

Additional Information to the Product Disclosure Statement

Pendal Global Select Fund

Class P

APIR Code: PDL3591AU

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Issued 9 June 2022

Read this

The information in this document forms part of the Product Disclosure Statement for Class P Units of the Pendal Global Select Fund (Class P Units or the Fund) dated 22 May 2022 (PDS). You should read this information together with the PDS before making a decision to invest into the Fund. References in this document to 'Units', 'Class P Units' or the 'Fund' refers to the 'Class P' class of units in the registered managed investment scheme, the Pendal Global Select Fund, ARSN 651 789 678 (the Scheme). All rights and entitlements of a unit relate to the rights, entitlements, liabilities and other amounts referable to Class P Units. No other fund, trust or class of units is offered in this document. This additional information is general information only and does not take into account your personal financial situation or needs.

1. Restrictions on withdrawals

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

If the Scheme is illiquid (as defined in the Corporations Act), withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy withdrawal requests, the requests will be satisfied proportionately amongst those investors wishing to withdraw from the Fund. Under the Corporations Act, a scheme is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

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

| Provision | Explained |
|--|---|
| Payment of withdrawals by transfer of assets | We may transfer assets to you rather than pay cash in satisfaction of all or any part of your withdrawal request. The assets (together with any cash paid to you) must be of equal value to the total amount of your withdrawal request based on a valuation which is consistent with the range of ordinary commercial practice for valuation of assets of that type and is reasonably current, having regard to the type of assets involved and prevailing market conditions. We may require you to pay for the costs involved in the transfer of assets or we may deduct such costs from the amount payable to you. |
| Delays in realising assets | If, after taking all reasonable steps, we are unable to realise sufficient assets to satisfy a withdrawal request due to circumstances beyond our control such as restricted or suspended trading in the market for an asset or if we believe it is not in the best interests of unitholders to realise assets, the period allowed to satisfy withdrawal requests may be extended by the number of days during which the circumstances apply. |

| | |
|---------------------------|---|
| Spreading of withdrawals | We may also spread withdrawal requests over up to 10 business days where we receive withdrawal requests on any day for 10% or more of the units of the Scheme on issue, or a single unitholder on any day makes one or more withdrawal requests for 5% or more of the units of the Scheme on issue. |
| Suspension of withdrawals | <p>We may delay or suspend withdrawals from the Fund request where we consider that it is in the best interests of members of the Scheme to do so. This may include in circumstances where we are unable to realise sufficient assets to determine the value of assets in the Fund due to circumstances outside our control (such as for example, where there is restricted or suspended trading in the market for an asset or an emergency or similar state of affairs), there is a delay on payments received from assets in which the Fund invests, withdrawal requests are received for more than 10% of the Scheme or there are significant withdrawals which we believe would have a disadvantageous effect on the remaining members of the Scheme, or where the Scheme becomes illiquid or other circumstances where we believe it is in the interests of members of the Scheme to suspend withdrawals in accordance with the Scheme's constitution.</p> <p>If we do so, the period we take to satisfy withdrawal requests will be extended by the period of the suspension. The exit price will be determined as at the next time we value the Fund after the suspension is lifted.</p> |

2. Indirect investors

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

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

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

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

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

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

3. Labour, environmental, social and ethical considerations

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

The investment manager recognises that Environmental, Social and Governance (ESG) factors can create risks and opportunities for companies and therefore incorporates ESG risks into their analytical framework and portfolio construction.

ESG analysis may consider:

- A company's management of its ESG risks and opportunities, such as those relating to climate change, labour rights, and supply chain management;
- The manner in which a company conducts its business and employs sustainability practices;
- The extent to which a company's products or services are beneficial to the environment and/or society; and
- The extent to which a company's products or services contribute to solutions to areas of social and environmental need.

Typically, we will preference exposure to companies which perform well on ESG and/or sustainability metrics, or otherwise have plans to improve such performance, which we believe are credible.

In addition to integrating ESG factors within investment decision making process, the Fund utilises exclusionary screens to avoid companies involved in industries or business activities which cause significant social and/or environmental harm.

The Fund will not invest in companies directly involved in either of the following activities:

- tobacco production (including e-cigarettes and inhalers); or
- controversial weapons manufacture (such as cluster munitions, landmines, biological or chemical weapons, nuclear weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

The Fund will also not invest in companies which derive 10% or more of their total revenue directly from any of the following activities:

- extraction, exploration, distribution, or refinement of fossil fuels, or fossil fuel-based power generation*;
- the production of alcoholic beverages;
- manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering;
- manufacture of non-controversial weapons or armaments;
- manufacture or distribution of pornography; or
- uranium mining for the purpose of nuclear power generation.

* Companies with a climate transition plan may be exempted from this exclusion, provided that they have in place a Paris Agreement aligned transition plan and produce climate-related financial disclosures annually, which in both cases we consider credible. We define fossil fuels as coal, oil and natural gas.

All reasonable care has been taken to implement the Fund's exclusionary screens to meet the criteria described above.

We draw on internal and supplementary external research, believed to be accurate, to determine whether a company is subject to the exclusionary screens. We regularly monitor compliance by the Fund's holdings with the exclusionary screens (usually monthly, but this timeframe is not fixed).

If we discover an investment no longer meets our criteria, the investment will usually be sold within three months, having regard to the interests of investors (but this may vary on a case by case basis). However, as the nature and conduct of businesses may change over time, and publicly available financial or other information is not always comprehensive or up to date, we do not guarantee that the Fund will meet all of these criteria at all times.

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

4. Additional information about fees and costs

The following section provides further information about the fees and costs that you may be charged in relation to your investment in the Fund. As the Fund commenced operating on 27 July 2021, the fees and costs set out in the PDS are based on information available to us as at the date this PDS for the current financial year only, adjusted to reflect a 12-month period.

Unless otherwise stated, all fees and costs quoted in the PDS are quoted on a GST inclusive basis and net of any applicable Reduced Input Tax Credits (RITCs). Taxes are set out in section 7 of the PDS.

Additional explanation of fees and costs

Management fees and costs

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

Management fee

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

Indirect costs

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

The Fund did not incur any indirect costs in the current financial year, although the Fund may incur these costs in the future.

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

Expense recoveries

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

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

Performance fee

The performance fee is the fee we charge if the Fund's investment performance exceeds its performance hurdle, and any performance deficit has been recouped.

The Fund did not incur a performance fee in the current financial year.

The actual performance fee is likely to vary from this estimate. For the latest performance fees, please visit www.pendalgroup.com, click on 'Products' and refer to the 'Fees and Costs' document under 'Important Information.'

How and when is the performance fee calculated?

The Fund's performance fee is 15% in excess of the performance hurdle. The performance hurdle is the performance of the benchmark (MSCI ACWI NR Index (net dividends reinvested) in AUD) for that day, plus the management fee. If a performance fee is payable, it is charged in addition to the management fee.

The performance fee is calculated in dollar terms each Business Day based on the daily performance and value of the Fund compared to its performance hurdle. This daily fee can be a positive or negative amount depending on whether the Fund has exceeded the performance hurdle on that day. Each day's performance fee is added to the previous days' fee. When the total amount is positive, the performance fee is accrued and reflected in the Fund's unit price. When the total amount is negative, it is carried forward as a 'performance deficit.' The performance deficit must first be recovered in dollar terms before any performance fee can be accrued and reflected in the unit price.

When is the performance fee paid?

If a performance fee has accrued in the unit price as at 30 June, then the fee is paid to us as at that date. The performance fee is payable in relation to the performance of the Fund as a whole during the year and does not necessarily reflect the performance of any individual Unitholder's investment.

As the performance fee is based on the daily performance and value of the Fund, applications, withdrawals and market movements, which may mean that the performance fee in dollar terms for the year may not be equivalent to 15% of the Fund's performance in excess of the performance hurdle in percentage terms. In some circumstances, this could mean that we are paid a performance fee for a year where the Fund under-performs its performance hurdle in percentage terms.

What happens when there is a performance deficit?

Any performance deficit as at 30 June is carried forward to the next year. If there is a performance deficit for three consecutive years, then the performance deficit is reset to zero at the end of the third year (performance reset date). Despite the reset to zero, we may determine that we will not charge a performance fee until the deficit has been recovered or the next performance reset date arises.

Any performance deficit is shared across all investors including those investors who join the Fund after the performance deficit has arisen. Similarly, any performance deficit is not reduced as a result of investors leaving the Fund. We do not have to reimburse the Fund for any performance deficit fees.

It is possible that the performance of the Fund may exceed the relevant hurdle rate (and therefore we are entitled to a performance fee), even when the total return of the Fund is negative for the one-year period to 30 June.

Transaction costs

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

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

If you choose to enter or exit the Fund (to buy or sell units) some or all of the associated transaction costs will be recouped via the Fund's buy-sell spread (being the difference between the Fund's entry and exit unit prices). The transaction costs set out in the PDS are net of any amount recovered by the buy-sell spread.

As at the date of this PDS, the estimated total transaction costs for the Fund were 0.12%. Of this amount, we estimate 0.01% was recouped via the buy-sell spread and 0.11% reduced the return of the Fund. These costs are expressed as a percentage of the assets of the Fund. Transaction costs and buy-sell spreads may vary from year to year depending upon market conditions, the market impact of transacting and volumes traded.

Rebates/waivers for interfunding arrangements

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

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

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

Differential fees

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

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

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

Indirect investors – additional master trust or wrap account fees

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

Product access payments and fund manager payments

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

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

Direct remuneration – financial advisers

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

Non-monetary benefits

We may make non-monetary payments or benefits (including sponsorships, gifts, and entertainment) to financial advisers, dealer groups and platform providers who provide financial product advice to retail investors where those payments are less than \$300 or are given in relation to providing information technology support or software used for professional development, or for genuine educational and training purposes.

If these amounts or benefits are provided, they are payable out of the fees and costs we are entitled to receive and are not an additional cost to you.

Register of non-monetary benefits

We maintain a register that outlines all the non-monetary payments or benefits that we make to financial advisers, dealer groups and platform providers or receive from them with a value between \$100 to \$300.

You can obtain a copy of this register by contacting our Client Services team.

Incidental fees and costs

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

5. How managed investment schemes are taxed

Taxation

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

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

Attribution Managed Investment Trust (AMIT) Regime

The AMIT tax regime is designed specifically for managed funds, to provide certainty and flexibility to managed funds and their investors.

We have elected that the Scheme be an AMIT.

As an investor in the Fund, you will be taxed on the income of the Scheme that has been attributed to you on a 'fair and reasonable basis' for each financial year that the Scheme qualifies as an AMIT.

Where the Scheme qualifies and has elected to treat separate classes of units as separate AMITs ('AMIT multi-class election'), any class of units with net income will not be offset against losses of another class. Where the Scheme has not elected or does not qualify for the AMIT multi-class election, any class of units with net income may be offset against the losses of another class.

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

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

Taxation of the Scheme

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

We do not expect the Scheme to be subject to tax on the income of the Scheme (other than in relation to withholding tax on foreign income or other taxes in respect of non-resident investors) as we intend that:

- when the Scheme is an AMIT: all taxable income of the Scheme will be 'attributed' to investors on a 'fair and reasonable' basis in each financial year and be reflected in the AMMA statement provided to investors; and
- when the Scheme is not an AMIT: investors will continue to be presently entitled to all the net income of the Scheme in each financial year and an investor's share of the net taxable income of the Scheme will be reflected in the tax statement provided to the investor.

While the Scheme is an AMIT, we have the discretion to accumulate income of the Scheme, or any class of units in the Scheme (instead of, or in addition to, distributing income to investors), and if we do so, the accumulated income will be reflected in the unit price of the relevant class of units to which the accumulated income relates. Our policy is generally to distribute the net income of the Scheme (including net realised capital gains) for each financial year to investors.

If you disagree with our attribution of taxable income, you may write to the Commissioner of Taxation within 4 months of the end of the relevant income year. You will be required to provide us with a copy of this submission at the same time.

Taxation of Financial Arrangements (TOFA)

Broadly, the TOFA rules may affect the time at which gains and losses from financial arrangements are recognised for income tax purposes, including whether the gains and losses are recognised on an accruals rather than realisation basis or whether the gains and losses are on revenue account. The Scheme should be subject to the TOFA rules and depending on the types of financial arrangements it holds, it may be required to recognise gains and losses from these financial arrangements on an accruals basis.

Individuals should not be directly subject to TOFA in respect of their investment, unless they have elected for the TOFA rules to apply.

Other investors may be directly subject to the TOFA rules in respect of their investment. Prospective investors should seek their own advice in relation to the potential applicability of TOFA in respect of their particular circumstances.

Withholding taxes

The Scheme may derive income from foreign sources which is subject to foreign withholding taxes in those jurisdictions. Such taxes may be reduced under tax treaties which may exist between Australia and the respective foreign jurisdiction. The benefit of foreign taxes paid by the Scheme will be attributed/ allocated to investors as foreign tax credits to the extent permitted by Australian tax laws.

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

Foreign Tax Residency Information

We are required to identify tax residents of a country or countries other than Australia in order to meet account information reporting requirements under domestic and international laws.

If at any time after account opening, information in our possession suggests that you, or the entity or any individual who holds ownership and/or control in the entity of 25% or more (Controlling Person), may be a tax resident of a country or countries other than Australia, you may be contacted to provide further information. Failure to respond may lead to certain reporting requirements applying to the account.

A Controlling Person refers to the individual(s) that directly or indirectly own a legal interest in the entity of 25% or more and/or exercises actual effective control over the entity, whether from an economic or other perspective such as through voting rights. Where no individuals are identified as exercising control of the entity through ownership interests, the Controlling Person of the entity is deemed to be the individual(s) who hold the position of senior managing official. In the case of a trust, a Controlling Person includes the settlor(s), trustee(s), appointer(s), protector(s) or classes of beneficiaries and in the case of an entity other than a trust, the term includes persons of equivalent or similar positions.

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

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

Australian companies and other entities that invest in the course or furtherance of their registered business may provide us with their ABN instead of their TFN.

6. 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;

‘Net Asset Value (NAV)’ means the total value of the assets minus the total liabilities of the Fund, as determined in accordance with the constitution;

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

‘Scheme’ means the Pandal Global Select Fund ARSN 651 789 678;

‘Units’, ‘Class P Units’ or the ‘Fund’ means the ‘Class P’ class of units in the Scheme;

‘we’, ‘our’, ‘us’ or ‘Pandal’ means the responsible entity of the Scheme and, where appropriate, J O Hambro Capital Management Limited;

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