Target Market Determination

PENDAL

Pendal Dynamic Income Fund - Class R and Class W

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ARSN: 622 750 734
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This Target Market Determination (**TMD**) is required under section 994B of the Corporations Act 2001 (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a Product Disclosure Statement (**PDS**) and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. A PDS is available for the Fund and can be obtained by calling 1300 346 821 or visiting www.pendalgroup.com.

Target Market Summary

The Pendal Dynamic Income Fund (**Fund**) is designed for consumers who are seeking Capital Preservation or Income Distribution, are intending to use the Fund as a Core, Minor or Satellite Allocation within a portfolio, have a minimum 3 years or longer investment timeframe, have a Medium risk and return profile, and are unlikely to need to access their capital within One Week of request.

TMD Indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:

In target market	Not in target market

Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in Column 1 is likely to be in the target market for this product.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor allocation). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a High risk/return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this portfolio view for diversification, available on the FSC website. https://www.fsc.org.au/. This guidance only applies where a product is held as part of an appropriately diversified portfolio.

Target Market

Appropriateness

Pendal Fund Services Limited (Pendal) has assessed the Fund and formed the view that the Fund, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described below. This is due to the features of this Fund likely being suitable for consumers with the attributes identified with a green indicator.

Consumer attributes	TMD indicator
Consumer's investment objective	**TMD indicator**
Capital Growth	Not in target market
Capital Preservation	In target market
Income Distribution	In target market
Consumer's intended product use (% of Investable Assets)	**TMD indicator**
Solution/Standalone (up to 100%)	Not in target market
Major Allocation (up to 75%)	Not in target market
Core Component (up to 50%)	In target market
Minor Allocation (up to 25%)	In target market
Satellite Allocation (up to 10%)	In target market
Consumer's investment timeframe	**TMD indicator**
3 years or longer	In target market
Consumer's Risk (ability to bear loss) and Return profile for the relevant portion of the consumer's portfolio*	**TMD indicator**
Low	Not in target market
Medium	In target market
High	Not in target market
Very High	Not in target market
Extremely High	Not in target market
Consumer's need to access capital	**TMD indicator**
Within One Week of request	In target market
Within One Month of request	In target market
Within Three Months of request	In target market
Within One Year of request	In target market
Within Five Years of request	In target market
Within Ten Years of request	In target market
Ten Years or More	In target market

* Refer to Investment products and diversification section of the TMD above.

About the Fund

Investment Objective: The Fund aims to provide a return (before fees, costs and taxes) that exceeds the RBA Cash Rate by 2-3% p.a. over the medium term.

Product Description: The Fund is designed for investors who seek income from a portfolio of Australian and international fixed income securities across a range of market conditions and are prepared to accept some variability of returns.

The Fund is an actively managed portfolio that invests primarily in Australian issued investment grade corporate bonds. The Fund may also invest in emerging markets sovereign debt and international credit (including high yield), to provide portfolio diversification and enhance returns when we believe market conditions are supportive. The Fund's international credit exposure is typically obtained through indices, primarily using derivatives.

The Fund has the ability to decrease its allocation to credit and invest in cash. The Fund actively manages interest rate duration throughout the interest rate cycle and may use active currency management as part of its investment strategy to enhance returns when we believe market conditions are supportive.

Portfolio Diversification: The Fund is comprised of Australian Cash and Credit 50 – 100% and International Cash, Emerging Markets Sovereign Debt and International Credit 0 – 50%.

The Fund provides broad exposure to Australian issued investment grade corporate bonds, emerging market sovereign debt and international credit (including high yield). Its portfolio diversification has been assessed as Medium.

Risk Level: Low to medium.

Low to medium risk of losing money in any year. Likely to produce moderate returns over the medium to long term.

Please refer to the Fund's PDS for a list of significant risks.

Suggested Length of Investment: This product is designed for consumers who seek to invest their capital for a minimum period of three years.

Access to Capital: Under normal circumstances, withdrawal requests may be made on any Business Day and requests received by the Fund's cut off time on any Business Day will generally be processed on the following Business Day. A Business Day being a day other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Sydney. Please refer to the PDS for full details on the withdrawal conditions for the Fund and other factors that may delay or impact the payment of proceeds.

Distributor Information

Distribution conditions and restrictions

Channel	Distribution Condition	Rationale
Directly (and non-advised)	Directly (and non-advised) – via the issuer's website www.pendalgroup.com, including online and physical application forms. For a consumer to access the product directly, they must read and accept the PDS. Consumers applying via the online application form will be asked a series of questions to assist the Issuer in understanding whether a significant dealing has occurred.	It has been determined that the distribution conditions and restrictions will make it likely that customers who purchase the product are in the class of customers for which it has been designed. We consider that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.
Directly (and advised)	Distributors may only engage in retail product distribution conduct if they are providing personal advice in relation to the product or if the product is being distributed via financial advisers where consumers have received personal advice. For a consumer to access the product directly, they must read and accept the PDS. Distributors should only engage in retail product distribution conduct if they are reasonably satisfied that distribution is necessary to implement personal advice given to the consumer.	The Issuer considers that the distribution condition will make it likely that consumers who acquire the product will be in the target market for the product, or the product will otherwise be appropriate for them, because: Persons providing personal advice must consider the consumer's individual circumstances and comply with the best interests' duty and related obligations under Pt 7.7A of the Corporations Act.
Distribution channels such as investment or super platforms or wrap products (platforms), Investor directed portfolio service (IDPS), IDPS-like scheme, nominee or custody service or any other trading platform.	This Product is available to persons investing through investment or super platforms, or wrap products (platform), an investor directed portfolio service (IDPS), IDPS-like scheme, nominee or custody service or any other trading platform.	The issuer of each platform has its own obligations as an issuer and distributor to take reasonable steps that will or are reasonably likely to result in retail product distribution being consistent with this TMD.

Distributor reporting requirements

Reporting requirement - All distributors	Reporting period	Method of reporting (using FSC data standards where practicable)
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the end of a calendar quarter.	Information to be sent to DDO@pendalgroup.com
Significant dealings outside the target market determination.	As soon as practicable but no later than 10 business days after becoming aware of a significant dealing.	Information to be sent to DDO@pendalgroup.com

Review Triggers

- Material change to key attributes, fund investment objective and/or fees.
- Material deviation of performance from benchmark or objective over sustained period.
- Key attributes have not performed as disclosed by a material degree and for a material period.
- Determination by the issuer of an ASIC reportable Significant dealing.
- Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
- The use of Product Intervention Powers, regulator orders or directions that affects the product.

Maximum period for review of this TMD

Initial review	1 year and 3 months (Complete)
Subsequent / periodic reviews	2 years and 3 months

Definitions

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with very high portfolio diversification (see definition below).
Major Allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with at least high portfolio diversification (see definition below).
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification (see definition below).
Minor Allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with at least low portfolio diversification (see definition below).
Satellite Allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with very low portfolio diversification (see definition below). Products classified as extremely high risk are likely to meet this category only.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use) Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	
Very Low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very High	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.
Consumer's intended investment timeframe	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the Fund is likely to be achieved.

Term	Definition
Consumer's Risk (ability to bear loss) and Return profile for the relevant part of the portfolio	
This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating. A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	For the relevant part of the consumer's portfolio, the consumer: • has a conservative or low risk appetite, • seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and • is comfortable with a low target return profile. The consumer typically prefers stable, defensive assets (such as cash).
Medium	For the relevant part of the consumer's portfolio, the consumer: • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. The consumer typically prefers defensive assets (for example, fixed income).
High	For the relevant part of the consumer's portfolio, the consumer: • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). The consumer typically prefers growth assets (for example, shares and property).
Very High	For the relevant part of the consumer's portfolio, the consumer: • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).
Extremely High	For the relevant part of the consumer's portfolio, the consumer: • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).
Consumer's need to access capital	
This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances.	

Term	Definition
Distributor reporting	
Significant Dealings	Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning. The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC. Dealings outside this TMD may be significant because: • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). In each case, the distributor should have regard to: • the nature and risk profile of the product (which may be indicated by the product's risk rating or access to capital timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer). Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if: • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter, • the consumer's intended product use is solution/standalone, • the consumer's intended product use is core component or higher and the consumer's risk/return profile is low, or • the relevant product has a green rating for consumers seeking extremely high risk/return.

Disclaimer

This TMD is issued by Pendal Fund Services Limited ABN 13 161 249 332, AFSL 431426 (PFSL). PFSL is the responsible entity and issuer of units in the Fund as defined in this TMD. This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. This TMD is not a product disclosure statement (PDS) and is not a summary of the product features or terms of the Fund. A PDS is available for the Fund and can be obtained by calling 1300 346 821 or visiting www.pendalgroup.com. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the Fund's PDS, unless otherwise defined. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.