

Target Market Determination (TMD)

Raiz Invest Australia Fund (the product)

This TMD is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of investors that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). It forms part of Instreet Investment Limited's (ACN 128 813 016, AFSL 434776) design and distribution arrangements for the product.

Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS and Additional Information Document (**AID**) for the product before making a decision whether to buy this product. The PDS and AID can be obtained by visiting: raizinvest.com.au/product-disclosure-statement/.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined.

Fund and Issuer identifiers

| | |
|--------------------------|-----------------------------|
| Issuer | Instreet Investment Limited |
| Issuer ABN | 44 128 813 016 |
| Issuer AFSL | 434776 |
| Fund name | Raiz Invest Australia Fund |
| ARSN | 607 533 022 |
| TMD approval date | 29 January 2024 |
| TMD version | 4 |
| TMD status | Current |

Product description and key attributes

Product description

This product is a registered managed investment scheme that allows automatic micro-investing into multi-asset portfolios of the investor's choice and offers a way to regularly invest small or large amounts of money using the associated Raiz App on a mobile phone or the website to hold wealth and provide potential capital growth.

Key product attributes

This product has:

- a minimum investment amount of \$5.00 and a maximum daily investment amount of \$10,000;
- the ability for customers to make regular contributions to increase the value of their Raiz Investment Account and withdraw all or part of their investment on 5-7 business days' notice (in normal operating conditions);
- a trust structure which means investments are held beneficially for them (subject to any fractional interests, which are pooled) in a separate account to other investors;
- investment choices for a customer to invest their contributions into a variety of multi-asset Portfolios (Selected Portfolio) with a variety of risk/return profile and investment timeframes including:
 - through each of Conservative Portfolio, Moderately Conservative Portfolio, Moderate Portfolio, Moderately Aggressive Portfolio, and Aggressive Portfolio, exchange traded funds quoted on the ASX (ETFs) which are a pre-selected asset allocation;
 - through the Emerald Portfolio, ETFs which are a pre-selected asset allocation with a socially responsible investment theme;
 - through the Sapphire Portfolio, a mix of ETFs with pre-selected asset allocation and Bitcoin (5% target asset allocation);
 - through the Property Portfolio, a mix of ETFs and the Raiz Property Fund (RPF), a unit trust that allows investors to have exposure to the Australian residential property asset class (comprising 30% of the target asset allocation of the Property Portfolio investment choice);
 - through the Plus Portfolio, the ability for the investor to choose the portfolio weights of a selection of ETFs, single ASX-listed stocks, RPF units and Bitcoin and create their own asset allocation (subject to certain allocation limits for Bitcoin and RPF);
- the ability to allocate fractional interests in ETF units (or ASX-listed stocks, Bitcoin or RPF units) to individual investors. The product will allocate fractional interests in these ETF units, single ASX-listed stocks, Bitcoin or RPF units to their Raiz Investment Account, corresponding to the amount of funds they have invested in their Selected Portfolios. Fractional interests allow the Raiz Investment Account to be fully invested in the market from as little as \$5.00;
- the ability to operate their investment account through the Raiz App;
- no distributions. Any distributions received by the product in respect of any ETF, ASX-listed stock and Unit Trust units allocated will be automatically re-invested into the investor's Raiz Investment Account. Customers who wish to receive regular payments must make regular withdrawals from the product;
- no switching fees to change the Selected Portfolio(s);
- no contribution or withdrawal fees;
- no brokerage, trading or transaction fees; and
- the ability to open separate investment accounts known as the 'Raiz Kids' account for the customer's children, grandchildren or other dependants (Child) which limits the ability of the customer to make withdrawals until that Child reaches 18 years of age.

Description of Target Market

The Target Market is the class of persons who are the type of customer set out below, who have the needs and objectives set out below and are in the financial situation set out below.

Type of customer

This product is suitable for an individual customer or a trustee of a self-managed super fund (SMSF) with any one or more of the following short term and long term objectives:

- to invest wealth outside of the superannuation environment (or, in the case of an SMSF trustee, as an investment of the SMSF);
- to accumulate capital/wealth;
- to hold capital/wealth;
- does not require a regular source of income from their investment (other than by making regular withdrawals);
- wants access to micro-investing through a digital service;
- would be comfortable with withdrawal proceeds typically being paid with 5-7 business days (in normal operating conditions); and
- are looking to purchase an investment product through a direct online channel and did not receive personal financial advice.

The product is not designed for an individual customer or a trustee of a self-managed super fund (SMSF) who:

- have a concentrated investment approach, unless the customer invests in the Plus portfolio and elects to concentrate their investments within that portfolio;
- wants to invest more than \$10,000 per day; and
- are looking for an investment product offered through personal financial advice.

TMD indicator key

The Investor Attributes for which the product is likely to be appropriate have been assessed using a red, amber, and green rating methodology with appropriate colour coding:

| | | |
|------------------|-------------------------|----------------------|
| In target market | See issuer instructions | Not in target market |
|------------------|-------------------------|----------------------|

Instructions

In the tables below, Column 1 indicates a description of the likely objectives, financial situation and needs of the class of investors that are considering this product. Column 2 indicates whether an investor meeting the attribute in column 1 is likely to be in the target market for this product.

Level of Decision Making

| Table 1: Customer's intended level of decision making | Product consistency |
|--|--|
| The ability to choose whether to be fully self-managed or access pre-defined portfolios chosen by customer from investment menu with administration provided by the product issuer | In target market |
| Fully self-managed | Only if exclusively using the Plus Portfolio |
| Pre-defined portfolios chosen by customer from investment menu with administration provided by the product issuer | Only if not using the Plus Portfolio |
| Default investment strategy applied where no investment selection is made. Administration is provided by the product issuer | Not in Target Market |

Product investment menu

| Table 2: Customer's intended type of investment products on investment menu | Product consistency |
|---|--|
| <i>Ready-made Diversified Portfolio solutions to suit a range of risk/return profiles from low to very high</i> | |
| Passive investment portfolios (ETFs) | In target market |
| Socially Responsible investment themed portfolios (ETFs) | In target market |
| Portfolios with up to 5% allocation to Bitcoin (ETFs and Bitcoin) | In target market |
| Portfolios with up to 30% allocation to Australian Residential Property (ETFs and RPF units) | In target market |
| Active investment portfolios (Active funds) | Not in target market |
| Portfolios allowing choice of underlying fund managers | Not in target market |
| <i>Range of options available for customer to build own portfolio – Through Plus Portfolios only</i> | |
| Passive investment options, such as passive exchange traded fund (ETF) | In target market |
| Active investment options, such as active managed funds | Not in target market |
| Bitcoin | Only for investment exposures for up to 5% |
| Australian Residential Property (RPF units) | Only for investment exposures of up to 30% |
| Term deposit options | Not in target market |
| Direct share options (Limited ASX listed stocks) | In target market |
| Separately managed accounts | Not in target market |
| Cash management account | Not in target market |
| Longevity product options (annuities) | Not in target market |
| Capital guarantee preservation options | Not in target market |

Customer's other requirements

| Table 3: Customer's other requirements | Product consistency |
|--|----------------------------|
| The ability to micro-invest (from \$5) | In target market |
| Ability to make withdrawals and contributions without additional fees | In target market |
| App-based and web-based investing | In target market |
| Features suitable for helping children and other dependants of the customer invest | In target market |
| Features to support regular investing – automatic contribution tools | In target market |

Financial advice

| Table 4: Customer's desired ability for financial advice | Product consistency |
|--|----------------------------|
| Consumer wishes to receive comprehensive personal financial advice through the product | Not in target market |
| Consumer wishes to receive personal financial advice through the fund that relates to the consumer's interest in the product | Not in target market |
| Consumer does not wish to receive personal financial advice through the product | In target market |
| Consumer wishes to have the option to authorise a financial adviser to assist in managing the product | Not in target market |

Restrictions on access to capital

| Table 5: Customer's desired availability of access to capital | Product consistency |
|---|----------------------------|
| The customer wishes to access capital from the product without restriction (i.e. within 5-7 business days in normal operating conditions) | In target market |

Target market for investment options

As not all investment options are suitable for investors in the target market of the product, the table below sets out a description of the likely objectives, financial situation and needs of the class of investors in the target market that of each investment option within the product has been designed for.

The Plus Portfolio is a customisable portfolio which allows the investor to choose the asset mix and allocation of the portfolio. Accordingly, the investor attributes outlined below may change for the Plus Portfolio, depending on the asset mix and allocation selected by the investor.

| Table 6: Investor Attributes for investment options | Product consistency | Description |
|--|----------------------------|--------------------|
| Investor's investment objective | | |
| Capital Growth | In target market | |
| Capital Preservation | Not in target market | |

| | | |
|--|----------------------|--|
| Income Distribution | Not in target market | |
| Investor's intended product use (% of Investable Assets) | | |
| Solution/Standalone (up to 100%) | See description | <p>This product is suitable for use as a satellite allocation where the customer exclusively chooses investment options with high, very high or extremely high level of risk.</p> <p>This product may be suitable for use as a major, core or minor allocation if the customer pursues a diversified investment strategy through the product, depending on the level of diversification.</p> <p>This product may be suitable for use as a solution / standalone allocation where the customer chooses investment options that includes available asset classes, sectors and geographic markets within the app through the Plus Portfolio option.</p> |
| Major allocation (up to 75%) | See description | |
| Core component (up to 50%) | See description | |
| Minor allocation (up to 25%) | See description | |
| Satellite allocation (up to 10%) | In target market | |
| Investor's investment timeframe – minimum investment timeframe | | |
| Conservative Portfolio | 3-5 years | |
| Moderately Conservative Portfolio | 3-5 year | |
| Moderate Portfolio | 5-10 years | |
| Moderately Aggressive Portfolio | 10-15 years | |
| Aggressive Portfolio | 10-20 years | |
| Emerald Portfolio | 10-15 years | |
| Sapphire Portfolio | 15+ years | |
| Property Portfolio | 10-15 years | |
| Plus Portfolio | Custom* | |
| <p>* Plus Portfolio: Investors choose their own customised mix of ETFs, single ASX-listed Stocks, Bitcoin and/or RPF units to suit their own investment objective and investment timeframe.</p> | | |
| Investor's Risk (ability to bear loss) and Return profile | | |
| Low | Not in target market | |
| Medium | See description | <p>Conservative portfolio: This portfolio provides relatively low level of risk which corresponds to low expected returns over the long term.</p> <p>Moderately Conservative portfolio: This portfolio provides a relatively moderate to low level of risk which corresponds to low to moderate expected returns over the long term.</p> <p>Customers who invest in the Plus Portfolio or who choose a mix of investment options with varying levels of risk may construct a</p> |

| | | |
|--|------------------|--|
| | | blended portfolio within the product with a different risk and return profile to any individual investment option. |
| High | See description | <p>Moderate portfolio: This portfolio provides a relatively moderate to balanced level of risk which corresponds to moderate expected returns over the long term.</p> <p>Moderately Aggressive portfolio: This portfolio provides a relatively moderate to high level of risk which corresponds to moderate to high expected returns with capital appreciation over the long term.</p> <p>Emerald portfolio: This portfolio provides a relatively moderate to high level of risk which corresponds to moderate to high expected returns with capital appreciation over the long term.</p> <p>Property portfolio: This portfolio provides exposure to the Australian residential property asset class (30% target asset allocation) and has a relatively moderate to high level of risk which corresponds to moderate to high expected returns with capital appreciation over the long term.</p> <p>Aggressive portfolio: This portfolio provides a relatively moderate to high level of risk which corresponds to high expected returns with capital appreciation over the long term.</p> <p>Customers who invest in the Plus Portfolio or who choose a mix of investment options with varying levels of risk may construct a blended portfolio within the product with a different risk and return profile to any individual investment option.</p> |
| Very high | See description | Customers who invest in the Plus Portfolio or who choose a mix of investment options with varying levels of risk may construct a blended portfolio within the product with a different risk and return profile to any individual investment option. |
| Extremely high | See description | <p>Sapphire Portfolio: This portfolio provides exposure to Bitcoin (5% target asset allocation) and provides a very high level of risk.</p> <p>Plus Portfolio: The Plus Portfolio is a customisable portfolio which allows the investor to choose the asset mix and allocation of the portfolio, including up to 5% in Bitcoin and up to 30% RPF.</p> <p>Customers invest in the Plus Portfolio or who choose a mix of investment options with varying levels of risk may construct a blended portfolio within the product with a different risk and return profile to any individual investment option.</p> |
| Investor's need to access capital | | |
| Within 5-7 business days of request | In target market | Withdrawal requests are processed on business days and returned to nominated bank accounts within 5-7 business days (in normal operating conditions) |

Financial situation

Life stage of customer

| Table 7: Life stage | Product consistency |
|---|----------------------|
| Child (under 18) | Not in target market |
| Student (over 18) | In target market |
| Accumulation (under 65) | In target market |
| Pre-retirement (40 to 65) | In target market |
| Retired* (over 65) | In target market |
| *Distributions are reinvested into all portfolios so are not directly income paying but can be withdrawn as required. | |

Intended size of investment

| Table 8: Intended size of investment per portfolio* | Product consistency | Description |
|---|---------------------|---|
| \$1 to \$20,000 | In target market | <p>The product has:</p> <ul style="list-style-type: none"> • a minimum investment amount of \$5.00; • automatic micro-investing of contributions into a variety of multi-asset Portfolios (Selected Portfolio) of the investor's choice; and • the ability to allocate fractional interests in ETF units (or ASX listed stock, Bitcoin or RPF units) to individual investors. The product will allocate fractional interests in these ETF units, single ASX-listed stocks, Bitcoin or RPF units to their Raiz Investment Account, corresponding to the amount of funds they have invested in their Selected Portfolios. Fractional interests allow the Raiz Investment Account to be fully invested in the market from as little as \$5.00. <p>In this account balance range, the following fees are charged per portfolio:</p> <ul style="list-style-type: none"> • Plus Portfolio – fixed fee of \$5.50 per month; • Property and Sapphire Portfolios – a fixed fee of \$4.50 per month plus additional variable fee of 0.275% p.a of balance; • All other Portfolios – fixed fee of \$4.50 per month. |
| \$20,000.01 to \$25,000 | In target market | <p>In this balance range, the following fees are charged per portfolio:</p> <ul style="list-style-type: none"> • Plus Portfolio – fixed fee of \$5.50 per month; • Property and Sapphire Portfolios – a fixed fee of \$4.50 per month plus additional variable fee of 0.275% p.a of balance; • All other Portfolios - a variable fee of 0.275% p.a of balance. |
| Over \$25,000.01 | In target market | <p>In this balance range, the following fees are charged per portfolio:</p> <ul style="list-style-type: none"> • Plus Portfolio – a variable fee of 0.275% p.a. of balance; • Property and Sapphire Portfolios – a fixed fee of \$4.50 per month plus additional variable fee of 0.275% p.a of balance; • All other Portfolios - a variable fee of 0.275% p.a of balance. |
| <p>*Note: The size of the investment per portfolio will incur a different level of fee structure as set out in the table above. Limits of investments are placed on deposits on a daily basis to A\$10,000.</p> | | |

Appropriateness requirements

The Issuer has assessed the product and formed the view that following key attributes of the product are likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as follows:

| Aspect of Target Market | Corresponding Product Features |
|--|---|
| Table 1: Customer's intended level of decision making | <ul style="list-style-type: none"> • Investment choices for a customer to make to invest their contributions into a variety of multi-asset Portfolios (Selected Portfolio) with a variety of risk/return profile and investment timeframes including: <ul style="list-style-type: none"> ○ through each of Conservative Portfolio, Moderately Conservative Portfolio, Moderate Portfolio, Moderately Aggressive Portfolio, and Aggressive Portfolio, exchange traded funds quoted on the ASX (ETFs) which are a pre-selected asset allocation; ○ through the Emerald Portfolio, exchange traded funds quoted on the ASX (ETFs) which are a pre-selected asset allocation with a socially responsible investment theme; ○ through the Sapphire Portfolio, a mix of ETFs with pre-selected asset allocation and Bitcoin (5% target asset allocation); ○ through the Property Portfolio, a mix of ETFs and RPF units, that allows investors to have exposure to the Australian residential property asset class (comprising 30% of the target asset allocation); ○ through the Plus Portfolio, the ability for the customer to choose the portfolio weights of a selection of ETFs, single ASX-listed stocks, RPF units and Bitcoin and create their own asset allocation (subject to certain allocation limits for Bitcoin and RPF). |
| Table 2: Customer's intended type of investment products on investment menu | <ul style="list-style-type: none"> • Investment choices for a customer to make to invest their contributions into a variety of multi-asset Portfolios (Selected Portfolio) with a variety of risk/return profile and investment timeframes as per above. |
| Table 3: Customer's other requirements | <ul style="list-style-type: none"> • A minimum investment amount of \$5.00. • The ability for customers to make regular contributions to increase the value of their Raiz Investment Account and withdraw all or part of their investment on 5-7 business days' notice (in normal operating conditions). • A trust structure which means investments are held beneficially for them (subject to any fractional interests, which are pooled) in a separate account to other investors. • The ability to allocate fractional interests in ETF units (or ASX-listed stocks or Bitcoin or RPF units) to individual investors. The product will allocate fractional interests in these ETF units, single ASX-listed stocks, Bitcoin or RPF units to their Raiz Investment Account, corresponding to the amount of funds they have invested in their Selected Portfolios. Fractional interests allow the Raiz Investment Account to be fully invested in the market from as little as \$5.00. • The ability to operate their investment account through the Raiz App. • No switching fees to change the Selected Portfolio(s). |

| Aspect of Target Market | Corresponding Product Features |
|--|--|
| | <ul style="list-style-type: none"> No contribution or withdrawal fees. No brokerage, trading or transaction fees. The ability to open separate investment accounts known as the 'Raiz Kids' account for the customer's children, grandchildren or other dependants (Child) which limits the ability of the customer to make withdrawals until that Child reaches 18 years of age. |
| Table 4: Customer's desired ability for financial advice | <ul style="list-style-type: none"> No personal advice will be provided through the product and there is no adviser functionality. Information provided through the product will be general in nature. |
| Table 5: Customer's desired availability of access to capital | <ul style="list-style-type: none"> The ability for customers to make regular contributions to increase the value of their Raiz Investment Account and withdraw all or part of their investment on 5-7 business days' notice (in normal operating conditions). |
| Table 6: Investor Attributes | <ul style="list-style-type: none"> Investment choices for a customer to make to invest their contributions into a variety of multi-asset Portfolios (Selected Portfolio) with a variety of risk/return profile and investment timeframes as per above. No distributions. Any distributions received by the product in respect of any ETF, ASX listed stock and RPF units allocated will be automatically re-invested into the investor's Raiz Investment Account. Customers who wish to receive regular payments must make regular withdrawals from the product. |
| Table 7: Life stage | <ul style="list-style-type: none"> Investment choices for a customer to make to invest their contributions into a variety of multi-asset Portfolios (Selected Portfolio) with a variety of risk/return profile and investment timeframes as per above. The ability to open separate investment accounts known as the 'Raiz Kids' account for the customer's children. |
| Table 8: Intended size of investment | <ul style="list-style-type: none"> See Table 8 |

Distribution conditions/restrictions

The following distribution conditions apply to marketing and advertising of the product:

- Any targeted advertising to be directed to customers likely to be in the target market.
- Any direct marketing to be restricted to customers likely to be in the target market.

The following distribution conditions apply to distribution of the product:

| Distribution conditions | Distribution condition rationale | Distributors this condition applies to |
|--|---|---|
| The product is only available to be distributed through the following means: | Data driven determinations made by Raiz Invest Australia Limited (Promoter and distributor of | Raiz Invest Australia Limited (Promoter and |

Raiz Invest Australia Limited – Authorised Representative of AFSL 434776. The Raiz Invest Australia Fund is issued in Australia by Instreet Investment Limited (ACN 128 813 016 AFSL 434776) a subsidiary of Raiz Invest Limited and promoted by Raiz Invest Australia Limited (ACN 604 402 815).

| Distribution conditions | Distribution condition rationale | Distributors this condition applies to |
|---|--|--|
| <ul style="list-style-type: none"> • Online via the Raiz website. • Raiz mobile app. <p>This product should only be distributed under the following circumstances:</p> <ul style="list-style-type: none"> • individuals that meet eligibility requirements; • individuals who through the Raiz website or mobile app have created an account in their own name or on behalf of a SMSF and who have completed the full sign-up process including the series of questions asked on application (Application Questionnaire); and • individuals who, in response to the Application Questionnaire, have received confirmation that their selected investment portfolios are likely to be consistent with their likely objectives, financial situation and needs, based on the responses to the Application Questionnaire. | <p>the product) seek to ensure that the distribution conditions are met and assist with investment portfolio suggestions that have target markets which are likely to be consistent with the likely objectives, financial situation and needs set out in the Application Questionnaire responses.</p> <p>The Issuer has reviewed all regulatory documentation (PDS, AID, application forms, disclaimers, onboarding information collected) as well as the data collected from the Application Questionnaire to ensure that investors who are outside the target market are filtered out to the extent practicable. The Issuer is comfortable that the disclosure in documentation, together with the data collected from the Application Questionnaire, enable it to reasonably conclude that distribution of the product occurs to a class of investors who are likely to be in the target market.</p> <p>We will review on a quarterly basis the outcomes the product is providing to investors and determine if changes to the product or the distribution strategy are required.</p> | <p>distributor of the product)</p> |

Review triggers

| |
|---|
| <p>Material change to key attributes, fund investment objective and/or fees where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p> |
| <p>Determination by the issuer of an ASIC reportable Significant Dealing.</p> |
| <p>Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p> |
| <p>The use of Product Intervention Powers, regulator orders or directions that affects the product where the product issuer considers this would reasonably suggest that (i) this product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate.</p> |
| <p>A significant breach event relating to the design or distribution of this product where the product issuer considers this would reasonably suggest that (i) this product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate.</p> |

The above review triggers do not limit the product issuer's obligations under s994C(3)(ii). When a review trigger has occurred, this TMD will be reviewed within 10 business days.

Maximum period for reviews

| Review period | Maximum period for review |
|-------------------|--|
| Initial review | 15 months from the effective date of this TMD |
| Subsequent review | 15 months from the date of the previous TMD review |

Note: The review period allows for the collection of data for 12 months, plus three months for the completion of the review.

Distributor information reporting requirements

| Reporting requirement | Reporting period | Which distributors this requirement applies to |
|---|--|--|
| Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy. | On a quarterly basis and for each quarter as soon as practicable but no later than 10 business days following end of calendar quarter. | All distributors |
| Significant dealing outside of target market, under section 994F (6) of the Act. See Definitions for further detail. | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors |

Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

| Term | Definition |
|---|---|
| Consumer's investment objective | |
| Capital Growth | The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate. |
| Capital Preservation | The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities). |
| Income Distribution | The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments). |
| Consumer's intended product use (% of Investable Assets) | |

| Term | Definition |
|--|--|
| Solution/Standalone (up to 100%) | The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification. |
| Major allocation (up to 75%) | The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification. |
| Core Component (up to 50%) | The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification. |
| Minor allocation (up to 25%) | The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification. |
| Satellite allocation (up to 10%) | The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only. |
| <i>Investable Assets</i> | Those assets that the investor has available for investment, excluding the residential home. |
| Portfolio diversification | |
| Note: exposures to cash and cash-like instruments may sit outside the diversification framework below. | |
| Very low | The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles). |
| Low | The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy). |
| Medium | The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources). |
| High | The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities). |
| Very high | The product provides exposure to a large number of holdings across a broad range of asset classes, sectors <u>and</u> geographic markets with limited correlation to each other. |
| Consumer's intended investment timeframe | |

| Term | Definition |
|---|--|
| Minimum | The minimum suggested timeframe for holding the product or an investment option through the product. Typically, this is the rolling period over which the investment objective of the investment option is likely to be achieved. |
| Consumer's Risk (ability to bear loss) and Return profile | |
| <p>This TMD uses the Standard Risk Measure (<i>SRM</i>) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i> (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating. A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p> | |
| Low | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a conservative or low risk appetite, • seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and • is comfortable with a low target return profile. <p>The consumer typically prefers stable, defensive assets (such as cash).</p> |
| Medium | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. <p>The consumer typically prefers defensive assets (for example, fixed income).</p> |
| High | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). <p>The consumer typically prefers growth assets (for example, shares and property).</p> |
| Very high | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p> |

| Term | Definition |
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| Extremely high | <p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p> |
| Consumer’s need to access capital | |
| <p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in aligning the product to the consumer’s need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.</p> | |

| Term | Definition |
|------------------------------|--|
| Distributor Reporting | |
| Significant dealings | <p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter, • the consumer's intended product use is <i>solution/standalone</i>, • the consumer's intended product use is <i>core component</i> or higher and the consumer's risk/return profile is <i>low</i>, or • the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return. |