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# Target Market Determination

**Product / Fund:** Perpetual Small APRA Fund Service

**Effective Date:** 15 December 2022

**TMD Version:** 2.0

This Target Market Determination is required under section 994B of the *Corporations Act 2001 (Cth)*. It outlines the class of consumers for which this product has been designed and is intended to assist distributors in understanding who the product is intended to be distributed to. The document forms part of the design and distribution arrangements for the product and outlines distribution conditions and restrictions as well as reporting requirements for distributors.

This document is not a Product Disclosure Statement and does not provide a full 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. People interested in acquiring this product should carefully read the Product Disclosure Statement before making a decision whether to buy this product. The Product Disclosure Statement is available at [www.perpetual.com.au](http://www.perpetual.com.au).

## Target market statement

The Perpetual Small APRA Fund Service (the Service) is a comprehensive trustee, fund, investment administration and asset custody service for 'do-it-yourself (DIY) superannuation funds. It may be suitable for investors (and their advisers) who are looking to establish (or already have in place) a DIY superannuation fund with a maximum of six members. Investors may be seeking the flexibility to invest their super directly into a wide variety of assets which they manage, but would like assistance from a professional trustee with managing the day-to-day administration of their fund. Generally, investors will have a minimum of \$400,000 to invest in superannuation and will usually have an adviser or will be self advised / seek ad hoc advice.

The Service has been assessed to be consistent with the likely objectives, financial situation and needs of the class of consumers outlined in this document. This is because the product offers a range of custodian, transaction, fund administration and investments services and the ability for investors to be involved in decisions regarding their superannuation including making investment recommendations to the Trustee. The Service allows members to use the available investments to construct model portfolios which suits their risk profiles and investment horizon in order to achieve their retirement goals. While the Service does not have in place any minimums, it may be suitable for investors with a minimum superannuation balance of \$400,000.

## Description of target market

Consumer attributes		Key product attributes
<b>Client objectives when using super (at least one of the following)</b>	<b>TMD indicator</b>	<b>Product overview</b>
Accumulate capital/wealth for retirement	In target market	<p>The Service is a DIY superannuation fund subject to superannuation laws and regulations with:</p> <p>(1) An accumulation division which allows members to contribute and invest their money for their retirement. This means that withdrawals can only be made when certain conditions are met (preservation rules)</p> <p>(2) A retirement division which is subject to draw down rules requiring members to receive minimum pension payments on an annual basis</p>
Hold capital/wealth during retirement	In target market	
Provide a source of income during retirement	In target market	
Benefit from an environment of concessional taxation of benefits	In target market	
Obtain and hold life insurance within super	In target market	
<b>Size of client investment portfolio (or total client Perpetual Private Wrap portfolios)</b>	<b>TMD indicator</b>	<b>Investment minimums</b>
\$0- \$100,000	Potentially in target market	It may be suitable for investors with an overall superannuation balance of \$400,000 or an overall balance in the Perpetual Private Wrap of \$400,000.
\$100,000 - \$400,000	Potentially in target market	
Over \$400,000	In target market	

Consumer attributes		Key product attributes
<b>Investment goals</b>	<b>TMD indicator</b>	<b>Investment options</b>
Capital growth	In target market	There are a range of investment options including: <ul style="list-style-type: none"> <li>- Cash account</li> <li>- Term Deposits</li> <li>- Managed Investments</li> <li>- ASX listed securities</li> <li>- International securities</li> <li>- Fixed Interest Securities</li> <li>- Direct Property</li> <li>- Other Acceptable Investments (Private Equity, Unlisted Unit trusts, International Managed Funds)</li> </ul>
Capital preservation	In target market	
Capital guaranteed	Not considered in target market	
Income distribution	Potentially in target market	
<b>Investment preferences</b>	<b>TMD indicator</b>	
Flexible investment strategy	In target market	The Service offers: <ul style="list-style-type: none"> <li>- Fund establishment or the transfer of an existing DIY fund</li> <li>- Asset and custody management of fund assets</li> <li>- Fund and member reporting</li> <li>- Compliance and administration</li> <li>- Group reporting and statements – link multiple Perpetual Private Wrap accounts</li> <li>- Group fees – allowing members to aggregate eligible accounts for the purposes of calculating fees</li> </ul>
Ability to switch investment options	In target market	
<b>Insurance cover within super</b>	<b>TMD indicator</b>	<b>Insurance cover</b>
Required	In target market	Optional retail life insurance cover for: <ul style="list-style-type: none"> <li>- Death</li> <li>- Total and permanent disablement (Any Occupation)</li> <li>- Income protection</li> <li>- Ability to hold insurance outside super under the same policy (e.g. Own Occupation TPD)</li> </ul>
Not required	In target market	

Consumer attributes		Key product attributes
Client's level of involvement	TMD indicator	Product structure / flexibility
Default investment option (no choice) with administration, custody and trustee services provided by the fund	Not considered in target market	<p>Investors can select from a diversified range of managed fund investments across various asset classes, term deposits and ASX Listed Securities to tailor an investment strategy which suits their risk profile and investment horizon.</p> <p>In addition, investors can invest in direct fixed income, international equity, direct property and other eligible investments like private equity.</p> <p>Each fund manager and term deposit provider is also required to make a TMD for their products to assist investors with determining whether the investment is suitable. The TMDs for these investments should be considered when deciding.</p>
Select from a number of premixed sector and/or multisector investment options with administration, custody and trustee services provided by the fund	Potentially in target market	
Select from a wide investment menu of managed funds, select term deposits and ASX Listed Securities with administration, custody and trustee services provided by a fund	In target market	
Select from a broad investment menu of managed funds, select term deposits, international shares, direct fixed income, direct property, other eligible investments with administration, custody and trustee services provided by a provider	In target market	
Select from an unlimited investment universe, where administration, custody of investments and trustee services are completed by the client	Not considered in target market	
Consumer's other requirements	TMD indicator	Portfolio and tax features
Individual tax management of investments	In target market	<p>Investors with their advisers can buy and sell investments, in-specie investments and are provided with online access to update details, view investment information and access reporting. Group reporting and statements are also available as well as fee grouping.</p> <p>Investors can choose from a range of optional features including automatic cash management, dollar cost averaging, auto rebalancing, participation in corporate actions, retail life insurance and choice of capital gains processing. In addition the SAF enables individual tax processing and estate planning.</p>
Visibility / transparency of portfolio holdings	In target market	
Ability to customise portfolio or accommodate other holdings	In target market	
Ability to include in specie transfer of existing investments	In target market	

Consumer attributes		Key product attributes
Desired investment options	TMD indicator	Investment menu options
<b>Single Sector managed funds to build an investment portfolio</b>		Large menu of managed fund investments across sector, style and asset classes, term deposits, ASX Listed Securities, International Securities as well as direct property, direct fixed interest and other acceptable investments.
Sector specific	In target market	
Region specific	In target market	
Active style	In target market	
Passive style	In target market	
Single manager	In target market	
Multi manager	In target market	
<b>Multi Sector managed funds to across a range of risk/return profiles</b>		
Active style	In target market	
Passive style	In target market	
Single manager	In target market	
Multi manager	In target market	
<b>Direct and satellite investment options</b>		
ASX Listed Securities	In target market	
Term Deposits	In target market	
Separately Managed Accounts	Not considered in target market	
Exchange Traded Funds	In target market	
Cash Account	In target market	
International shares	In target market	
Direct Fixed Interest	In target market	
Direct Property	In target market	
Alternatives	In target market	
Capital guarantee funds	Not considered in target market	
Other eligible investments (e.g. private equity)	In target market	

Consumer attributes		Key product attributes
<b>Desired insurance cover</b>	<b>TMD indicator</b>	<b>Insurance options</b>
Default cover	Not considered in target market	All insurance offer through the Service needs to be applied for by the member (with their adviser) according to their needs and will be underwritten by the insurer. There is no default insurance cover offered by the Service.
Underwritten cover	In target market	
<b>Group life insurance</b>	<b>TMD indicator</b>	<b>Group insurance options</b>
Death cover (Standalone)	Not considered in target market	No group life insurance policy options are available within the Service.
TPD cover (Standalone) – Own or Any Occupation	Not considered in target market	
Death and TPD cover – Own or Any Occupation	Not considered in target market	
Income Protection	Not considered in target market	
<b>Retail life insurance</b>	<b>TMD indicator</b>	<b>Retail insurance options</b>
Death cover (Standalone)	In target market	<p>The Service offers the ability to hold retail insurance through a number of retail insurers. This includes cover for:</p> <ul style="list-style-type: none"> <li>- Death and terminal illness</li> <li>- Total and permanent disablement (Any Occupation)</li> <li>- Income protection</li> <li>- Ability to hold other insurance outside super under the same policy (e.g. Own Occupation TPD)</li> </ul> <p>Each insurer is also required to make a TMD for their products to assist clients with determining whether the product is suitable or not suitable. The TMD for each retail insurance product should also be considered.</p>
TPD cover (Standalone) - Any Occupation	In target market	
TPD cover (Standalone) – Own Occupation	Not considered in target market	
Death and TPD cover – Any Occupation	In target market	
Death and TPD Cover – Own Occupation	Not considered in target market	
Income Protection	In target market	
Ability to hold certain life insurance under the same policy outside super (e.g. Own Occupation or Business cover)	In target market	

## Investors for who this product is unsuitable

Investors seeking guaranteed return of capital	Not considered in target market
Investors who do not have an existing or intend to set up a DIY super fund	Not considered in target market
Investors with short term cash needs who do not meet a condition of release	Not considered in target market
Investors with simple investment needs who do not need access to a broad range of investments	Not considered in target market
Investors who do not have an adviser or are self-advised with an account manager to help transact on their behalf	Not considered in target market

## Distribution information

### Distribution conditions / restrictions

Distribution Condition	Distribution Condition Rationale	Applicable
There are no distribution conditions	N/A	No
Only suitable for distribution to consumers who have received personal advice	N/A	No
Only suitable for distribution through specified distributor/s / distribution channel	Clients will require a financial adviser or account manager registered on the Perpetual Private Wrap to manage their account and transact on their behalf.	Yes
Other	N/A	No

## Distributor reporting requirements

Distributors required to report	Reporting requirement	Reporting period	Method of reporting (using FSC data standards where practicable)
All distributors	Complaints (as defined in section 994A (1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the end of a calendar quarter.	Information to be sent to <a href="mailto:DDOmail@perpetual.com.au">DDOmail@perpetual.com.au</a>
All distributors	Significant dealings outside the target market determination.	As soon as practicable but no later than 10 business days after becoming aware of a significant dealing.	Information to be sent to <a href="mailto:DDOmail@perpetual.com.au">DDOmail@perpetual.com.au</a>
All distributors	To the extent a distributor is aware of dealings outside the target market, these should be reported to the issuer, including the reason the acquisition is outside the target market, and whether the acquisition occurred under personal advice.	Within 10 business days following the end of a calendar quarter.	Information to be sent to <a href="mailto:DDOmail@perpetual.com.au">DDOmail@perpetual.com.au</a>

## Review periods and triggers

We will review this target market determination as outlined below.

Mandatory review periods	
Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent / periodic reviews	2 years and 3 months



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## Review triggers

The issuer has determined that a significant dealing outside the target market determination has occurred.

Material change to key product features.

Material or unexpectedly high number of complaints about the product (or distribution of the product) which indicate a systemic issue has occurred.

Significant regulatory action which indicates that the target market determination is no longer appropriate.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

## Instructions

### 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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In the tables in this TMD, 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.

## 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 downturn. 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).

Term	Definition
<b>Consumer's other requirements</b>	
Individual tax management of investments	The customer is seeking a product that provides the ability to actively manage the consumer's tax position in the recommendations which are made to them
Visibility / transparency of portfolio holdings	The consumer is seeking a product that provides a clear understanding of the constituents in their portfolio.
Ability to customise portfolio or accommodate other holdings	The consumer requires the ability to specifically include, exclude or manage specific investments or classes of investment for particular reasons, such as ESG considerations, or because they have existing holdings which need to be accommodated in portfolio design.
Ability to include <i>in specie</i> transfer of existing investments	The consumer has existing holdings which they expect to be incorporated into their portfolio and where ownership is to carry on, subject to subsequent portfolio management considerations. This may be for tax, transaction cost or other reasons.

Term	Definition
<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> <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>

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