

Pendal Group Limited (PDL)

Share Purchase Plan – SUBSCRIBE

25 May 2021

On the 10th May 2021, **Pendal Group Limited (PDL)** announced its intention to raise at least \$190m by way of an institutional equity placement and a subsequent share purchase plan (SPP).

PDL announced the capital raising in order to reduce debt and partly fund the recent acquisition of US-based investment management company Thompson, Siegel & Walmsley (TSW).

Whilst new units issued through the institutional placement and SPP will not be entitled to the 1H21 interim dividend due to be paid on 1st July 2021, **PDL** anticipate the deal to be double digit earnings per share (EPS) accretive in the first full year post completion.

Having raised \$190m at \$6.80 from institutions in a placement that was significantly oversubscribed, **PDL** are now offering eligible shareholders who were on the register on the record date being 7th May 2021 the opportunity to participate.

New shares purchased under the SPP will be offered at the lower of \$6.80 per new share (the same price paid by institutions) or the volume weighted average price (VWAP) of **PDL** shares traded on the ASX on the five trading days up to and including the SPP closing date (7th June 2021).

Given the size of the discount to the current share price (~10%) it is likely the offer will be scaled back. Any scale back will be done at **PDL**'s absolute discretion however will have regard to the size of each investor's existing holding.

Whilst we view the raising as a positive for **PDL** with the acquisition set to expand **PDL**'s footprint in the North American market, we are conscious of the fact that **PDL** share prices have more than doubled in the past 14 months.

As a **PDL** shareholder, you have two options:

Take up the share purchase plan offer in your nominated size (\$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or a maximum of \$30,000 free of transaction costs and brokerage) or

Do nothing.

Whilst we view this offer as attractive with the offer price discount compelling enough to warrant participation, we would recommend selling an equivalent number of units or value on market to fund the participation in the SPP. This ensures the overall exposure to **PDL** is not increased whilst still capitalising on the discount on offer.

We recommend participating in the SPP and funding it through the sale of **PDL** shares on market.

What to do?

PRIME recommend you SUBSCRIBE to the SPP and sell an equivalent number of units on market.

We recommend you participate in the share purchase plan to the specified amount in the accompanying email.

As at the close of trading on 19 May 2021, **PDL** is trading at \$7.50 with the SPP price of \$6.80 representing a 10% discount.

We believe the offer price represents a compelling discount to the current market price and recommend utilising some of your existing **PDL** holding to fund the participation.

Prime consider the likelihood of a scale back to be high, so it is worthwhile highlighting the risk that applicants may not receive their full entitlement.

Timetable

| Event | Date |
|--|---|
| Record Date for eligibility | Friday, 7 th May 2021, 7pm |
| SPP Opening Date | Monday, 17 th May 2021 |
| Pricing Period | Tuesday, 1st June 2021 – Monday, 7th June 2021 (inclusive) |
| SPP Closing Date | Monday, 7th June 2021, 5pm |
| Issue of SPP Securities | Tuesday, 15 th June 2021 |
| SPP Securities expected to commence trading on ASX | Wednesday, 16 th June 2021 |
| Dispatch of holding statements | Wednesday, 16 th June 2021 |

Source: **PENDAL GROUP LIMITED** Share Purchase Plan Booklet – 17th May 2021

How to participate

If you do not wish to participate, you do not need to do anything.

However, **if you wish to discuss this further or to participate in the offer, please contact your adviser before Friday 28th May 2021.**

If you have any queries or would like to speak with us regarding the above please contact your Financial Adviser or Client Services on 1800 064 959.

| | | | |
|-----------------|-------------------|------------------|-------------------|
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Yours sincerely,

Primestock Securities Ltd
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