

# 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 Trustees Australia Limited’s 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 Fortlake Real-Income 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 emailing [enquiries@fortlake.com.au](mailto:enquiries@fortlake.com.au).

## Target Market Summary

**This product is likely to be appropriate for a consumer seeking to target returns above the RBA cash rate after allowing for inflation to be used as a component within a portfolio where the consumer has a medium investment timeframe, defensive risk/return profile and could need daily access to capital.**

## Fund and Issuer identifiers

<b>Issuer</b>	Trustees Australia Limited
<b>Issuer ABN</b>	63 010 579 058
<b>Issuer AFSL</b>	260038
<b>Fund</b>	Fortlake Real-Income Fund

<b>ARSN</b>	645 064 991
<b>APIR Code</b>	TAL0590AU
<b>ISIN Code</b>	AU60TAL05904
<b>Market Identifier Code</b>	NA
<b>Product Exchange code</b>	NA
<b>Date TMD approved</b>	5 October 2021
<b>TMD Version</b>	1
<b><i>TMD Status</i></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).

<b>Consumer Attributes</b> <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	<b>TMD Indicator</b>	<b>Product description including key attributes</b> <i>[A description of the product, including its key attributes, i.e., product terms, features and attributes that affect the TMD]</i>
<b>Consumer's investment objective</b>		
Capital Growth		The Fund's investment objective is to target returns above the RBA cash rate after allowing for inflation, commensurate with a defensive level of risk.  The Fund is suited to those investors who want cash returns above inflation and a regular source of income, commensurate with a defensive level of risk.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (75-100%)		The portfolio will typically contain 20 to 70 positions. The portfolio will generally contain derivative positions as well, particularly where use of the derivative enhances the theme or strategy of the portfolio.  Interests in the Fund will be issued in Australian dollars, however, the Fund will have underlying positions in US dollars and other currencies which will generally be hedged back to AUD  The Fund will generally have the following asset allocations at all times: <ul style="list-style-type: none"> <li>• Weighted average credit weighting of the bond portfolio within the Fund no lower than BBB+</li> <li>• Global government and corporate bond exposure of 0% - 15% of net asset value of the Fund</li> <li>• Australian corporate bonds of 70% - 100% of net asset value of the Fund</li> <li>• Australian government bonds of 0% - 10% of net asset value of the Fund</li> <li>• The Fund may use derivatives to gain access to the above investment exposures and these derivatives may reference sub-investment grade issuers Refer to disclosure principles 6 (leverage) and 7 (derivatives) below.</li> </ul>
Core Component (25-75%)		
Satellite/small allocation (<25%)		
<b>Consumer's investment timeframe</b>		
Short ( $\leq$ 2 years)		3-5 year period
Medium ( $>$ 2 years)		

Consumer Attributes <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD Indicator	Product description including key attributes <i>[A description of the product, including its key attributes, i.e., product terms, features and attributes that affect the TMD]</i>
Long (> 8 years)		
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low		The Investment Manager continually monitors risk across four key dimensions: (i) Portfolio Exposures; (ii) Structure; (iii) Operations; and (iv) Commercial.
Medium		Portfolio Exposures relates to the individual and aggregate investment and currency exposures contained in the Fund's long portfolio, short portfolio and the resulting net exposures.
High		Structure relates to the Fund's counterparties for foreign exchange forward transactions and prime broking services; as well as the oversight of the legal entities relating to the Fund and the Investment Manager.
Very High		Operations relates to the Investment Manager's research, trading and accounting systems, the oversight of the Fund's service providers and other matters of regulation and compliance. Commercial relates to the internal workings of the Investment Manager, including research, finance, human resources and communications functions. The Investment Manager conducts a formal risk review of these dimensions on a quarterly basis. The Fund's investment objective is to target returns above the RBA cash rate after allowing for inflation, commensurate with a defensive level of risk
<b>Consumer's need to withdraw money</b>		
Daily		Investors will normally be able to redeem from the Fund on any Business Day, being a day other than a Saturday or Sunday or public holiday
Weekly		
Monthly		
Quarterly		
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	<i>applicable</i>
There are no distribution conditions.	Not applicable.	<input type="checkbox"/>

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.

Mandatory review periods								
This part is required under section 994B(5)(e) and (f) of the Act.								
<table border="1"> <thead> <tr> <th>Review period</th> <th>Maximum period for review</th> </tr> </thead> <tbody> <tr> <td></td> <td><i>Note RG 274.110 Reasonable review periods are likely to be shorter when a product is complex and higher risk, or when an issuer has limited experience issuing similar products or is yet to establish a proven distribution network.</i></td> </tr> <tr> <td>Initial review</td> <td>1 year and 3 months</td> </tr> <tr> <td>Subsequent review</td> <td>3 years and 3 months</td> </tr> </tbody> </table>	Review period	Maximum period for review		<i>Note RG 274.110 Reasonable review periods are likely to be shorter when a product is complex and higher risk, or when an issuer has limited experience issuing similar products or is yet to establish a proven distribution network.</i>	Initial review	1 year and 3 months	Subsequent review	3 years and 3 months
Review period	Maximum period for review							
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Initial review	1 year and 3 months							
Subsequent review	3 years and 3 months							

Distributor reporting requirements
This part is required under section 994B(5)(g) and (h) of the Act.

Reporting requirement	Reporting period	Which distributors this requirement applies to
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 end of 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 end of calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Trustees Australia Limited by emailing [enquiries@fortlake.com.au](mailto:enquiries@fortlake.com.au). This email can be used to obtain contact details relating to this TMD for Trustees Australia Limited.

Disclaimer: The information in this document is for general information purposes only and does not purport to contain all matters relevant to any particular or financial instrument. It is not intended to be a recommendation, offer or invitation to purchase, sell or otherwise deal in securities or other investments. Before making any decisions in respect to a financial product, you should read the relevant Financial Services Guide and Product Disclosure Statement and seek independent and specific advice from an appropriately qualified professional. Trustees Australia Limited shall not be liable for any errors, omissions, defects, or misrepresentations in the information or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information contained here.

# 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.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".

Term	Definition
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.
Very high	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). Consumer typically prefers growth assets such as shares, property and alternative assets.



Term	Definition
<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>	
<p>Daily/Weekly/Monthly/Quarterly/Annually or longer</p>	<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>	
<p>Significant dealings</p>	<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> </ul>

Term	Definition
	<ul style="list-style-type: none"><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>