

Pendal Sustainable Australian Share Fund

Additional Information to the Product Disclosure Statement

APIR Code: WFS0285AU

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Read this

The information in this document forms part of the Product Disclosure Statement for the Pendal Sustainable Australian Share Fund (Fund) dated 6 November 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 assets	We may transfer assets to you rather than pay cash in satisfaction of all or any part of your withdrawal request. The assets (together with any cash paid to you) must be of the same value as the amount of your withdrawal based on a valuation done within 1 month before the proposed transfer date. We may require you to pay for the costs involved in the transfer of assets or we may deduct such costs from the amount payable to you.
Large withdrawals from a single investor	If we receive a withdrawal request from a single investor on a single Business Day which relates to more than 5% of the number of units on issue, we may treat that withdrawal request as 5 separate requests. Each of the 5 separate withdrawal requests will be regarded as a request for a one-fifth portion of the total number of units in the original request. Additionally, each of the 5 separate withdrawal requests will be taken to have been received on each of the 5 successive Business Days starting from the Business Day on which we received the original request.
Large withdrawals from multiple investors	If we receive a large amount of withdrawal requests that in total represent more than 10% of the number of units on issue over 5 consecutive Business Days, we can satisfy such withdrawal requests within 45 Business Days of when we received the requests.
Suspension of withdrawals	We may suspend withdrawals if and for so long as the Fund is illiquid. If we do so, the period we take to satisfy withdrawal requests will be extended by the period of the suspension. The withdrawal requests will receive the price that we determine immediately after we lift the suspension and accept the requests.

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. Labour, environmental, social and ethical considerations

The following text contains further information on the labour, environmental, social and ethical considerations that we take into account when selecting, retaining or realising investments in the Fund and should be read in conjunction with the PDS.

In managing the Fund, we will not invest in companies which:

Fossil Fuels	<ul style="list-style-type: none">– directly extract or explore for fossil fuels (specifically, coal, oil and gas); or– derive 10% or more of their gross revenue from fossil fuel-based power generation, or from fossil fuel refinement or distribution (coal, oil and gas)*; or– derive 10% or more of their gross revenue from the provision of supplies or services which relate specifically to fossil fuel extraction or exploration (coal, oil and gas)* <p>*Companies with a climate transition plan may be exempted from this exclusion, provided that they have in place a Paris Agreement aligned transition plan and produce climate-related financial disclosures annually, which in both cases we consider credible.</p>
Uranium	<ul style="list-style-type: none">– derive 10% or more of their gross revenue from directly mining uranium for the purpose of nuclear power generation
Logging	<ul style="list-style-type: none">– derive 10% or more of their gross revenue from unsustainable forestry or forest products, including non-Forest Stewardship Council certified forest products or non-Roundtable on Sustainable Palm Oil certified palm oil production
Gambling	<ul style="list-style-type: none">– directly manufacture, own or operate gambling facilities, gaming services or other forms of wagering; or– derive 10% or more of their gross revenue from the indirect provision of gambling (for example, through telecommunications platforms)

Pornography	<ul style="list-style-type: none"> – produce pornography; or – derive 10% or more of their gross revenue from the distribution or retailing of pornography
Weapons	<ul style="list-style-type: none"> – manufacture or distribute controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, blinding laser weapons, incendiary weapons, non-detectable fragments, depleted uranium and white phosphorous weapons); or – supply of goods or services specifically related to controversial weapons; or – manufacture of non-controversial weapons or armaments (including civilian firearms or military equipment); or – derive 10% or more of their gross revenue from the distribution or retailing of non-controversial weapons or armaments (including civilian firearms or military equipment); or – derive 10% or more of their gross revenue from the supply of goods or services specifically related to non-controversial weapons or armaments.
Alcohol	<ul style="list-style-type: none"> – produce alcoholic beverages; or – derive 10% or more of their gross revenue from the distribution or retailing of alcoholic beverages
Tobacco	<ul style="list-style-type: none"> – produce tobacco (including e-cigarettes and inhalers); or – derive 10% or more of their gross revenue from the distribution of tobacco (including e-cigarettes and inhalers) or supply of goods or services specifically related to the tobacco industry (for example, packaging or promotion)
Animal cruelty	<ul style="list-style-type: none"> – directly undertake animal testing for cosmetic products; or – directly undertake live animal export
Predatory lending practices	<ul style="list-style-type: none"> – directly provide products or services with lending practices that are unfair or deceptive to ordinary borrowers, including small amount short term loans at higher than commercial rates of interest (for example, payday loans, pawn loans or the use of aggressive sales tactics)
Breaches/Misconduct	<ul style="list-style-type: none"> – we consider to have been found to have significant breaches of social or environmental norms or regulations, or are subject to serious and substantiated allegations of unethical conduct, which we consider have not been remedied or adequately addressed

All reasonable care has been taken to implement the Fund's exclusionary screens to meet the criteria described above. We draw on internal and supplementary external research, believed to be accurate, to determine whether a company is subject to the exclusionary screens.

We review companies subject to the exclusionary screens monthly, and monitor the Fund's compliance with its investment guidelines (including the exclusionary screens) daily. If we discover an investment no longer meets our criteria, we will divest the holding as soon as we consider appropriate (usually be sold within three months), having regard to the interests of investors (and this will be on a case by case basis). However, as the nature and conduct of businesses may change over time, and publicly available financial or other information is not always comprehensive or up to date, we do not guarantee that the Fund will meet all of these criteria at all times.

Sustainability Assessment Framework

Following the application of the exclusionary screens, the Fund applies our sustainability assessment framework to the companies in the S&P/ASX 200 Index, which draws on both qualitative and quantitative inputs to determine which companies meet our sustainability criteria.

Our sustainability assessment framework considers a company's characteristics, including:

- the extent to which its products or services are beneficial to the environment and/or society;
- operational practices which are sustainable towards the environment and society; and
- its management of its environmental, social and governance (ESG) risks and opportunities.

To be considered for the Fund's investments, companies are assessed and must fall into one of the following four categories:

1. Sustainable Product and Services

This category includes:

- Companies producing or offering products and services that are beneficial to the environment and/or society; and
- Companies whose sustainable products are affecting positive change to the environment and/or society.

2. Sustainable Leaders

This category includes:

- Companies conducting activities or product improvements with outcomes that are beneficial to the environment and/or society; and
- Companies with corporate strategies to affect positive change to the environment and/or society.

3. Sustainable Improvement

This category includes:

- Companies with scope to progress their sustainable performance of their products and services or operations; and
- Companies where Pandal will seek to influence the continued progress of company practices through active engagement.

4. Monitor and Repair

This category includes:

- Companies that have been identified as having elevated ESG risks and are addressing their poor sustainable practices; and
- Companies where Pandal will seek to influence the repair of company practices through active engagement.

The Fund focuses on investing in companies with business activities that Pandal considers have the ability to provide social and/or environmental benefit categorised by us as 'Sustainable Products and Services' and 'Sustainable Leaders'. The Fund also aims to having its allocation to stocks in 'Sustainable Products and Services' exceeding those stocks' respective benchmark weights in the S&P/ASX 200 Index, as these companies have a key role in advancing the transition to a more sustainable economy.

Pandal considers companies in 'Sustainable Improvement' to be producing or offering products and services that do not cause significant harm to the environment and/or society, and companies with operational practices and conduct that are neutral towards the environment and society, that we believe have potential to improve their operational practices or conduct and/or enhance the sustainability of their products or services. Companies that have been previously excluded under 'Breaches and Misconduct' exclusionary screens due to their past conduct, but that are taking the necessary steps, in our view, to change their business practices whilst continuing to actively engage with Pandal, are categorised by us as 'Monitor and Repair'.

Pandal's sustainability assessment for the Fund may consider issues including but not limited to:

Business conduct

- business ethics and conduct;
- compliance with the law and other standards;

Social and labour issues

- equal opportunity, anti-discrimination and industrial relations policies and practices;
- human capital management performance, including the company's ability to attract and retain talent and to prepare a future-ready workforce;
- employee benefits and entitlements, such as those supporting employee engagement, diversity and inclusion;
- fair management of contractors, franchisees and suppliers, including oversight of supply chain and human rights risks;
- provision of regular and appropriate training, including on whistleblower policies and procedures; workplace health and safety performance, including instances of fatalities and serious incidents as well as promotion of wellbeing;
- products or services that provide positive social impacts such as improved health and community wellbeing, disease prevention, and education;

Environmental issues

- products or services that provide positive environmental impacts such as renewable energy generation, water use efficiency and sustainable agriculture;
- management of environmental impacts through the implementation of best practice environmental techniques, technologies and product design; and
- environmental performance against a range of indicators including, for example, greenhouse gas emissions, energy and water use and environmental incidents.

Pendal continuously monitors the sustainability characteristics of the Fund's investments. As a company's products, services, operational practices, or management of ESG risks and opportunities evolve, it may be re-categorised within our Sustainability Assessment Framework, as determined by us. If an investment no longer meets the minimum criteria of this framework (categorised as 'Monitor and Repair'), we will divest the holding as soon as we consider appropriate (usually be sold within three months), having regard to the interests of investors (and this will be on a case by case basis).

The sustainability criteria and exclusionary screens applied to the Fund's investments may exclude some companies from the investable pool of the Fund's portfolio. For this reason, the Fund's performance may vary when compared to other funds that are able to invest in these companies. This risk should be considered when deciding whether to invest in the Fund.

4. 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 except as otherwise set out in the PDS, any estimated costs are calculated based on our reasonable estimates of these costs using the actual costs incurred for the first 11 months in the previous financial year and annualising these actual costs for the 12 month period in the full financial year.

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 4% p.a. of the gross asset value of the Fund. The management fees charged for this Fund may be less than the maximum. Please refer to section 6 of the PDS for the actual management fees being charged for 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 0.08%¹. Of this amount, we estimate that the full amount was recouped via the buy-sell spread. Transaction costs and buy-sell spreads may vary from year to year depending upon market conditions, the market impact of transacting and volumes traded.

The Fund's estimated OTC derivative costs may also include our reasonable estimates where we are unable to determine the exact amount or where information is unavailable to us.

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.

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.

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.

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.

5. 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.

In certain circumstances, we may attribute income and gains of the Fund to specific redeeming investors.

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.

6. 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 share) or reference index;

‘Fund’ means the Pandal Sustainable Australian Share Fund ARSN 097 661 857;

‘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.