BT Investment Solutions

Pendal Wholesale Plus Fixed Interest Fund

Quarterly report – 30 September 2025

Fund overview[1]

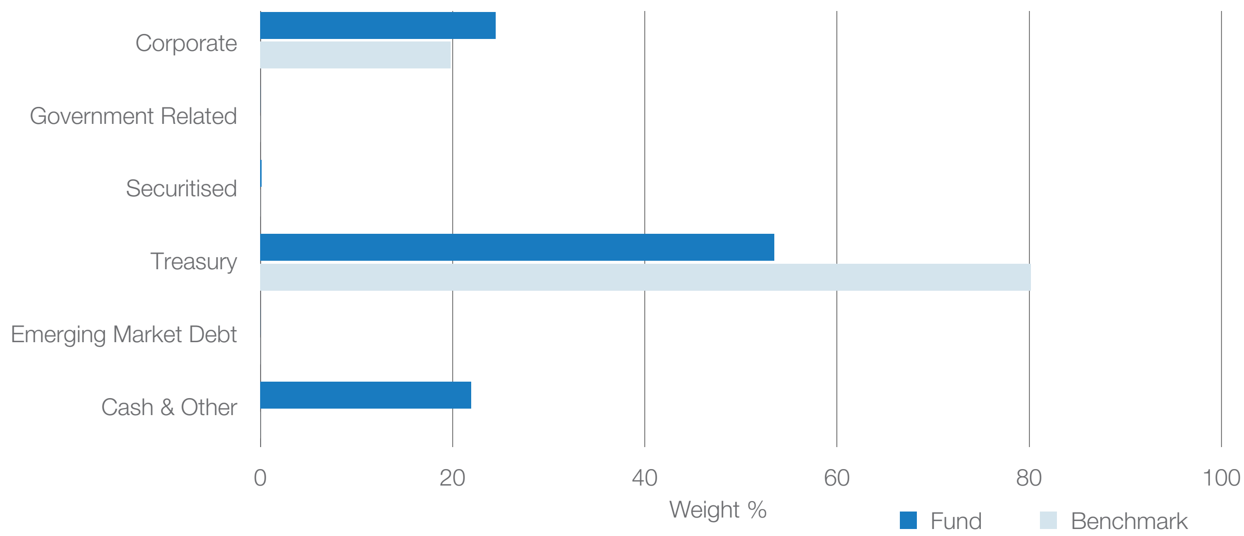
Inception date	4 November 2014
APIR code	BTA0547AU
Fund size (AUD millions)	$43.87
Investment objective	To provide a return (before fees, costs and taxes) that exceeds the benchmark over the medium term. The return is expected to be comprised primarily of income.
Recommended investment timeframe	4 years
Distribution frequency	Quarterly
Management fees and costs (%) pa[2]	0.40
Performance fees (%) pa[3]	Not applicable
Buy/sell spread (%)	0.12/0.00

Performance review[4]

Period ending 30 September 2025	1 month	3 months	1 year	3 years	5 years	Since inception
	%	%	%	%pa	%pa	%pa
Total Net return	0.19	0.59	4.37	4.58	(0.27)	2.30
Growth return	0.09	0.50	3.91	4.11	(1.03)	(0.45)
Distribution return	0.09	0.10	0.47	0.47	0.76	2.75
Benchmark~	0.10	0.40	4.09	4.25	(0.23)	2.49

~ Bloomberg AusBond Composite 0+ Yr Index.

Sector allocations[5,6,7]



Please refer to the end of this report for the footnotes

Credit quality[5,6]

	Fund %	Benchmark %
AAA	42.84	58.83
AA	31.14	34.52
A	11.94	3.44
BBB	9.62	3.20
Sub Investment Grade	0.00	0.00
Not Rated	0.00	0.00
Cash & Derivatives	4.46	0.00

Years to Maturity[5,6]

	Fund %	Benchmark %
0 – 3 Years	7.46	29.46
3 – 5 Years	38.09	20.82
5 – 7 Years	18.24	16.17
7 – 10 Years	14.87	20.92
10+ Years	21.34	12.63

Effective Duration[5,8]

	Fund Contribution	Benchmark Contribution
0 – 3 Years	0.52	0.42
3 – 5 Years	1.72	0.75
5 – 7 Years	-0.04	0.89
7 – 10 Years	0.78	1.50
10+ years	1.89	1.29
Total	4.87	4.84

Please refer to the end of this report for the footnotes

Fund update[5]

The Pendal Wholesale Plus Fixed Interest Fund returned 0.19% over the month outperforming the benchmark which returned 0.10% over the same period.

Fund performance and activity

The underlying Fund had a positive month in September, although rising short-dated bond yields meant capital losses did detract from the positive income. The underlying Fund strongly outperformed the benchmark on gains in duration, yield curve and physical holdings.

Rising inflation expectations have seen three-year government bond yields move back near cash for the first time in two years. The underlying funds were largely at benchmark or slightly short of benchmark duration for most of the month as we thought expectations for a November cut were too high. Back at cash though we have again gone overweight duration.

The higher yields saw good demand for spread product. Australian semi-government bond spreads to government remain well supported. Decent issuance was absorbed well by the market, and the outlook remains constructive. The underlying Fund will take advantage of any attractive new issuance to add to holdings but has reduced the size of the strategic overweight position as the underlying Fund expects swap spreads to move wider in the months ahead, limiting semi-government performance.

The underlying Fund continues to hold short-dated inflation bonds, as headline inflation picks up into falling government electricity subsidies. We expect headline inflation nearer 3% in the year ahead, providing strong capital gains for inflation bonds and all-in yields significantly higher than nominal bonds. These bonds performed well again in September.

Finally, the underlying Fund continues to hold an Australian yield curve flattener against a US yield curve steepener. This performed well in September. With the US Federal Reserve once again cutting and the RBA likely on hold, we expect both yield curves should be nearer long-term levels of around 70 basis points (short end yields lower than long end yields). Currently the Australian curve is nearer 80 and the US curve nearer 50.

The credit holdings of the underlying Fund added performance in September. The underlying Fund was active in selected new issuance opportunities as several names were issued into the market at decent concessions. Overall credit spreads to swap performed well but swap spreads underperformed government bond.

Market outlook

October is shaping up to be a repeat of most of September, with bonds trading a range between 30% and 50% chance of a rate cut. As usual employment numbers may play a part but it will be Q3 inflation numbers late in the month that will determine any RBA action at their meeting in early November.

Currently the RBA is forecasting trimmed mean CPI to be 2.6% at year end. It is likely a 0.8% Q3 trimmed mean will see that revised to 2.7% which would keep a cut in play. However, any number higher than that would see inflation ruling out another cut till February at the earliest.

We expect trimmed mean CPI to settle back to 2.6% next year but for now it to be closer to 2.8%, pushing back rate cuts. However, if markets were to largely price out a November cut there would be value as the quarterly CPI numbers have shown variation from monthly results.

Longer ends of Australian bond curves will continue to move at roughly the average of European yield and US yields, reflecting the fact the US is increasingly the outlier versus the rest of the world in terms of growth and inflation.

Credit outlook

We remain conservatively positioned in relation to our credit exposure given the uncertainty that Trump has created with his tariff policies. The big unknown is who will ultimately pay for these tariffs, will companies absorb it and impact profits/margins or will they pass the expense on to their end customers/consumers, either way not great for earnings, inflation and cost of living for the consumer.

However, the US consumer and labour markets remain resilient and the economy is supported by government fiscal spending, easy financial conditions, AI capex surge and a weaker USD which will continue to benefit US corporate earnings and credit fundamentals.

We also continue to closely monitor labour markets as a deterioration in US employment conditions is a risk for markets as this would increase the chances of a recession.

Please refer to the end of this report for the footnotes

Footnotes

1. Generally, the Wholesale Plus Funds are not open to direct investors. The Fund is only accessible through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service, a managed account or any other service or platform approved by us, or through a superannuation fund. Refer to the Product Disclosure Statement for the Fund which is available at bt.com.au/wholesaleplus or contact 1300 881 716 for more information.
2. The management costs identified in this fact sheet comprise the management fee, indirect costs and include the effect of GST (net of reduced income tax credit (RITC). Refer to the Product Disclosure Statement of the Fund and online disclosures for further information.
3. Performance fees are prescribed by legislation to be calculated based on the average of the performance fees incurred by the Fund or Underlying Fund (as relevant) over the previous 5 financial years.
4. Past performance is not a reliable indicator of future performance. Performance figures are calculated net of all fees and costs and before taxes, other than any fees and costs deducted through an investment platform. Growth and distribution returns may not equal the total net return received due to rounding.
5. Information shown has been provided by the underlying manager.
6. Allocations may not equal 100% due to rounding.
7. Emerging market debt encompasses bonds issued by less developed countries including hard currency, local currency and emerging market corporate bonds.
8. Effective duration measures the sensitivity of the portfolio to interest rate changes.

For more information

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