

ISSUED 01 OCTOBER 2021

DDO FAQ

Design and Distribution Obligations

The design and distribution obligations (DDO) are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to apply a consumer-centric approach to the design and distribution of their financial products.

As an issuer of funds to retail investors, a number of Pental funds are subject to DDO requirements, including the requirement to issue a Target Market Determination (TMD) for each of those funds. Pental is a product issuer as well as a distributor.

Pental Fund Services Limited ('Pental', 'we', or 'our')

| Question | Response |
|---|---|
| 1. <i>When does it start?</i> | DDO compliance comes into effect from 5 October 2021. |
| 2. <i>What is a TMD?</i> | A TMD is a Target Market Determination, which sets out the class of consumers for whom the Pental fund, including its key attributes, would likely to be suitable for given their likely objectives, financial situation and needs. The TMD is intended to benefit the consumer of products/funds. The TMD is not a Product Disclosure Statement (PDS) and is not a summary of the features or terms of a fund. |
| 3. <i>Where can I find Pental's TMDs?</i> | Pental will prepare a TMD for every fund issued to retail clients and has a PDS. The TMDs can be found on our website at pendalgroup.com/ddo |
| 4. <i>Which Industry data providers have you sent your TMDs to?</i> | We have provided our TMDs to Morningstar, IRESS, FE Fund Info and Lonsec. |
| 5. <i>Do you have any distribution conditions on any of your funds?</i> | Only the Pental Geared Imputation Fund. This Fund is only suitable for distribution to consumers who have received personal advice. Further information can be found in the relevant fund's TMD. |
| 6. <i>Do all investors need to be inside the TMD?</i> | No, a dealing outside of the target market may be appropriate if done so under personal advice and in the best interests of the investor. |
| 7. <i>Who is a distributor?</i> | Generally, distributors are those who engage with potential investors in relation to a financial product. Distributors generally include product issuers (e.g. fund managers engaging in direct sales), AFS licensees and/or their authorised representatives and various platform providers who conduct retail product distribution or provide financial product advice. |
| 8. <i>What are Pental's reporting requirements for distributors?</i> | The following reporting requirements apply to you when you invest retail client funds directly with Pental. You are likely to have separate, but similar, requirements with any of the issuers and platforms you deal with. |

| Reporting requirement | Reporting period | Applicable distributors |
|---|--|--|
| Complaints relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.* | As soon as practicable but no later than 10 business days after the end of calendar quarter *There are no requirements to provide NIL complaints reporting. | All distributors who have received a complaint in the relevant quarter |

| | Reporting requirement | Reporting period | Applicable distributors |
|--|--|--|-------------------------|
| | Significant dealing outside of the target market | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing | All distributors |
| | To the extent a distributor is aware, dealings outside the target market, including the reason why the acquisition is outside of target market, and whether the acquisition occurred under personal advice | As soon as practicable but no later than 10 business days after the end of calendar quarter | All distributors |
| 9. <i>How will Pental accept DDO reporting?</i> | <p>Currently all reporting information required under DDO can be emailed to Pental at ddo@pentalgroup.com. We are committed to standardising processes wherever possible and recommend using the FSC reporting templates for complaints and significant dealings available at fsc.org.au/resources/target-market-determination-templates</p> <p>The first DDO reporting period is due 10 business days after 31 December 2021.</p> | | |
| 10. <i>Have your application forms changed?</i> | <p>Yes, we have incorporated DDO into our application forms and they will be available on our website at pentalgroup.com/forms from 5 October 2021.</p> | | |
| 11. <i>How do I contact Pental if I need more information?</i> | <p>We can provide you with as much information and support as possible to ensure that our collective DDO obligations are implemented in the easiest manner possible. Please send your questions to ddo@pentalgroup.com and we will respond to you as quickly as possible.</p> | | |

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