

Pendal Stable Cash Plus Fund

ABN 96 917 006 705

Annual Report for the year ended 30 June 2024

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for the year ended 30 June 2024

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Pendal Stable Cash Plus 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			
Interest income		31,771	26,955
Net gains/(losses) on financial instruments at fair value through profit or loss		<u>28,691</u>	<u>40,800</u>
Total investment income/(loss)		<u>60,462</u>	<u>67,755</u>
Expenses			
Trustee's fees	10	<u>2,296</u>	<u>3,572</u>
Total expenses		<u>2,296</u>	<u>3,572</u>
Operating profit/(loss)		<u>58,166</u>	<u>64,183</u>
Finance costs			
Distributions to unitholders	3	(58,183)	(61,052)
Changes in net assets attributable to unitholders	4	<u>17</u>	<u>(3,131)</u>
Profit/(loss)		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>-</u>	<u>-</u>

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

Pendal Stable Cash Plus 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*	8(b)	716,500	593,100
Receivables	6	2,904	5,010
Financial assets at fair value through profit or loss*	5	<u>481,802</u>	<u>882,422</u>
Total assets		<u>1,201,206</u>	<u>1,480,532</u>
Liabilities			
Distributions payable	3	4,659	5,230
Payables	7	<u>181</u>	<u>231</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>4,840</u>	<u>5,461</u>
Net assets attributable to unitholders - liability	4	<u>1,196,366</u>	<u>1,475,071</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.

Statement of changes in equity

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity and no items of changes in equity have been presented for the current or comparative period.

Pendal Stable Cash Plus Fund
Statement of cash flows
For the year ended 30 June 2024

Statement of cash flows

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss*		2,433,304	4,763,884
Payments for purchase of financial instruments at fair value through profit or loss*		(2,003,993)	(3,784,009)
Interest received		33,868	22,685
Other income received		9	-
Trustee's fees paid		(2,344)	(3,708)
Other expenses paid		(2)	(6)
Net cash inflow/(outflow) from operating activities	8(a)	<u>460,842</u>	<u>998,846</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		3,759,315	3,692,794
Payments for redemptions by unitholders		(4,087,729)	(4,955,894)
Distributions paid		(9,028)	(7,422)
Net cash inflow/(outflow) from financing activities		<u>(337,442)</u>	<u>(1,270,522)</u>
Net increase/(decrease) in cash and cash equivalents		123,400	(271,676)
Cash and cash equivalents at the beginning of the year*		593,100	864,776
Cash and cash equivalents at the end of the year	8(b)	<u>716,500</u>	<u>593,100</u>

*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 Stable Cash Plus Fund (the Scheme) as an individual entity. The Scheme is an unregistered managed investment scheme. The Scheme was constituted on 8 December 2014. The Scheme will terminate within 80 years from the date of commencement in accordance with the provisions of the Scheme's Trust Deed (as amended). The Scheme is domiciled in Australia.

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

The financial statements were authorised for issue by the directors of the Trustee on 17 September 2024. The directors of the Trustee 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 Scheme's governing documents 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 11(d).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Comparatives

Cash and cash equivalents and financial assets at fair value through profit or loss for the comparative period have been restated to reflect the reclassification of deposits at call in line with the requirements of the accounting standards. The respective items in the statement of cash flows have also been restated as a result of this change. There is no impact to the net assets attributable to unitholders.

The overall changes to the financial statements for the comparative period are summarised below:

1. Cash and cash equivalents in the statement of financial position were restated from \$288,648,000 to \$593,100,000.
2. Financial assets at fair value through profit or loss in the statement of financial position were restated from \$1,186,874,000 to \$882,422,000.
3. Proceeds from sale of financial instruments at fair value through profit or loss in the statement of cash flows were restated from \$4,997,828,000 to \$4,763,884,000.
4. Payments for purchase of financial instruments at fair value through profit or loss in the statement of cash flows were restated from \$3,741,882,000 to \$3,784,009,000.
5. Cash and cash equivalents at the beginning of the year in the statement of cash flows were restated from \$284,253,000 to \$864,776,000.
6. Cash and cash equivalents at the end of the year in the statement of cash flows were restated from \$288,648,000 to \$593,100,000.

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.

2 Summary of material accounting policies (continued)

(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.

For money market securities and term deposits, 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 securities and term deposits are classified as financial assets 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 11(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 Trustee if it is in the best interests of the unitholders.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Scheme does not meet the criteria as it has contractual obligations to distribute. Consequently, the Scheme classifies the net assets attributable to unitholders as financial liability.

The carrying amount of net assets attributable to unitholders is a reasonable approximation of fair value.

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) Receivables

Receivables include accrued income.

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.

(f) Payables

Payables include accrued expenses 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.

(g) 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 securities and term deposits.

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

(h) Expenses

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

(i) Income tax

The Scheme is not subject to income tax provided the taxable income of the Scheme is fully distributed either by cash or reinvestment. Unitholders are presently entitled to the income of the Scheme.

2 Summary of material accounting policies (continued)

(j) Distributions

The Scheme distributes its distributable income in accordance with the Scheme's Trust Deed.

(k) Changes in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Changes in net assets attributable to unitholders are recognised in profit or loss as finance costs.

(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 Trustee's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

(m) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

3 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2024	30 June 2024 Annualised income rate	30 June 2023	30 June 2023 Annualised income rate
	\$'000	(%)	\$'000	(%)
Distributions paid - July	5,456	4.27	2,426	1.05
Distributions paid - August	5,665	4.43	3,484	1.72
Distributions paid - September	5,050	4.59	4,416	2.22
Distributions paid - October	4,810	4.48	5,426	2.71
Distributions paid - November	5,234	4.58	5,627	3.06
Distributions paid - December	4,973	4.71	6,181	3.31
Distributions paid - January	4,332	4.71	6,137	3.45
Distributions paid - February	4,196	4.66	5,490	3.62
Distributions paid - March	4,415	4.64	5,862	3.75
Distributions paid - April	4,508	4.67	5,102	3.85
Distributions paid - May	4,885	4.61	5,646	3.95
Distributions paid - June	-	-	25	-
Distributions payable - June	4,659	4.65	5,230	4.15
Total distributions	58,183		61,052	

4 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 Units'000	30 June 2023 Units'000	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance	1,475,054	2,688,485	1,475,071	2,685,371
Applications	3,759,315	3,692,794	3,759,315	3,692,794
Redemptions	(4,087,729)	(4,955,894)	(4,087,729)	(4,955,894)
Units issued upon reinvestment of distributions	49,726	49,669	49,726	49,669
Changes in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>3,131</u>
Closing balance	<u>1,196,366</u>	<u>1,475,054</u>	<u>1,196,366</u>	<u>1,475,071</u>

As stipulated within the Scheme's Trust Deed, 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, notwithstanding net assets attributable to unitholders are classified as a liability. 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 Trustee. Under the terms of the Scheme's Trust Deed, the Trustee 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.

5 Financial assets at fair value through profit or loss

	30 June 2024 \$'000	30 June 2023 \$'000
Money market securities	481,802	732,422
Term deposits	<u>-</u>	<u>150,000</u>
Total financial assets at fair value through profit or loss	<u>481,802</u>	<u>882,422</u>

6 Receivables

	30 June 2024 \$'000	30 June 2023 \$'000
Interest receivable	2,880	4,977
Other receivables	<u>24</u>	<u>33</u>
Total receivables	<u>2,904</u>	<u>5,010</u>

7 Payables

	30 June 2024 \$'000	30 June 2023 \$'000
Trustee's fees payable	181	229
Other payables	<u>-</u>	<u>2</u>
Total payables	<u>181</u>	<u>231</u>

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

	30 June 2024 \$'000	30 June 2023 \$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss)	58,166	64,183
Proceeds from sale of financial instruments at fair value through profit or loss*	2,433,304	4,763,884
Payments for purchase of financial instruments at fair value through profit or loss*	(2,003,993)	(3,784,009)
(Increase)/decrease in interest receivable	2,097	(4,270)
(Increase)/decrease in other receivables	9	(8)
Increase/(decrease) in payables	(50)	(134)
Net (gains)/losses on financial instruments at fair value through profit or loss	<u>(28,691)</u>	<u>(40,800)</u>
Net cash inflow/(outflow) from operating activities	<u>460,842</u>	<u>998,846</u>
(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*	58,123	39,718
Deposit at call*	<u>658,377</u>	<u>553,382</u>
Total cash and cash equivalents	<u>716,500</u>	<u>593,100</u>
(c) Non-cash financing activities		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	<u>49,726</u>	<u>49,669</u>

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

9 Remuneration of auditors

	30 June 2024 \$	30 June 2023 \$
<i>Audit and other assurance services - KPMG:</i>		
Audit of financial statements	15,094	-
Other regulatory assurance services	528	-
<i>Audit and other assurance services - PricewaterhouseCoopers Australia (PwC):</i>		
Audit of financial statements	-	12,310
Total	15,622	12,310

Audit fees were paid or payable by the Trustee.

10 Related party transactions

Trustee

The Trustee of Pendal Stable Cash Plus Fund is Pendal Fund Services Limited (ABN 13 161 249 332), a wholly owned subsidiary of Pendal Group Limited (ABN 28 126 385 822).

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Trustee 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 Trustee'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.

10 Related party transactions (continued)

Trustee's fees and other transactions

Under the terms of the Scheme's Trust Deed, the Trustee is entitled to receive management fees. The Scheme incurred management fees (inclusive of GST and net of RITC) of 0.18% per annum for the year ended 30 June 2024. The management fees are calculated by reference to the net asset value of the Scheme.

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

	30 June 2024	30 June 2023
	\$	\$
Trustee's fees	2,296,146	3,571,946
Trustee's fees payable	180,682	230,874

11 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 Trustee 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 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. 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.

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 any exposure to currency risk at the reporting date.

11 Financial risk management (continued)

(a) Market risk (continued)

(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:

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2024				
Financial assets				
Cash and cash equivalents	716,500	-	-	716,500
Money market securities	-	481,802	-	481,802

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents*	593,100	-	-	593,100
Money market securities*	-	732,422	-	732,422
Term deposits*	-	150,000	-	150,000

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

The table presented in note 11(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 is exposed to price risk predominantly through its investments for which prices in the future are uncertain. The price risk arising from investments in money market securities is impacted by movements in interest rates and is reflected in note 11(a)(ii).

11 Financial risk management (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

The following table summarises the sensitivity of operating 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 operating profit/net assets attributable to unitholders	
		30 June 2024	30 June 2023
		\$'000	\$'000
Interest rate risk	+1%	10,258	12,680
	-1%	(10,258)	(12,680)

(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 securities. The Scheme is also exposed to counterparty credit risk on cash and cash equivalents. 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 securities and term deposits

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 securities on a regular basis.

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

30 June 2024	A+ to A- \$'000	Total \$'000
Money market securities	481,802	481,802
	<u>481,802</u>	<u>481,802</u>

11 Financial risk management (continued)

(b) Credit risk (continued)

(i) Money market securities and term deposits (continued)

30 June 2023*	A+ to A- \$'000	Total \$'000
Money market securities	732,422	732,422
Term deposits	<u>150,000</u>	<u>150,000</u>
	<u>882,422</u>	<u>882,422</u>

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

(ii) 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.

(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.

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				
Distributions payable	4,659	4,659	-	-
Payables	181	181	-	-
Net assets attributable to unitholders - liability	<u>1,196,366</u>	<u>1,196,366</u>	<u>-</u>	<u>-</u>
Total	<u>1,201,206</u>	<u>1,201,206</u>	<u>-</u>	<u>-</u>

11 Financial risk management (continued)

(c) Liquidity risk (continued)

30 June 2023	Contractual cash flows			
	Carrying amount	less than 6 months	6 - 12 months	more than 12 months
	\$'000	\$'000	\$'000	\$'000
Non-derivative financial liabilities				
Distributions payable	5,230	5,230	-	-
Payables	231	231	-	-
Net assets attributable to unitholders - liability	1,475,071	1,475,071	-	-
Total	1,480,532	1,480,532	-	-

(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.

(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 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.

11 Financial risk management (continued)

(d) Fair value measurement (continued)

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

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.

Recognised fair value measurements

The following tables present the Scheme's financial assets 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				
Money market securities	-	481,802	-	481,802
Total	-	481,802	-	481,802

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Money market securities	-	732,422	-	732,422
Term deposits	-	150,000	-	150,000
Total	-	882,422	-	882,422

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.

12 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.

13 Contingent assets, liabilities and commitments

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


Statement by Trustee

In the opinion of the directors of Pendal Fund Services Limited, the Trustee of Pendal Stable Cash Plus Fund:

- (a) the financial statements and notes, set out on pages 2 to 19, are:
 - (i) complying with Australian Accounting Standards; 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



Director

Sydney
17 September 2024



Independent Auditor's Report

To the unitholders of Pental Stable Cash Plus Fund

Opinion

We have audited the **Financial Report** of Pental Stable Cash Plus 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 *Australian Accounting Standards*.

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 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.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 2 to the Financial report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Directors of Pental Fund Services Limited (the Responsible Entity) in the financial reporting tailored to their information needs.

As a result, the Financial Report and this Auditor's report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of Pental Fund Services Limited (the Responsible Entity) and the unitholders and should not be used by or distributed to parties other than the Directors of Pental Fund Services Limited (the Responsible Entity) and the unitholders. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of Pental Fund Services Limited (the Responsible Entity) and the unitholders or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Pendal Stable Cash Plus 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 *Australian Accounting Standards*, including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Australian Accounting Standards*, 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;
- 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