

# Dynamic Funds Announces Upcoming Fund Mergers – Fall 2023

## ADVISOR FAQ

On July 21, 2023, Dynamic Funds announced a proposal to wind up Dynamic Managed Portfolios Ltd. (DMP), a mutual fund corporation, and other mergers to simplify its product lineup. This FAQ provides further details on the merger proposal and other related changes. Should you have any questions, please contact your Dynamic sales representative.

### 1. What is being proposed?

#### a. Wind up of DMP

Subject to obtaining securityholder approval, where applicable, each of the following corporate class funds of **DMP** is proposed to be merged into the corresponding Continuing Fund on a tax-deferred basis.

TERMINATING FUNDS			CONTINUING FUNDS
1	DMP Resource Class	to merge into	DynamicEdge Balanced Growth Portfolio
2	DMP Power Global Growth Class		
3	DMP Value Balanced Class*		Dynamic Value Balanced Fund*

\*The merger of DMP Value Balanced Class does not require securityholder approval, as it meets the applicable requirements under National Instrument 81-102 Investment Funds for permitted mergers.

#### b. Alternative Funds Simplification via tax-deferred mergers

The following mergers do not require securityholder approval.

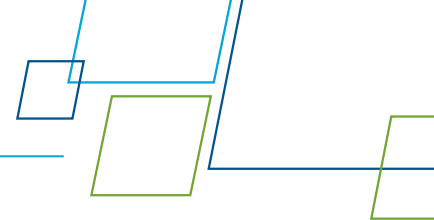
**Dynamic Income Opportunities Fund** will be merged into Dynamic Retirement Income Fund on a tax-deferred basis. Both funds are managed by Oscar Belaiche, share substantially similar investment objectives, and are being managed in the same manner. The merger allows for the fund lineup to be simplified and achieves greater scale and investor access through Dynamic Retirement Income Fund.

TERMINATING FUND			CONTINUING FUND
4	Dynamic Income Opportunities Fund	to merge into	Dynamic Retirement Income Fund

**Dynamic Credit Absolute Return I Fund** and **Dynamic Credit Absolute Return II Fund** will be merged into Dynamic Credit Absolute Return Fund on a tax-deferred basis. The Continuing Fund will be a newly established liquid alternative mutual fund with substantially similar investment objectives to the Terminating Funds.

TERMINATING FUNDS			CONTINUING FUND
5	Dynamic Credit Absolute Return I Fund <sup>†</sup>	to merge into	Dynamic Credit Absolute Return Fund
6	Dynamic Credit Absolute Return II Fund		

<sup>†</sup>Name change as of August 23, 2023. Formerly Dynamic Credit Absolute Return Fund.



2. What are the key milestone dates?

MILESTONE	DATE
Record date	August 24, 2023
Mailing of meetings material to securityholders – DMP mergers	September 15, 2023
Mailing of notification to securityholders – alternative fund mergers	
Securityholder meeting date (“Special Meetings”)	October 23, 2023
Implementation date – complete mergers	November 17, 2023

3. What is the final date to transact on the Terminating Funds?

	DMP Funds <sup>†</sup> Dynamic Credit Absolute Return I Fund Dynamic Credit Absolute Return II Fund	Dynamic Income Opportunities Fund
Electronic purchases*	Up to 4 pm ET on November 14, 2023	Up to 4 pm ET on November 10, 2023
Electronic redemptions*	Up to 4 pm ET on November 14, 2023	
Direct purchases	Up to 4 pm ET on November 16, 2023	
Direct redemptions	Up to 4 pm ET on November 16, 2023	
Switches-in and -out	Up to 4 pm ET on November 16, 2023	

\* Wire orders via Fundserv

† DMP Funds are capped to purchases, switches-in.

The first day advisors may place purchases into the NEW Dynamic Credit Absolute Return Fund is November 20, 2023.

4. What is the rationale for the mergers?

**Wind up of DMP**

The Manager believes the mergers of the corporate class funds of DMP are in the best interests of the securityholders of these funds. The merger will eliminate redundancy by reducing duplication across the Dynamic fund lineup, as well as create a greater asset base for increased portfolio diversification opportunities. The mergers allow securityholders to be invested in the corresponding Continuing Fund while

continuing to defer accrued gains attributable to the DMP securities held.

**Dynamic Income Opportunities Fund**

The Manager believes the merger is in the best interests of the securityholders of Dynamic Income Opportunities Fund. The merger will eliminate redundancy by reducing duplication across the Dynamic fund lineup, as well as create a greater asset base for increased portfolio diversification opportunities.

### **Dynamic Credit Absolute Return I Fund & Dynamic Credit Absolute Return II Fund**

The Manager believes these mergers into a combined alternative fund are in the best interests of the securityholders of the Terminating Funds. The mergers will eliminate redundancy by reducing duplication across the Dynamic fund lineup, as well as create a greater asset base for increased portfolio diversification opportunities.

#### **5. What do securityholders need to do with the proposed fund mergers? What will securityholders be receiving?**

Approval from securityholders of **DMP Resource Class** and **DMP Power Global Growth Class** will be voted on at special meetings to be held virtually on October 23, 2023. If approved, it is anticipated that each proposed merger will be implemented on or about November 17, 2023. **In the event securityholder approval is not obtained by either Terminating Fund, the applicable Terminating Fund will be terminated on a taxable basis on or about November 14, 2023.**

In advance of the applicable securityholder meetings, a notice and access document will be sent on or about September 15, 2023 to securityholders of record as at August 24, 2023. The notice and access document will describe how securityholders can obtain a copy of the management information circular (the “Circular”) that contains full details of the proposed mergers. The notice and access document and Circular will also be available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Dynamic website.

**Securityholders of DMP Value Balanced Class, Dynamic Income Opportunities Fund, Dynamic Credit Absolute Return I Fund, and Dynamic Credit Absolute Return II Fund** will be mailed a notification of the mergers on September 15, 2023. No action is required by these securityholders and the mergers will be implemented on or about November 17, 2023.

#### **6. What will be included in the package mailed to securityholders?**

##### **DMP Resource Class and DMP Power Global Growth Class**

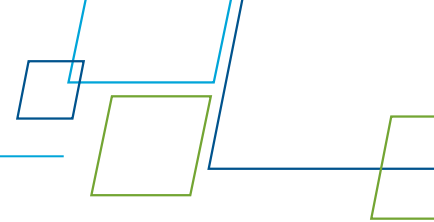
For these mergers that require securityholder approval, the mailing package will include a Form of Proxy (for Client Name accounts), Notice and Access, postage-paid envelope, and relevant Fund Facts for the Continuing Fund applicable to each securityholder. The Circular will not be included in the meeting material package but will be available to securityholders of the funds as described below.

##### **DMP Value Balanced Class, Dynamic Income Opportunities Fund, Dynamic Credit Absolute Return I Fund and Dynamic Credit Absolute Return II Fund**

For these mergers that do not require securityholder approval, a notification of the permitted merger and relevant Fund Facts, if applicable, for the Continuing Fund will be mailed to securityholders of the Terminating Funds.

#### **7. How can the Circular be accessed electronically?**

An electronic version of the Circular will be made available on September 15, 2023 on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Dynamic website at [www.dynamic.ca/securityholdervote](http://www.dynamic.ca/securityholdervote).



### 8. Can a paper copy of the Circular be requested?

The Circular and other related documents are available upon request and at no cost by calling Dynamic toll-free at 1-800-268-8186 or by e-mail at [invest@dynamic.ca](mailto:invest@dynamic.ca). These documents and other information about the Terminating Funds are also available on the Terminating Funds' website at [www.dynamic.ca](http://www.dynamic.ca) or at [www.sedarplus.ca](http://www.sedarplus.ca). Securityholders of the Terminating Funds are also being provided the Fund Facts for the Continuing Funds.

### 9. Which securityholders will be entitled to vote at the meetings?

#### **DMP Resource Class and DMP Power Global Growth Class**

Securityholders are only entitled to receive notice of, and vote at, the meeting of a Terminating Fund if they were a securityholder of record of the Terminating Fund as at the close of business on August 24, 2023 (the "Record Date"). If securityholders are a registered or beneficial holder of securities of a Terminating Fund and are entitled to vote, they may exercise their voting rights by internet, mail, or by fax.

### 10. What are the tax implications of the mergers to securityholders?

The securityholders of a Terminating Fund should not realize a capital gain or capital loss on the disposition of securities of the Terminating Fund as a result of the merger. The mergers will not result in a disposition for tax purposes of securities held by securityholders of the applicable Continuing Funds.

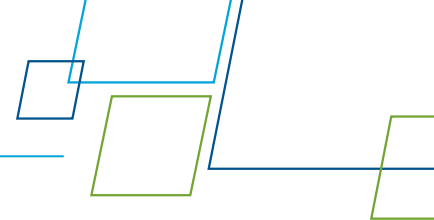
### 11. Will there be a distribution (or a dividend in the case of the DMP funds) to securityholders because of the merger?

All mergers will be completed on a tax-deferred basis. As a result, securityholders of each Terminating Fund may receive a final distribution of net income and/or net realized capital gains (or an ordinary dividend and/or capital gains dividend in the case of the Terminating Funds of DMP), on or around November 17, 2023.

Each Continuing Fund will have a deemed tax year end as result of the merger and is expected to distribute any net income and/or net realized capital gains for the period ending on the merger date, to the extent that such amounts have not previously been distributed during the year to securityholders of the Continuing Fund.

### 12. What are the fund codes for the Continuing Funds?

Please see funds codes and series mapping in **Appendix A**.



**13. What are the risk rating changes between the Continuing and Terminating Funds?**

Prospectus risk ratings are provided below; dealer risk ratings may differ.

	TERMINATING FUNDS	RISK RATING		CONTINUING FUNDS	RISK RATING
1	DMP Resource Class	High	to merge into	DynamicEdge Balanced Growth Portfolio	Low to Medium
2	DMP Power Global Growth Class	High			
3	DMP Value Balanced Class	Low to Medium		Dynamic Value Balanced Fund	
4	Dynamic Income Opportunities Fund	-		Dynamic Retirement Income Fund	
5	Dynamic Credit Absolute Return I Fund	-		Dynamic Credit Absolute Return Fund	
6	Dynamic Credit Absolute Return II Fund	Low to Medium			

**14. What are the differences in fees between the Terminating and Continuing Funds?**

Fees for the Terminating and Continuing Funds are provided in **Appendix B**.

**DMP Funds**

The Continuing Funds have a lower management fee and MER than the Terminating Funds.

**Dynamic Income Opportunities Fund**

The Continuing Fund, Dynamic Retirement Income Fund, has a lower management fee and MER than the Terminating Fund, and it does not charge a performance fee.

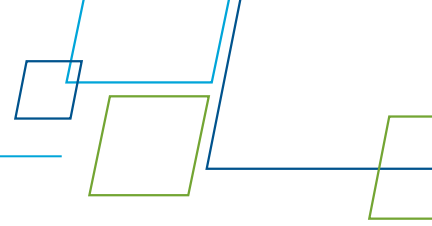
**Dynamic Credit Absolute Return I Fund & Dynamic Credit Absolute Return II Fund**

The fixed administration fee of Series A, F, H, and FH of the Continuing Fund will be one basis point lower than the equivalent series of Dynamic Credit Absolute Return II Fund. There will be no difference in management fees between the Continuing and Terminating Funds, and performance fees will remain on the Continuing Fund.

The performance fee on the Continuing Fund will have the same calculation methodology as the Terminating Funds. The current performance fee position, including the high-water marks, in the Terminating Funds will be carried over to their respective series in the Continuing Fund.

**15. Will each series of the Terminating Fund be merged into the same series of the Continuing Fund?**

Where the same series and load type of the Continuing Fund is available with similar or lower fees, the assets of the Terminating Fund series will be moved to these corresponding series. Where this is not possible, a new front-end series will be created on the Continuing Fund to receive assets of the Terminating Fund series. This is generally done not only to help preserve the pricing of the Terminating Fund series, but also to offer equivalent series to those offered on the Terminating Fund. Additionally, all DSC, Low Load and/or Low Load 2 options continue to be capped to purchases.

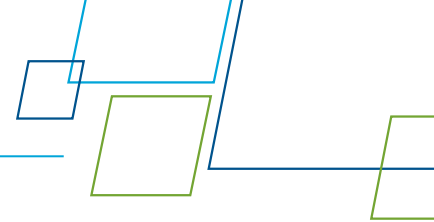


**16. If a systematic plan (PAC, SWP, SMART, etc.) is currently set up on the Terminating Fund, will the systematic plan resume on the Continuing Fund?**

Only systematic plans maintained by Dynamic will automatically be redirected to the applicable open Continuing Fund series. For systematic plans that are dealer-administered, we encourage dealers to carry over these plans to the applicable Continuing Funds.

**17. Have the mergers been reviewed by the IRC?**

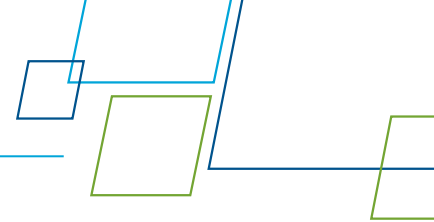
The Independent Review Committee (IRC) of the funds has reviewed the mergers and provided a favourable recommendation. The IRC determined that the mergers, if implemented, would achieve a fair and reasonable result for each of the funds.



Appendix A

FUND CODE MAPPING GUIDE

Terminating Fund	Fund Currency	Fund Series	Fund Load Type	DYN Fund Code	Continuing Fund	Fund Currency	Fund Series	Fund Load Type	DYN Fund Code
DMP Resource Class	CDN	A	FE	9152	DynamicEdge Balanced Growth Portfolio	CDN	A	FE	1950
		F	NL	9052			F	NL	1953
		G	FE	9152G			G	FE	1953
DMP Power Global Growth Class	CDN	A	FE	9752	DynamicEdge Balanced Growth Portfolio	CDN	A	FE	1950
		F	NL	9712			F	NL	1953
DMP Value Balanced Class	CDN	A	FE	9852	Dynamic Value Balanced Fund	CDN	A	FE	9194
		F	NL	9849			F	NL	3035
Dynamic Income Opportunities Fund	CDN	A	FE	408	Dynamic Retirement Income Fund	CDN	A	FE	2514
		A	DSC	410			A	FE	2514
		A	LL	409			A	FE	2514
		F	NL	411			F	NL	2515
Dynamic Credit Absolute Return I Fund	CDN	A	FE	1750	NEW Dynamic Credit Absolute Return Fund	CDN	A1	FE	17500
		A	DSC	1752			A1	FE	17500
		F	NL	1753			F1	NL	17530
Dynamic Credit Absolute Return II Fund	CDN	DCAF-A	FE	2754	NEW Dynamic Credit Absolute Return Fund	CDN	DCAF-A	FE	27540
		A	FE	2753			A	FE	27530
		F	NL	2755			F	NL	27550
	USA	FH	NL	2773		USA	FH	NL	27730
		H	FE	2758			H	FE	27580



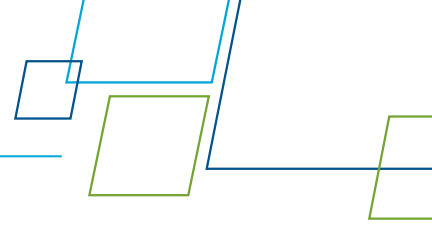
Appendix B

FEE COMPARISON

Terminating Fund	Fund Currency	Fund Series	Fund Load Type	Mgt Fee	MER*	Continuing Fund	Fund Series	Fund Load Type	Mgt Fee	MER*	Mgt Fee Change	MER Change
DMP Resource Class	CDN	A	FE	2.25%	2.72%	DynamicEdge Balanced Growth Portfolio	A	FE	1.90%	2.32%	▼0.35%	▼0.40%
		F	NL	1.25%	1.57%		F	NL	0.90%	1.20%	▼0.35%	▼0.37%
		G	FE	2.25%	2.56%		G	FE	1.90%	2.18%	▼0.35%	▼0.38%
DMP Power Global Growth Class	CDN	A	FE	2.00%	2.78%	DynamicEdge Balanced Growth Portfolio	A	FE	1.90%	2.32%	▼0.10%	▼0.46%
		F	NL	1.00%	1.66%		F	NL	0.90%	1.20%	▼0.10%	▼0.46%
DMP Value Balanced Class	CDN	A	FE	2.00%	2.52%	Dynamic Value Balanced Fund	A	FE	1.85%	2.16%	▼0.15%	▼0.36%
		F	NL	1.00%	1.39%		F	NL	0.85%	1.02%	▼0.15%	▼0.37%
Dynamic Income Opportunities Fund	CDN	A	FE	2.25%	5.01%	Dynamic Retirement Income Fund	A	FE	1.75%	2.17%	▼0.50%	▼2.84%
		A	DSC	2.25%	5.01%		A	FE	1.75%	2.17%	▼0.50%	▼2.84%
		A	LL	2.25%	5.01%		A	FE	1.75%	2.17%	▼0.50%	▼2.84%
		F	NL	1.25%	3.89%		F	NL	0.75%	1.04%	▼0.50%	▼2.85%
Dynamic Credit Absolute Return I Fund	CDN	A	FE	1.80%	2.45%	NEW Dynamic Credit Absolute Return Fund	AI	FE	1.80%	New	No Change	
		A	DSC	1.80%	2.45%		AI	FE	1.80%	New	No Change	
		F	NL	0.80%	1.44%		FI	NL	0.80%	New	No Change	
Dynamic Credit Absolute Return II Fund	CDN	DCAF-A	FE	1.80%	2.22%	NEW Dynamic Credit Absolute Return Fund	DCAF-A	FE	1.80%	New	No Change	
		A	FE	1.80%	2.22%		A	FE	1.80%	New	No Change	
		F	NL	0.80%	1.27%		F	NL	0.80%	New	No Change	
	USA	FH	NL	0.80%	–	NEW Dynamic Credit Absolute Return Fund	FH	NL	0.80%	New	No Change	
		H	FE	1.80%	–		H	FE	1.80%	New	No Change	

\*For the period ended June 30, 2022.





### To learn more, contact your Dynamic Funds Sales Representative.

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