

Product Disclosure Statement Pendal Short Term Income Securities Fund

APIR Code: WFS0377AU



Issued 22 February 2021

Contents

- 1 About Pendal Fund Services Limited
- 2 How the Pendal Short Term Income Securities Fund works
- 3 Benefits of investing in the Pendal Short Term Income Securities Fund
- 4 Risks of managed investment schemes
- 5 How we invest your money
- 6 Fees and costs
- 7 How managed investment schemes are taxed
- 8 How to apply
- 9 Other information

Read this

This PDS provides a summary of the key information relating to the Pendal Short Term Income Securities Fund (ARSN 088 863 469) (Fund). It also includes references to additional information which forms part of this PDS and marked with a '🔗'. This is important information you should read together with the PDS before making a decision to invest into the Fund. You can access the 'Additional Information to the Product Disclosure Statement' on our website, at www.pendalgroup.com/PendalShortTermIncomeSecuritiesFund-PDS or request a copy free of charge by calling us. The information in this PDS is general information only and does not take into account your personal financial situation or needs. You may wish to consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

Updated information

Information in this PDS is subject to change from time to time. Information that is not materially adverse information can be updated by us. Updated information can be obtained by contacting your master trust or wrap account operator (for indirect investors), your financial adviser, going to our website, or calling us. You may request a paper copy of any updated information at any time, free of charge.

Pendal Fund Services Limited ABN 13 161 249 332, AFSL 431426 is the responsible entity of, and issuer of units in, the Fund offered in this PDS and has prepared this PDS. This PDS is prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the *Corporations Regulations 2001*.



CLIENT SERVICES ENQUIRIES

Investors: 1300 346 821
Advisers: 1300 346 825
Overseas investors: +61 2 9220 2499
Monday to Friday 8.30am to 5.30pm (Sydney time)
Fax +61 2 9251 3525
Email pendal@mainstreamgroup.com



PENDAL FUND SERVICES LIMITED

GPO Box 4584
Sydney NSW 2001
Australia



WWW.PENDALGROUP.COM

1. About Pental Fund Services Limited

PENTAL

The future is worth investing in

Pental Fund Services Limited is the responsible entity for the Pental Short Term Income Securities Fund (Fund). As responsible entity, it is responsible for overseeing the operations of the Fund.

Pental Institutional Limited is the investment manager of the Fund. As the investment manager, it selects and manages the assets of the Fund and may appoint other managers to manage some or all of the Fund's assets.

Pental Fund Services Limited and Pental Institutional Limited are wholly owned subsidiaries of Pental Group Limited.

Pental Group Limited is an independent, global investment management firm focused on delivering superior investment returns for its clients through active management.

Pental offers investors a range of Australian and international investment choices including shares, property securities, fixed income and cash strategies, as well as multi-asset and responsible investments. To complement its in-house expertise, Pental also partners with leading global investment managers.

2. How the Pental Short Term Income Securities Fund works

How the Fund operates

When you invest your money in the Pental Short Term Income Securities Fund, your money is pooled together with other investors' money. We use this pool to buy investments and manage them on behalf of all investors in the Fund. This means that by investing in the Fund you have access to certain investments that you may not otherwise be able to access on your own as well as the knowledge of our skilled investment managers. However, Pental has day-to-day control over the operation of the Fund.

The total value of the assets in the Fund is divided into 'units' and a 'unit price' is generally calculated for each Business Day. The unit price will generally change daily as the market value of assets in the Fund rises or falls.

When you make an investment in the Fund, we will allocate units to you based on the entry price for the Business Day on which we accept your application and we will keep a record of the number of units you have bought. When you withdraw, we will redeem your units based on the exit price for the Business Day on which we receive your withdrawal request.

Entry prices are usually higher than exit prices due to the 'buy-sell spread'. The buy-sell spread is built into the unit price and represents your contribution to the costs of buying and selling the underlying assets in the Fund.

Entry and exit prices for each Business Day will be available at www.pentalgroup.com by clicking on 'Products' and selecting the Fund. Prices will usually be posted by the end of the next Business Day.

We have also adopted a unit pricing discretion policy setting out the principles that apply when we exercise discretions under the Fund's constitution. You can request a copy of the policy free of charge by calling us or by downloading a copy at www.pentalgroup.com/UnitPriceDiscretionPolicy.

Minimum initial investment

The minimum initial investment is \$100,000. In certain circumstances, we may reject an application or accept only part of an application. Refer to Section 8 on how to apply.

Additional investments

You can add to your investment by completing the additional investment form and sending this form to us via mail, email or fax. You can find this form at www.pentalgroup.com/forms.

Investors also have the ability to make additional investments using BPAY®. For more information on BPAY® please refer to the BPAY® user guide at www.pentalgroup.com/forms.

We are also introducing the ability to transact online. For more information, please refer to www.pentalgroup.com/forms.

®Registered to BPAY Pty Ltd ABN 69 079 137 518.

How to withdraw

You can withdraw some or all of your investment by completing the withdrawal form and sending this form to us via mail, email or fax. You can find this form at www.pentalgroup.com/forms.

We are also introducing the ability to transact online. For more information, please refer to www.pentalgroup.com/forms.

Withdrawals will generally be paid to your nominated Bank Account within 5 Business Days.

Restrictions on withdrawals

There may be circumstances where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can redeem your investment.

We may delay or suspend a withdrawal request where we are unable to realise sufficient assets due to circumstances outside our control (such as restricted or suspended trading in the market for an asset) or where the Fund becomes illiquid.

If the Fund is illiquid (as defined in the Corporations Act) withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. Under the Corporations Act, a fund is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).



You should read the important information about 'Restrictions on withdrawals' before making a decision. Go to section 1 of the 'Additional Information to the Product Disclosure Statement' at www.pentalgroup.com/PentalShortTermIncomeSecuritiesFund-PDS.

Processing

If we receive an application or withdrawal request by 2.00pm (Sydney time) on a Business Day, we will process the transaction using that day's unit price. Requests received on or after the cut-off time of 2.00pm (Sydney time) on a Business Day, or on a non Business Day, will generally be treated as having been received before the cut-off time on the next Business Day.

If we receive an invalid or incomplete application or withdrawal request, the transaction request will be processed using the unit price applying on the day that we receive the correct documentation. The above rules about cut-off times apply.

Distributions

The Fund generally distributes on a quarterly basis and pays a final distribution each year for the period ending 30 June. In some circumstances, we may also pay distributions at other times where we consider it appropriate.

Distributions you receive are generally assessable income and can be made up of both income and net realised capital gains. Distributions are generally calculated based on the Fund's net income at the end of the distribution period divided by the number of units on issue. In certain circumstances, some income and/or net realised capital gains may be held back until the final distribution at the end of June to allow for market volatility.

You can choose to have your distributions automatically reinvested into additional units in the Fund or paid directly into your nominated Bank Account. There is no buy-sell spread on distributions that are reinvested. Reinvestment of distributions will normally be effective the first day following the end of the distribution period. Distribution payments to your nominated Bank Account are generally made within 12 Business Days after the end of the distribution period.

Indirect investors

We authorise the use of this PDS as disclosure to persons who wish to access the Fund indirectly through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service (collectively referred to as master trusts or wrap accounts).

Persons who invest in the Fund through a master trust or wrap account may be subject to different conditions from those referred to in this PDS particularly with regard to cut-off times for transacting, timing of distributions, processing and withdrawals as well as Fund reporting and investor notices.



You should read the important information about 'Indirect investors' before making a decision. Go to section 2 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalShortTermIncomeSecuritiesFund-PDS.

3. Benefits of investing in the Pendal Short Term Income Securities Fund

Significant features

The Pendal Short Term Income Securities Fund is an actively managed portfolio of primarily Australian cash and fixed interest securities.

Significant benefits

Investing in the Fund offers investors a range of benefits:

- access to a professionally managed portfolio of Australian cash and fixed interest securities which aims to maintain capital stability while providing regular income;
- access to Pendal's investment expertise; and
- exposure to investment grade securities¹.

4. Risks of managed investment schemes

All investments carry risk. The likely investment return and the risk of losing money is different for each managed investment scheme as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long term return (such as shares) may also have the highest risk of losing money in the shorter term.

The significant risks for the Fund are:

- **Market risk:** The risk that the market price of an asset will fluctuate as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. Market risk may have different impacts on each type of asset, investment style and investor.
- **Security specific risk:** The risk associated with an individual asset. The value of fixed interest securities can be affected by specific events such as changes in the perceived or actual creditworthiness of a particular issuer.
- **Interest rate risk:** The risk that the investment value or future returns of an asset may be adversely impacted by changes in interest rates. Interest rates may directly or indirectly affect a company's cost of borrowings as well as the value of fixed interest securities.
- **Credit risk:** The risk of an issuing entity defaulting on its obligation to pay interest and principal when due. It arises primarily from investments in fixed interest securities and from certain derivatives.
- **Counterparty risk:** The risk of loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in derivatives and currency transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

¹ Investment grade securities refer to securities that are expected to have a high probability of payment of interest and repayment of principal.

- Liquidity risk: The risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay. Fixed interest securities may have limited or no liquidity where there has been a default by the issuer, or deterioration in the creditworthiness or credit rating of a particular issuer or market. Liquidity risk may also extend to swap transactions, structured securities or derivative contracts which provide exposure to some types of assets or markets. This means that it may not be possible to sell these investments or to do so in sufficient time to pay withdrawals. If this occurs, withdrawals may be suspended for the protection of all investors even if other assets can be readily sold.

Risk can be managed but it cannot be completely eliminated. It is important to understand that:

- the value of your investment will go up and down;
- investment returns will vary and future returns may be different from past returns;
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on your age, investment time frame, where other parts of your wealth are invested and how comfortable you are with the possibility of losing some of your money in some years.

5. How we invest your money

You should consider the likely investment return, risk and your investment time frame when choosing to invest into the Fund.

Pental Short Term Income Securities Fund	
Investment Return Objective	The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Bank Bill Index.
Minimum Suggested Time Frame for Holding Investment	12 months
Asset Classes and Asset Allocation Ranges ²	<ul style="list-style-type: none"> • Cash and fixed interest securities 100%
Benchmark	<p>Bloomberg AusBond Bank Bill Index</p> <p><i>Bloomberg Finance L.P. and its affiliates (collectively, Bloomberg:) do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.</i></p>
Description of Fund	<p>This Fund is designed for investors who want capital stability, regular income and low variability of returns. The Fund invests in a combination of short-term money market instruments and medium-term floating and fixed rate securities. These may include direct or indirect holdings of government, bank, corporate, asset backed and other securities. The Fund aims to maintain capital stability through limited exposure to interest rate movements and prudent credit management. The Fund invests in short-term and medium-term securities that are investment grade³. The Fund may also use derivatives.</p> <p>Pental's investment process for cash and fixed interest securities aims to add value through multiple strategies and investment research. Pental seeks to exploit market inefficiencies through the shape of the money market curve and credit management. Our investment approach for credit management seeks to identify opportunities on a sector, issuer and security basis by incorporating top-down and bottom-up research.</p> <p>Top-down research includes analysis of economic and market data, along with macro credit fundamentals such as company earnings, balance sheet health, default rates and equity volatility. The bottom-up research includes analysis of earnings and cashflow volatility, balance sheet, business diversity, industry and valuation.</p> <p>Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives can also be used to gain exposure to assets and markets.</p>

² The reference to the Fund investing in an asset class includes all types of investments which give exposure to that asset, directly or indirectly, including through derivatives and investment in other funds which invest primarily in that asset class. This includes any type of investment which would ordinarily be understood in financial markets to be included in that asset class and does not

preclude investment in other types of assets where we consider it appropriate to do so in the interests of investors.

³ Investment grade securities refer to securities that are expected to have a high probability of payment of interest and repayment of principal.

Risk Level ⁴	Low Low risk of losing money in any year. Likely to produce modest returns over all time frames.
Fund Performance	For up-to-date information on the performance of the Fund, including performance history, please visit www.pendalgroup.com , click on 'Products' and select the Fund.
Labour, Environmental, Social and Ethical Considerations	<p>Pendal incorporates an assessment of environmental, social (including labour standards), corporate governance (ESG) and ethical factors in our investment process where those considerations are deemed material to the financial performance of an investment.</p> <p>We do not have a predetermined view on ESG factors. Instead we consider these factors to the extent they are relevant to the economic or financial performance of the investment. Our investment analysis may include ESG factors such as board composition and skills, workplace health and safety, diversity and inclusion, stakeholder relations, exposure to environmental factors, regulatory risk, ethical conduct and culture.</p>
Changes to Fund Details	We have the right to close or terminate the Fund and change the Fund's investment return objective (including benchmark), asset classes and asset allocation ranges and currency strategy (if any), without prior notice in some cases. We will inform investors of any material change to the Fund's details in their next regular communication or as otherwise required by law.

4 The risk level is not a complete assessment of all forms of investment risks, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may require to meet their objectives.

6. Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged for the Fund. The fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in another part of this document.

You should read all of the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Costs ⁵	Amount
Fees when your money moves in or out of the Fund	
Establishment fee The fee to open your investment	Nil
Contribution fee The fee on each amount contributed to your investment	Nil
Withdrawal fee The fee on each amount you take out of your investment	Nil
Exit fee The fee to close your investment	Nil
Management costs	
The fees and costs for managing your investment	At the date of this PDS, management costs consist of the following components:
	Issuer fee 0.25% pa
	Estimated expense recoveries ⁶ Nil
	Estimated indirect costs ⁷ Nil
	Estimated total management costs⁸ 0.25% pa

Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

Example – Balance of \$50,000 with a contribution of \$5,000 during the year⁹

Contribution fees	Nil	For every additional \$5,000 you invest you will not be charged any contribution fee.
Plus Management costs	Estimated total management costs \$50,000 x 0.25% = \$125	And, for every \$50,000 you have in the Fund, you will be charged \$125 each year.
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you invest an additional \$5,000 during that year, you would be charged fees and incur costs of: \$125 ¹⁰ What it costs you will depend on the fees you negotiate.

5 Fees in this PDS can be individually negotiated if you are a wholesale client under the Corporations Act.

6 At the date of this PDS, we pay recoverable expenses (if any, excluding any GST payable on our fees) out of our issuer fee. However, if we decide to deduct expenses in addition to the issuer fee in the future, we will give you 30 days' written notice.

7 This is an estimate of the Fund's indirect costs for the last financial year. Refer to 'Additional explanation of fees and costs' for more information.

8 The actual total management costs may vary from this estimate.

9 This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

10 Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the buy-sell spread.

Additional explanation of fees and costs

Management costs

Management costs are made up of the issuer fee and any expense recoveries and indirect costs. Unless otherwise stated, all fees quoted in the PDS are quoted on a GST inclusive basis and net of any applicable Reduced Input Tax Credits (RITCs).

Issuer fee

The issuer fee is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. If we increase the issuer fee, we will give you 30 days' written notice.

Expense recoveries

We are also entitled to be reimbursed for expenses we incur in the proper performance of our duties and in connection with the day-to-day operation of the Fund. At the date of this PDS, we pay these recoverable expenses (excluding any GST payable on our fees) out of our issuer fee. However, if we decide to deduct expenses in addition to the issuer fee in the future, we will give you 30 days' written notice.

Indirect costs

Indirect costs are certain costs which we reasonably estimate have reduced, directly or indirectly, the Fund's return. Indirect costs may include underlying investment manager fees and costs and certain derivative costs. If any indirect costs are incurred, these are reflected in the unit price of the Fund and are not charged to you as a fee or retained by us.

The indirect costs estimate in the fees and costs table is based on information available to us as at the date of this PDS and represents the indirect costs for the last financial year. This information may change from year to year and prior notice will not ordinarily be provided. For the latest indirect costs, please visit www.pendalgroup.com, click on 'Products', and refer to the 'Fees and Costs' document under 'Important Information'.

Transactional and operational costs

Transactional and operational costs such as brokerage, bid-offer spreads on securities traded, settlement costs, clearing costs and government charges may be incurred by the Fund as a result of changes in the Fund's investment portfolio either in relation to implementing the Fund's investment strategy or investors entering or exiting the Fund.

Buy-sell spread

The buy-sell spread is an additional cost to you and is generally incurred whenever you invest in the Fund. The buy-sell spread is retained by the Fund (it is not a fee paid to us) and represents a contribution to the transaction costs incurred by the Fund such as brokerage and stamp duty, when the Fund is purchasing and selling assets. The buy-sell spread also reflects the market impact of purchasing and selling the underlying assets in the market. There is no buy-sell spread on distributions that are reinvested.

The current total buy-sell spread is 0.06% of the amount that you invest, represented as the difference between the entry and exit price. A buy spread of 0.03% is applied on each application and a sell spread of 0.03% is applied on each withdrawal. For example, if you invested \$50,000 in the Fund the cost of your buy spread would be \$15, and the cost of your sell spread on withdrawing \$50,000 from the Fund would be \$15.

We may vary the buy-sell spread from time to time and prior notice will not ordinarily be provided. For current buy-sell spread information, visit www.pendalgroup.com, click on 'Products' and select the Fund.

Other fees and costs

These may include additional fees and costs that apply to investors accessing the Fund through a master trust or wrap account.

We may make payments to master trusts or wrap account operators out of the fees we receive. Government fees, duties and bank charges may also apply to investments and withdrawals.



You should read the important information about 'Additional information about fees and costs' before making a decision. Go to section 3 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalShortTermIncomeSecuritiesFund-PDS.

7. How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences. Managed investment schemes generally do not pay the tax liability on behalf of investors. However, we may be required to withhold tax from each distribution at the relevant withholding tax rates under certain circumstances. As an investor, you will generally be subject to tax on your share of any taxable income and net realised capital gains generated by the Fund.

Because the Australian taxation system is complex and different investors have different circumstances, you should seek professional tax advice before investing in the Fund.



You should read the important information about 'How managed investment schemes are taxed' before making a decision. Go to section 4 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalShortTermIncomeSecuritiesFund-PDS.

8. How to apply

1. Read this PDS together with the 'Additional Information to the Product Disclosure Statement' available at www.pendalgroup.com/PendalShortTermIncomeSecuritiesFund-PDS.
2. Direct investors should complete the Application and relevant Form(s) by clicking on 'Apply' at www.pendalgroup.com/products. A copy of the forms can also be requested by calling us. Payment details and methods are included in the Application Form. The offer made in this PDS is only available to persons receiving this PDS (electronically or otherwise) within Australia. Applications from outside Australia will not be accepted.
3. If you are a retail investor (as defined in the Corporations Act) investing directly in the Fund, you have a 14 day cooling-off period to confirm that the investment meets your needs. If you exercise your cooling-off rights, we will return your money to you and no fees will apply. However, the amount you receive will reflect any movement (either up or down) in the unit price of the Fund which means that there may be tax implications for you. The 14 day cooling-off period commences on the earlier of the end of the fifth Business Day after we issue the units to you or from the date you receive confirmation of your transaction.
4. If you have any concerns or complaints, as a first step please contact us and we will do our best to resolve your concern quickly and fairly. Our contact details are on the front cover of this PDS. If you believe that your matter has not been dealt with satisfactorily, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

For more detailed information on how we deal with complaints please visit www.pendalgroup.com, click on 'Contact', and click on 'Concerns or Complaints'.

9. Other information

Additional disclosure information

The Fund is subject to regular reporting and continuous disclosure obligations. For continuous disclosure notices regarding the Fund please visit www.pendalgroup.com, click on 'Products', select the Fund and expand the 'Important Updates' section. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You can also call us to obtain copies of the following documents, free of charge:

- the Fund's Annual Report most recently lodged with ASIC;
- any half-year report lodged with ASIC after the lodgement of the Annual Report and before the date of this PDS;
- any continuous disclosure notices given by the Fund after lodgement of the Annual Report and before the date of this PDS.

Related party transactions and conflicts of interests

The Fund may, without limit, invest in other funds of which we, or a related entity, are trustee, responsible entity or manager (**related funds**).

We may appoint any of our related entities to provide services or perform functions in relation to the Fund, including acting as our delegate. We may also enter into financial or other transactions with related entities in relation to the assets of the Fund and may sell assets or purchase assets from, a related entity. A related entity is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm's length commercial terms.

In the course of managing the Fund, we may face conflicts in respect of our duties in relation to the Fund, related funds and our own interests. We have policies and procedures in place to manage these appropriately. We will resolve such conflict fairly and reasonably and in accordance with the law, ASIC policy and our policies.

Terms used in this PDS

In this PDS:

'ASIC' means the Australian Securities and Investments Commission;

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

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

'Fund' means the Pendal Short Term Income Securities Fund ARSN 088 863 469;

'responsible entity' means Pendal Fund Services Limited ABN 13 161 249 332, AFSL 431426;

'we', 'our', 'us' or 'Pendal' means the responsible entity of the Fund and, where appropriate, Pendal Institutional Limited.

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