

# Target Market Determination for Xplore Managed Account (all Classes)

## Introduction

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth (**Act**)). This TMD describes the class of consumers 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). 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 and does not contain any financial product advice. Persons interested in acquiring this product should carefully read the PDS and other disclosure documents for the product before making any decisions about whether to acquire 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 online via InvestorHUB or via your Financial Adviser.

## Product and issuer identifiers

Name of product	Xplore Managed Account ("Scheme") (including all Classes of interests in the Scheme)
Issuer name	The Trust Company (RE Services) Limited
Issuer ABN	45 003 278 831
Issuer AFSL	235 150
ARSN	128 111 857
TMD issue date	27 October 2023
TMD Version	3
Distribution status of product	Available

## Product description and Key attributes

Product description	This product is an IDPS-like registered managed investment scheme known as Xplore Managed Account.
Key product attributes	<p>This product provides:</p> <ul style="list-style-type: none"> <li>• A broad range of Investment Options with varying investment objectives, levels of risk, minimum investment timeframes.</li> <li>• Administration and reporting on all investments held.</li> <li>• Consolidated tax and performance reporting.</li> <li>• Online access.</li> <li>• Access to Self-Directed Investments and Managed Portfolios.</li> <li>• Access to direct market trading and aggregated trading.</li> <li>• In specie transfers, subject to Administrator approval in certain circumstances.</li> </ul>

## Description of Target Market

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

### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:



### Instructions

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

### Consumer objectives

This product is suitable for a consumer with any one or more of the following short term and long term objectives:

- to accumulate capital/wealth and/or
- to hold capital/wealth and/or to provide a source of income;
- to access a broad range of Investment Options with varying investment objectives, levels of risk and minimum investment timeframes;
- to access Self-Directed Investments to build your own investment strategy;

- to access Managed Portfolios, which are professionally managed according to a defined investment mandate;
- to access consolidated online reporting, such as, tax, portfolio valuation, transaction and performance reporting;
- to invest an initial amount of at least \$25,000 or more, unless otherwise approved by the Issuer; and/or
- is willing to accept restrictions on access to capital and/or to access capital without restriction (i.e. within 3-5 business days).

### Level of decision making

Table 1: Consumer's intended level of decision making	Product consistency
Fully self-managed	Not in target market
Investments chosen by consumer from extensive Investment Menu, with administration provided by the product issuer	In target market
Investments chosen by consumer from limited Investment Menu, with administration provided by the product issuer	In target market
Default investment strategy applied where no investments selection is made. Administration is provided by the product issuer	Not in target market

### Product Investment Menu

Table 2: Consumer's intended type of investment products on the Investment Menu	Product consistency
Ready-made Diversified Portfolio solutions to suit a range of risk/return profiles from low to high	
Passive solution <ul style="list-style-type: none"> <li>• No manager choice</li> </ul>	Not in target market
Passive solution <ul style="list-style-type: none"> <li>• Some manager choice</li> </ul>	In target market
Active solution <ul style="list-style-type: none"> <li>• No manager choice</li> </ul>	Not in target market
Active solution <ul style="list-style-type: none"> <li>• Some manager choice</li> </ul>	In target market
Active solution <ul style="list-style-type: none"> <li>• Wide manager choice</li> </ul>	In target market
Range of Core and satellite options available for a consumer to build their own portfolio	
Passive Investment Options, such as passive Exchange traded funds	In target market

Table 2: Consumer's intended type of investment products on the Investment Menu	Product consistency
Term deposit options	In target market
Direct share options	In target market
Separately managed accounts	In target market
Cash management account	In target market
Longevity product options	Not in target market
Capital preservation options	In target market

#### Desired number of investment holdings

Table 3: Consumer's desired number of investment holdings	Product consistency
Low – no more than 5 Investment Option holdings	In target market
Medium – between 5 and 15 Investment Option holdings	In target market
High – more than 15 Investment Option holdings	In target market

#### Consumer's other requirements

Table 4: Consumer's other requirements	Product consistency
Individual tax management of investments	In target market
Visibility / transparency of portfolio holdings	In target market
Ability to customise portfolio or accommodate other holdings	In target market
Ability to include <i>in specie</i> transfer of existing investments	In target market

#### Financial Advice

Table 5: Consumer's desired availability of financial advice	Product consistency
Consumer wishes to receive comprehensive personal financial advice in relation to the product.	In target market
Consumer wishes to receive personal financial advice in relation to the product that relates to the consumer's interest in the product.	In target market
Consumer wishes to receive general financial advice only in relation to the Fat Prophets Managed Accounts Class of interest in the Scheme ( <b>Fat Prophets Class</b> ).	In target market
Consumer does not wish to receive any financial advice in relation to the product.	Not in target market
Consumer wishes to have the option to authorise a Financial Adviser to assist in managing the product.	In target market

### Restrictions on access to capital

Table 6: Consumer's desired availability of access to capital	Product consistency
Consumer is willing to accept restrictions on access to capital.	In target market
The consumer wishes to access capital from the product without restriction (i.e. within 3-5 business days).	In target market

### Target market for Investment Options

The product provides a broad range of Investment Options:

- Including those that are likely to suit consumers who have an investment objective of one or more of Capital Growth, Capital Preservation or Income Distribution.
- That are likely to be suitable as either a Standalone, Major, Core, Minor or Satellite allocation of a consumer's Investable Assets.
- With varying suggested minimum investment timeframes. Consumers should refer to the relevant PDS for the particular Investment Option to determine if the minimum investment timeframe for the relevant Investment Option aligns with their needs.
- With varying levels of risk. The risk level of an Investment Option is determined by the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period. The risk level of the Investment Options range from Low to Very High which aligns to an SRM of 2 to 7. Consumers should refer to the relevant PDS of an Investment Option to determine if the level of risk for the relevant Investment Options aligns with their needs.

### Financial situation of consumer

#### Life stage of consumer

Table 7: Life stage of consumer	Product consistency
Child (under 18)	Not in target market
Student (over 18)	In target market
Accumulation (18 to 65)	In target market
Pre-retirement (40 to 65)	In target market
Retired (over 65)	In target market

#### Intended size of investment

Table 8: Consumer's intended investment amount	Product consistency
Less than \$25,000	Not in target market

Table 8: Consumer's intended investment amount	Product consistency
\$25,000 to \$150,000	In target market
\$150,000 to \$500,000	In target market
Over \$500,000	In target market

## Other elements of TMD

### Appropriateness requirements

Explanation of consistency of key attributes with TMD
<p>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. This is because the product:</p> <ul style="list-style-type: none"> <li>• Has been designed for consumers who are seeking to accumulate and/or hold capital/wealth and/or distribute income by providing flexible trading and transfer methods;</li> <li>• Has been designed for consumers who wish to invest an initial amount of at least \$25,000 or more unless otherwise approved by the Issuer;</li> <li>• Provides consumers with the ability to choose from a broad range of Investment Options through one service provider, allowing them to tailor an investment portfolio suited to their investment objectives, risk profile, investment timeframe;</li> <li>• Provides consumers with access to a range of external margin lending providers;</li> <li>• Provides consumers with access to consolidated online reporting, such as, tax, portfolio valuation, transaction and performance reporting; and</li> <li>• Can only be acquired by a consumer through an Australian Financial Services Licensee or Authorised Representative who is approved to distribute the product by way of personal advice, or in respect of the Fat Prophets Class, where personal financial advice has not been provided, the Australian Financial Services Licensee or Authorised Representative who is approved to distribute the product has taken reasonable steps to assess the consumer is likely to be within the target market for the product, as set out in this TMD, and they have provided the consumer with a general advice warning, where applicable.</li> </ul>

### Distribution Conditions/Restrictions

The distribution conditions only apply to distribution through dealing.

Distribution channel	Permitted channel?	Distribution conditions in relation to dealing in this product
All channels	No	Not applicable
Direct retail (issuer distributing direct to consumer with no intermediary)	No	Not applicable
Through a relevant provider to implement personal advice provided to the consumer	Yes	<p>Distributor is required to provide confirmation:</p> <ul style="list-style-type: none"> <li>• That they have provided the consumer with personal advice in relation to the product; or</li> <li>• If personal advice has not been provided, then they must have: <ul style="list-style-type: none"> <li>○ reasonably assessed that the consumer fits within the target market for the product,</li> <li>○ appropriate processes and controls in place to ensure compliance with the design and distribution obligations,</li> <li>○ training and education provided to staff who distribute the product to ensure they understand the design and distribution obligations, and</li> <li>○ provided a general advice warning, where applicable.</li> </ul> </li> </ul>
Through a relevant provider to implement general advice provided to the consumer	Yes	<p>Subject to the distributor having:</p> <ul style="list-style-type: none"> <li>• reasonably assessed that the consumer fits within the target market for the product,</li> <li>• appropriate processes and controls in place to ensure compliance with the design and distribution obligations,</li> <li>• training and education provided to staff who distribute the product to ensure they</li> </ul>

Distribution channel	Permitted channel?	Distribution conditions in relation to dealing in this product
		<p>understand the design and distribution obligations, and</p> <ul style="list-style-type: none"> <li>provided a general advice warning, where applicable.</li> </ul>
Through authorised representatives by general advice	Yes	<p>Subject to the distributor having:</p> <ul style="list-style-type: none"> <li>reasonably assessed that the consumer fits within the target market for the product,</li> <li>appropriate processes and controls in place to ensure compliance with the design and distribution obligations,</li> <li>training and education provided to staff who distribute the product to ensure they understand the design and distribution obligations, and</li> <li>provided a general advice warning, where applicable.</li> </ul>
Through a relevant provider to implement Robo advice provided to the consumer	No	Not applicable
Through a relevant provider who provides general advice to their internal staff.	Yes	Subject to the distributor undertaking an assessment to confirm the staff member is likely to be within the target market for the product.

## Review Triggers

- 1) Where the Issuer of the TMD has determined that any of the following has occurred:
  - a) ASIC reportable significant dealing outside of TMD.
  - b) Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or any distribution condition where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
  - c) Material change to key product attributes, terms and/or conditions where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.



- d) The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- e) 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 consumers and (ii) the TMD may no longer be appropriate.
- f) The issuing of a Material Event Notice for this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.

### Maximum period for reviews

Review periods	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 1 year, plus three months for the completion of the review.

### Distributor Information Reporting Requirements

Regulated person(s)	Requirement	Reporting deadline
All distributors	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 law.	Quarterly*
All distributors	Significant dealing outside of target market under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

\* Quarterly reporting is due as soon as practicable, but no later than 10 business days after the end of the calendar quarter.

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer via email - ddo@hub24.com.au.

## Definitions

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

Term	Definition
<b>Consumer's investment objective</b>	
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).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/ Standalone (up to 100%)	The consumer may hold the Investment Option as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek an option with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the Investment Option as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek an option with at least <i>high</i> portfolio diversification.
Core Component (up to 50%)	The consumer may hold the Investment Option as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek an option with at least <i>medium</i> portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the Investment Option as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek an option with at least <i>low</i> portfolio diversification.

Term	Definition
Satellite allocation (up to 10%)	The consumer may hold the Investment Option as up to 10% of the total <i>investable assets</i> . The consumer may seek an option with <i>very low</i> portfolio diversification. Options classified as <i>extremely high</i> risk are likely to meet this category only.
<i>Investable Assets</i>	Those assets that the consumer has available for investment, excluding the residential home.
<b>Portfolio diversification</b>	
Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	
Very low	The option 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 option 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 option 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 option 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 option provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.
<b>Consumer's intended investment timeframe</b>	
Minimum	The minimum suggested timeframe for holding the option. Typically, this is the rolling period over which the investment objective of the option is likely to be achieved.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	

Term	Definition
	<p>This TMD uses the Standard Risk Measure (<i>SRM</i>) to estimate the likely number of negative annual returns for an option over a 20 year period, using the guidance and methodology outlined in the <u><i>Standard Risk Measure Guidance Paper For Trustees</i></u> (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 options 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.</p> <p>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"> <li>• has a conservative or low risk appetite;</li> <li>• 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</li> <li>• is comfortable with a low target return profile.</li> </ul> <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"> <li>• has a moderate or medium risk appetite;</li> <li>• 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</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <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"> <li>• has a high risk appetite;</li> <li>• 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</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>

Term	Definition
Very high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite;</li> <li>• 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</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite;</li> <li>• can accept significant volatility and losses; and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>The consumer seeks extremely high risk, speculative or complex options 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>
<b>Consumer's need to access capital</b>	
<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal of capital by the consumer (or access to investment proceeds more generally) and the crediting of proceeds from this request in the consumer's account under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and credit 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 option to the consumer's need to access capital. Where access to investment proceeds from the option is likely to occur through a secondary market, the liquidity of the market for the option should be considered.</p>	
<b>Consumer's Other requirements</b>	
Timely adjustment of portfolio	The consumer seeks a product that enables a directly held portfolio to be monitored and adjusted in a timely and efficient manner by an investment adviser.
Management of tax position	The consumer seeks a product that enables the tax position of the consumer to be optimised or actively managed. This could for example include the selective realisation of gains and losses in a portfolio to reduce capital gains tax (CGT) liabilities, and the quarantining of the

Term	Definition
	consumer's tax position from the tax position of other investors in the same product.
Visibility of investments in portfolio	The consumer seeks a product that provides the consumer with visibility of the investments in the portfolio.
Customisation of portfolio	The consumer seeks a product that provides the flexibility to add or remove investments from the portfolio. The consumer or Financial Adviser may include or exclude investments (or categories of investment) for example to implement ESG filtering, for tax reasons, for changing the regularity of income, or to accommodate existing investments.
Transfer of existing investments into portfolio	The consumer seeks a product that permits existing investments to be <i>in specie</i> transferred into the product, with the retention of direct ownership. These prior investments would then be managed inside the product in accord with the management of the whole managed account. The consumer may seek this option to reduce tax, brokerage and other transaction costs.