

# Pendal Sustainable Balanced Fund

## Class R

### Additional Information to the Product Disclosure Statement

APIR Code: BTA0122AU



Issued XX XXXX 2025

#### Read this

The information in this document forms part of the Product Disclosure Statement for Class R Units of the Pendal Sustainable Balanced Fund (Class R Units or Fund) dated XX XXXX 2025 (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 R Units' or 'Fund' refers to the 'Class R' class of units in the registered managed investment scheme, the Pendal Sustainable Balanced Fund, ARSN 637 429 237 (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 document. This additional information is general information only and does not take into account your personal financial situation or needs.

## 1. Restrictions on withdrawals

The following text contains further information about the circumstances in which your ability to withdraw from the Fund may be restricted and should be read in conjunction with the PDS.

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 the same value as 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 asset involved and prevailing market conditions. We may require you to pay for the costs involved in the transfer of the assets or we may deduct such costs from the amount payable to you.
Suspension of withdrawals	We may suspend withdrawal requests at any time and for such period as we consider appropriate in the circumstances (which may include where the Scheme becomes illiquid). 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 Scheme after the suspension is lifted.

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**Large withdrawals from multiple investors**

If we receive a large amount of withdrawal requests in a single day which exceed the specified limit (currently 10% of the Scheme's value but we can change this), then a proportion of the withdrawal requests may not receive the exit price for that day and may be deemed to be received on the next Business Day.

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## 2. Indirect investors

The following text contains further information for 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 (eg 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 environmental, social (including labour standards) 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.

### Exclusionary Screens

The Fund's exclusionary screens aim to avoid exposure to companies and issuers with core business activities that Pandal considers to negatively impact the environment and/or society.<sup>1</sup>

The Fund applies exclusionary screens to its investments in the Australian and International shares, Australian and International fixed interest and part of its Alternative investments asset classes.

Exclusionary screens are not applied to investments in the Fund's Australian and International property securities, part of the Fund's Alternative investments asset classes and certain financial instruments such as securities issued by government, semi-government or supranational entities, derivatives and cash. This is because such investments, financial instruments or issuers are not able to be reasonably screened for involvement in activities that Pandal considers to negatively impact the environment and/or society<sup>2</sup>.

The use of derivatives may result in the Fund having indirect exposure to companies or issuers that would otherwise be excluded.

<sup>1</sup> As defined by the exclusionary screens and gross revenue thresholds applied.

<sup>2</sup> As defined by the Fund's exclusionary screens and gross revenue thresholds. Please refer to section 5 of this PDS at [insert web address].

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## Exclusionary Screens – Australian Shares

The Fund's Australian shares asset class will not invest in companies which directly:

- Produce tobacco (including e-cigarettes and inhalers); or
- Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

The Fund's Australian shares asset class will also not invest in companies which:

### Fossil Fuels

- Directly extract or explore for fossil fuels (specifically, coal, oil and gas); or
- Derive 10% or more of their gross revenue from fossil fuel-based power generation, or from fossil fuel refinement or distribution (coal, oil and gas)\*; or
- Derive 10% or more of their gross revenue from the provision of supplies or services which relate specifically to fossil fuel extraction or exploration (coal, oil and gas)\*.

### Uranium

- Derive 10% or more of their gross revenue from directly mining uranium for the purpose of nuclear power generation.

### Logging

- Derive 10% or more of their gross revenue from unsustainable forestry or forest products, including non-Forest Stewardship Council certified forest products or non-Roundtable on Sustainable Palm Oil certified palm oil production.

### Gambling

- Directly manufacture, own or operate gambling facilities, gaming services or other forms of wagering; or
- Derive 10% or more of their gross revenue from the indirect provision of gambling (for example, through telecommunications platforms).

### Pornography

- Produce pornography; or
- Derive 10% or more of their gross revenue from the distribution or retailing of pornography.

### Weapons

- Manufacture or distribute controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, incendiary weapons, and white phosphorous weapons); or supply of goods or services specifically related to controversial weapons; or
- Manufacture of non-controversial weapons or armaments (including civilian firearms or military equipment); or
- Derive 10% or more of their gross revenue from the distribution or retailing of non-controversial weapons or armaments (including civilian firearms or military equipment); or supply of goods or services specifically related to non-controversial weapons or armaments.

### Alcohol

- Produce alcoholic beverages; or
- Derive 10% or more of their gross revenue from the distribution or retailing of alcoholic beverages.

### Tobacco

- Produce tobacco (including e-cigarettes and inhalers); or
- Derive 10% or more of their gross revenue from the distribution of tobacco (including e-cigarettes and inhalers); or
- Supply of goods or services specifically related to the tobacco industry (for example, packaging or promotion).

### Animal cruelty

- Directly undertake animal testing for cosmetic products; or
- Directly undertake live animal export.

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## Predatory lending

- Directly provide products or services with lending practices that are unfair or deceptive to ordinary borrowers, including small amount short term loans at higher than commercial rates of interest (for example, payday loans, pawn loans or the use of aggressive sales tactics).

## Breaches and misconduct

- We consider to have been found to have significant breaches of social or environmental norms or regulations, or are subject to serious and substantiated allegations of unethical conduct, which we consider have not been remedied or adequately addressed.

*\* 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.*

## Exclusionary Screens – International Shares

The Fund's International shares asset class will not invest in companies which directly:

- Produce tobacco (including e-cigarettes and inhalers); or
- Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments); or
- Extract or explore for fossil fuels (specifically, coal, oil and natural gas).

The Fund's International shares asset class will also not invest in companies which derive 10% or more of their gross revenue directly from:

- Fossil fuel-based power generation, or fossil fuel distribution or refinement (coal, oil and natural gas)\*;
- 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; and
- 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.*

## Exclusionary Screens – Australian Fixed Interest

The Fund's Australian fixed interest asset class will not invest in issuers which directly:

- Produce tobacco (including e-cigarettes and inhalers); or
- Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

The Fund's Australian fixed interest asset class will also not invest in issuers which derive 5% or more of their gross revenue directly from:

- Exploration, extraction or refinement of fossil fuels (specifically coal, oil and gas); or
- The production of alcohol; or
- Manufacture or provision of gaming facilities; or
- Manufacture of non-controversial weapons or armaments; or
- Manufacture or distribution of pornography; or
- Direct mining of uranium for the purpose of weapons manufacturing.

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## Exclusionary Screens – International Fixed Interest

The Fund's International fixed interest asset class will not invest in issuers which directly:

- Produce tobacco (including e-cigarettes and inhalers); or
- Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

The Fund's International fixed interest asset class will also not invest in issuers which derive 10% or more of their gross revenue directly from:

- The production of alcohol; or
- Manufacture or provision of gaming facilities; or
- Manufacture of non-controversial weapons or armaments; or
- Manufacture or distribution of pornography; or
- Direct mining of uranium for the purpose of weapons manufacturing; or
- Extraction of thermal coal and oil sands production.

## Exclusionary Screens – Alternative Investments

Exclusionary screens are applied to part of the Fund's Alternative investments asset class. This is because some investments cannot be reasonably screened for involvement in activities that Pandal considers to negatively impact the environment and/or society<sup>3</sup>.

Where exclusionary screens can be applied to Alternative investments, the Fund's Alternative investments asset class will not invest in companies or issuers which directly:

- Produce tobacco (including e-cigarettes and inhalers); or
- Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

A component of the Fund's Alternative investments<sup>3</sup> asset class will also not invest in companies or issuers which derive 10% or more of their gross revenue directly from:

- The production of alcoholic beverages; or
- Manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering; or
- Manufacture of non-controversial weapons or armaments; or
- Manufacture or distribution of pornography; or
- Direct mining of uranium for the purpose of nuclear power generation; or
- Extraction of thermal coal and oil sands production.

All reasonable care has been taken to implement the Fund's exclusionary screens to meet the criteria described above. To determine whether an investment is subject to the Fund's exclusionary screens, Pandal relies on internal and supplementary external research, believed to be accurate. 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's investments will meet all of the Fund's exclusionary screen criteria at all times.

Where the Fund invests in non-Pandal funds or non-Pandal ETFs, LICs or LITs, we do not guarantee that these investments will meet all of the Fund's exclusionary screen criteria at all times. This is because Pandal does not control the exclusionary screening methodology applied by such funds, ETFs or LITs and relies on publicly available information to monitor their compliance with the Fund's exclusionary screens.

Pandal reviews investments subject to the Fund's exclusionary screens monthly, however some investments within the Fund's Alternative investments asset class are reviewed quarterly. We monitor the Fund's compliance with its exclusionary screens daily.

<sup>3</sup> As defined by the Fund's exclusionary screens and gross revenue thresholds. Please refer to section 5 of this PDS at [insert web address].

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If we determine that an investment no longer meets our exclusionary screen criteria, we will divest the holding (usually within six months) having regard to the interests of investors. The time it takes to sell an investment depends on factors including, but not limited to, the size and liquidity of the investment (which may have an impact on the Fund's performance returns), and the time it takes for Pandal to seek and assess suitable replacement investments that meet the Fund's exclusionary screens and sustainability criteria.

## **Sustainability Assessment Framework**

Once we determine that an investment meets the Fund's exclusionary screens, we will then assess the investment's sustainability characteristics to ensure alignment with the Fund's Sustainability Objective.

The Fund's Sustainability Objective aims to support the transition to a more sustainable economy which balances environmental, social, and economic factors (the **Sustainability Objective**).

We apply our sustainability assessment framework to investments in the Fund's Australian and International shares, Australian and International fixed interest and part of the Fund's Alternative investments asset classes. The types of sustainability characteristics that we may consider as part of an investment's sustainability assessment include:

- Positive screening or positive tilts:

We consider whether the investment has a strategy in place that intentionally favours companies or assets that are considered to support positive environmental and/or social change via their investment processes

- Approach to active ownership:

Active ownership refers to the influence that can be applied to management teams and relevant stakeholders of investee companies and assets by asset owners via engagement and voting activities

- Exclusionary screening process:

We consider the investment's approach to screening out securities that are considered to negatively impact the environment and/or society<sup>4</sup>

- Sustainability reporting:

We consider the investment's approach to reporting their sustainability targets and commitments.

Pandal continually monitors the sustainability characteristics of the Fund's investments. At least 50% of the Fund's capital will be in alignment with the Fund's Sustainability Objective.

If we determine that an investment no longer meets the Fund's sustainability criteria, we may choose to engage with the underlying manager, company or issuer to address the issue. If the engagement is unsuccessful, we may divest the holding (usually within six months) having regard to the interests of investors. The time it takes to sell an investment depends on factors including, but not limited to, the size and liquidity of the investment (which may have an impact on the Fund's performance returns), and the time it takes for us to assess suitable replacement investments that meet the Fund's exclusionary screens and sustainability criteria.

## **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 and should be read in conjunction with the PDS.

You should note that except as otherwise set out in the PDS, any estimated costs are calculated based on our reasonable estimates of these costs using the actual costs incurred for the first 11 months in the previous financial year and annualising these actual costs for the 12 month period in the full financial year.

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.

### **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.

<sup>4</sup> As defined by the Fund's exclusionary screens and gross revenue thresholds. Please refer to section 5 of this PDS at [insert web address].

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The maximum management fee we are entitled to charge for the Fund is set out in the Fund's Constitution. The Constitution allows us to charge a maximum management fee of 1.02% p.a. (ex GST) of the value of the assets of the Fund. The management fees charged for this Fund may be less than the maximum. Please refer to section 6 of the PDS for the actual management fees being charged for the Fund.

## 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.

Based on the information available to us as at the date of this PDS and having regard to the previous financial year, the Fund incurred no indirect costs.

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](http://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.

As 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.

## 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. GST is not applicable to any buy-sell spread incurred by transacting investors.

For the previous financial year, the estimated total transaction costs for the Fund were 0.34%<sup>5</sup>. Of this amount, we estimate 0.13% was recouped via the buy-sell spread and 0.21% reduced the return 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.

The Fund's estimated OTC derivative costs may also include our reasonable estimates where we are unable to determine the exact amount or where information is unavailable to us.

## 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 related 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.

<sup>5</sup> These costs are expressed as a percentage of the assets of the Fund and are based on a one-year period for the previous financial year.

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## 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.

### Other benefits

We may make certain payments or other non-monetary benefits (including sponsorships, gifts, and entertainment) to financial advisers, dealer groups and Platform providers who provide financial product advice to retail investors. The provision of such payments or benefits will be made in accordance with applicable law 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

The following text contains further information about how managed investment schemes are taxed and should be read in conjunction with the PDS.

### 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

We have elected that the Scheme be an AMIT.

As an investor in the Scheme, you will be taxed on the income of the Fund 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's determined trust components are revised in a subsequent year (eg. due to actual amounts differing to the estimates of income, gains/losses or expenses), then differences (referred to as 'unders and overs') will arise. Unders and overs will generally be taken into account in the year they are discovered.

The Scheme has not elected to treat separate classes of units as separate AMITs.



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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 it 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 all taxable income of the Scheme will be attributed to investors on a 'fair and reasonable' basis in each financial year and this attribution be reflected in the AMMA statement provided to investors.

As the Scheme is an AMIT, we have the discretion to accumulate income in the Scheme (instead of, or in addition to, distributing income to investors). If we do, the Fund's unit price will only fall by the amount of the actual distribution and the accumulated income will be reflected in the Fund's unit price.

If you are investing indirectly through a master trust or wrap account, you should also refer to your provider for further information about the tax treatment of your investment in the Scheme through their master trust or wrap account service.

## **Withholding taxes**

The Scheme may derive income from foreign sources which is subject to foreign withholding taxes in those jurisdictions. The benefit of foreign taxes paid by the Scheme in foreign jurisdictions 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 or your master trust or wrap account provider must obtain details about any other countries where you are a resident for tax purposes (including your taxpayer identification number) as the Scheme may be required to report information about your investment in the Fund (including investment balances and any payments made) to the ATO each year for provision to the relevant overseas tax authority under rules designed to combat tax evasion in that country. We may request that you provide us with further information. We will then determine whether the Scheme is required to report your details to the ATO for this purpose based on our assessment of the relevant information received.

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

Investors are not obliged to provide their TFN or ABN (if applicable), but if you are an Australian resident for tax purposes and you do not provide a TFN, ABN or a valid exemption, we or your master trust or wrap account provider 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 Medicare levy and any other applicable levies.

Australian companies and other entities may provide us with their ABN instead of their TFN if their investment in the Fund is made as part of an enterprise.

## **6. Other information**

The following text contains a glossary of certain terms used in the PDS and should be read in conjunction with the PDS.

### **Terms used in this PDS**

In this PDS:

'Alternative investments' refer to a range of investments that do not fall within the four main asset classes of shares, property, fixed interest and cash. They can be based on publicly traded securities like shares, bonds and derivatives, which include hedge funds, absolute return funds and commodity investments. Some alternatives are based on private securities; these include venture capital and private equity. Investment strategies that may be found in some alternative investments include the use of gearing, short selling (selling something you do not own with a view to buying it back later at a lower price), and more extensive use of derivatives;

'ASIC' means the Australian Securities and Investments Commission;

'ATO' means the Australian Taxation Office;

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**‘Bank Account’** means an account with an Australian Authorised 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;

**‘Corporations Act’** means the *Corporations Act 2001* (Cth);

**‘Derivative’** is an instrument whose value is derived from the value of an underlying asset (such as a share) or reference index;

**‘Exchange Traded Fund’** or **‘ETF’** is a managed fund that you can buy or sell on an exchange such as the Australian Securities Exchange (ASX). ETFs are ‘open-ended’ funds which means that units can be created or redeemed to match investor demand. ETF units are designed to track their net asset value (NAV) closely. When you invest in an ETF, you don’t own the underlying investments. You own units in the ETF;

**‘GST’** means Goods and Services Tax;

**‘Listed Investment Company’** or **‘LIC’** is an investment listed on an exchange such as the ASX, incorporated as a company. LICs are ‘closed-ended’ which means they don’t issue new shares, or cancel existing shares, as investors join or leave. Instead, they issue a fixed number of shares in an initial public offering (IPO). Investors then buy and sell those shares on the exchange. The shares may trade at a premium or discount price to their NAV;

**‘Listed Investment Trust’** or **‘LIT’** is an investment listed on an exchange such as the ASX, incorporated as a trust. LITS are also closed-ended funds that issue a fixed number of units so investors then buy and sell those units on the exchange. The units may trade at a premium or discount price to their NAV;

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

**‘Scheme’** means the Pandal Sustainable Balanced Fund ARSN 637 429 237;

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

**‘we’**, **‘our’**, **‘us’** or **‘Pandal’** means the responsible entity of the Scheme and, where appropriate, Pandal Institutional Limited;

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