industrials declined by 4.7% in November. Solar contractor RCR Tomlinson went into administration and weighed on the sector's performance whereas poor performance of the miners also dampened investor sentiment towards mining services companies. We saw the likes of Seven Group (SVW, -10.3%) and Monadelphous (MND, -2.5%) pull back as a result. In addition, despite the announced merger with Eclipx (ECX) with a targeted synergy of $50m, McMillan Shakespeare (MMS, -14.2%) finished the month lower. The deal is expected to reach completion in early 2019, subject to regulatory approvals.

Portfolio performance

The Pendal Smaller Companies Fund (formerly the BT Wholesale Smaller Companies Fund) returned -1.50% (post-fee, pre-tax) in November, underperforming the S&P/ASX Small Ordinaries Accumulation Index by 1.13%.

Contributors

Overweight Costa Group

Fruit and vegetable producer Costa Group (CGC) made a statement at the annual general meeting (AGM) confirming its operations continue to perform well and the company expects to deliver low double-digit growth in net profit after tax for the next three to five years. November also saw the announcement of new citrus and grape farming acquisitions in the Sunraysia district of Victoria. This is in line with CGC's trend in recent years to diversify their geographical exposure in order to reduce risk as well as opening up new export markets, with the acquired company already enjoying significant access to Asian markets.

Overweight Technology One

Software and technology service company Technology One (TNE) posted solid FY18 results which beat consensus expectations. Net profit grew 15% while margins also increased, helped by demand for its cloud-based services from both new and existing customers. The company's UK business continues to lose money, but improving trends in the second half of FY18 underpin management's expectations that it will hit break even in FY19.

Detractors

Overweight RCR Tomlinson

The position in RCR Tomlinson (RCR) was initiated in May 2017 as part of our interest in lifting exposure to domestic infrastructure, renewable energy and resources investments. We invested in RCR because it had strong engineering, procurement and construction (EPC) credentials across infrastructure, energy and renewables. Our due diligence, which included meeting with solar developers, corroborated the view that RCR was one of the higher quality EPC companies in this

space, and the subsequent failing of the company is nothing but disappointing. The administrators have advised us that the businesses continue to be operated and they expect to commence an asset sale process imminently, which will ultimately determine if any recoverable amounts are available for ordinary equity holders. However, it is too early to ascertain what the outcome will be at this stage and we have written the value of this holding to zero.

Overweight Seven Group (SVW)

Seven Group is well placed to benefit both from the pick-up in mining capital expenditure and the pipeline of east coast transport infrastructure via its Coates Hire and Westrac businesses. It has been weak recently on the combined effect of slowing growth in US-listed Caterpillar (CAT) for which Westrac is a Caterpillar dealer, as well as caution over mining more generally. We believe the implications from CAT's result are limited, with the critical need to increase mining spending a more important factor in driving SVW's medium-term outlook. At the same time, the company is benefiting from cyclical tailwinds in other parts of its portfolio, as well as recent technology investments which are improving margins and driving better capital allocation as it cleans up its corporate structure.

Strategy and outlook

The portfolio finished behind the index in November, the bulk of which can be attributed to the position in RCR Tomlinson (RCR), which went into administration. We held several stocks which delivered strong positive gains in an otherwise weak market such as Costa Group (CGC, +24.8%), Technology One (TNE, +16.1%), and Collins Food (CKF, +14.7%). However, this was ultimately offset by the position in RCR and by the drag from our exposure to other mining service stocks.

The outcome of our RCR position was nothing but disappointing. Our extensive research and due diligence suggested they were one of the highest quality participants in solar power development. However, we were also mindful of the risk involved in the contracting business and the position was sized appropriately according to our investment process and risk controls as a result. This has meant that while the outcome is disappointing it is not disastrous for the portfolio, which remains ahead of its index over the last 12 months even after writing down the RCR position to zero.

Beyond this, there are four key issues facing the broader Australian market at the moment. The first is the risk of a slowdown and potential recession in the United States as a result of Fed over-tightening of interest rates. It is important to note, within the context of the market's correction, that the underlying economic picture in the US remains supportive and earnings expectations remain firm. However, the risk that the Fed tightens rates too far and derails growth, cannot be discounted. Recent comments from Chair Powell moderating his view on the neutral benchmark rate sent a signal that the Fed is conscious of this risk. Nevertheless, this issue has weighed on sentiment around US sensitive stocks, while providing support for rate sensitives such as REITs and infrastructure, in the recent volatility.

The market also remains focused on the outlook for Chinese growth, with the fear that the economic slowdown and clamp-down on shadow banking will be exacerbated by further trade friction with the US. This remains a risk. The government's logical response will be to stimulate growth should the economy weaken too quickly, probably using more consumer-focused tools rather than the levers of property and infrastructure. Nevertheless, uncertainty here is likely to drive caution around commodity prices and the mining sector in the near term.

This has provided an opportunity in mining services, many of which reside in the small cap sector. Miners have refrained from mine and fleet maintenance and replacement for several years and are now reaching the point where it is critical. As a result, the pipeline of contract work for mining service companies such as Seven Group (SVW) is well supported and less sensitive to swings in commodity prices than is currently being implied.

There are also two domestic issues driving markets. The first is the slowing housing cycle and fears about the impact that this might have on the banks. At this point there is no sign of a property market crash. Some pockets of the market are over-supplied and have seen material price cuts – but this has not been broad-based. It is also important to remember that there are other parts of the economy doing very well – such as education, tourism, and infrastructure – which are helping offset the broader economic pressure that could come from a slowing housing cycle. Many of these sectors are well represented in the small cap sector.

The second domestic issue is the ongoing trend of corporate disruption from technology, competition, and increased government and regulatory intervention. This continues to create challenges but also some of the more significant opportunities in the market for investors who can distinguish between those companies well-placed to meet the challenge and those which are not.

International Shares

Pendal Concentrated Global Share Fund

Market review

Global equity markets sustained a degree of positive momentum in November, attributed largely to an easing of concerns over trade policy escalation. Presidents Trump and Jinping reached agreement at the G20 summit in Argentina for a halt to the imposition of further tariffs which gave investors in both developed and emerging markets reason to reduce the level of caution. During the month, US Federal Reserve Chair Jerome Powell placated market concerns over a potential over-tightening of monetary policy and further economic pressure on emerging markets by a change in tone, stating US interest rates were "just below" neutral. Both developments exhibited their power on sentiment, pushing the global equity market index to a gain in November.

The US share market generated gains on the back of positive sentiment on trade policy and interest rates. Comments from Chairman Powell noted above also weakened the US dollar which was helpful for US-based exporters. The tech sector was an outlier, largely due to statements from Apple on its intention to cease reporting unit sales of its devices. The company also disappointed the market with its outlook for the critical holiday trading period. Shares in Facebook, Twitter and Snap also declined. Consumer Discretionary also disappointed investors as concerns intensified over the impact of Amazon following a range of earnings reports. This came in spite of a strong reading for October's consumer spending which exceeded consensus forecasts. Elsewhere, corporate activity kept investors' interest alive. Entertainment giant, Walt Disney Inc. announced the US$71b purchase of Rupert Murdoch's entertainment assets was approved by China's regulators, removing a material hurdle for the transaction. For the month of November, the S&P500 added 1.8% while the NASDAQ rose by a modest 0.3%.

European markets were mixed, with negative sentiment directed towards the UK and the Western European majors. A mix of influences including a breakdown in Brexit negotiations, further pressure on Italy's budget and lower oil prices weighed on these markets. Economic data also disappointed, with overall GDP growth for Europe of 0.2% masking a wider spread of fortunes at a country level. Spain retained a healthy growth rate of 0.6%, Italy grinded towards flat growth and Germany's economy contracted, largely due to disruptions within the car production industry. However, unemployment for the region remained steady at 8.1% and headline inflation was 2.0% although the core measure that removes volatile components eased to 1%. The UK (-2.1%), France (-1.8%), Italy (-1.7%) and Germany (-1.7%) declined in November, while Switzerland (+0.2%) remained stable and Spain advanced 2.1%.

Asian equity markets also registered mixed returns, with some markets seeing the reprieve in trade tensions and a lower US dollar as reasons to buy back into stocks at more attractive prices. China's

Shanghai Composite index ended the month 0.7% lower as investors focused attention on the trajectory of its weakening growth while discounting the short term influence of the trade tensions with the US. Hong Kong (+0.2%) was marginally positive, while Korea (+2.3%), Taiwan (+0.9%), Japan (+2.0%) and Singapore (+3.3%) posted sizeable recoveries from weakness in the prior month.

The Australian dollar strengthened as a reaction to weakness in the US dollar as investors reset expectations on future US interest rate rises. The local unit rose 3.3% against the US dollar and was 3.9% stronger against the Japanese yen, 3.3% against the euro and 3.4% against the British pound. Commodity markets witnessed a strong correction as the crude oil price fell by 22% to close at US$50 per barrel, while Gold rose by 0.6% to just over US$1222.50.

Portfolio performance

The Pendal Concentrated Global Share Fund (formerly the BT Concentrated Global Share Fund) returned -0.46% (post fee, pre-tax) in November, outperforming its benchmark by 1.37%.

The US third quarter earnings season was all but wrapped up in November, with 86% of S&P500 companies having reported third quarter earnings growth, with aggregate growth being 26%. Top-line growth was more muted, however around 83% of companies still reported aggregate positive sales growth of 8%. The market reacted less to results and focused more on outlook statements. The statements were certainly more tempered than they have been in the past 12 months, with an increasingly uncertain outlook for earnings amid escalating tensions between China and the US, a stronger US dollar and stronger US bond yields. Commentary from management teams, particularly in the technology and industrial sectors, suggest a slowdown in sales was evident in the later part of the quarter. The outlook statements also reflected a cautious view for 2019.

As regular readers of our monthly report would know, over the last two years our weighting in technology stocks has reduced from around 20% at the Fund's inception to about 12% currently. While we believe there are a number of secular tailwinds that continue to benefit the sector and our view remains constructive regarding the broader industry, valuations in many cases are not as compelling as they were two years ago. As investors, we do not profess to have the power to predict the next technological break-through, be it a product or a process, and prefer to own technology companies whose earnings are derived from a diverse spectrum of customers and industries.

One of the better performers for the Fund this month was our holding in analogue semi-conductor company, Analog Devices (ADI). ADI reported their eighth consecutive quarter of double-digit growth for their fourth quarter in November. The company reports sales across four major segments: Industrial, Automotive, Consumer and Communications. The end markets for these segments consist of a diverse and highly fragmented set of applications. For example, the industrial segment provides analogue solutions to five end markets; aerospace and defence, factory automation, energy, healthcare, and instrumentation. The company has not been immune to the slowdown in factory automation reported by peers; however, they were still able to grow industrial sales by 10% year-on-year given the strength they saw in aerospace and defence and healthcare. The strength in sales has enabled the company to reduce debt by US$1.5b over the year and generate free cash flow of US$2.2b on a trailing 12-month basis. The diversity of their product portfolio, while not totally safeguarding the company from a broad based economic slowdown, does serve to provide some earnings protection when particular segments experience weaker growth.

The Coca Cola Company (+5.6%) was another good performer for the Fund this month. The stock rose after reporting solid third-quarter sales and profit growth at the end of October. Coca Cola is the world's biggest brand and largest manufacturer of soft-drink concentrate. However, the company also continues to grow their portfolio of non-carbonated soft drink brands as consumer diets shift. While unit case growth for sparkling soft drinks was 2% in the quarter, water, enhanced water and sports drinks grew by 5%. These results validate the shift in strategy by the company,

whereby management have identified the need to innovate in order to meet the evolving consumer preferences around the world. Coca Cola continues to expand the availability of their Glaceau smartwater brand, and will be present in 32 countries by year end. Management are also working to close the Costa Coffee purchase announced in the third quarter which will deliver them expertise across the coffee supply chain. In addition they are working to bed down a recent strategic relationship with sports drink manufacturer, Body Armour, an acquisition of kombucha manufacturer in Australia, MOJO, and France-based fruit drink manufacturer, Tropico. With a strong balance sheet and a clear strategic vision, we believe the company will continue to meet their long term target for organic sales growth of 4-6%.

The casino sector has underperformed over the last couple of months. However, after a trip to Macau in November we viewed the weakness in Las Vegas Sands (LVS) which declined by 3.7% in November as an opportunity to add to our position. Concerns relating to a slowdown in mainland China, coupled with a view in the market that weak fourth-quarter guidance from Wynn Macau was a read-through for the other five operators appear to be the primary reasons for the weakness. Feedback from our meetings with all six operators and a casino tour operator (known as a "junket") in Macau suggests while there was a slowdown in the three weeks after Golden Week in October, gross gaming revenue appeared to stabilise in November. Given the macro uncertainty, there has also been some evidence of softness in the VIP segment of the market. As investors, we are not overly concerned with quarterly numbers, although it is important to understand the different drivers behind LVS and Wynn. LVS derive around 60% of their earnings from Macau. They are the number one hotel operator in Macau, with 13,000 hotel rooms and command about one-third of the total market's earnings. Importantly, 60% of LVS profits in Macau are a result of mass gaming, with VIP gaming accounting for 8% (the balance being hotels, food and beverage, and retail). Wynn operate 2,700 hotel rooms across two properties in Macau, which target the VIP or high-end premium mass player. The lower margin VIP business is more sensitive to a slowdown in China, hence we have a more constructive outlook on the long-term growth of the mass market in Macau. A significant infrastructure build over many years is currently taking place and opening up Macau to a greater proportion of mainland China visitors. Las Vegas Sands, by virtue of their size and product, are best placed to take advantage of this opportunity.

Strategy and outlook

We continue to believe that owning a concentrated portfolio of companies is the best way to optimise equity market returns. The current market volatility is a result of the transition in financial markets from an environment where investors benefitted from lower interest rates and excess liquidity. We are currently in the midst of transitioning to a higher interest rate environment and as such, we expect the volatility to continue. We are long term investors, focused on owning companies that are equipped with robust business models, nimble management teams and dominant market shares. We buy these companies when valuations are compelling and have confidence they are not able to withstand, but also prosper regardless of what the economic cycle has to offer.

Pendal Core Global Share Fund

(managed by AQR Capital Management)

Market review

Global equity markets sustained a degree of positive momentum in November, attributed largely to an easing of concerns over trade policy escalation. Presidents Trump and Jinping reached agreement at the G20 summit in Argentina for a halt to the imposition of further tariffs which gave investors in both developed and emerging markets reason to reduce the level of caution. During the month, US Federal Reserve Chair Jerome Powell placated market concerns over a potential

over-tightening of monetary policy and further economic pressure on emerging markets by a change in tone, stating US interest rates were “just below” neutral. Both developments exhibited their power on sentiment, pushing the global equity market index to a gain in November.

The US share market generated gains on the back of positive sentiment on trade policy and interest rates. Comments from Chairman Powell noted above also weakened the US dollar which was helpful for US-based exporters. The tech sector was an outlier, largely due to statements from Apple on its intention to cease reporting unit sales of its devices. The company also disappointed the market with its outlook for the critical holiday trading period. Shares in Facebook, Twitter and Snap also declined. Consumer Discretionary also disappointed investors as concerns intensified over the impact of Amazon following a range of earnings reports. This came in spite of a strong reading for October’s consumer spending which exceeded consensus forecasts. Elsewhere, corporate activity kept investors’ interest alive. Entertainment giant, Walt Disney Inc. announced the US$71b purchase of Rupert Murdoch’s entertainment assets was approved by China’s regulators, removing a material hurdle for the transaction. For the month of November, the S&P500 added 1.8% while the NASDAQ rose by a modest 0.3%.

European markets were mixed, with negative sentiment directed towards the UK and the Western European majors. A mix of influences including a breakdown in Brexit negotiations, further pressure on Italy’s budget and lower oil prices weighed on these markets. Economic data also disappointed, with overall GDP growth for Europe of 0.2% masking a wider spread of fortunes at a country level. Spain retained a healthy growth rate of 0.6%, Italy grinded towards flat growth and Germany’s economy contracted, largely due to disruptions within the car production industry. However, unemployment for the region remained steady at 8.1% and headline inflation was 2.0% although the core measure that removes volatile components eased to 1%. The UK (-2.1%), France (-1.8%), Italy (-1.7%) and Germany (-1.7%) declined in November, while Switzerland (+0.2%) remained stable and Spain advanced 2.1%.

Asian equity markets also registered mixed returns, with some markets seeing the reprieve in trade tensions and a lower US dollar as reasons to buy back into stocks at more attractive prices. China’s Shanghai Composite index ended the month 0.7% lower as investors focused attention on the trajectory of its weakening growth while discounting the short term influence of the trade tensions with the US. Hong Kong (+0.2%) was marginally positive, while Korea (+2.3%), Taiwan (+0.9%), Japan (+2.0%) and Singapore (+3.3%) posted sizeable recoveries from weakness in the prior month.

The Australian dollar strengthened as a reaction to weakness in the US dollar as investors reset expectations on future US interest rate rises. The local unit rose 3.3% against the US dollar and was 3.9% stronger against the Japanese yen, 3.3% against the euro and 3.4% against the British pound. Commodity markets witnessed a strong correction as the crude oil price fell by 22% to close at US$50 per barrel, while Gold rose by 0.6% to just over US$1222.50.

Portfolio performance

The Pendal Core Global Share Fund (formerly the BT Wholesale Core Global Share Fund) returned -3.87% (post-fee, pre-tax) in November, underperforming its benchmark by 2.04%.

Underperformance in the US was due to negative performance in our investor sentiment and momentum signals, while the underperformance in Canada was due to negative performance in our valuation and earnings quality signals which outweighed the positive performance of our stability and investor sentiment factors. The underperformance in Europe was due to negative performance of our momentum and stability signals outweighing positive performance of our management signalling and valuation factors. The underperformance in Japan was due to negative performance of our valuation and investor sentiment signals which outweighed the positive performance for our stability and management signalling factors.

From a stock and industry attribution perspective, intra-industry stock selection detracted from performance over the month, while industry selection had modest positive performance. At a sector level, an overweight position in Health Care was the largest contributor to active returns, while an overweight position in Energy was the largest detractor. Within sectors, stock selection within Consumer Discretionary drove underperformance, followed by Energy and Materials. There were no significant positive contributors to active returns from intra-industry stock selection.

At a stock level, the largest detractors to active returns came from overweight positions in Michael Kors Holdings Ltd, an American fashion company; Covestro AG, a German adhesive manufacturing company; Ross Stores, Inc, an American chain of off-price department stores headquartered in Dublin, California. It is the largest off-priced retailer in the US. Eni S.p.A., an Italian multinational oil and gas company headquartered in Rome; and Valero Energy Corporation, a US-headquartered international manufacturer and marketer of transportation fuels, were also notable detractors.

The largest positive contributors to active returns over the month came from underweight positions in: Nvidia Corporation, an American technology company headquartered in California which designs graphics and produces units for the gaming and professional markets; General Electric Company, an American multinational conglomerate incorporated in New York and headquartered in Boston; Altria Group, Inc., an American corporation and one of the world's largest producers and marketers of tobacco, cigarettes and related products. Overweight positions in Southwest Airlines Co., a major US discount airline; and Deutsche Lufthansa AG, the largest German airline and, when combined with its subsidiaries, also the largest airline in Europe, were also contributors to performance.

Strategy and outlook

Moving into December, the largest sector tilts are overweights in Health Care and Consumer Discretionary and underweight positions in Financials and Consumer Staples.

Australian Fixed Income

Pendal Fixed Interest Fund

Market review

After rising in the first half of the month, Australian 10-year yields retraced and ended the month lower. The swings appeared to follow global risk sentiment that was driven by a combination of factors. This included speculation over trade tariffs, FOMC rate posturing and a collapse in crude oil prices. In Australia, the Reserve Bank of Australia (RBA) left rates on hold once more with few changes in its monthly communication. The more in-depth quarterly Statement on Monetary Policy revealed a revision lower for its forecast unemployment rate and upgrades to GDP and inflation. Data-wise, labour force figures were strong with 33,000 jobs added, led by full-time positions. In combination with a rise in the participation rate to 65.6% the unemployment rate held steady at 5.0%. Third quarter wage growth was also constructive at 2.3% year-on-year, which was driven by a 3.5% increase in the minimum wage. In contrast, leading indicators were more mixed; consumer confidence rose, while business confidence and conditions fell and retail sales slipped from 0.3% to 0.2% month-on-month. Finally, the Australian 3-year yield rose 3 basis points (bp) to 2.07%, while the 10 year fell 4bp to 2.60% and caused a flattening of the curve. In money markets, 90 day BBSW increased by 4bp to 1.95%.

Portfolio performance

The Pendal Fixed Interest Fund (formerly the BT Wholesale Fixed Interest Fund) returned -0.13% in November (post-fees, pre-tax), underperforming its benchmark by 0.37%.

The portfolio underperformed its benchmark in November, which was driven by the alpha overlay. The FX strategy was the largest detractor due to a range of positions with the largest losses accumulated on a EUR/USD short and USD/MXN short. Other positioning in Europe including short Italian duration and a Euro Curve flattener resulted in negative returns overall for the Yield Curve and Duration strategies. The Macro strategy also detracted after being stopped out on short emerging market credit exposure mid-way through the month. Meanwhile, the US 5-year invoice spread trade cost performance in the Relative Value strategy. In contrast, the Cross-Market strategy added value from a long Europe, short Japan position. Finally, the government bond and credit components were flat versus their benchmarks.

Strategy and outlook

The Reserve Bank released their Statement on Monetary Policy in early November. The Banks' forecasts included GDP growth for 2018 at 3.5%, 3.25% for 2019 and 3% for 2020 - slowing but still healthy growth. The release of third-quarter growth data in early December was much weaker than expected and will see near term forecasts revised lower. Annual growth was much weaker at 2.8% - fourth-quarter growth will need to come in at around 1.3% for the Reserve Banks' forecast to be realised. That is unlikely to occur. The components would also be of some concern. Household spending was soft - expanding by just 0.3% for the quarter, its slowest increase in five years. Offsetting some of the concern will be the better than expected strength in the labour market.

The weaker growth numbers will see the Reserve Bank on hold for at least the next six months. The sharp commodity price falls witnessed last month will ensure that inflationary pressures are not surprising to the upside in the nearer term. The RBA has no need to be pre-emptive - they can afford to wait for inflation to move higher before making any monetary policy adjustment. They may be on hold for all of 2019.

Term rates continue to be well supported globally, as weaker European data and Fed Chairman Powell highlighting rates are nearing neutral sees markets cut back hiking profiles for 2019. Australian bond yields moved in line, nearing 12-month lows, and with low CPI and slowing growth here, lower yields are more likely than higher in the near term.

International Fixed Income

Pendal Global Fixed Interest Fund

Market review

After rising in the first half of the month, global bond yields retraced and ended the month lower. The swings appeared to follow global risk sentiment that was driven by a combination of factors. These included trade-related comments from the White House that alternated between suggesting a deal and no deal ahead of the G20 summit. Meanwhile, the FOMC kept rates unchanged as widely-expected while acknowledging strength in jobs growth and household spending. However, subsequent dovish comments from Committee members pushed yields lower over the remainder of the month. Data for the world's largest economy was mixed overall. Non-Farm Payrolls were stronger than expected, with 250,000 jobs added and average hourly earnings increased to 3.1% year-on-year. In contrast, the PCE core inflation measure slipped from 2.0% to 1.8% year-on-year

with a sluggish 0.1% read over the month. The Institute of Supply Management (ISM) Manufacturing Index fell from 59.8 to 57.7 and Durable Goods orders were weaker than expected at -4.4%. In Europe, disagreements between the European Union (EU) and Italy on the latter's proposed budget created some concern for investors. Further north, worries over whether Brexit terms would be accepted by UK policymakers weighed on sentiment. By month end, the US curve flattened as the 2-year yield dropped 8bp to 2.79% and the 10-year yield slid by a more substantial 16bp to 2.99%.

Portfolio performance

The Pendal Global Fixed Interest Fund (formerly the BT Wholesale Global Fixed Interest Fund) returned 0.35% in November (post-fees, pre-tax), underperforming its benchmark by 0.33%.

Over the month, the Duration and Cross-Market strategies added to performance, while Relative Value, Yield Curve, FX and Macro strategies detracted. The portfolio risk level started at six risk units and decreased to just under four risk units before finishing the month at five risk units.

The Duration strategy was the largest contributor to performance over the month. Gains were predominantly contributed by long duration positions in Europe, from both the front end swaps and German Bunds. Losses were contributed by short duration positions in the Italian BTP's and Japanese long end. Short duration in the US front end fared well in the first half of the month. However, they detracted as hikes were priced out due to the dovish comments by FOMC Chairman Powell.

The FX strategy detracted from performance over the month. The largest losses were from long USD against EUR and KRW expressed in options. We reversed our long USD bias tactically, particularly against the emerging market currencies. We made the largest gains in the strategy from USD/CNH puts while incurring losses from USD/MXN puts. In the month multiple long volatility trades were triggered. We made gains from NZD/JPY, AUD/JPY and EUR/AUD, offsetting losses from NZD/USD and CAD/JPY. As of the end of the month we have no long volatility positions.

The Yield Curve strategy detracted over the month. Over half of the losses were from the curve flattening position in the Europe long end, as the yield curve accelerated its steepening toward the end of the month. Earlier in the month we closed the US 5y-30y steepening position with a minor loss. In the middle of the month we tactically hedged a short position in the front end of the US curve. The hedge was taken off by the end of the month. Later in the month we opened a US 2y-10y steepening position which ended the month in a small loss. As of the end of the month we continued to hold the steepening position in New Zealand which detracted in the month.

Within the Macro strategy we maintain our long protection position in Europe, and tactically added protection in US intra-month. Losses were mainly from buy protection positions in CDX EM which were stopped out in the beginning of the month. To take advantage of the brief risk-on period in the month, we opened a tactical sell protection position in Australian iTraxx but this was stopped out as widening US credit spreads spilled over to global credit markets. We added buy protection positions in CDX HY and CDX IG in the month, the majority of which were closed out by the end of the month with broadly flat performance. Gains in the month were contributed by buy protection positions in iTraxx Europe Main and the CDX HY curve flattener.

The Relative Value strategy was flat for most of the month but declined in the last few days of the month. Most of the losses were from the US 5-year invoice spread, while small losses were made by the Australian 3-year EFP spread positions.

The Cross-Market strategy added to performance over the month. Most of the gains were from newly open positions in long Europe vs short Japan in the front end of the curves.

Strategy and outlook

We felt it prudent to add protection on the portfolio during November as the vulnerability of credit markets increases when news flow remains poor and liquidity is vanishing. However, sentiment turned as the US Federal Reserve (Fed) began to emphasise its data-dependent path, no longer giving the signal that they were on an autopilot policy normalisation course. As such, while our fundamental concerns for credit still exist, we used the credit spread widening as an opportunity to reduce our protection and turned tactically more favourable towards some EM currencies and the Australian dollar. However, we maintain our bearish cyclical positions in Europe, albeit down-weighting our exposure to duration in light of the large European government issuance volumes due to start from mid-December. We also maintain our view that it is too early to trade for the next US recession, but have closed our short US duration and yield curve positions for now, in light of a Fed that is turning less hawkish. Despite the upcoming hurdles in December of both the Fed and the European Central Bank (ECB), the backdrop left by the temporary trade war truce at the G20 summit allows risk assets to pause for breath, and a more data-dependent Fed would also signal a green light for (some) carry trades.

Credit

Pendal Enhanced Credit Fund

Market review

Domestic credit posted a positive return for November, which was driven by accruals. Spreads for major global CDS indices initially tightened before reversing sharply and finishing November wider. This followed swings in macro sentiment driven by speculation over a US-China trade deal, the US rates outlook and the plunge in energy prices. Additionally, concerns over the underlying health of US corporates spread after GE revealed a raft of issues that spooked credit investors.

After delaying issuance in October, a brief reprieve in negative sentiment during November was utilised to tap the market for debt capital. This resulted in large deals from financials, including three of the four major banks. NAB, Westpac and ANZ issued, $1b, $4.25b, and $3.25b respectively. Corporate issuance was much lighter and included a $300m deal from Telstra.

Finally, the Australian iTraxx index (Series 30 contract) traded in a wide 15bp range finishing the month 4.5bp wider to +86.5bp. On average, physical credit spreads closed the month 3bp wider, with the worst performing sectors being diversified financials and investment banks pushing out +20 and +12bp respectively. The best performing sectors were supranationals and resources which were 1 and 3bp wider. Semi-government bonds also underperformed widening 2bp to government bonds over the month.

Portfolio performance

The Pendal Enhanced Credit Fund (formerly the BT Wholesale Enhanced Credit Fund) returned 0.10% in November (post-fees, pre-tax), underperforming the benchmark by 0.03%.

Accruals were the largest contributor to returns, while physical credit spreads were wider. Positions in infrastructure and utilities where the fund is overweight performed well over the period versus other sectors. Portfolio purchases over the period were relatively light given a more cautious tone in credit markets over recent months.

Strategy and outlook

Our overall credit view remains neutral. We have been constructive on corporate fundamentals, but are also wary that sentiment towards credit has deteriorated to some extent recently. This has been driven in part by fears that troubles for specific US corporates, such as GE, could reflect broader systemic issues. We believe corporate fundamentals on balance are healthy for the bulk of investment grade issuers. Balance sheets are generally strong and earnings are improving as evidenced by solid corporate earnings seasons in the US and Europe. Further, Australian domestic issuers have not increased balance sheet leverage over the past number of years. The major Australian banks have stronger capital ratios than previous years which should support domestic financial stability.

From a macro standpoint, we acknowledge that risks have risen due to increasing volatility across markets. This has been driven in part by flare-ups of geopolitical risks and less forgiving markets. This was reflected by the Italian political uncertainty in May, the rout in emerging markets from mid-year and ongoing Sino-US trade tensions. That said, the impact of developments such as trade wars and attitudes towards monetary policy normalisation have shown a tendency to shift quickly. For example, this month fears over a more aggressive Fed hike outlook were squashed and risk-appetite quickly returned towards month-end.

Meanwhile, domestically we expect the Australian economy to exhibit improving growth that has become more balanced in recent years. However, soft wage growth could continue to dampen overall domestic demand and housing appears to be softening. As such we continue to recommend a defensive approach with any overweights in operationally resilient sectors such as Utilities and Infrastructure that provide higher yield to index returns.

Cash

Pendal Managed Cash Fund and Pendal Enhanced Cash Fund

Market review

After rising in the first half of the month, Australian 10-year yields retraced and ended the month lower. The swings appeared to follow global risk sentiment that was driven by a combination of factors. This included speculation over trade tariffs, FOMC rate posturing and a collapse in crude oil prices.

The RBA left rates on hold once more with few changes in its monthly communication. The more in-depth quarterly Statement on Monetary Policy revealed some alterations to the central bank's forecasts. The projected unemployment rate was revised lower to 4.75% from 5.00% by 2020, while GDP growth and inflation were revised up by 0.25% to 3.25% and 2.50%, respectively.

Data-wise, labour force figures were strong with 33,000 jobs added, led by full-time positions. In combination with a rise in the participation rate to 65.6% the unemployment rate held steady at 5.0%. Third quarter wage growth was also constructive at 2.3% year-on-year, which was driven by a 3.5% increase in the minimum wage. In contrast, leading indicators were more mixed; consumer confidence rose, while business confidence and conditions fell and retail sales slipped from 0.3% to 0.2% month-on-month.

Looking abroad, investors were intently focused on trade-related comments from the White House ahead of the G20 summit to be held at the end of the month. Rhetoric at the outset of November suggested a deal between Trump and Jinping would be likely; however, this quickly changed as spokespeople indicated an agreement may not be reached. Although a US-China deal began to look more certain again towards month-end, a draft from Washington on European auto tariffs gave investors another reason to worry.

Also in the US, the FOMC kept rates unchanged as widely-expected while acknowledging strength in jobs growth and household spending. However, it was subsequent communication from Committee members that gave greater guidance to yields over the remainder of the month. In particular, Chairman Powell's suggestion that rates were "just below" their neutral level, squashed concerns over a more aggressive tightening cycle and offered a more dovish perspective. This was reinforced by Vice Chair Clarida, who reaffirmed the Fed's rate outlook would be data-dependent.

On that front, data was mixed overall for the world's largest economy. Non-Farm Payrolls were stronger than expected with 250,000 jobs added, versus 134,000 prior. Average hourly earnings also increased to 3.1% year-on-year, which was the highest rate in more than nine years. However, the PCE core inflation measure slipped from 2.0% to 1.8% year-on-year with a sluggish 0.1% read over the month. ISM Manufacturing also fell from 59.8 to 57.7 and Durable Goods Orders were weaker than expected at -4.4%.

In Europe, disagreements between the EU and Italy on the latter's proposed budget created some concern for investors. The European Commission threatened disciplinary fines if the country's budget deficit exceeded 2%. Italian policymakers subsequently revised their forecast lower from the initial 2.4%. Further north, worries over whether Brexit terms would be accepted by UK policymakers weighed on sentiment.

Turning to market movements, the Australian 3-year yield rose 3bp to 2.07%, while the 10 year fell 4bp to 2.60% and caused a flattening of the curve. In money markets, 90 day BBSW increased by 4bp to 1.95%. The US curve also flattened as the 2-year dropped 8bp to 2.79% and the 10-year slid by a more substantial 16bp to 2.99%. This caused the AU-US yield spread to become less negative and likely contributed to the AUD/USD's 3.3% rally over the period. The currency shrugged off a plunge in iron ore prices (-13.4%) which followed in the wake of a significant slide of -22.2% for crude oil during November.

Portfolio performance

Managed Cash

The Pendal Managed Cash Fund (formerly the BT Wholesale Managed Cash Fund) returned 0.16% in November (post-fees, pre-tax), outperforming the benchmark by 0.01%.

With a higher running yield than the index, the Fund remains well positioned to outperform. Themes and credit exposure remain consistent with prior months, with excess spread from A-1 rated issuers and yield curve positioning likely to be the main driver of outperformance. The Fund ended the month with a weighted average maturity of 63 days (maximum limit of 70 days). The RBA is unlikely to tighten monetary policy in the near term and yields further out the curve continue to offer better relative value. The weighted average maturity has consistently been longer than benchmark due to this. Increasing supply in the US could weigh on the US market, an important funding source for Australian banks. We remain wary of any spillover effects from a rising LIBOR rate on the Australian market. The lack of volatility in BBSW in September though indicates that the Australian banks appear to be well funded.

Enhanced Cash

The Pendal Enhanced Cash Fund (formerly the BT Wholesale Enhanced Cash Fund) returned 0.11% in November (post-fees, pre-tax) underperforming the benchmark by 0.04%.

The main detractor from performance was financials sector positioning. The portfolio has outperformed its benchmark over the past 12 months. As at the end of the month, the portfolio had a credit spread of 60bp over bank bills, interest rate duration of 0.10 years and credit spread duration of 1.38 years. Activity during the month included reducing exposure to financials and industrials.

Strategy and outlook

The Reserve Bank released their Statement on Monetary Policy in early November. The Banks' forecasts included GDP growth for 2018 at 3.5%, 3.25% for 2019 and 3% for 2020 - slowing but still healthy growth. The release of third-quarter growth data in early December was much weaker than expected and will see near term forecasts revised lower. Annual growth was much weaker at 2.8% - fourth-quarter growth will need to come in at around 1.3% for the Reserve Banks' forecast to be realised. That is unlikely to occur. The components would also be of some concern. Household spending was soft - expanding by just 0.3% for the quarter, its slowest increase in five years. Offsetting some of the concern will be the better than expected strength in the labour market.

The weaker growth numbers will see the Reserve Bank on hold for at least the next six months. The sharp commodity price falls witnessed last month will ensure that inflationary pressures are not surprising to the upside in the nearer term. The RBA has no need to be pre-emptive - they can afford to wait for inflation to move higher before making any monetary policy adjustment. They may be on hold for all of 2019.

Term rates continue to be well supported globally, as weaker European data and Fed Chairman Powell highlighting rates are nearing neutral sees markets cut back hiking profiles for 2019. Australian bond yields moved in line, nearing 12-month lows, and with low CPI and slowing growth here, lower yields are more likely than higher in the near term.

Australian Property

Pendal Property Securities Fund

Market review

The S&P/ASX 300 A-REIT Index was down 40bp in November, outperforming the S&P/ASX 300 (-2.2%) by 180bp. Over the past 12 months, A-REITs have returned +1.4%, 240bp ahead of the broader market. Key themes for the month were capital raisings, ongoing buy-back activity and quarterly updates. Globally, REITs rose +3.8% (in USD terms). Japan is the best performing market (+7.5%) for the year-to-date period while Australia (-3.6%) is the laggard.

Capital management activity was a key feature of the month. Growthpoint Properties raised $135m via a 1:17 entitlement issue to partially fund a Brisbane acquisition, while Cromwell raised $300m through a 2:13 entitlement issue to fund its purchase of Singapore listed CEREIT stock and pay down debt. Mirvac, Stockland and Vicinity Centres also continued their stock buybacks.

Scentre Group reiterated its FY18 guidance for +4% growth in funds from operations (FFO) in its third-quarter update. Comparable specialty retail sales accelerated to +1.6% and its $1.1b development pipeline is progressing in line with expectations. Goodman Group reiterated its FY19 guidance of +7% FFO, with Development works in progress +3.5% to $3.6b, with the pipeline enhanced by commencement of two US$1b projects in HK in 2019. Dexus Property Group also announced the establishment of a Logistics Trust in partnership with GIC to be funded by $1.4b of balance sheet assets. The partial sell down will minimise earnings dilution and help fund DXS' development pipeline.

The MSCI World equity index was up 1.3% over the month. The US economy continues to perform well, with the latest readings on unemployment (3.7%) and retail sales (+0.8%) slightly ahead of market expectations. However, interest rate sensitive sectors are decelerating, with new single-house sales falling 8.9% and existing home sales down 1.4%. The yield curve flattened 8bp, with the 10-year treasury note finishing at 2.99%. Oil (WTI) fell 22%, which should help dampen inflation expectations.

In Australia, the RBA left interest rates on hold. Employment rose solidly (+32,800 jobs), however the unemployment rate was flat as the participation rate rose (+20bp). The wage price index increased 0.6% over the quarter, assisted by the larger than normal lift in the minimum wage (+3.5%). Retail sales were sluggish (+0.2%) with sales ex-food flat. The Australian dollar gained 3.3% versus the US dollar.

Portfolio performance

The Pendal Property Securities Fund (formerly the BT Wholesale Property Securities Fund) returned -0.43% in November (post-fee, pre-tax), underperforming its benchmark by 0.16%.

The portfolio underperformed over the month, with positive contributions from overweight positions in Arena REIT, Precinct Properties, Dexus Property Group and an underweight position in Cromwell Property Group. Underweight positions in GPT Group, Vicinity Centres and Shopping Centres Australia and overweight positions in Unibail-Rodamco Westfield and Lifestyle Communities detracted from performance.

Over the month we reduced our underweight position in Scentre Group and increased our overweight positions in Centuria Metro REIT and National Storage REIT. This buying was funded by increasing our underweight position in Stockland Group and reducing our overweights in Charter Hall Group, Unibail Rodamco Westfield and PropertyLink.

Strategy and outlook

The A-REIT sector is now priced on an FY19 dividend yield of 5.3%, a P/E ratio of 16.6 times and a 21% premium to NTA, slightly above its long-term average of 16%. Cap rates are unlikely to compress any further from current levels and asset valuation improvements will be dependent on income growth and tenancy retention. Non-dominant discretionary malls with high specialty occupancy costs are actually expected to fall in value in the short to medium term. Balance sheets are stable, with sector gearing remaining at 28%.

International Property

Pendal Global Property Securities Fund
(managed by AEW)

Market review (in US$)

Performance of the global property securities market (on an ex-Australia basis) as measured by the FTSE EPRA Nareit Developed Index, rebounded in November to post a total return of 3.8%. Asia Pacific (+5.7%) had the largest increase followed by North America (+4.6%), while Europe (-0.9%) declined during the month. In Asia Pacific, results were positive across the region. New Zealand (+10.8%) was the strongest performer, followed by Hong Kong (+8.9%), Japan (+3.9%) and Singapore (+3.5%). In Europe results were mixed. The Netherlands (-5.1%) posted the largest decline, followed by the United Kingdom (-4.6%) and France (-4.2%). Conversely, notable positive performers included Germany (+4.0%), Israel (+3.2%), and Finland (+2.7%). In North America the US and Canada returned 4.8% and 0.9%, respectively.

Portfolio performance

The Pendal Global Property Securities Fund (formerly the BT Wholesale Global Property Securities Fund) returned 3.94% in November (post-fee, pre-tax), outperforming the benchmark by 0.20%.

North America

The North America portfolio returned 5.06% in November (before fees and withholding taxes), exceeding the FTSE EPRA Nareit North America Index by 45 basis points. Outperformance relative to the benchmark was attributable to positive stock selection results, which were partially offset by negative sector allocation results. In terms of stock selection, results were strongest in the office, hotel, and shopping centre sectors and were weakest in the regional mall, triple net lease, and other residential sectors. Regarding sector allocation, negative results were driven by the portfolio's overweight to the underperforming regional mall sector. Moreover, the portfolio's small cash position was a modest detractor to relative performance, given the regional benchmark's positive absolute performance for the month. Among the portfolio's holdings, top individual contributors to relative performance included overweight positions in the outperforming American Campus Communities (ACC), Extended Stay America (STAY), and AvalonBay Communities (AVB). Detractors most notably included a lack of exposure to the outperforming Ventas (VTR), an underweight position in the outperforming Equity Residential (EQR), and an overweight position in the underperforming Pennsylvania REIT (PEI).

Europe

The European portfolio returned -1.22% in November (before fees and withholding taxes), underperforming the regional EPRA benchmark by 25 basis points. Underperformance relative to the benchmark was driven by negative country allocation results, while stock selection results were mostly neutral. Regarding country allocation, negative results were attributable to the portfolio's underweight to the outperforming Switzerland, lack of exposure to the outperforming Belgium, and an overweight to the underperforming France. In terms of stock selection, results were strongest in the Netherlands, Germany and Spain and were weakest in Sweden, France and Switzerland. Among the portfolio's holdings, top contributors to relative performance included a lack of exposure to the underperforming Intu Properties PLC (United Kingdom) and overweight positions in the outperforming Vonovia SE (Germany) and Deutsche Wohnen SE (Germany). Detractors most notably included overweight positions in the underperforming Workspace Group PLC (United Kingdom) and Gecina SA (France) and a lack of exposure to the outperforming Fastighets AB Balder Class B (Sweden).

Asia

The Asia portfolio returned 6.10% in November (before fees and withholding taxes), outperforming the regional EPRA benchmark by 43 basis points. Outperformance relative to the benchmark was driven by positive stock selection results, while country allocation results were largely neutral. In terms of stock selection, strong positive results in Japan and, to a lesser extent, Hong Kong, were partially offset by negative results in Singapore. The portfolio's small cash position was a detractor to relative performance, given the regional benchmark's positive absolute performance for the month. Among the portfolio's holdings, top contributors to relative performance included a lack of exposure to the underperforming CapitaLand Ltd. (Singapore) and Japan Hotel REIT (Japan), and an overweight position in the outperforming CK Asset Holdings (Hong Kong). Detractors most notably included overweight positions in the underperforming Japan Rental Housing Investment (Japan) and Suntec REIT (Singapore), and a lack of exposure to the outperforming Hang Lung Properties (Hong Kong).

Active Balanced

Pendal Active Balanced Fund

Markets review

It was another volatile month for the domestic equity market, where the S&P/ASX 200 Accumulation Index advanced by 2.3% in the first half of the month, before giving it all back and finishing November 2.8% lower. US Federal Reserve (Fed) Chair Powell's about-turn on rates - noting the rate which was "a long way from neutral" a few weeks ago is now "just below" neutral - provided some relief for those worried about policy over-tightening towards the month end. It was nevertheless overshadowed by the ongoing uncertainty over a soft patch in the Chinese economy and the outlook for trade with the US continuing to weigh on cyclicals and on the miners (-4.9%) in particular. In conjunction with weak performance from Energy (-10.7%) on the back of a continuous slump in the oil price over the month, we saw large cap Resources (-6.6%) perform worse than large cap Industrials (-1.1%).

Financials (+1.4%) and Information Technology (+1.0%) were the only groups to end in positive territory. For the first time in a long time, Banks (+2.5%) contributed strongly to the Financials sector after experiencing a relief rally which reflected the lack of any new controversy from the latest round of Royal Commission hearings. Outside Financials and IT, performance was bleak across the other sectors. In addition to the drag caused by the miners on Materials (-4.7%), poor performance from the likes of Bluescope Steel (BSL, -21.9%), James Hardie (JHX, -14.9%) and Boral (BLD, -9.1%) also weighed on the sector.

Global equity markets sustained a degree of positive momentum in November, attributed largely to an easing of concerns over trade policy escalation. Presidents Trump and Jinping reached agreement at the G20 summit in Argentina for a halt to the imposition of further tariffs which gave investors in both developed and emerging markets reason to reduce the level of caution. During the month, US Federal Reserve Chair Jerome Powell placated market concerns over a potential over-tightening of monetary policy and further economic pressure on emerging markets by a change in tone, stating US interest rates were "just below" neutral. Both developments exhibited their power on sentiment, pushing the global equity market index to a gain in November.

The US share market generated gains on the back of positive sentiment on trade policy and interest rates. Comments from Chairman Powell noted above also weakened the US dollar which was helpful for US-based exporters. The tech sector was an outlier, largely due to statements from Apple on its intention to cease reporting unit sales of its devices. The company also disappointed the market with its outlook for the critical holiday trading period. Shares in Facebook, Twitter and Snap also declined. Consumer Discretionary also disappointed investors as concerns intensified over the impact of Amazon following a range of earnings reports. This came in spite of a strong reading for October's consumer spending which exceeded consensus forecasts. Elsewhere, corporate activity kept investors' interest alive. Entertainment giant, Walt Disney Inc. announced the US$71b purchase of Rupert Murdoch's entertainment assets was approved by China's regulators, removing a material hurdle for the transaction. For the month of November, the S&P500 added 1.8% while the NASDAQ rose by a modest 0.3%.

European markets were mixed, with negative sentiment directed towards the UK and the Western European majors. A mix of influences including a breakdown in Brexit negotiations, further pressure on Italy's budget and lower oil prices weighed on these markets. Economic data also disappointed, with overall GDP growth for Europe of 0.2% masking a wider spread of fortunes at a country level. Spain retained a healthy growth rate of 0.6%, Italy grinded towards flat growth and Germany's economy contracted, largely due to disruptions within the car production industry. However, unemployment for the region remained steady at 8.1% and headline inflation was 2.0%

although the core measure that removes volatile components eased to 1%. The UK (-2.1%), France (-1.8%), Italy (-1.7%) and Germany (-1.7%) declined in November, while Switzerland (+0.2%) remained stable and Spain advanced 2.1%.

Asian equity markets also registered mixed returns, with some markets seeing the reprieve in trade tensions and a lower US dollar as reasons to buy back into stocks at more attractive prices. China's Shanghai Composite index ended the month 0.7% lower as investors focused attention on the trajectory of its weakening growth while discounting the short term influence of the trade tensions with the US. Hong Kong (+0.2%) was marginally positive, while Korea (+2.3%), Taiwan (+0.9%), Japan (+2.0%) and Singapore (+3.3%) posted sizeable recoveries from weakness in the prior month.

The Australian dollar strengthened as a reaction to weakness in the US dollar as investors reset expectations on future US interest rate rises. The local unit rose 3.3% against the US dollar and was 3.9% stronger against the Japanese yen, 3.3% against the euro and 3.4% against the British pound. Commodity markets witnessed a strong correction as the crude oil price fell by 22% to close at US$50 per barrel, while Gold rose by 0.6% to just over US$1222.50.

After rising in the first half of the month, Australian 10-year yields retraced and ended the month lower. The swings appeared to follow global risk sentiment that was driven by a combination of factors. This included speculation over trade tariffs, FOMC rate posturing and a collapse in crude oil prices. In Australia, the Reserve Bank of Australia (RBA) left rates on hold once more with few changes in its monthly communication. The more in-depth quarterly Statement on Monetary Policy revealed a revision lower for its forecast unemployment rate and upgrades to GDP and inflation. Data-wise, labour force figures were strong with 33,000 jobs added, led by full-time positions. In combination with a rise in the participation rate to 65.6% the unemployment rate held steady at 5.0%. Third quarter wage growth was also constructive at 2.3% year-on-year, which was driven by a 3.5% increase in the minimum wage. In contrast, leading indicators were more mixed; consumer confidence rose, while business confidence and conditions fell and retail sales slipped from 0.3% to 0.2% month-on-month. Finally, the Australian 3-year yield rose 3 basis points (bp) to 2.07%, while the 10 year fell 4bp to 2.60% and caused a flattening of the curve. In money markets, 90 day BBSW increased by 4bp to 1.95%.

After rising in the first half of the month, global bond yields retraced and ended the month lower. The swings appeared to follow global risk sentiment that was driven by a combination of factors. These included trade-related comments from the White House that alternated between suggesting a deal and no deal ahead of the G20 summit. Meanwhile, the FOMC kept rates unchanged as widely-expected while acknowledging strength in jobs growth and household spending. However, subsequent dovish comments from Committee members pushed yields lower over the remainder of the month. Data for the world's largest economy was mixed overall. Non-Farm Payrolls were stronger than expected, with 250,000 jobs added and average hourly earnings increased to 3.1% year-on-year. In contrast, the PCE core inflation measure slipped from 2.0% to 1.8% year-on-year with a sluggish 0.1% read over the month. The Institute of Supply Management (ISM) Manufacturing Index fell from 59.8 to 57.7 and Durable Goods orders were weaker than expected at -4.4%. In Europe, disagreements between the European Union (EU) and Italy on the latter's proposed budget created some concern for investors. Further north, worries over whether Brexit terms would be accepted by UK policymakers weighed on sentiment. By month end, the US curve flattened as the 2-year yield dropped 8bp to 2.79% and the 10-year yield slid by a more substantial 16bp to 2.99%.

Portfolio performance

The Pendal Active Balanced Fund (formerly the BT Wholesale Active Balanced Fund) returned -1.61% (post-fee, pre-tax) for the month of November, underperforming its benchmark by 0.84%.

The Fund's negative return for November was largely a function of its exposure to Australian and offshore equity markets which declined in value through the month. Exposure to alternatives also

detracted from returns this month. Australian and global fixed income generated modest positive returns for the month as US bond yields eased, albeit with limited impact to overall performance.

Underperformance was primarily driven by manager contribution which was most prevalent in Australian equities, the core global equity strategy, and alternatives. Our tactical asset allocation decisions saw the Fund's overweight exposure to Australian and global equities reduced to underweight and marginally underweight, respectively.

The key factors influencing the alpha generated through active management were stock selection outcomes within Australian equities. Within the Australian equity strategy, overweight positions in Qantas, ANZ Banking Group and Amcor, plus holding no exposure to Woodside Petroleum and an underweight to National Australia Bank contributed to returns. These contributions were more than offset by overweight positions in Santos, Origin Energy and CYBG together with an underweight to National Australia Bank.

Within the global equities portfolio, the Concentrated, Emerging Markets and European Select portfolios outperformed their benchmarks but the core detracted from relative performance.

Our Alternatives core portfolio registered a negative return this month. Through the month, four of the eight sub-strategies delivered negative returns, while two had a positive impact and the remaining two were neutral in impact. The Alternatives strategy delivered a total return (before fees) of -0.84% versus a cash return of 0.15%.

The Managed Futures, Equity Market Neutral, Long-Short Equity and Dedicated Short Bias strategies generated negative returns this month after being impacted by long positions in commodity markets, notably energy contracts. Weakness in Momentum was somewhat offset by contributions from quality and value themes. Some directionally short positions contributed to returns amid weakness in markets. However, the Global Macro and Event Driven strategies delivered positive returns.

In relation to our tactical positioning within the Alternatives component of the Fund, the overall positioning had a negative impact on performance. Gains through our positioning in equity market futures were offset by losses from volatility positioning, which itself was volatile and lead to several signal changes. This is consistent with our historical testing and did not require any change to strategy. We did however move to long positions in Australian equity futures and bonds together with a small long position in copper.

Strategy and outlook

In November we introduced a new active investment process to the Fund - Dynamic Asset Allocation (DAA), applying the relevant models used in our recently launched Multi-Asset total return strategy. The current positioning in DAA is driven by Value signals, which complement the trend signals driving much of the returns from tactical asset allocation. Through employing DAA we have an introduced an overweight to Korea and underweight to US equities on model valuation signals.

Volatility in equity markets witnessed in recent weeks have naturally made investors feel uncomfortable. However, as we have discussed recently, this can be seen as a return to more normal market conditions. Even with the turmoil experienced in the S&P500 in February, April and now October, the realised volatility of daily market movements is still nearly 2% below the average since the 1970s and exactly in line with the median. Hence, this can be viewed as fairly typical of market behaviour.

There are many possible causes for the increased volatility, but a key fundamental factor relates to central bank suppression of properly functioning markets, which now appears to be coming to an end (at least in the US). Given the strong market returns in the nearly 10 years since the GFC, it's easy to forget that investing to earn a risk premium is associated with exposure to risk (in this case an equity market decline). There is nothing of which we are aware that challenges our belief that

equities will not deliver a positive excess return over meaningful investment horizons and as such, equities retain a central part of the Fund with the role of generating long-term absolute and cash/CPI-plus returns. Further, it appears a lot of the recent volatility reflects recent geopolitical issues (in particular around global trade) and a change in sentiment around the potential for inflation. While it is very difficult to predict the outcome of the recent trade skirmish, consensus is moving towards an increase in inflationary pressure. Further, global economic conditions remain reasonable, and the current US earnings season is playing out to be above expectations.

Our aggregate tactical positions are relatively market-neutral at present: positions of long US equities and copper and short US equity implied volatility (VIX) are offset by short German and Australian equities. Long German bonds are offset by short Australian and US bonds, and gold.

The outlook for tactical positioning depends upon market movements from here. As flagged last month, our model turned short Australian equities at the end of November and is likely to turn short US equities in the near future, which would represent the most negative tactical outlook since early 2016. Should the tactical model turn short US equities, it will be an interesting situation: an expensive market with negative momentum. A material market decline would likely generate positive returns from being short through these positions.

We will continue to apply a multi-faceted approach to generating additional returns on investments and managing risks, most notably with a balanced allocation across traditional markets and the diversifying properties of alternatives.

Performance as at 30 November 2018

(%)	1 Month	3 Months	6 Months	FYTD	1 year (pa)	2 Years (pa)	3 Years (pa)	5 Years (pa)	Since Incp. (pa)
Australian Shares - All Cap									
Pendal Australian Share Fund								APIR -	RFA0818AU
Total Return (post-fee, pre-tax)	-2.73	-10.30	-6.08	-7.99	-1.32	7.43	6.45	5.81	9.57
Total Return (pre-fee, pre-tax)	-2.67	-10.12	-5.71	-7.69	-0.54	8.29	7.29	6.65	10.57
Benchmark	-2.18	-9.29	-3.85	-6.82	-1.03	6.53	7.69	5.82	9.56
Pendal Imputation Fund								APIR -	RFA0103AU
Total Return (post-fee, pre-tax)	-1.47	-8.75	-3.46	-6.31	0.65	7.26	6.45	5.14	9.07
Total Return (pre-fee, pre-tax)	-1.39	-8.54	-3.03	-5.96	1.56	8.23	7.41	6.09	10.08
Benchmark	-2.18	-9.29	-3.85	-6.82	-1.03	6.53	7.69	5.82	8.22
Pendal Focus Australian Share Fund								APIR -	RFA0059AU
Total Return (post-fee, pre-tax)	-2.54	-10.05	-6.31	-8.20	-0.49	8.58	8.05	7.52	8.57
Total Return (pre-fee, pre-tax)	-2.48	-9.88	-6.10	-7.91	0.56	9.89	9.07	8.61	9.68
Benchmark	-2.18	-9.29	-3.85	-6.82	-1.03	6.53	7.69	5.82	6.88
Pendal Ethical Share Fund								APIR -	RFA0025AU
Total Return (post-fee, pre-tax)	-2.79	-10.25	-5.81	-7.82	-1.89	7.12	6.12	6.07	7.99
Total Return (pre-fee, pre-tax)	-2.72	-10.03	-5.36	-7.45	-0.96	8.14	7.13	7.08	9.05
Benchmark	-2.18	-9.29	-3.85	-6.82	-1.03	6.53	7.69	5.82	7.57
Australian Shares - Mid Cap									
Pendal MidCap Fund								APIR -	BTA0313AU
Total Return (post-fee, pre-tax)	-3.26	-11.35	-9.36	-10.31	-1.69	10.97	11.16	11.89	9.55
Total Return (pre-fee, pre-tax)	-3.19	-11.15	-9.02	-9.97	-0.08	12.39	12.40	13.32	11.73
Benchmark	-3.35	-11.43	-6.51	-8.15	-2.29	10.10	11.49	11.00	5.13
Australian Shares - Small Cap									
Pendal Smaller Companies Fund								APIR -	RFA0819AU
Total Return (post-fee, pre-tax)	-1.50	-11.95	-10.31	-9.98	-0.64	8.62	7.13	7.96	12.75
Total Return (pre-fee, pre-tax)	-1.40	-11.68	-9.75	-9.51	0.61	9.97	8.47	9.30	14.04
Benchmark	-0.37	-10.25	-7.98	-8.94	-1.63	8.87	10.39	7.07	7.47
Australian Shares - Micro Cap									
Pendal MicroCap Opportunities Fund								APIR -	RFA0061AU
Total Return (post-fee, pre-tax)	-2.17	-8.69	-4.78	-5.77	0.65	9.14	12.14	14.90	17.34
Total Return (pre-fee, pre-tax)	-2.27	-8.46	-4.25	-5.34	1.80	10.55	13.99	18.27	22.35
Benchmark	-0.37	-10.25	-7.98	-8.94	-1.63	8.87	10.39	7.07	2.72
International Shares									
Pendal Core Global Share Fund								APIR -	RFA0821AU
Total Return (post-fee, pre-tax)	-3.87	-10.52	-4.03	-4.87	-2.17	8.72	5.43	10.09	5.62
Total Return (pre-fee, pre-tax)	-3.80	-10.31	-3.58	-4.49	-1.24	9.75	6.44	11.14	6.78
Benchmark	-1.83	-6.62	2.02	-0.30	4.23	12.07	8.23	11.74	7.27
Pendal Global Emerging Markets Opportunities Fund - WS								APIR -	BTA0419AU
Total Return (post-fee, pre-tax)	1.02	-6.09	-5.56	-5.21	-5.57	11.65	7.54	7.68	9.54
Total Return (pre-fee, pre-tax)	1.14	-5.75	-4.89	-4.65	-4.23	13.21	9.04	9.28	11.73
Benchmark	1.06	-6.36	-6.63	-4.88	-5.50	10.53	9.13	6.57	8.96
Pendal Concentrated Global Share Fund								APIR -	BTA0503AU
Total Return (post-fee, pre-tax)	-0.46	-2.96	2.88	0.34	7.01	13.27	N/A	N/A	13.64
Total Return (pre-fee, pre-tax)	-0.38	-2.74	3.34	0.71	8.07	14.54	N/A	N/A	14.93
Benchmark	-1.83	-6.62	2.02	-0.30	4.23	12.07	N/A	N/A	11.69
Property									
Pendal Property Securities Fund								APIR -	BTA0061AU
Total Return (post-fee, pre-tax)	-0.43	-5.71	0.77	-1.39	1.39	7.28	7.97	11.47	7.35
Total Return (pre-fee, pre-tax)	-0.37	-5.55	1.10	-1.11	2.05	7.98	8.68	12.19	8.16
Benchmark	-0.27	-4.87	0.78	-1.46	1.64	7.40	8.36	11.86	7.25
Pendal Global Property Securities Fund								APIR -	RFA0051AU
Total Return (post-fee, pre-tax)	3.94	-1.23	3.41	1.06	4.21	7.55	5.50	9.18	9.06
Total Return (pre-fee, pre-tax)	4.02	-1.02	3.86	1.45	5.16	8.55	6.47	10.19	10.05
Benchmark	3.74	-1.43	2.65	0.60	3.27	7.04	5.55	9.34	8.74
Fixed Interest									
Pendal Fixed Interest Fund								APIR -	RFA0813AU
Total Return (post-fee, pre-tax)	-0.13	-0.40	0.98	0.19	1.84	2.55	2.27	4.06	6.31
Total Return (pre-fee, pre-tax)	-0.09	-0.28	1.23	0.40	2.35	3.06	2.78	4.58	6.87
Benchmark	0.24	0.30	1.76	1.28	2.45	3.23	3.30	4.47	6.55
Pendal Global Fixed Interest Fund								APIR -	RFA0032AU
Total Return (post-fee, pre-tax)	0.35	-0.71	-0.52	-1.22	-0.43	0.79	1.44	3.67	5.74
Total Return (pre-fee, pre-tax)	0.39	-0.58	-0.25	-1.00	0.10	1.32	1.98	4.22	6.32
Benchmark	0.68	0.08	0.28	-0.03	0.70	1.86	2.77	4.46	6.68
Pendal Enhanced Credit Fund								APIR -	RFA0100AU
Total Return (post-fee, pre-tax)	0.10	0.35	1.53	1.23	2.35	3.46	3.54	4.42	5.66
Total Return (pre-fee, pre-tax)	0.14	0.46	1.76	1.42	2.81	3.93	4.01	4.90	6.18
Benchmark	0.13	0.42	1.73	1.36	2.65	3.54	3.63	4.45	5.77
Cash & Income									
Pendal Enhanced Cash Fund								APIR -	WFS0377AU
Total Return (post-fee, pre-tax)	0.11	0.49	1.08	0.91	2.29	2.73	2.70	2.78	4.87
Total Return (pre-fee, pre-tax)	0.13	0.55	1.21	1.01	2.54	2.98	2.96	3.04	5.21
Benchmark	0.15	0.48	0.99	0.84	1.91	1.83	1.93	2.17	4.81
Pendal Managed Cash Fund								APIR -	WFS0245AU
Total Return (post-fee, pre-tax)	0.16	0.48	0.95	0.80	1.84	1.82	1.93	2.14	6.36
Total Return (pre-fee, pre-tax)	0.17	0.53	1.06	0.89	2.07	2.04	2.15	2.36	6.66
Benchmark	0.15	0.48	0.99	0.84	1.91	1.83	1.93	2.17	6.44
Pendal Monthly Income Plus Fund								APIR -	BTA0318AU
Total Return (post-fee, pre-tax)	-0.27	-1.29	0.25	-0.27	1.29	3.76	3.63	4.11	5.21
Total Return (pre-fee, pre-tax)	-0.22	-1.13	0.58	0.00	1.95	4.43	4.30	4.80	5.88
Benchmark	0.12	0.37	0.75	0.63	1.51	1.51	1.61	1.90	2.84
Diversified									
Pendal Active Balanced Fund								APIR -	RFA0815AU
Total Return (post-fee, pre-tax)	-1.61	-6.65	-3.96	-4.61	-1.86	5.92	4.62	6.10	7.41
Total Return (pre-fee, pre-tax)	-1.53	-6.43	-3.50	-4.23	-0.92	6.92	5.61	7.11	8.49
Benchmark	-0.86	-4.85	-0.64	-2.26	1.29	6.52	6.47	6.73	7.34

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Pendal Australian Share Fund ARSN 089 935 964

Pendal Smaller Companies Fund ARSN 089 939 328

Pendal Concentrated Global Share Fund ARSN 613 608 085

Pendal Core Global Share Fund ARSN 089 938 492 #

Pendal Global Fixed Interest Fund ARSN 099 567 558

Pendal Enhanced Credit Fund ARSN 089 937 815

Pendal Fixed Interest Fund ARSN 089 939 542

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