PENDAL

Pendal Dynamic Income Fund
Class R
Product Disclosure Statement

APIR Code: BTA8657AU

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Read this

This Product Disclosure Statement (**PDS**) provides a summary of the key information relating to an investment in the Class R Units of the Pendal Dynamic Income Fund (**Class R Units** or **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/PendalDynamicIncomeFundR-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. References in this PDS to 'Units', 'Class R Units' or the 'Fund' refers to the 'Class R' class of units in the registered managed investment scheme, the Pendal Dynamic Income Fund, ARSN 622 750 734 (**Scheme**). All rights and entitlements of a unit relate to the rights, entitlements, liabilities and other amounts referable to Class R Units. No other fund, trust or class of units is offered in this PDS.

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 the Scheme, and issuer of Class R Units 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*.

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1. About Pendal Fund Services Limited

PENDAL

The future is worth investing in

Pendal Fund Services Limited is the responsible entity for the Pendal Dynamic Income Fund (**Scheme**). As responsible entity, it is responsible for overseeing the operations of the Scheme.

Pendal Institutional Limited (ABN 17 126 390 627) is the investment manager of the Scheme. As the investment manager, it selects and manages the assets of the Scheme and may appoint other managers to manage some or all of the Scheme's assets.

2. How the Pendal Dynamic Income Fund works

How the Scheme operates

The Pendal Dynamic Income Fund is a registered managed investment scheme.

When you invest your money in the 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 Scheme. 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, Pendal has day-to-day control over the operation of the Scheme.

The Scheme offers multiple classes of units to investors. From time to time, Pendal may issue additional classes of units in the Scheme, each with different rights and entitlements. Investments made under this PDS are for units in Class R of the Scheme, and the rights and entitlements disclosed in this PDS are specific to the Class R Units. The total value of the assets held in the Scheme are divided into units based on the classes in the Scheme. A reference to a 'unit' in this PDS, is a reference to the Class R units of the Scheme. Each unit carries an equal beneficial interest in the Scheme as a whole but does not give an investor an interest in any particular assets of the Scheme. The unit price for Class R is generally calculated for each Business Day based on Class R Units' share of the Scheme's net asset value. The unit price will generally change daily as the market value of assets in the Scheme 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 Scheme.

Entry and exit prices for each Business Day will be available at www.pendalgroup.com by clicking on 'Products', select the Scheme and click on 'View fund information'. Refer to the 'Prices & Distributions' section.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 Scheme's constitution. You can request a copy of the policy free of charge by calling us or by downloading a copy at www.pendalgroup.com/UnitPriceDiscretionPolicy.

Minimum initial investment

The minimum initial investment amount is $25,000. In certain circumstances, we may reject an application or accept only part of an application. For more information on how to apply, please refer to section 8 of this PDS.

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. Investors also have the ability to transact online and use BPAY®. For more information, please refer to the BPAY® user guide at www.pendalgroup.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. Investors also have the ability to transact online. For more information, please refer to www.pendalgroup.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 suspend a withdrawal request where it is impractical for us to determine the value of assets of the Scheme due to circumstances outside our control (such as restricted or suspended trading in the market for an asset) or where the Scheme becomes illiquid.

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. Under the Corporations Act, a scheme is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

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 Class R 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 Class R 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 with a final distribution each year for the period ending 30 June. In some circumstances, we may also pay distributions at other times during the year where we consider it appropriate.

Distributions that you receive are generally assessable income. The distribution amount will depend on the Scheme's distributable income.

The Scheme's distributable income is generally calculated based on the Scheme's net income at the end of the distribution period. The amount of your distribution will be proportionate to the number of units held by you relative to the number of units on issue. In certain circumstances, some income may be held back until the final distribution at the end of June to allow for market volatility. The Scheme may also distribute a payment out of the capital invested.

The Scheme's distributable income will vary and sometimes there might not be any distribution. Losses arising from the

realisation of a derivative position may adversely impact the Scheme's distributable income.

You can choose to have your distributions automatically reinvested into additional Class R Units in the Scheme 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 'Restrictions on Withdrawals' and 'Indirect investors' before making a decision. Go to section 1 and section 2 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS. The material relating to 'Restrictions on Withdrawals' and 'Indirect investors' may change between the time when you read this Statement and the day when you acquire the product.

3. Benefits of investing in the Pendal Dynamic Income Fund

Significant features

The Pendal Dynamic Income Fund is an actively managed diversified portfolio of Australian and international fixed income securities.

Significant benefits

Investing in the Fund offers investors a range of benefits:

- access to a professionally managed portfolio of Australian and international fixed income securities that provide the potential for income across a range of different market conditions;
- exposure to Australian issued investment grade corporate bonds, emerging markets sovereign debt and international credit (including high yield); and
- access to Pendal's investment expertise.

You should read the important information about 'Other features and benefits of the Fund' before making a decision. Go to section 3 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS. The material relating to 'Other features and benefits of the Fund' may change between the time when you read this Statement and the day when you acquire the product.

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:

- Class risk: The Fund has been established as a separate class of units in the Scheme. As the assets are held on trust for all investors, there is a risk that investors of one class may be exposed to liabilities of another class of units and they could lose some or all of their investment in the Fund. There is also a risk that in the event of an insolvency, the assets of the Fund could be made available to creditors of another class of units of the Scheme.
- Credit risk: This is 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.
- Currency risk: The Fund's assets may be denominated in a variety of currencies. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. For unhedged investments in international assets, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Where this risk is hedged, the hedge may not provide complete protection from adverse currency movements.
- Derivative risk: The value of a derivative is derived from the value of an underlying asset and can be highly volatile. A derivative's value can change in response to a range of unpredictable factors such as changes in a specified interest rate, foreign exchange rate, asset price or credit rating. Derivatives also involve a higher level of risk than buying an asset directly. This is because derivatives require very little or no initial investment to gain exposure to markets. As a result, derivatives magnify both potential investment gains and losses. Losses from derivative transactions can be substantial and can exceed the original amount invested.
- Emerging markets risk: The Fund may make investments that provide exposure to emerging markets. Emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity, the potential for political unrest, the increased likelihood of sovereign intervention (including default and currency intervention), currency volatility and increased legal risk. Emerging market investments therefore may experience increased asset price volatility and face higher currency, default and liquidity risk.
- 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.
- Legal and regulatory risk: The risk that a change in laws and regulations governing a security, sector or financial markets could have an adverse impact on an investment. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape. For example, a country may nationalise a business or industry which may result in investors losing some or all of their investment.
- Leverage risk: Leverage generally involves the use of borrowed money or derivatives to increase the potential return from an investment. While the Fund is not permitted to borrow to invest, it will be leveraged through the use of derivatives. Leverage occurs where the level of exposure to investments exceeds the amount of cash invested. Leverage through the use of derivatives, involves a higher level of risk because derivatives require very little or no initial investment to gain exposure to markets. As a result, leverage magnifies both potential investment gains and losses. Losses from leveraged investments such as

derivatives can be substantial and can exceed the original amount invested.

- 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 within a particular timeframe to pay withdrawals. If this occurs, there can be delays in the payment of withdrawals.
- Manager risk: The risk that the investment professionals employed to manage the Fund's investments will not perform to expectation or that changes to key investment personnel may have a material impact on the Fund's investment performance.
- 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.
- Operational and cyber security risk: The Fund's operations may be adversely impacted by breakdowns in internal/external administrative processes or circumstances beyond our reasonable control, such as failure of technology or infrastructure, or natural disasters.

  Despite security measures, fraud, data loss/damage or business disruption may result from cyber threats against or unauthorised infiltration of our technology systems and networks or those of our service providers.
- Security risk: The risk that a particular asset that the Fund invests in may fall in value. When an investment in a company is made, an investor is exposed to risks such as a change in management or the loss of a significant customer. The value of fixed interest securities can also be affected by specific events such as changes in the perceived or actual creditworthiness of a particular issuer. The risks to which the company or issuer is exposed can result in a reduction in the value of your investment.

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.

Pendal Dynamic Income Fund		
Investment Return 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.	
Minimum Suggested Time Frame for Holding Investment	3 years	
Asset Classes and Asset Allocation Ranges[1,2]	• Australian Cash and Credit[3,4]	50 – 100%
	• International Cash, Emerging Markets Sovereign Debt[5] and International Credit[4]	0 – 50%
Benchmark	RBA Cash Rate	
Description of Fund	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.	

1 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.

2 The Fund's assets will generally fall within these ranges but may deviate from these for short periods in connection with the management of the Fund's assets or cash position.

3 The Fund has a minimum investment exposure to Australian investment grade credit of 50% of the value of the Fund. Investment grade bonds refer to securities that are expected to have a high probability of payment of interest and repayment of principal.

4 The Fund may hold its Australian and international credit exposures in non-investment grade credit securities. Non-investment grade securities are fixed income securities that are expected to have a lower probability of payment of interest and repayment of principal compared to investment grade securities. The Fund can invest up to 15% of the value of the Fund (in aggregate) in Australian and international non-investment grade credit securities.

5 The Fund can invest up to 30% of the value of the Fund (in aggregate) in Emerging Markets Sovereign Debt and international non-investment grade securities. However, the Fund can only invest up to 15% of the value of the Fund (in aggregate) in Australian and international non-investment grade credit securities.

	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. Pendal uses a combination of quantitative signals and qualitative research to construct the Fund's portfolio. The Fund's portfolio is constructed using the following three step approach: 1. Generate investment themes through quantitative models Pendal uses proprietary financial models which have been built and specified for individual markets. The models use economic, market and technical data which aim to forecast the future direction of fixed income markets (credit and sovereign) in order to generate investment themes. 2. Reaffirm investment themes with qualitative research The signals generated by our quantitative models are more thoroughly researched to identify three to five investment themes that we consider have the highest probability of generating returns. 3. Asset Allocation Once the investment themes are identified, Pendal assesses whether the overarching theme is an environment that is supportive of emerging markets sovereigns and credit (including high yield). If the environment is deemed to be less supportive, exposure to these markets is reduced in favour of higher allocation to cash and strategies that are expected to have a negative correlation to credit and equities. If the themes also point towards lower interest rates and a negative correlation environment exists between interest rates and credit, the Fund can increase its Australian interest rate duration. The Fund may hold its Australian and international credit exposures in non-investment grade credit securities. At the time of purchase, Australian credit securities (including corporate bonds) must be rated investment grade. However, if a corporate bond is downgraded after purchase, it can continue to be held. International credit securities may be rated non-investment grade at the time of purchase. The Fund's maximum investment exposure to Australian and international non-investment grade credit securities (in aggregate) is limited to 15% of the value of the Fund. Derivatives are used for a range of purposes including to gain exposure to the Fund's assets, emerging markets sovereigns and credit markets. Derivatives are also used to manage the Fund's interest rate duration and active currency. They are also used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. The Fund cannot borrow money for investment purposes but can use derivatives for leverage. Pendal does not limit the maximum amount of leverage obtained from investing in derivatives used to manage the Fund's interest rate duration or active currency. However, leverage obtained from investing in Australian and international credit derivatives and sovereign emerging markets derivatives is limited to a maximum of 20% above the value of the Fund.
Labour, Environmental, Social and Ethical Considerations	Pendal does not have a predetermined view about what it regards as environmental, social (including labour standards), corporate governance and ethical factors (**ESG**). However, Pendal incorporates an assessment of ESG factors in the Fund's investment process and portfolio construction to the extent that such factors are deemed material to the financial performance of an investment. Our investment analysis may include ESG considerations 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. Pendal does not have a set approach or time frame for monitoring or reviewing the process of incorporating ESG factors in the Fund's investment process and portfolio construction. Where an ESG factor negatively impacts the current or future financial performance of an investment, we will consider whether to select, retain or sell it on a case by case basis.
Risk Level[6]	Low to medium Low to medium risk of losing money in any year. Likely to produce moderate returns over the medium to long term.
Fund Performance	For up-to-date information on the performance of the Fund, including performance history, please visit www.pendalgroup.com, click on 'Products', select the Scheme, and click on 'View fund information'. Refer to the 'Performance' section.
Changes to Fund Details	We have the right to close or terminate the Fund and change the Fund's investment strategy and investment return objective (including benchmark), asset classes and asset allocation ranges and limits 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, which in some circumstances, may require prior notice to investors. Material change notices are also available on our website at www.pendalgroup.com by clicking on 'Products', selecting the Fund and clicking on 'View fund information.' Material change notices will be under the section 'Important Updates'.

6 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. **Investors should ensure they are comfortable with the risks and potential losses associated with investing in the Fund.**

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 fees. 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)** MoneySmart 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 of the Fund with those of other funds. Unless otherwise stated, all fees and costs disclosed in the PDS are on a GST inclusive basis and net of any applicable Reduced Input Tax Credits.

Fees and costs summary

Pendal Dynamic Income Fund – Class R		
Type of Fee or Costs	**Amount**	**How and when paid**
Ongoing annual fees and costs		
Management fees and costs[7] The fees and costs for managing your investment	Estimated to be 0.55% p.a. of the assets of the Fund, comprised of: 1. Management fee of 0.55% p.a. 2. Estimated indirect costs of 0.00%[8] 3. Estimated expense recoveries of Nil[9]	The management fees and costs are deducted from the Fund's assets and are reflected in its unit price. 1. The management fee is payable monthly in arrears. 2. Indirect costs are deducted from the Fund's assets as and when incurred. 3. Expense recoveries are deducted from the Fund's assets as and when incurred.[9]
Performance fees Amounts deducted from your investment in relation to the performance of the Fund	Nil	Not applicable
Transaction costs The costs incurred by the Fund when buying or selling assets	Estimated to be 0.00% p.a. of the assets of the Fund[10]	All transaction costs are paid out of the Fund's assets as incurred and are reflected in its unit price.
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the Fund	Estimated to be 0.12% of the application amount on application and 0.12% of the withdrawal amount on withdrawal	These are the amounts recovered by the Fund when you transact. Buy-sell spreads are included in the application and withdrawal prices and effectively increase the amount you pay when you buy units and reduce the amount you receive when you sell units.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable

7 The management fees in this PDS can be individually negotiated if you are a wholesale client under the Corporations Act. For further details, please refer to the 'Additional information about fees and costs' in section 4 of the 'Additional Information to the Product Disclosure Statement'.

8 Based on information available to us as at the date of this PDS, no indirect costs were incurred in the previous financial year although these costs may be incurred in the future.

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

10 Transaction costs are shown net of any amounts recovered by the Fund from the buy-sell spread incurred by transacting investors.

Exit fee The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

The fees and costs set out above can change. In particular, subject to the Fund's constitution, we can change the fees noted above without the consent of the Fund's investors. If we do increase the fees, or our approach to expense recoveries, we will give you 30 days' written notice. For more information on fees and costs refer to the 'Additional information about fees and costs' in section 4 of the 'Additional information to the Product Disclosure Statement'.

Warning

In addition to the fees set out above, fees may be payable to your financial adviser. Any such fees would be payable by you in addition to those set out above, and set out in the Statement of Advice your financial adviser provides.

Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual 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 products offered by managed investment schemes.

Example – Pendal Dynamic Income Fund – Class R		**Balance of $50,000 with a contribution of $5,000 during year**[11]
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged $0
PLUS Management fees and costs	0.55% p.a.	And, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $275 each year
PLUS Performance fees	Nil	And, you will be charged or have deducted from your investment $0 in performance fees each year
PLUS Transaction costs	0.00% p.a.	And, you will be charged or have deducted from your investment in transaction costs
EQUALS Cost of Fund		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of **$275**[12] **What it costs you will depend on the fees you negotiate**

Additional explanation of fees and costs

Buy-sell spread

The buy-sell spread is an additional cost to you and is generally incurred whenever you transact 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, stamp duty and other costs of execution, when the Fund is purchasing and selling assets. There is no buy-sell spread on distributions that are reinvested.

The current total buy-sell spread is 0.24% of the amount that you transact, represented as the difference between the entry and exit price. A buy spread of 0.12% is applied on each application and a sell spread of 0.12% is applied on each withdrawal. For example, if you invested $50,000 in the Fund the cost of your buy spread would be $60, and the cost of your sell spread on withdrawing $50,000 from the Fund would be $60.

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', select the Scheme and click on 'View fund information'.

You should read the important information about 'Additional information about fees and costs' before making a decision. Go to section 4 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS. The material relating to 'Additional information about fees and costs' may change between the time when you read this Statement and the day when you acquire the product.

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 tax on behalf of investors. However, we (or your master trust or wrap account provider) 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 generated by the Scheme and attributed to you. The Scheme has elected into the Attribution Managed Investment Trust (**AMIT**) regime. As an AMIT, the income attributed to you may be more than or less than the distributions you receive in respect of the financial year ending 30 June.

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 5 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS. The material relating to 'How managed investment schemes are taxed' may change between the time when you read this Statement and the day when you acquire the product.

11 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.

12 Please note that this example does not capture all the fees and costs that may apply to your investment, such as the buy-sell spread.

8. How to apply

1. Read this PDS together with the 'Additional Information to the Product Disclosure Statement' available at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS.
2. Direct investors should complete the Application and relevant Form(s). Please visit www.pendalgroup.com, click on 'Products', select the Scheme and click on the 'Apply' button. A copy of the forms can also be requested by calling us. Payment details and methods are included in the Application Form.
3. If you are a non-advised investor (an investor without a financial adviser) investing directly in the Fund, you may also be required to complete a series of questions as part of your online Application, to assist us in understanding whether you are likely to be within the target market for the Fund as described in the target market determination (**TMD**).
4. 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.
5. The offer made in this PDS is generally only available to persons receiving this PDS (electronically or otherwise) within Australia. Applications from outside Australia will generally not be accepted. This PDS does not constitute an offer or recommendation in any jurisdiction, or to any person to whom it would be unlawful to make such an offer or recommendation.

9. Other information

Target market determination for the Fund

A TMD describes the class of investors for whom the Fund is likely to be suitable based on their investment objectives, financial situation and needs. For more information please refer to the Fund's TMD at www.pendalgroup.com/ddo.

Complaints

If you have any concerns or complaints, as a first step, please contact Pendal Client Services. Our contact details are on the front cover of this PDS.

We are committed to dealing with your complaint fairly and as quickly as we can and within the maximum response time, which is 30 days after receiving your complaint. If we are unable to respond to your complaint within 30 days, we will notify you in writing and let you know the reasons for the delay.

If you believe that your complaint or concern has not been dealt with satisfactorily, the Australian Financial Complaints Authority (**AFCA**) may be able to help you. AFCA has been established by the Commonwealth Government to help consumers and small businesses deal with complaints about financial services firms. AFCA's service is free of charge to you. Time limits may apply to complain to AFCA and so you should act promptly. Consult the AFCA website www.afca.org.au for time and other limits that may apply.

You can lodge a complaint with AFCA by using their online form available at www.afca.org.au/make-a-complaint. Alternatively, you can call AFCA on 1800 931 678 or email AFCA at info@afca.org.au or write to them by letter, addressed to The Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001.

For more information on how we deal with complaints, you can access our complaints handling policy at www.pendalgroup.com/contact/concerns-or-complaints.

You should read the important information about 'Other information' before making a decision. Go to section 6 of the 'Additional Information to the Product Disclosure Statement' at www.pendalgroup.com/PendalDynamicIncomeFundR-PDS. This section includes a glossary of certain terms used in this PDS. The material relating to 'Other information' may change between the time when you read this Statement and the day when you acquire the product.