

## Target Market Determination – Funds Management

### Legal disclaimer

This Target Market Determination (**TMD**) is required under section 994B of the Corporations Act 2001 (Cth) (**the Act**). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Australian Unity Funds Management Limited’s (**Australian Unity Funds Management**) design and distribution arrangements for the product.

This document is **not** a product disclosure statement and is **not** a 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 Product Disclosure Statement (**PDS**) for the Australian Unity Select Income Fund (**Fund**) before making a decision whether to buy this product.

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. The PDS can be obtained by contacting Client Services on 13 29 39 (within Australia) or on our website at [www.australianunity.com.au/wealth/select-income-fund](http://www.australianunity.com.au/wealth/select-income-fund).

### Target Market Summary

This product is likely to be appropriate for a consumer seeking **income distribution** to be used as a **satellite/small allocation or a core component** within a portfolio where the consumer has a **short, medium or long** investment timeframe, **medium or high** risk/return profile and needs **annually or longer** access to capital.

### Fund and Issuer identifiers

<b>Issuer</b>	Australian Unity Funds Management Limited	<b>ISIN Code</b>	AU60AUS00833
<b>Issuer ABN</b>	60 071 497 115	<b>Market Identifier Code</b>	N/A

<b>Issuer AFSL</b>	234454	<b>Product Exchange code</b>	N/A
<b>Fund</b>	Australian Unity Select Income Fund	<b>Date TMD approved</b>	5 <sup>th</sup> October 2021
<b>ARSN</b>	091 886 789	<b>TMD Version</b>	1
<b>APIR Code</b>	AUS0083AU	<b>TMD Status</b>	Current

## Description of Target Market

This part is required under section 994B(5)(b) of the Act.

### TMD indicator key

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

In target market	Potentially in target market	Not considered in target market
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### Instructions

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

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital Growth		The Fund's investment objective is to provide regular income and capital stability, through a selection of investments into first registered mortgage loans ('Syndicate-Funds') with a short duration.
Capital Preservation		
Capital Guaranteed		
Income Distribution		<p>The Fund is structured as a 'contributory mortgage fund', comprising a Cash Account and a selection of Syndicate-Funds. Investment in a first registered mortgage loan through a Syndicate-Fund is generally a capital stable investment offering interest rates which are typically higher than those payable by other investments.</p> <p>Generally, all distributions are sourced from income received, or capitalised, in the relevant distribution period and are payable monthly. As the Fund aims to distribute on a monthly basis and the Fund's investments are typically capital stable investments, the Fund is likely to be appropriate for consumers who are seeking income distribution</p>
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (75-100%)		The Fund comprises of a Cash Account and a selection of Syndicate- Funds.
Core Component (25-75%)		<p>Consumers will make an application and the funds are initially invested in the Cash Account. Consumers will then select either Specific Investment Authority (i.e. the investor retains authority to select the loan(s) to which their funds are allocated) or General Investment Authority (i.e. gives the authority to Australian Unity Funds Management to allocate the investors funds into one or more loan(s)). The funds will then be allocated into any available Syndicate-Fund.</p> <p>Each Syndicate-Fund provides an opportunity to invest in a first registered mortgage. While the Fund is not a 'pooled fund', diversification can be achieved by investing in multiple Syndicate-Funds (subject to availability). The security for each Syndicate-Fund is generally land and/or construction property assets.</p>
Satellite/small allocation (<25%)		

Consumer Attributes	TMD Indicator	Product description including key attributes
		As a result of this, consumers investing in the Fund can create a portfolio which has a low or medium level of diversification and therefore is likely to be appropriate as a core or satellite component of a consumer's portfolio.
<b>Consumer's investment timeframe</b>		
Short ( $\leq 2$ years)		The recommended minimum investment timeframe is 12 months.
Medium ( $> 2$ years)		This is because the term for each Syndicate-Fund's first registered mortgage loan is generally 12 to 24 months. Capital from a Syndicate-Fund is only returned to the Cash Account upon repayment of a first registered mortgage loan by the borrower. Withdrawals are not offered during the term of a Syndicate-Fund.
Long ( $> 8$ years)		<p>At the end of the term, a consumer's funds are returned to the Fund's Cash Account. Withdrawals from the Fund's Cash Account are then generally available by providing two business days' notice.</p> <p>The Fund and allocation of funds by a consumer to a Syndicate-Fund is therefore likely to be appropriate for consumers who have a short investment timeframe. As consumers may elect to reinvest in subsequent Syndicate-Funds, the Fund is also likely to be appropriate for consumers who have a medium to long term investment timeframe.</p>
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low		The Fund's investment objective is to provide regular income and capital stability, through a selection of investments into first registered mortgage loans ("Syndicate-Funds") with a short duration.
Medium		
High		
Very High		As an investment in single Syndicate-Fund generally provides less diversification when compared to a pooled fund where a number of mortgages are pooled to provide a return for investors, the Fund targets a medium or high return profile and has a medium or high potential for losses. The Fund is therefore likely to be appropriate for consumers who have a medium or high risk and return profile.

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's need to withdraw money</b>		
Daily		Under normal circumstances, where a consumer's funds are invested in the Cash Account, a consumer can withdraw from the Cash Account with two business days' notice by providing a withdrawal request. Withdrawals are generally paid within two business days although under the constitution for the Fund, we have 90 days from the date of the request to satisfy withdrawal requests from the Fund's Cash Account.
Weekly		
Monthly		
Quarterly		
Annually or longer		Withdrawals are not available during the term of a Syndicate-Fund. At the end of the term of the Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account. The Fund is therefore likely to be appropriate for a consumer who does not need to access the monies within the stated term of the relevant Syndicate-Fund, that is, annually or longer.

## Appropriateness

Note: This section is required under RG 274.64–66.

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

## Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions.	Not applicable.

Review triggers

This part is required under section 994B(5)(d) of the Act.
Material change to key attributes, fund investment objective and/or fees.
Material deviation from benchmark / objective over sustained period.
Key attributes have not performed as disclosed by a material degree and for a material period.
Determination by the issuer of an ASIC reportable Significant Dealing.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product.

<b>Mandatory review periods</b>	
This part is required under section 994B(5)(e) and (f) of the Act.	
<b>Review period</b>	<b>Maximum period for review</b>
Initial review	1 year and 3 months
Subsequent review	2 years and 3 months

<b>Distributor reporting requirements</b>		
This part is required under section 994B(5)(g) and (h) of the Act.		
<b>Reporting requirement</b>	<b>Reporting period</b>	<b>Which distributors this requirement applies to</b>
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.	Within 10 business days following the end of the calendar quarter.	All distributors
Significant dealing outside of target market, under s994F(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

To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors
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If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Australian Unity Funds Management using the method specified on this website: <https://www.australianunity.com.au/wealth/distributor-complaints>. This link also provides contact details relating to this TMD for Australian Unity Funds Management.

## ***Copyright & Disclaimer***

This target market determination (**TMD**) is made by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No 234454 (**Issuer**) pursuant to section 994B of the Corporations Act 2001 (Cth). The Issuer is the responsible entity of the Fund and the issuer of interests in the Fund (**Product**).

This document is not a summary of the Fund or the Product, or the Product Disclosure Statement for the Product (**PDS**). It does not (and is not intended to) set out a summary of the terms or features of the Product.

This document is intended to provide a record of the Issuer's assessment of the Product, which forms the basis of this TMD. It also details the Product's distribution channel(s) and distribution strategy which must align to this TMD. This document is also used as a basis for the periodic review of the TMD and the Product's suitability for distribution to the identified target market.

This document does not (and is not intended to) provide or constitute financial product advice. The target market described in this TMD is general in nature only and does not make any statement or representation that a particular person is or is not in the target market described in this TMD. This TMD does not take into account the objectives, financial situation and needs of any particular person and the Issuer makes no representation as to whether or not the Fund or the Product is suitable for any particular person.

Prior to making any decision in relation to the Fund or the Product, investors should obtain and consider the PDS, and obtain financial product advice if necessary. This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

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An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and performance of the Product may differ materially from the forecasts, estimates and opinions set out in this TMD. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

This material is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by the Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

No part of this TMD may be reproduced or distributed in any manner without the prior written permission of the Issuer.

# Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. 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 to reduce volatility and minimise loss in a market down-turn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.

Term	Definition
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities “All Ords”.
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).
<b>Consumer’s intended investment timeframe</b>	
Short ( $\leq 2$ years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Medium ( $> 2$ years)	The consumer has a medium investment timeframe and is unlikely to redeem within two years.
Long ( $> 8$ years)	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
<b>Consumer’s Risk (ability to bear loss) and Return profile</b>	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (<i>SRM</i>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i>. 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 or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, 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.</p> <p>A consumer’s desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	The consumer is conservative or low risk in nature, seeks to minimise 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. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.

Term	Definition
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Consumer's need to withdraw money</b>	
<p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. 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 completing this section.</p>	
Daily/Weekly/Monthly/Quarterly/Annually or longer	<p>The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.</p>
<b>Distributor Reporting</b>	
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"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> </ul>

Term	Definition
	<ul style="list-style-type: none"> <li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer).</li> </ul> <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"> <li>• it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer’s intended product use is <i>Solution / Standalone</i>, or</li> <li>• the consumer’s intended product use is <i>Core component</i> and the consumer’s risk (ability to bear loss) and return profile is <i>Low</i>.</li> </ul>