

# Macquarie Dynamic Bond Active ETF

Monthly report – 31 March 2026

## Investment objective

Aims to generate attractive returns by dynamically investing in global fixed income instruments. It aims to provide diversification against equity risk as well as capital growth and some income.

The Macquarie Dynamic Bond Active ETF (**Fund**) is a class of units in the Macquarie Dynamic Bond Fund (**Scheme**).

## Key Information

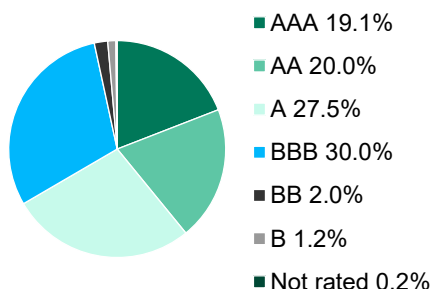
### Fund details

ASX Code	MQDB
APIR code	MAQ4000AU
Date of quotation on ASX	22 November 2023
Fund inception date	8 November 2023
Scheme inception Date	30 September 2002
Fund Size	\$100.1m
Scheme Size	\$1,446.1m
Distribution frequency	Quarterly
Management fee*	0.614% pa

\*Other costs apply, which may vary year to year. See the Product Disclosure Statement for any indirect costs, expense recoveries, or underlying fund performance fees (if any).

Investors who are not Authorised Participants can invest in the Fund by buying units on the Exchange.

## Credit profile breakdown



Average credit rating: A+

Less than BBB includes residual exposure to issuers held through global investment grade allocation.

## Fund performance to 31 March 2026

	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-2.11	-1.85	-0.26
3 months (%)	-0.51	-0.25	-0.26
1 year (%)	2.98	2.98	0.00
Since inception (% pa)	4.86	4.53	0.33

**Past performance is not a reliable indicator of future performance.**

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

To view the performance of the unquoted class of units in the Scheme click here:

<https://www.macquarie.com/assets/macq/mam/au/performance-report/macquarie-dynamic-bond-fund-performance-report.pdf>

## Asset allocation

	Fund (%)
Sovereign bonds <sup>^</sup>	41.3
Investment grade credit*	54.4
High yield	4.3

<sup>^</sup>Includes Australian government, Australian semi-government, supranational, global sovereign and cash

\*Includes Australian and global investment grade credit

## Fund statistics

Credit spread duration	2.7 years
Interest rate duration	5.5 years
Standard deviation <sup>^</sup>	3.6% pa
Yield to maturity*	5.7% pa

<sup>^</sup>Statistical measure of variance of Fund's post-fee monthly returns from its average post-fee return since inception used as gauge of volatility.

\*Pre-fee returns Fund would earn over next year based on current market conditions if there were no changes to interest rates or holdings of Fund. It is not an actual or estimated return.

## Geographical exposure

	Interest rate duration <sup>^</sup> (%)
North America	41.7
Europe (ex UK)	17.6
UK	5.9
Australia/New Zealand	25.2
Japan	9.6

<sup>^</sup>Calculated based on security's currency

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## Fund highlights

The Fund underperformed the reference benchmark due to interest rate positioning.

Duration strategies underperformed in March as the escalation of the conflict in the Middle East drove a significant increase in global bond yields. Disruption risks around the Strait of Hormuz pushed energy and related commodity prices sharply higher, reigniting concerns that rising input costs would reaccelerate headline inflation and prompt a renewed tightening bias from central banks. This represented a notable shift in the policy backdrop, particularly given that several central banks were still easing policy at the outset of the conflict. Policymakers subsequently signalled concern that a renewed energy shock could un-anchor inflation expectations, reinforcing market fears that policy rates may need to move higher in response.

These dynamics resulted in pronounced bear flattening moves across most major developed market yield curves. As a result, portfolios with overweight duration positions detracted from performance, most notably in UK gilts and Australian and New Zealand government bonds. This was partially offset by underweight positions in European duration and US Treasuries.

From a positioning perspective, the Fund continued to reduce overall duration exposure in March. Given the UK economy's sensitivity to higher energy prices, gilt exposure was reduced. However, the increase in volatility created opportunities to selectively add duration exposure in US, New Zealand and Australian government securities, where valuations became more attractive relative to fundamentals. The Fund also reduced its curve steepening exposure, particularly in the US, as higher energy prices reduce the likelihood of near-term US Federal Reserve (Fed) rate cuts and increase the risk of further front end repricing.

The Fund's credit positions contributed modestly to the underperformance versus the benchmark for March, though this was offset by positive contributions from credit hedges. Credit positioning deduction from performance was broad-based, reflecting the fact that impacts this month were mostly driven by general spread widening, rather than idiosyncratic issues. All key overweight sectors investment grade, high yield corporates, and securitised, all detracted modestly via both sector positioning and security selection. Amongst issuers, larger positions including Australian bank subordinated debt detracted, as well as specific European bank holdings where we hold subordinated or hybrid securities. Credit hedges offset this performance significantly, with CDX option positions (put in place in early February) and outright CDX protection positions (also added in February) shielding performance meaningfully.

The Fund made modest changes to credit positioning, trimming hedges in CDX as spreads widened sharply, and exiting CDX options that were due to expire, for meaningful mark-to-market gains. We expect volatility to remain elevated, setting up potentially more attractive entry points for the strategy in higher beta sectors.

## Market overview

After the US Federal Government shutdown weighed on growth US growth in the final quarter of 2025, the data over the past month indicated that the expected rebound in Q1 is increasingly likely to disappoint earlier expectations, with the conflict in the Middle East further weighing on growth prospects; eurozone data also pointed to softer growth; and while the Chinese data continues to be affected by Lunar New Year shutdowns. Recent US inflation readings have been a little higher than expected, and while the underlying trend towards better contained inflationary outcomes remains intact, the Middle East conflict will further delay the return to target. This has led to rates markets removing the two Fed easings they previously had priced in over the course of 2026 to now be pricing no change this year. Concerns over the inflationary impact of the Middle East conflict saw UST yields move higher and the USD benefited from a flight-to-safety bid.

## Outlook

While global activity has generally remained resilient in recent months we remain of the view that growth will soften in many locations – with these risks amplified by the conflict in the Middle East. However, while the overall disinflationary trend is largely intact, near-term inflationary outcomes are likely to be boosted by higher energy prices due to this conflict. Concerns over the inflationary consequences of the current conflict have added to the number of central banks slowing the pace of their rate cut cycles recently or signalling these cycles may start to reverse, especially as many of these banks see policy closer to neutral (or indeed stimulatory in a limited number of cases). This has seen rate hikes priced for most major central banks in coming months with the notable exception of the Fed. Although some central banks are likely to be on hold now for an extended period after completing substantial easing cycles, and some may even tighten policy in response, we remain of the view policy will likely still need to eventually become more supportive in many major economies. In contrast, the uncertainty this conflict is causing may see the Bank of Japan delay its gradual rate hike cycle. We will continue to closely watch central bank rhetoric to help judge whether these expectations of policy changes are justified. And as usual, given the crucial role of fiscal policy, we continue to monitor government budget decisions.

With many central banks signalling greater concern around the near-term inflation outlook we remain more neutral on duration than earlier in their rate cutting cycles. Given the view that underlying disinflationary trends ultimately remain intact though we retain a bias to eventually add to duration as yields continue to rise but also to reducing exposure when the market looks rich. On credit, the ongoing strength of risk appetites has seen spreads largely remain at historically tight levels although concerns of AI disruption and the impact of the Middle East conflict have seen some further widening. While the downside risks to growth remain material, the prospect of further policy support (primarily fiscal in the near-term, but eventually monetary) is likely to provide support to the medium-term growth outlook and hence valuations. Moreover, while spreads remain relatively tight all-in yields still remain somewhat high relative to recent history and expectations of positive total returns should continue to drive demand.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarie.com/mam](http://macquarie.com/mam)**

### Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund. The Fund is a separate unit class of the Scheme and is not a separate managed investment scheme.

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