

Pendal Short Term Income Securities Fund

Additional Information to the Product Disclosure Statement

APIR Code: WFS0377AU



Issued 6 June 2024

Read this

The information in this document forms part of the Product Disclosure Statement for the Pendal Short Term Income Securities Fund (Fund) dated 6 June 2024 (PDS). **You should read this information together with the PDS before making a decision to invest into the Fund.** This additional information is general information only and does not take into account your personal financial situation or needs.

1. Restrictions on withdrawals

There may be circumstances where your ability to withdraw from the Fund is restricted. The following text contains further information on restrictions on withdrawals and should be read in conjunction with the PDS.

If the Fund is illiquid (as defined in the Corporations Act), withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to withdraw your investment in accordance with the terms of a current withdrawal offer.

If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy withdrawal requests, the requests will be satisfied proportionately amongst those investors wishing to withdraw from the Fund. Under the Corporations Act, a trust is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

The constitution of the Fund also contains specific provisions that provide us with powers in relation to withdrawals. The specific provisions in the constitution are summarised below.

Provision	Explained
Payment of withdrawals by transfer of Fund assets	We may, at your request, transfer assets of the Fund to you rather than pay cash in satisfaction of the amount payable for your withdrawal request. However, we may only do this if we consider that the transfer of assets will not prejudice the interests of other unitholders, all necessary approvals have been obtained and the value of the assets to be transferred (together with any costs or taxes payable by us in respect of the transfer) equals the total amount due to you pursuant to your withdrawal request.
Suspension of withdrawals	<p>We may suspend withdrawal requests if and for as long as we consider that it is not in the interests of unitholders that investments of the Fund be sold to satisfy withdrawal requests or that investments of the Fund cannot be sold at an appropriate price or on adequate terms and it is inappropriate for the Fund to borrow money to satisfy the redemption requests or where the Fund becomes illiquid.</p> <p>Where withdrawals are suspended we will, within a reasonable time, call a meeting of unitholders to consider whether the withdrawal requests should be permitted and, if so, within what period or whether the Fund should be wound up or we should make a withdrawal offer to unitholders.</p>

2. Indirect investors

The following text contains further information for indirect investors and should be read in conjunction with the PDS.

An investment in the Fund offered under the Fund's PDS through a master trust or wrap account does not entitle you to a direct interest in the Fund.

This means that the rights that apply to a person who invests directly in the Fund are not available to indirect investors but rather, to the operator or custodian of the master trust or wrap account. The operator or custodian of the master trust or wrap account will be recorded in the register as the investor and will be the person who exercises the rights and receives the benefits of an investor.

Persons who invest through a master trust or wrap account may be subject to different conditions from those referred to in the PDS, particularly in regard to:

- how to transact on your investment (initial and additional investments and withdrawals are determined by the master trust or wrap account operator);
- cooling-off period and rights (no cooling-off rights apply to any investments in the Fund acquired through a master trust or wrap account operator);
- timing of distributions, withdrawals and the processing of transactions are determined by the master trust or wrap account operator;
- cut-off times for transacting (eg applications and withdrawals) are determined by the master trust or wrap account operator;
- fund reporting and other documentation including notices about fee increases and other significant events (Fund reports and investor notices are sent to the master trust or wrap account operator who then provide this information to indirect investors);
- fees and other costs (additional fees and expenses may be charged by the operator or custodian of the master trust or wrap account).

Investors in the master trust or wrap account should contact their financial adviser or master trust or wrap account operator for any investor queries.

3. Additional information about fees and costs

The following section provides further information about the fees and costs that you may be charged in relation to your investment in the Fund. You should note that the fees and costs set out in the PDS are based upon information from the financial year preceding the date of the PDS, except performance fees, which are based upon the average of the previous five financial years of performance fees.

Unless otherwise stated, all fees and costs disclosed in the PDS are on a GST inclusive basis and net of any applicable Reduced Input Tax Credits.

Additional explanation of fees and costs

Management fees and costs

Management fees and costs are comprised of the Fund's management fee and any indirect costs and expense recoveries.

Management fee

The management fee is the fee we charge for managing the assets and overseeing the operations of the Fund. Although we have the power to change our fees without your consent, we have no present intention to do so. If we increase the management fee, we will give you 30 days' written notice.

The maximum management fee we are entitled to charge for the Fund is set out in the Fund's Constitution. The Constitution allows us to charge a maximum management fee of 0.9% p.a. of the value of the assets of the Fund.

Indirect costs

Indirect costs are certain costs which we reasonably estimate will reduce, directly or indirectly, the Fund's return. Indirect costs may include underlying investment manager fees and costs and certain derivative costs. If any indirect costs are incurred, they would be reflected in the unit price of the Fund and would not be charged to you as a fee nor retained by us.

Based on information available to us as at the date of this PDS and having regard to the previous financial year, the Fund incurred no indirect costs.

This information may change from year to year and prior notice will not ordinarily be provided. For the latest indirect costs, please visit www.pendalgroup.com, click on 'Products,' and refer to the 'Fees and Costs' document under 'Important Information.'

Expense recoveries

We are entitled to be reimbursed for expenses we incur in the proper performance of our duties and in connection with the day-to-day operation of the Fund.

As at the date of this PDS, we pay these recoverable expenses (excluding any GST payable on our fees) out of our management fee and do not recover them from the Fund. However, if we decide to recover these expenses, in addition to the management fee in the future, we will give you 30 days' written notice.

Transaction costs

Transaction costs are the cost of buying and selling the Fund's assets. Transaction costs such as brokerage, bid-offer spreads on securities traded, settlement costs, clearing costs, over-the-counter (OTC) option costs and government charges may be incurred as a result of changes in a Fund's investment portfolio, either in relation to implementing the Fund's investment strategy or investors entering or exiting the Fund.

When the Fund changes its investment portfolio, transaction costs are paid out of the Fund's assets and are reflected in the daily unit price. They are not charged to you as an additional fee.

If you choose to enter or exit the Fund (to buy or sell units) some or all of the associated transaction costs will be recouped via the Fund's buy-sell spread (being the difference between the Fund's entry and exit unit prices). The transaction costs set out in the PDS are net of any amount recovered by the buy-sell spread. GST is not applicable to any buy-sell spread incurred by transacting investors.

For the previous financial year, the estimated total transaction costs for the Fund were 0.00%¹. Transaction costs and buy-sell spreads may vary from year to year depending upon market conditions, the market impact of transacting and volumes traded.

If a Fund is not offered for a full 12 months before the 30 June, then costs are based upon a reasonable estimate using the previous year's transaction costs from the Fund's inception date to 30 June and adjusted across a one-year period.

Rebates/waivers for interfunding arrangements

The Fund may invest from time to time in other funds that we, or a related entity manage (**related fund**). Our current policy is:

- no contribution fee is payable to the related fund
- management fees are either not collected by the related fund or if they are, they are rebated in full to the Fund
- where the related fund charges expense recoveries outside the management fee, these will also be rebated to the Fund.

However, we may change these arrangements at any time, in which case, we will give you 30 days' notice.

Differential fees

We may negotiate a rebate on all or part of our management fee with wholesale clients (as defined by the Corporations Act). The payment and terms of rebates are negotiated with wholesale clients and are at our discretion subject to the Corporation Act and ASIC policy.

Some funds may have a separate class of units to facilitate the negotiation of the management fee amount and means of payment by relevant investors.

¹ These costs are expressed as a percentage of the assets of the Fund and are based on a one-year period for the previous financial year.

Fees paid to master trusts, wrap accounts, financial advisers and other persons

Indirect investors – additional master trust or wrap account fees

For indirect investors accessing the Fund through a master trust or wrap account, additional fees and costs may apply. These fees and costs are stated in the offer document provided to you by your master trust or wrap account operator.

Product access payments and fund manager payments

From the fees we receive, we may pay product access payments (as a flat dollar amount each year) to wrap platforms, master trusts or other investment administration services (**Platforms**) for making the Fund available on their investment menus.

The amount of these payments may change during the life of the PDS. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

Direct remuneration – financial advisers

Pendal does not pay commissions to financial advisers who provide financial product advice to retail investors.

Other benefits

We may make certain payments or other non-monetary benefits (including sponsorships, gifts, entertainment and information technology support) to financial advisers, dealer groups and platform providers who provide financial product advice to retail investors. The provision of such payments or benefits will be made in accordance with applicable law and are not an additional cost to you.

Incidental fees and costs

Standard Government fees, duties and bank charges may also apply to your investments and withdrawals including dishonour fees and conversion costs.

4. How managed investment schemes are taxed

Taxation

Investing in the Fund is likely to have tax consequences. Before investing in the Fund, you should obtain professional tax advice about the Australian tax consequences applicable to you, and if appropriate, any foreign tax consequences that may apply to you based on your particular circumstances.

The taxation information contained in this document reflects Australian tax laws and their interpretation as at the date of issue of this document.

Attribution Managed Investment Trust (AMIT) Regime

We have elected that the Fund be an AMIT.

As an investor in the Fund, you will be taxed on the income of the Fund that has been attributed to you on a 'fair and reasonable' basis for each financial year that the Fund qualifies as an AMIT. Where the Fund's determined trust components are revised in a subsequent year (eg. due to actual amounts differing to the estimates of income, gains/losses or expenses), then differences (referred to as 'unders and overs') will arise. Unders and overs will generally be taken into account in the year they are discovered.

The AMIT Member Annual (**AMMA**) statement provided to you after the end of the financial year will set out the details of taxable income that has been attributed to you.

Taxation of the Fund

We intend to manage the Fund so that it is not subject to Australian tax.

We do not expect the Fund to be subject to tax on the income of the Fund (other than in relation to withholding tax on foreign income or other taxes in respect of non-resident investors) as we intend that all taxable income of the Fund will be attributed to investors on a 'fair and reasonable' basis in each financial year and this attribution be reflected in the AMMA statement provided to investors.

As the Fund is an AMIT, we have the discretion to accumulate income in the Fund (instead of, or in addition to, distributing income to investors). If we do, the Fund's unit price will only fall by the amount of the actual distribution and the accumulated income will be reflected in the Fund's unit price.

If you are investing indirectly through a master trust or wrap account, you should also refer to your provider for further information about the tax treatment of your investment in the Fund through their master trust or wrap account service.

Withholding taxes

The Fund may derive income from foreign sources which is subject to foreign withholding taxes in those jurisdictions. The benefit of foreign taxes paid by the Fund in foreign jurisdictions will be attributed/allocated to investors as foreign tax credits to the extent permitted by Australian tax law.

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

Foreign Tax Residency Information

We or your master trust or wrap account provider must obtain details about any other countries where you are a resident for tax purposes (including your taxpayer identification number) as the Fund may be required to report information about your investment in the Fund (including investment balances and any payments made) to the ATO each year for provision to the relevant overseas tax authority under rules designed to combat tax evasion in that country. We may request that you provide us with further information. We will then determine whether the Fund is required to report your details to the ATO for this purpose based on our assessment of the relevant information received.

Quoting your Tax File Number (TFN) or Australian Business Number (ABN)

Investors are not obliged to provide their TFN or ABN (if applicable), but if you are an Australian resident for tax purposes and you do not provide a TFN, ABN or a valid exemption, we or your master trust or wrap account provider are required to deduct tax from distributions that are paid as cash, reinvested or amounts attributed to you, at the highest marginal tax rate, plus Medicare levy and any other applicable levies.

Australian companies and other entities may provide us with their ABN instead of their TFN if their investment in the Fund is made as part of an enterprise.

5. Terms used in this PDS

In this PDS:

‘ASIC’ means the Australian Securities and Investments Commission;

‘ATO’ means the Australian Taxation Office;

‘Bank Account’ means an account with an Australian Authorised Deposit Taking Institution (which includes a building society and credit union);

‘Business Day’ means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney;

‘Corporations Act’ means the *Corporations Act 2001* (Cth);

‘Derivative’ is an instrument whose value is derived from the value of an underlying asset (such as a bond) or reference index;

‘Fund’ means the Pandal Short Term Income Securities Fund ARSN 088 863 469;

‘GST’ means Goods and Services Tax;

‘responsible entity’ means Pandal Fund Services Limited ABN 13 161 249 332, AFSL 431426;

‘we’, ‘our’, ‘us’ or ‘Pandal’ means the responsible entity of the Fund and, where appropriate, Pandal Institutional Limited;

Asset values of the Fund for the purposes described in this PDS are determined in accordance with the Fund’s constitution.