

Pendal Short Term Income Securities Fund

ARSN 088 863 469

Annual Report for the year ended 30 June 2024

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Annual Report

for the year ended 30 June 2024

Contents	Page
Directors' report	2
Lead auditor's independence declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	31
Independent auditor's report to the unitholders	32

Directors' report

The directors of Pendal Fund Services Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Pendal Short Term Income Securities Fund (the Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2024 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Pendal Short Term Income Securities Fund is Pendal Fund Services Limited (ABN 13 161 249 332). The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

Directors

The following persons held office as directors of Pendal Fund Services Limited during the year or since the end of the year and up to the date of this report:

Amanda Apted (appointed 31 August 2023)
Simone Mosse (appointed 23 January 2023)
Anthony Serhan (appointed 6 December 2019)
Richard Brandweiner (appointed 6 March 2019, resigned 31 July 2023)
Justin Howell (appointed 7 May 2018, resigned 1 September 2023)

Principal activities

The principal activity of the Scheme is to provide unitholders with an actively managed portfolio of primarily Australian cash and fixed interest securities.

The Scheme did not have any employees during the year.

There were no significant changes in the nature of the Scheme's activities during the year.

Review and results of operations

During the year, the Scheme's assets were invested in accordance with the investment objective and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The performance of the Scheme, as represented by the results of its operations, was as follows:

	30 June 2024	30 June 2023
Profit/(loss) (\$'000)	<u>51,753</u>	<u>37,865</u>
Distributions paid and payable (\$'000)	<u>49,169</u>	<u>32,594</u>
Distributions (cents per unit)	<u>5.249</u>	<u>3.329</u>

Interests in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 6 to the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Directors' report (continued)

Significant changes in state of affairs

Effective 9 February 2024, KPMG was appointed as auditor for the Scheme. This appointment followed the outcome of an audit tender process. In accordance with this process and section 329(5) of the *Corporations Act 2001*, the Scheme received the resignation of PricewaterhouseCoopers (PwC) following ASIC's consent to the resignation.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Scheme during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect:

- (i) the operations of the Scheme in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Scheme in future financial years.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objective and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment market in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a law of the Commonwealth, or of a State or Territory.

Fees paid to the Responsible Entity or its related parties

Fees paid to the Responsible Entity and its related parties out of Scheme property during the year are disclosed in note 13 to the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

Indemnity and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Pendal Fund Services Limited or the auditor of the Scheme. So long as the officers of Pendal Fund Services Limited act in accordance with the Scheme's Constitution and the law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

Directors' report (continued)

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.



Director

Sydney
17 September 2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pental Fund Services Limited as the Responsible Entity of
Pental Short Term Income Securities Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Pental Short Term Income Securities Fund for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
KPMG

K Hopkins
Karen Hopkins

Partner

Sydney

17 September 2024

Pendal Short Term Income Securities Fund
Statement of comprehensive income
For the year ended 30 June 2024

Statement of comprehensive income

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
Investment income			
Distribution income		5,514	12,548
Interest income	3	36,601	20,013
Net gains/(losses) on financial instruments at fair value through profit or loss		11,987	7,428
Net foreign exchange gains/(losses)		(5)	(94)
Total investment income/(loss)		54,097	39,895
Expenses			
Responsible Entity's fees	13	2,324	2,024
Other expenses	4	20	6
Total expenses		2,344	2,030
Profit/(loss)		51,753	37,865
Other comprehensive income		-	-
Total comprehensive income		51,753	37,865

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Pendal Short Term Income Securities Fund
Statement of financial position
As at 30 June 2024

Statement of financial position

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
Assets			
Cash and cash equivalents*	11(b)	1,911	10,928
Margin accounts*		4,924	2,556
Receivables	9	6,743	5,574
Financial assets at fair value through profit or loss*	7	<u>1,013,663</u>	<u>1,036,895</u>
Total assets		<u>1,027,241</u>	<u>1,055,953</u>
Liabilities			
Margin accounts*		10,460	13,197
Distributions payable	5	26,624	23,415
Payables	10	1,123	1,442
Financial liabilities at fair value through profit or loss	8	<u>193</u>	<u>14</u>
Total liabilities		<u>38,400</u>	<u>38,068</u>
Net assets attributable to unitholders - equity	6	<u>988,841</u>	<u>1,017,885</u>

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

The above statement of financial position should be read in conjunction with the accompanying notes.

Pendal Short Term Income Securities Fund
Statement of changes in equity
For the year ended 30 June 2024

Statement of changes in equity

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
Total equity at the beginning of the year	6	1,017,885	1,104,411
Comprehensive income			
Profit/(loss)		51,753	37,865
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>51,753</u>	<u>37,865</u>
Transactions with unitholders			
Applications	6	324,815	418,558
Redemptions	6	(371,459)	(514,082)
Units issued upon reinvestment of distributions	6	15,016	3,727
Distributions to unitholders	5,6	<u>(49,169)</u>	<u>(32,594)</u>
Total transactions with unitholders		<u>(80,797)</u>	<u>(124,391)</u>
Total equity at the end of the year	6	<u>988,841</u>	<u>1,017,885</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Pendal Short Term Income Securities Fund
Statement of cash flows
For the year ended 30 June 2024

Statement of cash flows

		30 June 2024 \$'000	30 June 2023 \$'000
	Notes		
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss*		1,179,486	1,199,393
Payments for purchase of financial instruments at fair value through profit or loss*		(1,138,089)	(1,100,138)
Amount received from/(paid to) brokers for margin*		(5,105)	(1,826)
Interest received		35,465	17,739
Responsible Entity's fees paid		(2,255)	(2,083)
Other expenses paid		(21)	(8)
Net cash inflow/(outflow) from operating activities*	11(a)	69,481	113,077
Cash flows from financing activities			
Proceeds from applications by unitholders		324,307	417,968
Payments for redemptions by unitholders		(371,847)	(515,163)
Distributions paid		(30,944)	(10,027)
Net cash inflow/(outflow) from financing activities		(78,484)	(107,222)
Net increase/(decrease) in cash and cash equivalents*		(9,003)	5,855
Cash and cash equivalents at the beginning of the year*		10,928	5,077
Effects of foreign currency exchange rate changes on cash and cash equivalents		(14)	(4)
Cash and cash equivalents at the end of the year*	11(b)	1,911	10,928

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

These financial statements cover Pendal Short Term Income Securities Fund (the Scheme) as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme was constituted on 23 July 1999. The Scheme will terminate within 80 years from the date of commencement in accordance with the provisions of the Scheme's Constitution (as amended). The Scheme is domiciled in Australia.

The Responsible Entity of the Scheme is Pendal Fund Services Limited. The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 17 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Scheme is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Scheme manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined at the reporting date.

Compliance with International Financial Reporting Standards

The financial statements also comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Scheme's functional currency.

Use of estimates

Management makes estimates and assumptions that affect the reported amounts in the financial statements. Estimates and associated assumptions are reviewed regularly and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where applicable to the fair value measurement, the current changing market conditions are assessed and estimated. Actual results may differ from these estimates.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the financial statements is described in note 15(d).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Comparatives

Cash management trusts are classified as financial assets at fair value through profit or loss for current year and are no longer included as a component of cash and cash equivalents. For the purpose of the presentation of the statement of financial position, cash and cash equivalents and financial assets at fair value through profit or loss for the comparative period have been represented to align with the changes in the classification for cash management trusts. These changes are also reflected in the statement of cash flows.

Certain comparative figures have been restated to conform with the changes in the classification or presentation for current year.

New standards, amendments and interpretations adopted by the Scheme

The Scheme has adopted the following Australian Accounting Standards for the reporting period beginning 1 July 2023:

(i) AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2)

AASB 2021-2 became effective for annual reporting periods beginning on or after 1 January 2023. The amendments require the disclosure of material accounting policies rather than significant accounting policies and clarify the distinction between accounting policies and accounting estimates. The amendments do not result in any changes to the accounting policies.

There are no other new accounting standards, amendments and interpretations that are effective for the first time for the reporting period beginning 1 July 2023 and have a material impact on the financial statements of the Scheme.

New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Scheme.

(b) Financial instruments

(i) Classification

The Scheme classifies its investments based on its business model for managing those financial instruments and their contractual cash flow characteristics. The Scheme's investment portfolio is managed and its performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is to evaluate the information about its investments on a fair value basis together with other related financial information.

Derivatives and unlisted unit trusts are classified as financial assets at fair value through profit or loss.

For money market and debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for both collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, money market and debt securities are classified as financial assets at fair value through profit or loss.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

Derivative contracts that have negative values are presented as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

The Scheme recognises its investments on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial instruments from this date.

Investments are derecognised on the date the Scheme becomes party to the sale contractual agreement (trade date).

(iii) Measurement

At initial recognition, investments are measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently, all investments are measured at fair value without any deduction for estimated future selling costs. Gains and losses arising from changes in the fair value measurement are recognised in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 15(d).

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at unitholders' option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Scheme at any time for cash based on the redemption price, which is a reasonable approximation of the proportionate share of the Scheme's net asset value. The carrying amount of these units at the redemption price represents the expected cash flows on redemption of these units at the reporting date if the unitholders exercise their right to put the units back to the Scheme.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Scheme classifies the net assets attributable to unitholders as equity as it satisfies the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instruments are in the class of instruments that is subordinate to all other classes of instruments and the class features are identical;
- no contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instrument; and
- the total expected cash flows attributable to the puttable financial instruments over the life are based substantially on the profit or loss.

2 Summary of material accounting policies (continued)

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and other short term and highly liquid financial assets with a maturity period of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

(e) Margin accounts

Margin accounts comprise cash held or owed as collateral for derivative transactions. The cash is held by or owed to the broker and is only available to meet margin calls.

The carrying amount of margin accounts is a reasonable approximation of fair value.

(f) Receivables

Receivables include accrued income, application monies receivable and receivables for securities sold.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme measures the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

The carrying amount of receivables is a reasonable approximation of fair value due to their short term nature.

(g) Payables

Payables include accrued expenses and redemption monies owed by the Scheme which are unpaid at the end of the reporting period.

The carrying amount of payables is a reasonable approximation of fair value due to their short term nature.

(h) Investment income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from money market and debt securities.

Distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Scheme's right to receive payments is established.

2 Summary of material accounting policies (continued)

(h) Investment income (continued)

Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in note 2(b).

(i) Expenses

All expenses, including Responsible Entity's fees, are recognised in profit or loss on an accruals basis.

(j) Income tax

The Scheme is not subject to income tax provided the taxable income of the Scheme is attributed to its unitholders each financial year. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

(k) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes its distributable income and any other amounts as determined by the Responsible Entity.

(l) Goods and Services Tax

The Goods and Services Tax (GST) is incurred on the cost of various services provided to the Scheme by third parties. The Scheme qualifies for Reduced Input Tax Credit (RITC); hence expenses such as Responsible Entity's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

(m) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in profit or loss on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(n) Rounding of amounts

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

Pental Short Term Income Securities Fund
Notes to the financial statements
For the year ended 30 June 2024
(continued)

3 Interest income

	30 June 2024 \$'000	30 June 2023 \$'000
Cash and cash equivalents	(191)	120
Debt securities	<u>36,792</u>	<u>19,893</u>
Total	<u>36,601</u>	<u>20,013</u>

4 Other expenses

	30 June 2024 \$'000	30 June 2023 \$'000
Transaction costs	<u>20</u>	<u>6</u>
Total	<u>20</u>	<u>6</u>

5 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
Distributions paid - September	3,827	0.400	1,102	0.100
Distributions paid - December	9,352	1.000	3,205	0.300
Distributions paid - March	9,366	1.000	4,872	0.500
Distributions payable - June	<u>26,624</u>	<u>2.849</u>	<u>23,415</u>	<u>2.429</u>
Total distributions	<u>49,169</u>		<u>32,594</u>	

6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Units '000	Units '000	\$'000	\$'000
Opening balance	964,093	1,050,045	1,017,885	1,104,411
Applications	302,744	394,153	324,815	418,558
Redemptions	(346,474)	(483,619)	(371,459)	(514,082)
Units issued upon reinvestment of distributions	14,130	3,514	15,016	3,727
Distributions to unitholders	-	-	(49,169)	(32,594)
Profit/(loss)	-	-	51,753	37,865
Closing balance	934,493	964,093	988,841	1,017,885

As stipulated within the Scheme's Constitution, each unit represents a right to an individual unit in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Scheme.

Capital risk management

The Scheme considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and daily redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application and to defer or adjust a redemption if the exercise of such discretion is in the best interests of unitholders.

7 Financial assets at fair value through profit or loss

	30 June 2024	30 June 2023
	\$'000	\$'000
Derivatives		
Futures	27	145
Swaps	10,000	13,754
Money market securities	98,918	99,011
Debt securities	795,983	679,295
Unlisted unit trusts*	108,735	244,690
Total financial assets at fair value through profit or loss	1,013,663	1,036,895

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

8 Financial liabilities at fair value through profit or loss

	30 June 2024 \$'000	30 June 2023 \$'000
Derivatives		
Futures	193	14
Total financial liabilities at fair value through profit or loss	193	14

9 Receivables

	30 June 2024 \$'000	30 June 2023 \$'000
Distributions receivable	432	948
Interest receivable	4,992	3,856
Applications receivable	1,098	590
Receivables for securities sold	220	180
Other receivables	1	-
Total receivables	6,743	5,574

10 Payables

	30 June 2024 \$'000	30 June 2023 \$'000
Responsible Entity's fees payable	583	514
Redemptions payable	540	928
Total payables	1,123	1,442

11 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	30 June 2024 \$'000	30 June 2023 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss)	51,753	37,865
Proceeds from sale of financial instruments at fair value through profit or loss*	1,179,486	1,199,393
Payments for purchase of financial instruments at fair value through profit or loss*	(1,138,089)	(1,100,138)
Amount received from/(paid to) brokers for margin*	(5,105)	(1,826)
(Increase)/decrease in distributions receivable	516	(747)
(Increase)/decrease in interest receivable	(1,136)	(2,274)
(Increase)/decrease in other receivables	(1)	-
Increase/(decrease) in payables	69	(61)
Net (gains)/losses on financial instruments at fair value through profit or loss	(11,987)	(7,428)
Net foreign exchange (gains)/losses	5	94
Income reinvested	(6,030)	(11,801)
Net cash inflow/(outflow) from operating activities*	69,481	113,077
(b) Components of cash and cash equivalents		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash at bank*	1,911	10,928
Total cash and cash equivalents*	1,911	10,928
(c) Non-cash financing activities		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	15,016	3,727

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

12 Remuneration of auditors

	30 June 2024 \$	30 June 2023 \$
<i>Audit and other assurance services - KPMG:</i>		
Audit of financial statements	20,702	-
Other regulatory assurance services	2,971	-
<i>Audit and other assurance services - PricewaterhouseCoopers Australia (PwC):</i>		
Audit of financial statements	-	33,385
Other regulatory assurance services	-	2,602
Total	23,673	35,987

Audit fees were paid or payable by the Responsible Entity.

13 Related party transactions

Responsible Entity

The Responsible Entity of Pendal Short Term Income Securities Fund is Pendal Fund Services Limited (ABN 13 161 249 332), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

Key management personnel

(a) Directors

The directors of Pendal Fund Services Limited during the year or since the end of the year and up to the date of this report were as follows:

Amanda Apted (appointed 31 August 2023)
 Simone Mosse (appointed 23 January 2023)
 Anthony Serhan (appointed 6 December 2019)
 Richard Brandweiner (appointed 6 March 2019, resigned 31 July 2023)
 Justin Howell (appointed 7 May 2018, resigned 1 September 2023)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly, during the year or since the end of the year.

Transactions with key management personnel

Key management personnel services are provided by Pendal Fund Services Limited and included in the Responsible Entity's fees. There is no separate charge for these services. There was no compensation paid directly by the Scheme to any of the key management personnel during the year.

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the reporting period.

Responsible Entity's fees and other transactions

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive management fees. The Scheme incurred management fees (inclusive of GST and net of RITC) of 0.25% per annum for the year ended 30 June 2024. The management fees are calculated by reference to the net asset value of the Scheme. Where the Scheme invests into other schemes, the Responsible Entity's fees are calculated after rebating management fees charged in the underlying schemes.

The transactions during the year and amounts payable at the reporting date between the Scheme and the Responsible Entity were as follows:

	30 June 2024	30 June 2023
	\$	\$
Responsible Entity's fees	2,323,718	2,023,704
Responsible Entity's fees payable	582,937	514,082

14 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding control and the relevant activities are directed by means of contractual arrangements.

The Scheme considers all investments in unlisted unit trusts to be structured entities. The Scheme invests in unlisted unit trusts for the purpose of capital appreciation and earning investment income.

The unlisted unit trusts are invested in accordance with the investment strategy by their respective investment managers. The return of the unlisted unit trusts is exposed to the variability of the performance of their investments. The unlisted unit trusts finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective trusts' net assets and distributions.

The Scheme's exposure to structured entities at fair value is disclosed in the following table:

	Fair value	
	30 June 2024 \$'000	30 June 2023 \$'000
Pendal Stable Cash Plus Fund	108,735	244,690

The fair value of these entities is included in financial assets at fair value through profit or loss in the statement of financial position.

The Scheme's maximum exposure to loss from its interests in the structured entities is equal to the total fair value of its investments in these entities as there are no off balance sheet exposures relating to them. The Scheme's exposure to any risk from the structured entities will cease when these investments are disposed of.

The Scheme does not have current commitments or intentions and contractual obligations to provide financial or other support to the structured entities. There are no loans or advances currently made to these entities.

15 Financial risk management

The Scheme's operating activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

A risk management framework has been established by the Responsible Entity of the Scheme to monitor the Scheme's compliance with its governing documents and to minimise risks in its investment activities. This framework incorporates a regular assessment process to ensure procedures and controls adequately manage the investment activities. The Scheme is permitted to use derivative products. However, the use of derivatives must be consistent with the investment strategy and restrictions specified in the Scheme's governing documents.

All investment securities present a risk of loss of capital. The maximum loss of capital on investment securities is generally limited to the fair values of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions.

The Scheme's asset managers aim to manage these risks through the use of consistent and carefully considered investment strategy and guidelines specifically tailored for the Scheme's investment objective. Risk management techniques are used in the selection of investments. These include periodic stress testing for money market and debt securities. Asset managers will only purchase securities (including derivatives) which meet the prescribed investment criteria. Risk may also be reduced by diversifying investments across several asset managers, markets, regions or different asset classes and counterparties.

15 Financial risk management (continued)

The Scheme uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of currency risk, interest rate risk and price risk; and credit ratings analysis for credit risk.

(a) Market risk

(i) Currency risk

Currency risk arises as the fair value or future cash flows of monetary assets and liabilities denominated in foreign currency will fluctuate due to changes in exchange rates. The currency risk relating to non-monetary assets and liabilities is a component of price risk and not currency risk. However, management monitors the exposures on all foreign currency denominated assets and liabilities.

The Scheme did not have a significant exposure to currency risk at the reporting date.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Scheme to fair value interest rate risk.

The following tables summarise the Scheme's exposure to interest rate risk:

30 June 2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	1,911	-	-	1,911
Margin accounts	4,924	-	-	4,924
Cash management trusts	108,735	-	-	108,735
Money market securities	-	98,918	-	98,918
Debt securities	546,295	249,688	-	795,983
Derivatives	10,000	27	-	10,027
Financial liabilities				
Margin accounts	10,460	-	-	10,460
Derivatives	-	193	-	193

15 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents*	10,928	-	-	10,928
Margin accounts*	2,556	-	-	2,556
Cash management trusts*	244,690	-	-	244,690
Money market securities	-	99,011	-	99,011
Debt securities	218,574	460,721	-	679,295
Derivatives	13,754	145	-	13,899
Financial liabilities				
Margin accounts*	13,197	-	-	13,197
Derivatives	-	14	-	14

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

The table presented in note 15(a)(iv) summarises sensitivity analysis to interest rate risk. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The Scheme uses modified duration as an indicator of the sensitivity of its investments to the interest rate changes.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Scheme predominantly invests in money market and debt securities. As a result, the price risk arising from the Scheme's investments is impacted by the movements in interest rates and is reflected in note 15(a)(ii).

15 Financial risk management (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

The following table summarises the sensitivity of profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's estimates, having regard to a number of factors, including historical levels of changes in interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusual large market movements resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Sensitivity rates	Impact on profit/net assets attributable to unitholders	
		30 June 2024 \$'000	30 June 2023 \$'000
Interest rate risk	+1%	7,524	8,910
	-1%	(7,524)	(8,910)

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The main concentration of counterparty credit risk, to which the Scheme is exposed to, arises predominantly from the Scheme's investments in money market and debt securities. The Scheme is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents and receivables for securities sold. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are impaired or past due but not impaired.

(i) Money market and debt securities

Investment management processes include the consideration of counterparty risk. The asset managers may refer to the credit ratings issued by rating agencies to assess the creditworthiness of counterparties. The asset managers consider (among other things) branding, stability and security marketability of counterparties and consistently monitor exposure through electronic systems.

The asset managers monitor the credit ratings of money market and debt securities on a regular basis.

The tables below set out the analysis of money market and debt securities by credit ratings as issued by Standard & Poor's or other rating agencies:

30 June 2024	AAA to AA- \$'000	A+ to A- \$'000	BBB+ to BBB- \$'000	Total \$'000
Money market securities	-	98,918	-	98,918
Debt securities	571,666	170,982	53,335	795,983
	<u>571,666</u>	<u>269,900</u>	<u>53,335</u>	<u>894,901</u>

15 Financial risk management (continued)

(b) Credit risk (continued)

(i) Money market and debt securities (continued)

30 June 2023	AAA to AA- \$'000	A+ to A- \$'000	BBB+ to BBB- \$'000	TOTAL \$'000
Money market securities	-	99,011	-	99,011
Debt securities	<u>491,552</u>	<u>63,237</u>	<u>124,506</u>	<u>679,295</u>
	<u>491,552</u>	<u>162,248</u>	<u>124,506</u>	<u>778,306</u>

(ii) Derivative financial instruments

The risk of counterparty default in a derivative transaction is minimised by predominantly using exchange traded derivatives (except for currency hedging, contracts for differences and occasionally other approved over the counter instruments). The exchange traded derivatives are only executed and cleared through approved members of the exchanges. For over the counter derivatives, minimum credit ratings apply for counterparties at the time of entering into a contract and ISDA agreements are put in place with counterparties.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high grade credit rating.

(iv) Receivables for securities sold

All transactions in money market and debt securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty. Payments on securities acquired are only made after the broker has received the securities. The trade will fail if either party fails to meet its obligations.

All transactions in unlisted unit trusts are settled/unitised when unit prices are issued. The risk of default is considered low except when trading in a suspended unlisted unit trust.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Scheme is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives.

The Scheme's investments in unlisted unit trusts expose it to the risk that the responsible entity or the manager of those trusts may be unwilling or unable to fulfill the redemption requests within the timeframe requested by the Scheme. However, these investments are considered readily realisable unless the unlisted unit trusts are declared illiquid or suspended.

The Scheme may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Scheme may not be able to quickly liquidate these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events.

15 Financial risk management (continued)

(c) Liquidity risk (continued)

In order to manage the Scheme's overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Scheme's investment criteria, including the assessment of saleability in different market conditions. The Scheme's investment strategy generally defines a minimum liquidity level for the Scheme which is monitored regularly.

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

30 June 2024	Contractual cash flows			
	Carrying amount \$'000	less than 6 months \$'000	6 - 12 months \$'000	more than 12 months \$'000
Non-derivative financial liabilities				
Margin accounts	10,460	10,460	-	-
Distributions payable	26,624	26,624	-	-
Payables	1,123	1,123	-	-
Total	38,207	38,207	-	-
Derivative financial liabilities				
Futures	193	193	-	-
Total	193	193	-	-

30 June 2023	Contractual cash flows			
	Carrying amount \$'000	less than 6 months \$'000	6 - 12 months \$'000	more than 12 months \$'000
Non-derivative financial liabilities				
Margin accounts*	13,197	13,197	-	-
Distributions payable	23,415	23,415	-	-
Payables	1,442	1,442	-	-
Total	38,054	38,054	-	-
Derivative financial liabilities				
Futures	14	14	-	-
Total	14	14	-	-

*The comparatives have been presented to align with the changes adopted for the current year.

15 Financial risk management (continued)

(d) Fair value measurement

The Scheme classifies fair value measurement of its financial assets and liabilities by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Exchange traded derivatives are valued at the last traded price. For the majority of these financial instruments, information provided by the independent pricing services is relied upon for valuation.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Valuation models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in the assumptions for these factors could affect the reported fair value of financial instruments. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

Money market and debt securities are generally valued using broker quotes. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Management monitors credit spreads closely and conducts regular review to ensure any estimates and assumptions used in the valuation model remain appropriate.

The fair value of derivatives that are not exchange traded is estimated at the amount that would be received or paid to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in unlisted unit trusts are recorded at the unit price as reported by the investment managers of such trusts. The Scheme may make adjustments to the value based on the considerations such as: liquidity of the unlisted unit trust or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs (level 3) at 30 June 2024 and 30 June 2023.

15 Financial risk management (continued)

(d) Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Scheme's financial assets and liabilities by fair value hierarchy levels:

30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives				
Futures	27	-	-	27
Swaps	-	10,000	-	10,000
Money market securities	-	98,918	-	98,918
Debt securities	-	795,983	-	795,983
Unlisted unit trusts	-	108,735	-	108,735
Total	27	1,013,636	-	1,013,663

Financial liabilities at fair value through profit or loss				
Derivatives				
Futures	193	-	-	193
Total	193	-	-	193

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives				
Futures	145	-	-	145
Swaps	-	13,754	-	13,754
Money market securities	-	99,011	-	99,011
Debt securities	-	679,295	-	679,295
Unlisted unit trusts*	-	244,690	-	244,690
Total	145	1,036,750	-	1,036,895

Financial liabilities at fair value through profit or loss				
Derivatives				
Futures	14	-	-	14
Total	14	-	-	14

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

15 Financial risk management (continued)

(d) Fair value measurement (continued)

Transfers between levels

The Scheme's policy is to recognise transfers into and transfers out of the fair value hierarchy levels at the end of the reporting period.

There were no transfers between levels as at 30 June 2024 and 30 June 2023.

16 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the table below:

30 June 2024

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts \$'000	Gross amounts set off \$'000	Net amounts presented \$'000	Amounts subject to master netting arrangements \$'000	Net Amount \$'000
Financial assets					
Margin accounts	4,924	-	4,924	(4,431)	493
Derivatives	10,027	-	10,027	(6,222)	3,805
Total	<u>14,951</u>	<u>-</u>	<u>14,951</u>	<u>(10,653)</u>	<u>4,298</u>
Financial liabilities					
Margin accounts	10,460	-	10,460	(10,460)	-
Derivatives	193	-	193	(193)	-
Total	<u>10,653</u>	<u>-</u>	<u>10,653</u>	<u>(10,653)</u>	<u>-</u>

16 Offsetting financial assets and financial liabilities (continued)

30 June 2023*

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts \$'000	Gross amounts set off \$'000	Net amounts presented \$'000	Amounts subject to master netting arrangements \$'000	Net amount \$'000
Financial assets					
Margin accounts*	2,556	-	2,556	(2,298)	258
Derivatives	13,899	-	13,899	(10,913)	2,986
Total	16,455	-	16,455	(13,211)	3,244
Financial liabilities					
Margin accounts*	13,197	-	13,197	(13,197)	-
Derivatives	14	-	14	(14)	-
Total	13,211	-	13,211	(13,211)	-

*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Scheme does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but have been presented separately in this note.

17 Derivative financial instruments

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign currency exchange rates, index of prices or rates, credit rating, credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as foreign currency forward contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

17 Derivative financial instruments (continued)

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

The Scheme held the following derivative financial instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

(b) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream.

Interest rate swaps are valued based on the estimated amount that the entity would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Risk exposures and fair value measurements

Information about the Scheme's exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 15. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

18 Events occurring after the reporting period

No significant events have occurred since the reporting date which would have an impact on the financial position of the Scheme as at 30 June 2024 or on the results and cash flows of the Scheme for the year ended on that date.

19 Contingent assets, liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of Pendal Fund Services Limited, the Responsible Entity of Pendal Short Term Income Securities Fund:

- (a) the financial statements and notes, set out on pages 6 to 30, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Director

Sydney
17 September 2024



Independent Auditor's Report

To the unitholders of Pendal Short Term Income Securities Fund

Opinion

We have audited the **Financial Report** of Pendal Short Term Income Securities Fund (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme gives a true and fair view, including of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2024;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Pendal Short Term Income Securities Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Pendal Fund Services Limited (the Responsible entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Pendal Fund Services Limited (the Responsible entity) are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

K Hopkins

Karen Hopkins

Partner

Sydney

17 September 2024