

Pinnacle BNY Mellon Global Infrastructure Yield Fund

ARSN 627 330 367 APIR Code WHT6597AU

Additional Information to the PDS
9 August 2018

Issued by: Pinnacle Fund Services Limited
ABN 29 082 494 362 AFSL 238371

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Important Information

This Additional Information to the PDS is issued by Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 ('we', 'our', 'us', 'Responsible Entity'). Information in this Additional Information to the PDS forms part of the Product Disclosure Statement ('PDS') dated 9 August 2018 for the units ('units') in the Pinnacle BNY Mellon Global Infrastructure Yield Fund ARSN 624 136 045 ('Fund').

You should read this information together with the Fund's PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/ in its entirety before making a decision to invest in the Fund. For a free printed copy of this Additional Information to the PDS, please contact us on 1300 010 311.

The information in this Additional Information to the PDS is general information only. To the extent the information in this Additional Information to the PDS constitutes financial product advice, such advice does not take into account your objectives, personal financial situation or needs. Before investing, you should consider the appropriateness of the advice in light of your own objectives, financial situation and needs, and consider obtaining financial advice tailored to your personal circumstances from a financial adviser. You should also read the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/ before making any decision about whether to acquire units.

All monetary amounts referred to in this Additional Information to the PDS are given in Australian dollars and all phone/fax numbers are to phone/fax numbers in Australia (unless otherwise stated).

A reference to a 'business day' is a reference to a day which is not a Saturday, Sunday or public holiday in New South Wales, Australia.

Contact

If you have a query in relation to the Fund, please contact us at:

Telephone: 1300 010 311
Email: invest@pinnacleinvestment.com
Website: pinnacleinvestment.com/funds/pni/global-infrastructure-yield/
Address: PO Box R1313, ROYAL EXCHANGE, NSW 1225, Australia

1. How the Pinnacle BNY Mellon Global Infrastructure Yield Fund works

How the Fund is valued

All assets within the Fund are usually valued every business day. More frequent valuations are permitted under the constitution and we may revalue the Fund's assets more frequently if it is considered appropriate.

We may also revalue the Fund less frequently in certain circumstances. The Gross Asset Value ('GAV') of the Fund equals the market value of the assets. The Net Asset Value ('NAV') of the Fund attributable to the units is obtained by deducting any liabilities from the GAV attributable to the units.

Unit prices

The entry price is calculated by taking the NAV of the Fund apportioned to the units and adding to it an amount which reflects the estimated cost of acquiring the Fund's assets (subject to the Responsible Entity's discretion to reduce or waive such costs) and dividing the net figure by the number of units on issue in the Fund.

The exit price of the Fund is calculated by taking the NAV of the Fund apportioned to the units and subtracting from it an amount which reflects the estimated cost of selling the Fund's assets (subject to the Responsible Entity's discretion to reduce or waive such costs) and dividing the net figure by the number of units on issue in the Fund.

Impact of investing just before the end of a distribution period

After a distribution is paid, the unit price usually falls by an amount similar to that of the distribution per unit. This means that if you invest just before a distribution, the unit price may already include income that you would be entitled to receive at the distribution date. Consequently, by investing just before a distribution, you may have some of your capital returned as income. This could affect your taxation position and we recommend you seek professional taxation advice.

Unit pricing policy

The Responsible Entity's unit pricing policy may be revised or updated to reflect changes in the Fund constitution or the pricing policies of the Responsible Entity. The Unit Pricing Policy and discretions exercised by the Responsible Entity are available from us free of charge upon request.

The Responsible Entity complies with ASIC Class Order 13/655 as it relates to unit pricing requirements and has adopted a compliant policy for unit pricing discretions it uses in relation to the Fund ('Unit Pricing Policy'). Additional documents may be prepared for this purpose from time to time. This document may be revised or updated to reflect changes in the Fund constitution or the pricing policies of the Responsible Entity. The Unit Pricing Policy and discretions exercised by the Responsible Entity are available from us free of charge upon request.

Income distributions

Fund distributions are calculated at the end of each quarter and paid as soon as practicable thereafter. The level of distributions will vary over time. The Fund may not make a distribution during a period where the Fund's realised losses and other expenses exceed its income.

The determination of the Fund's distribution at the end of each distribution period may have a negative effect on the next calculated unit price of the Fund, reflecting the reduced value of the units as a result of being priced less the distribution entitlement (ex-distribution).

How you receive income from your investment

Income (such as interest, dividends and realised capital gains) from investments in the Fund will be paid to you via income distributions.

Where the investment activities of the Fund result in a net revenue loss (including any carried forward revenue losses from a prior period), no income distribution will be made in the period. Losses will be carried forward to be offset against future distributable income of the Fund.

Where net capital profits are realised, they may be distributed each period or alternatively, partly or wholly held over until the period ending 30 June each year. If held over, their value would be reflected in the unit price.

Impact of investing just before the end of a distribution period

After a distribution is paid, the unit price usually falls by an amount similar to that of the distribution per unit. This means that if you invest just before a distribution, the unit price may already include income that you would be entitled to receive at the distribution date. Consequently, by investing just before a distribution, you may have some of your capital returned as income. This could affect your taxation position and we recommend you seek professional taxation advice.

Distribution reinvestment

Distributions will be automatically re-invested for investors unless they advise otherwise. The distribution reinvestment price is the unit price at the end of the distribution period (without the applicable buy-spread) less the distribution per unit payable. All units allotted as part of the distribution reinvestment will rank equally in all respects with existing units in the same class.

At the time the distribution reinvestment price is set, all information that would, or would be likely to, have a material adverse effect on the realisable price of the units will be publicly available.

Investors may elect to have their distributions paid as cash any time by giving notice to the Responsible Entity. The change will apply from the date of receipt, as long as it is at least 10 days prior to a distribution date, or such later date as nominated by you.

The Responsible Entity may cancel or suspend distribution reinvestments or may modify the terms by which distribution reinvestments are permitted.

2. How we invest your money

Investment process and portfolio construction

The Investment Manager has appointed BNY Mellon Asset Management North America Corporation (**'Sub-Investment Manager'**) as a sub-investment manager of the assets of the Fund. The Sub-Investment Manager intends to apply the same investment strategy for the Fund's portfolio as it does for a US denominated portfolio which it currently manages and is known as "The Global Infrastructure Dividend Focus Equity Strategy" (**'Existing Strategy'**).

The Sub-Investment Manager's broader view of "infrastructure" is the keystone to its investment philosophy and has enabled the strategy to historically deliver a strong income stream through all economic investment cycles (being the natural fluctuation of the economy between periods of growth and recession). The Sub-Investment Manager believes that the typical approach to listed infrastructure investing – namely the pure focus on traditional economic infrastructure sub-sectors such as utilities, energy and transport, which directly impact the business function of an economy (**'Economic Infrastructure'**) – is too narrow a definition and only paints part of the investment opportunity picture.

Instead, the Sub-Investment Manager believes a broadening of the infrastructure universe to also include non-traditional social infrastructure, being infrastructure that supports social services, such as senior housing, hospitals, schools, real estate and telecommunication assets (**'Social Infrastructure'**) provides a more holistic opportunity set.



*S&P Global Infrastructure Index contains 75 companies

The Sub-Investment Manager's broader view of infrastructure translates into a larger opportunity set of possible businesses to invest in, nearly 500 securities, which is much larger than most traditional listed infrastructure managers. The Sub-Investment Manager believes a broader universe results in two key competitive advantages: greater diversification and more flexibility leading to better pricing discipline. Importantly, it avoids the herd mentality that the Sub-Investment Manager sees pervasive in more traditional infrastructure investment portfolios.

While the Sub-Investment Manager taps into a much wider breadth of infrastructure opportunities, the portfolio nevertheless offers all the characteristics that investors typically seek in the asset class, notably:

- (a) **Asset Ownership:** these businesses act as rent collectors on the underlying assets. Some businesses are building the asset to collect rents later or currently harvest the income from developed assets.

- (b) **Stable Cash Flows:** the underlying assets are capable of creating stable cash flows for an extended period. Additionally, experienced business management teams balance reinvestment into new projects with distributing cash to investors.
- (c) **Regulatory Predictability:** traditional infrastructure businesses are regulated, providing cash flow visibility; however, understanding the regulatory construct is an important characteristic of the operating environment and managing regulatory risk (See section 4 of the PDS for more details).

This broader view of infrastructure and the expanded opportunity set results in a differentiated portfolio positioning allowing the Sub-Investment Manager to be more discerning in the valuation and price paid for various securities.

Maintaining a high correlation to the asset class

Whilst the Sub-Investment Manager invests in a broader range of infrastructure related securities, including both Economic Infrastructure and Social Infrastructure, the correlation to the asset class remains high as a consequence of ensuring the three underlying characteristics are always present – asset ownership, stable cash flows and regulatory predictability whenever assessing a specific security or company for inclusion into the portfolio.

Valuation Discipline Driving Returns

The price to cash flow metric is one of the key metrics used to evaluate valuation discipline. It is a security valuation indicator that measures the value of a business's security price to its cash flow per security. More broadly, at a portfolio level, it tends to highlight the relative valuation discipline inherent across sectors or investment strategies.

The Sub-Investment Manager has maintained an average price-to-cash flow metric at a significantly low level than would be possible in a more traditionally invested portfolio and again reflects the strategy's ability to be more discerning of both valuations and price paid as a consequence of its broader opportunity set and broader definition of infrastructure.

Infrastructure Investing in a Rising Rate Environment

One key question related to the listed infrastructure asset class is how these businesses perform in a rising rate environment. Over the six and half years of managing the Existing Strategy, prior to inception of the Fund, the Sub-Investment Manager has exhibited positive total returns in both rising interest rate environments as well as declining interest rate environments.

This outcome reflects the design of the strategy, which is to remain as neutral as possible to all measurable macro-factors, such as interest rates, and have security selection drive returns.

Infrastructure investing during periods of inflation

The Sub-Investment Manager believes most business models used by infrastructure businesses have mechanisms in place to cope with inflationary pressures. For example, utilities generally have clearly defined regulatory paths to allow for price adjustments during periods of inflation. Also, energy pipelines and many real estate contracts similarly have CPI-adjustment clauses that allow revenue to rise along with costs. Toll roads and airports also typically have CPI-adjustment clauses in their contracts and an established fixed-cost base, many of these businesses will see higher revenues and little change to their cost structures in a rising interest rate environment. The Sub-Investment Manager firmly believes it is a misconception that these businesses cannot perform well in a rising rate environment.

Investing in infrastructure involves an in-depth understanding of the mechanisms that allow these businesses to maintain or even expand earnings in the face of inflation. When analysed properly, the

hard assets underpinning infrastructure equities can provide a natural hedge in an inflationary environment.

The Investment Management Process

The Sub-Investment Manager's investment process is multi-faceted and at each stage analyses a number of factors including:

- stable cash flows
- consistent dividend yield;
- stability and growth of dividends;
- the robustness of the business and balance sheet strength;
- security-price valuation;
- business momentum; and
- liquidity.

The Sub-Investment Manager believes that successful global investing is achieved through a multi-staged process that is based on research, security selection and a focus on businesses with sustainable cash flow and dividend income. At each stage of the process, the number of securities is narrowed.

The Sub-Investment Manager also implements a rigorous risk-management process that strives to minimise macro risk exposures so that the portfolio's primary risk exposure is security-specific risk. The Sub-Investment Manager's investment team is constantly assessing macro risk factors such as interest rates, commodity prices and sovereign credit exposures, to name a few. The Sub-Investment Manager's investment process is meaningfully risk-aware, and the Sub-Investment Manager monitors these risks on a regular basis to ensure the vast majority of performance is driven by security selection and to minimise the impact of these other macro factors. When combined with the Sub-Investment Manager's unique investment approach, this disciplined risk management process has resulted in a track record of consistent portfolio returns in both rising and falling markets. In addition, the team monitors country, sector and market-cap relative weights, and risk models are used to identify other systematic exposures.

3. Investing in the Fund

Applications

Direct Investors

Applications received, verified and accepted by State Street Australia Limited prior to 12:00pm Sydney time on a business day will generally be processed using the unit price for that day. For applications accepted after 12:00pm Sydney time or on a non-business day, generally the next business day's unit price will apply.

WARNING: Due to Fund restrictions we are unable to accept applications from any US persons.

Indirect Investors

We authorise the use of the 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).

An IDPS is an investment and reporting service offered by an operator. People who invest through an IDPS, master trust or wrap account are Indirect Investors.

Such indirect investors do not acquire the rights of a unit holder of the Fund. Rather, it is the operator or custodian of the IDPS or master trust that acquires those rights. Therefore, indirect investors do not receive income distributions or reports directly from us, do not have the right to attend meetings of unit holders and do not have cooling-off rights.

When investing through an IDPS, master trust or wrap account, Indirect Investors should complete the documents required by the operator of these services. Indirect Investors are not required to complete the Application Form. If you are investing through an IDPS or a master trust, enquiries should be made directly to the IDPS operator or the trustee of the master trust.

Additional information about investing

We reserve the right not to accept (wholly or in part) any application for any reason or without reason. If we refuse to accept an application, any monies received from you will be returned to you without interest.

For an application to be valid, it must be correctly completed and it must comply with the designated minimum investment amounts referred to in the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/ and be appropriately signed by the applicant(s). The Responsible Entity may, at its discretion, accept amounts less than the minimum initial investment amounts.

If, for any reason, we are unable to process your application (for example, the Application Form is incomplete or incorrectly completed or we are not satisfied that we have received the necessary proof of identification requirements to meet our obligations under the Anti-money Laundering and Counter-terrorism Financing Act 2006 (Cth) and associated rules and regulations ('AML/CTF Law'), the application monies will be held by us in a non-interest bearing trust account for up to 30 days (while we endeavour to verify your identification information or obtain any necessary outstanding information) after which we will return the application monies to you.

Incomplete applications

Application monies accompanying an incomplete application will be retained in a non-interest-bearing trust account for up to 30 days pending receipt of the required information.

Effect of the Application Form

In addition to the acknowledgments contained in the declaration on the Application Form, by completing and signing the Application Form, the investor:

- (a) agrees to be bound by the provisions of the Fund constitution;
- (b) acknowledges having read and understood the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/, including this document;
- (c) authorises the provision of information relating to the investor's account to the named financial adviser, and any other person authorised by that adviser, from time to time;
- (d) authorises the use of the TFN information provided on the Application Form in respect of the investor's Fund account;
- (e) acknowledges that neither the Responsible Entity, its respective holding companies and officers, nor the Investment Manager and its respective officers and holding companies, guarantees the capital invested by investors or the performance of the specific investments of the Fund;
- (f) acknowledges that the provision of the product available through the PDS should not be taken as the giving of investment advice by the Investment Manager or the Responsible Entity, as they are not aware of the investor's investment objectives, financial position or particular needs;
- (g) acknowledges that the investor is responsible for ensuring that the information on the Application Form is complete and correct;
- (h) acknowledges that neither the Responsible Entity nor its agents are responsible where a loss may be suffered as a result of the investor providing incorrect or incomplete information;
- (i) agrees that the Responsible Entity may:
 - (1) require the investor to provide any additional documentation or other information and perform any acts to enable compliance with the AML/CTF Law, FATCA, CRS or any other law;
 - (2) at its absolute discretion and without notice to the investor, take any action it considers appropriate including blocking or delaying transactions on the investor's account or refuse to provide services to the investor to comply with the AML/CTF Law or any other law; and
 - (3) in its absolute discretion and without notice to the investor report any, or any proposed, transaction or activity to anybody authorised to accept such reports relating to actual or suspected contraventions of the AML/CTF Law or any other law; and
- (j) acknowledges that the Responsible Entity is required to collect the investor's personal information under the Corporations Act and the AML/CTF Law and agrees that information provided may be used as detailed in the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/ and the Responsible Entity's Privacy Policy.

Withdrawals

Making a withdrawal

You can decrease your investment in the Fund by withdrawing units at any time. The Responsible Entity endeavours to effect payment of withdrawals within seven days. We will not satisfy a withdrawal request if the Fund becomes illiquid (as defined under the Corporations Act 2001 (Cth) ('Corporations Act')). In certain circumstances, such as if there is a freeze on withdrawals, the Responsible Entity may delay payment of your withdrawal proceeds.

As part of the withdrawal proceeds, unit holders will receive their share of any net income of the Fund corresponding to the unit class for the period of time during which their units were on issue in the relevant distribution period. These proceeds are included in the unit price and treated as capital. Unit holders will also receive their share of the capital value of the Fund corresponding to the unit class on withdrawal.

Direct withdrawal requests can be made daily, and must be received by the Fund Administrator, State Street Australia Limited, prior to 12.00pm (Sydney time) on a business day. Withdrawal requests

received after that time, or on a non-business day, will be treated as being received on the next business day. Electronic transfer of the redemption proceeds can take up to 7 business days, however it will often be completed in a shorter period of time.

There is a minimum withdrawal amount of \$5,000 or less at the discretion of the Responsible Entity. In addition, if your withdrawal request would result in your investment balance being less than \$20,000 we may treat your withdrawal request as being for your entire investment. We will provide investors with advance notice of any compulsory redemption. The minimum balance does not apply to investments through an IDPS. If you are investing via mFund, you can withdraw units in the Fund in a similar way to selling listed shares.

Please note that we only make payments to your nominated bank or financial institution account. No third-party payments will be allowed. There may be circumstances, as permitted under the Fund constitution and Corporations Act, 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 located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/.

If the Fund becomes illiquid

We may delay or suspend a withdrawal request where we are unable to realise certain assets due to circumstances outside our control, such as when there is restricted or suspended trading in assets held by the Fund, or where the Fund becomes non-liquid as defined by the Corporations Act.

The Fund will be non-liquid under the Corporations Act if it has less than 80% of liquid assets (generally cash and marketable securities). If the Fund is non-liquid, withdrawals from the Fund may 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 will only be 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 all withdrawal requests, the requests will be satisfied proportionately among those investors wishing to withdraw from the Fund.

Other transactions

Switches

You may switch from the Fund to another fund managed by BNY Mellon Investment Management Australia Limited ('BNY Mellon', 'Investment Manager') and operated by us at any time. A switch operates as a withdrawal of units in one fund and the investment of units in the other fund and therefore may have taxation implications. Please contact a licensed financial or taxation adviser for further information.

There is no switching fee applicable as at the date of this document. However, a buy/sell spread or a contribution fee may apply to the relevant fund(s) at the time of the switch. Before making a decision to switch, you should read the relevant PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/.

4. How we keep you informed

Statements and reports

For the most up to date information on your investment in the Fund, visit pinnacleinvestment.com/funds/pni/global-infrastructure-yield/.

At the Investment Manager's website, you can:

- Access the PDS documents and the annual financial reports for the Fund.
- Download Fund forms which includes the Application Form and other standard administration forms.
- Monitor unit prices, investment performance and changes to the Fund.
- Read the latest views and opinions of the Investment Manager's investment team.

The Fund is a fully digital product and by making an application to acquire a Unit, you agree to receive certain communications and disclosures in relation the Fund and Units in digital form.

Confirmation statement

A statement of confirmation will be sent to you for your initial investment, as well as any additional investments and withdrawals.

Transaction statement

You will receive a transaction statement on a half-yearly basis. The transaction statement will provide you with the total value of your investment as at the end of that period, including any switches, withdrawals, investments and distributions received.

Annual taxation statement

After making any distribution for the period ended 30 June each year, an annual taxation statement will be forwarded to you.

Distribution statement

A distribution statement will be sent to you in the month following the end of a distribution period, detailing your income distribution and current balance.

Financial report

The annual financial report for the Fund, detailing the financial performance of the Fund for the financial year ending 30 June, can be downloaded from pinnacleinvestment.com/funds/pni/global-infrastructure-yield/ after 30 September each year.

Continuous disclosure

The Responsible Entity will comply with the continuous disclosure requirements for disclosing entities under the Corporations Act where the Fund is a disclosing entity.

This means that the Fund will be subject to regular reporting and disclosure obligations and copies of documents the Responsible Entity lodges with ASIC for the Fund may be obtained from or inspected at an ASIC office.

The Responsible Entity will also send you free, upon request, copies of:

- The most recent annual financial report for the Fund lodged with ASIC.
- Any half year financial reports for the Fund lodged with ASIC after the lodgment of the most recent annual financial report and before the date of the relevant PDS.

- Any continuous disclosure notices given by the Fund after the lodgment of that annual report and before the date of the PDS.

Also, we will comply with our continuous disclosure obligations for the Fund by publishing material information at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/.

5. Fees and costs

The following section provides detailed information about the fees and costs you may be charged for investing in the Fund along with further information about the additional fees and costs that could apply to your investment. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund's assets as a whole. This information should be read in conjunction with the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund¹		
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
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Not applicable
Exit fee The fee to close your investment.	Nil	Not applicable
Management costs¹		
The fees and costs for managing your investment ² . Such fees and costs are calculated in accordance with enhanced fee disclosure regulations. No indirect (costs payable due to investing in interposed vehicles) or operational costs are payable.	Management fee of 1.15% p.a.	The management fee is calculated on the Fund's net asset value, reflected in the daily unit price and payable monthly in arrears from the Fund. Extraordinary expenses are paid from the Fund assets as and when incurred.
Service fees		
Switching fee⁴ The fee for changing investment options.	Nil	Not applicable

1. Fees and costs may be negotiated with wholesale clients – please refer to 'Differential fee arrangements' in 'Additional explanation of fees and costs' below for further information.
2. Fees are inclusive of GST and of any applicable reduced input tax credits ('RITC').
3. The Fund's benchmark is the S&P Global Infrastructure Index (Net) Unhedged.
4. When money moves in or out of the Fund, you may incur a buy/sell spread which is included in the unit price of the Fund. Refer to 'Buy/Sell spread' in 'Additional explanation of fees and costs' below for more information.

Additional explanation of fees and costs

Management costs

The management costs in relation to the Fund are generally the administration and investment fees and costs (excluding transaction costs) of the Fund.

These costs include:

- Investment Management fees;
- administration costs;
- safekeeping fees;
- audit costs;
- legal costs; and
- borrowing costs.

The Responsible Entity pays management costs out of the fees it receives. Therefore, for this Fund, the management fee will reflect the total management costs.

Extraordinary expenses

In general, the management fee is all that will be charged. However, under certain circumstances, extraordinary expenses may be paid directly by the Fund. Extraordinary expenses are not of an ongoing nature. Examples of this type of expense include expenses incurred in connection with:

- convening of unitholders' meeting;
- termination of the Fund;
- amending the Fund constitution;
- defending or bringing of litigation proceedings; and
- replacement of the Responsible Entity.

Buy/sell spread

The difference between the entry price and the exit price of a fund is known as a buy/sell spread. The buy/sell spread represents an apportionment of transaction costs incurred by a fund in purchasing and disposing of its investments. It is an adjustment determined by the Responsible Entity to take into account the costs incurred when buying and selling the underlying securities in the fund (for example, transaction costs such as brokerage and any clearing and settlement costs and stamp duty, if applicable).

If you invest in a fund that charges a buy/sell spread, it will be an additional cost to you, but is included in the unit price of the fund and not charged separately. It is not a cost that is paid to the Responsible Entity.

The estimated buy/sell spread for the Fund is outlined in the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/. However, in circumstances where the Responsible Entity determines that unit holders of the Fund are not being treated equitably (for example, withdrawals in stressed and dislocated markets), the buy/sell spread may be higher than our estimate. From time to time, we may vary the buy/sell spread without notice to reflect changing circumstances. Any revised spread will be applied uniformly to transacting investors while that spread applies.

Additional transactional and operational costs

Additional transactional and operational costs associated with dealing with the Fund's assets may be recovered from the Fund. Transactional and operational costs, other than any buy/sell spread, may include brokerage, investment settlement fees, clearing costs and applicable stamp duty when underlying assets are bought or sold.

Total transactional and operational costs that will be paid out of the Fund over a 12-month period, are estimated to be \$60 based on a \$50,000 holding (approximately 0.12% of the total average net assets), which reflects the estimated costs expected to be incurred for the financial year ending 30 June 2018 (for the full 12-month period).

Adviser commissions

We do not pay commissions to financial advisers.

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.

Differential fee arrangements

The Responsible Entity or the Investment Manager may agree with wholesale clients (as defined in the Corporations Act) to rebate some of the management fee on a case by case basis. We take into account relevant factors which may include the size of the investment. Such rebate arrangements will be by individual negotiation and will be disclosed separately to relevant clients. Contact 1300 010 311 for further information about negotiating fee arrangements.

Fees for Indirect Investors

Indirect Investors must also refer to the fees and costs payable for the IDPS, master trust or wrap account they are investing through. The IDPS operator will be the registered holder of the units and may charge you fees that are different or in addition to the Fund's fees detailed in this section and the PDS located at pinnacleinvestment.com/funds/pni/global-infrastructure-yield/. You should refer to the offer document for the relevant IDPS, master trust or wrap account for more information.

Changes to fees and other costs

We reserve the right to change fees and other costs, subject to any limitations under the Fund constitution and applicable law. We will give investors 30 days' notice prior to increase in any fees.

We recover all fees from the Fund and pay the Investment Manager a fee from the management fees we receive from the Fund. The Fund constitution provides for various fees, specifically an application fee, withdrawal fee, and performance fee, which we do not currently recover from the Fund.

For more information on fees and costs

If you would like to better understand how our fee structure may impact your investment in the Fund, we recommend that you speak to your financial adviser or visit the ASIC website at www.moneysmart.gov.au where a fee calculator is available to help you compare the fees of different managed investment products.

6. Taxation

WARNING: Investing in a registered managed investment scheme may have tax consequences. You are strongly advised to seek professional tax advice.

The taxation implications of investing in the Fund can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units on capital account or revenue account. The following tax comments have been prepared on the assumption that:

- the investor holds the units on capital account as a long-term investment;
- the Fund qualifies as an attribution managed investment trust ('AMIT') within the meaning of section 995-1 of the Income Tax Assessment Act 1997 and the Responsible Entity of the Fund elects to apply the AMIT regime to the Fund; and
- the Fund has made an irrevocable "capital election" to apply the Capital Gains Tax ('CGT') provisions pursuant to section 275-115 of the Income Tax Assessment Act 1997.

Income of the Fund

The Fund has been established as an Australian resident unit trust. The Fund is required to determine its tax or income components (e.g. assessable income, exempt income, non-assessable non-exempt income, tax offsets and credits of different characters) for the financial year. The investor will be provided with a statement for tax purposes after 30 June each year to assist the investor in determining their tax position. This tax statement will advise the investor of the share of the tax or income components of the Fund (if any) to include in the investor's tax return. Generally, no Australian income tax will be payable by the Responsible Entity of the Fund where investors are attributed with all tax or income components of the Fund each year.

In the case where the Fund makes a loss for tax purposes, the Fund cannot distribute the loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to take into account the losses in subsequent years.

The Fund's investments and activities are likely to give rise to income, dividends, capital gains and losses.

Taxation of Australian resident investors

Investors are generally subject to tax on their share of the tax or income components of the Fund each year. Investors are treated as having derived their share of the tax or income components of the Fund directly on a flow through basis.

The way in which investors are taxed will depend on the character of the income they receive (for example, franked dividends to which franking credits may attach, capital gains, foreign income to which foreign income tax offsets may attach, or interest income).

We will provide you with an annual taxation statement after 30 June each year. The annual taxation statement will outline your share of the tax or income components of the Funds to which you are entitled to in that financial year, including any foreign income tax offsets and franking credit entitlements.

To the extent that an investor's share of the net income of the Fund is attributable to a capital gain made by the Fund, the investor will include the capital gain in their assessable income. Certain investors may be entitled to apply the relevant CGT discount to work out the net capital gain to include in their assessable income. In normal circumstances, you should expect the Fund to derive income and/or capital gains each year.

If the Responsible Entity discovers understatements or overstatements of taxable income and tax offsets in prior years, the Responsible Entity has the ability under the AMIT regime to deal with these understatements and overstatements in the financial year in which they are discovered. That is, the distribution statements in the discovery year may be adjusted to take into account these understatements or overstatements from a prior financial year, rather than re-issuing amended distribution statements for the prior financial year to which the understatements or overstatements relate to.

The amount of the tax or income components of the Fund which the investor is required to include in their assessable income may be different to the cash distributions received by an investor in respect of their units. This is because the distributions received on the units is determined by reference to the returns received in respect of the Fund, whereas the tax or income components of the Fund is determined by reference to the overall tax position of that Fund.

An investor may be required to make, in certain circumstances, both upward and downward adjustments to the cost or cost base of their unit holdings. This occurs where during a financial year there is a difference between:

- a) the total of the amounts (money or property) that an investor is entitled to from the Fund and the tax offsets that are allocated to an investor during the year; and
- b) the tax or income components included in that investor's assessable income or non-assessable non-exempt income.

If the amount in (a) exceeds the amount in (b), the cost or cost base of the investor's units in the Fund should be reduced by the excess amount. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's units in the Fund. Should the cost base be reduced to below zero, the amount in excess of the cost base should be a capital gain that is to be included in the investor's taxable income.

Conversely, where the amount in (a) falls short of the amounts in (b) during a financial year, the cost or cost base of the investor's units in the Fund should be increased by the shortfall amount.

Withdrawals from the Fund and disposal of units

Withdrawal or disposal of a unit in the Fund is the disposal or cancellation of a CGT asset by an investor and a CGT event for tax purposes. To the extent that the proceeds exceed the cost base on the unit, you will make a capital gain. However, if the proceeds are less than your reduced cost base, you will make a capital loss. Generally, a capital loss can only be used to offset against capital gains derived in the current or a future tax year.

An individual, trust or complying superannuation entity or a life insurance company that holds their Units as a complying superannuation/FHSA asset may be able to claim the benefit of the CGT discount if they have held the units for over 12 months. A corporate investor cannot claim the benefit of the CGT discount.

Gains and losses realised by an investor who holds their units on revenue account will be taxable as ordinary income or an allowable deduction, as the case may be, and will not qualify for the CGT discount.

Non-resident individual unit holders

The above taxation summary is only for investors who are residents of Australia for tax purposes. The tax treatment of non-resident investors in the Fund depends on the investor's particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and the country of residence. It is important that non-resident investors seek independent professional taxation advice before investing in the Fund.

The Fund may be required to withhold tax on part or all of the distributions made to non-resident investors.

Goods and Services Tax ('GST')

Unless otherwise stated, the fees quoted in the PDS and this Additional Information to the PDS are inclusive of the net effect of GST and RITC.

Tax File Numbers and Australian Business Numbers

You are not required to quote your Tax File Number ('TFN') or, if you have one, an Australian Business Number ('ABN')¹ or claim an exemption from providing a TFN.

However, if a TFN or ABN is not provided, or an exemption is not claimed, we are required by law to withhold tax from distributions at the top marginal tax rate plus the Medicare Levy. If you are making this investment on behalf of a business or enterprise you carry on, you may quote your ABN instead of a TFN.

Tax reforms

The expected tax implications of investing in the Fund may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Tax Office.

It is recommended that investors obtain independent taxation advice that takes into account your specific circumstances regarding investing in the Fund and the potential application of any changes in the tax law.

Foreign Account Tax Compliance Act ('FATCA') and OECD Common Reporting Standard ('CRS')

FATCA was enacted by the United States (U.S.) Congress to improve compliance with U.S. tax laws by imposing due diligence and reporting obligations on foreign financial institutions, notably the obligation to report U.S. citizen or U.S. tax-resident account holders to the U.S. Internal Revenue Service ('IRS').

Similar to FATCA, CRS is a single global standard for the collection and reporting to tax authorities of information by financial institutions on non-residents of the particular participating country. If you are not an Australian resident for tax purposes, you should note that the Fund is required to comply with reporting requirements under FATCA and CRS, accordingly, we may request certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for the Fund to comply with its FATCA or CRS obligations including to disclose information about certain investors to the ATO or other foreign tax authorities. In the event that the Fund suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor the Responsible Entity acting on behalf of the Fund will be required to compensate you for any such tax, except in exceptional circumstances.

¹ Under AML/CTF law, disclosure of an ABN is required for those individual investors who are a sole trader.

7. Privacy

When investors apply to invest in the Fund, they acknowledge and agree that:

- (a) they are required to provide the Responsible Entity with certain personal information to facilitate their application; and
- (b) the Responsible Entity may be required to disclose their information to:
 - i. third parties carrying out functions on behalf of the Responsible Entity on a confidential basis;
 - ii. third parties if that disclosure is required by or to the extent permitted by law;
 - iii. an investor's adviser;
 - iv. related entities to the Responsible Entity, whether in Australia or any overseas jurisdiction; and
 - v. government or regulatory bodies (such as the Australian Taxation Office) when required by law.

All personal information will be collected, used and stored by the Responsible Entity in accordance with our Privacy Policy, a copy of which is available on request. We will use your information for the purpose of marketing products issued by us and our related entities. To ensure that the personal information we retain about you is accurate, complete and up to date, please contact us, if any of your details change. You can unsubscribe from marketing communications from us at any time by contacting us.

If you choose not to disclose requested personal information, we may not be able to process your application or tell you about other investment opportunities.

Collecting and using your information

We will only collect personal information that is reasonably necessary for one or more of our functions, or where required or authorised by law. Generally, this means we collect information for the following purposes:

- to process your application;
- to administer your investment and provide you with reports;
- to monitor and improve the quality of service provided to you; and
- to comply with regulatory or legal requirements, including the Corporations Act, the Proceeds of Crime Act, the Financial Transaction Reports Act, the AML/CTF Law; FATCA and OECD Common Reporting Standard.

We also ask you for some personal details so that we, and our related companies, can keep in touch with you and tell you on an ongoing basis about our other products and services that could be useful to you. We may do this by telephone, electronic messages (e.g. email) and other means. Please contact us if you do not wish your details to be used for marketing purposes.

We may gather information about you from a third party. These include credit agencies, financial advisers, fund managers, brokers or intermediaries and spouses. We may also collect details of your interactions with us and our products and services (including from our records of any telephone and email interactions).

If you provide someone else's personal information to us, you must ensure that they first agree on the basis of this privacy section.

Disclosing your information

We may exchange your personal information with your adviser, authorised representative, attorney and any other third parties if you request or provide consent to us. In addition, we may exchange personal information about you in the following circumstances:

- you consent to the disclosure;
- such disclosure is to your joint investor (if any);
- such disclosure is to companies that provide services to us, to our related bodies corporate (as defined in the Corporations Act), to the Fund, or on our behalf (and our related bodies corporate may also exchange personal information with these companies) on the basis they deal with such information in accordance with their respective privacy policies - for example administration, custody, investment management, technology, identity verification, auditing, registry, mailing or printing services. These service providers may be located outside Australia such as Canada, Malaysia, Luxembourg, Hong Kong and the United Kingdom, where your personal information may not receive the same level of protection as that afforded under Australian law;
- where required or authorised by law, which may include disclosures to the Australian Taxation Office and other government or regulatory bodies; or
- such disclosure is to organisations related to us such as Pinnacle Investment Management Limited and its related bodies corporate, whether in Australia or any overseas jurisdiction.

Accessing and correcting your details

You can access, correct or update any personal information we hold about you, subject to some exceptions allowed by law, by contacting 1300 010 311. We may charge a reasonable fee for access to your personal information.

8. Investment by New Zealand investors

Warning Statement – Issues to NZ Investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars.

The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

9. Additional Information

Electronic Product Disclosure Statement

The Application Form may only be distributed when accompanied by a complete and unaltered copy of the relevant Product Disclosure Statement ('PDS'). The Application Form contains a declaration that the investor has personally received the complete and unaltered PDS prior to completing the Application Form.

The Responsible Entity will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete paper copy or electronic copy of the PDS or if it has reason to believe the Application Form or electronic copy of the PDS has been altered or tampered with in any way. Whilst the Responsible Entity believes that it is extremely unlikely that during the period of this PDS, the electronic version of the PDS will be tampered with or altered in any way, the Responsible Entity cannot give any absolute assurance that this will not occur.

Any investor who is concerned with the validity or integrity of an electronic copy of the PDS should immediately request for a paper copy of the PDS directly from the Responsible Entity.

Appointment of authorised representative

A person appointed as your authorised representative is authorised by you to:

- apply for units in the Fund and sign all documents necessary for this purpose;
- make requests to redeem all or some of your units (receipt by the authorised representative or as directed by the authorised representative fully discharges our redemption obligations to you); and
- make written requests for information regarding your units.

The Responsible Entity may act on the sole instructions of the authorised representative until the Responsible Entity is notified that the appointment of the authorised representative is terminated.

You can cancel your appointment of the authorised representative by giving the Responsible Entity 14 days prior notice. Termination of an appointment does not prejudice the following statement. By appointing an authorised representative, you agree to release, discharge and indemnify the Responsible Entity from and against any loss, expense, action, claims or other liability which may be suffered by you or brought against the Responsible Entity for any actions or omissions by you or your authorised representative, whether authorised or not by you or your authorised representative. Any request for information by an authorised representative will be responded to in writing only. Such written responses will be sent to the authorised representative's email/fax/residential address nominated on the Authorised Representative Form.

If an authorised representative is a partnership or a company, any one of the partners or any director of the company is each individually deemed to have the powers of the authorised representative. It is sufficient for the Responsible Entity to show that it had reasonable grounds for belief that an action was taken or a request given by or for an authorised representative when determining whether an action or request was taken or given by the authorised representative.

Custodian and Investment Administrator

State Street Australia Limited has been appointed as the custodian and fund administrator for the Fund. State Street Australia Limited's role as custodian is limited to holding assets of the Fund. As fund administrator, State Street Australia Limited is responsible for the day to day administration of the Fund.

State Street Australia Limited has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in accordance with the agreements

that govern its appointment. State Street Australia Limited was not involved in preparing, nor takes any responsibility for, this PDS and makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

10. Defined terms

Term	Definition
ABN	means Australian Business Number.
AFSL	means an Australian financial services licence issued by ASIC.
AMIT	means attribution managed investment trust.
AML/CTF Law	means our obligations under the Anti-money Laundering and Counter-terrorism Financing Act 2006 (Cth) and associated rules and regulations.
Application Form	means the application form in the Pinnacle Funds - Fund Forms document.
ASIC	means Australian Securities & Investment Commission.
BNY Mellon	BNY Mellon Investment Management Australia Ltd ABN 56 102 482 815
BNY Mellon AMNA	BNY Mellon Asset Management North America
Business Day	means a day which is not a Saturday, Sunday or public holiday in New South Wales, Australia.
Buy/Sell Spread	means the difference between the entry and exit price for a Fund, relating to transaction costs. It is a set, average percentage amount paid by Investors when they transact.
Cash and Equivalent	means deposits and securities issued by banks, approved deposit institutions and money market corporations with term to maturity no greater than 60 days.
CGT	means Capital Gains Tax.
Corporations Act	means the Corporations Act 2001 (Cth) and Corporations Regulations 2001.
CRS	means OECD Common Reporting Standards.
Economic Infrastructure	Means the traditional economic infrastructure sub-sectors such as utilities, energy and transport, which directly impact the business function of an economy.
Existing Strategy	means the US denominated portfolio which is currently managed by the Sub-Investment Manager' and is known as "The Global Infrastructure Dividend Focus Equity Strategy".
FATCA	means Foreign Account Tax Compliance Act.
Financials	includes companies operating in the following industries: banks, diversified financials, insurance and real estate.
Fund	all references to 'Fund' in this document correspond to the Pinnacle managed fund in connection with whose PDS you are reading with this document.
Fund Administrator and Custodian	means State Street Australia Limited ABN 75 116 809 824, AFSL No. 295018.
Fund Forms	means the Pinnacle Funds – Fund Forms document - which incorporates all the necessary forms required for applying to or redeeming from Pinnacle Funds. It includes a section on Frequently Asked Questions for your assistance also.
Gross Asset Value (GAV)	means the market value of a Fund's assets determined in accordance with the Constitution and applicable accounting standards.

Illiquid	means that a Fund has liquid assets that amount to less than 80% of the Fund's assets having regard to Section 601KA of the Corporations Act.
Investor Directed Portfolio Service ('IDPS')	or IDPS-like scheme or a nominee or custody service (collectively referred to as master trusts or wrap accounts), refers to a service that allows a person to access the Fund indirectly.
Initial investment	means an Investor's initial investment which requires the opening of a new Fund account.
Investment Manager	means BNY Mellon Investment Management Australia Ltd ABN 56 102 482 815
Liquid	means that a Fund has liquid assets that amount to at least 80% of the Fund's assets having regard to Section 601KA of the Corporations Act.
PDS	means Product Disclosure Statement for a Fund.
Net Asset Value (NAV)	means the total value of the Fund's underlying investment portfolio, less any fees, charges, expenses and other liabilities accrued by the Fund, but excludes unitholder liabilities.
Personal Information	means information or an opinion (including information or an opinion forming part of a database) whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion, which is collected or held by Pinnacle in relation to the PDS.
Pinnacle Fund Services Limited	means Pinnacle Fund Services Limited ABN 29 082 494 362, AFSL No. 238371.
Redemption Request	means the form that must be completed when making a redemption of your investment which is included in the Pinnacle Funds - Fund Forms document.
Responsible Entity	means Pinnacle Fund Services Limited ABN 29 082 494 362, AFSL No. 238371.
RITC	means Reduced Input Tax Credits.
Social Infrastructure	means the infrastructure that supports social services, such as senior housing, hospitals, schools, real estate and telecommunication assets.
Sub-Investment Manager	means BNY Mellon Asset Management North America Corporation ('BNY Mellon AMNA')
TFN	means Tax File Number.
The Act	means US Securities Act of 1933, as amended.
Unit Pricing Policy	means a compliant policy adopted by the Responsible Entity for unit pricing discretions it uses in relation to the Fund.

US Persons

U.S. Person, as defined in Regulation S of the U.S. Securities Act 1933, include:

- any natural person resident in the United States;
 - any partnership or corporation organized or incorporated under the laws of the United States;
 - any estate of which any executor or administrator is a US Person;
 - any trust of which any trustee is a US Person;
 - any agency or branch of a foreign entity located in the United States;
 - any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
 - any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
 - any partnership or corporation if organized or incorporated under the laws of any foreign jurisdiction and formed by a US person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended ('the Act'), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Act) who are not natural persons, estates or trusts.
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