



Target Market Determination – Managed Accounts – MDA Low Risk

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 investors for whom the Managed Discretionary Account, 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 Park Street Group Pty Ltd's design and distribution arrangements for its Managed Discretionary Account (MDA) service.

This document is **not** a Managed Discretionary Account disclosure statement and is **not** a summary of the Managed Discretionary Account features or terms of the Managed Discretionary Account. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this Managed Discretionary Account should carefully read the MDA Agreement, Investment Program and Statement of Advice before making a decision whether to invest through this Managed Discretionary Account.

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 MDA Agreement, unless otherwise defined. The MDA Agreement will be obtained at the time a Statement of Advice is provided.

Target Market Summary

This Managed Discretionary Account is likely to be appropriate for an investor seeking a portfolio where the investor has a medium to long term investment timeframe – at least five years, a Low risk/return profile and needs infrequent access to capital.

Fund and Issuer identifiers

Instructions to issuers for table below: Include all codes that are available and omit those that are not relevant to the issuer/ Managed Discretionary Account.

Issuer	Park Street Group Pty Ltd
Issuer ABN	51 164 533 680
Issuer AFSL	445489
Model	Low Risk
Date TMD approved	1 October 2021
TMD Version	Version 1
<i>TMD Status</i>	Current

Description of Target Market

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

TMD indicator key

The Investor Attributes for which the Managed Discretionary Account 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
------------------	------------------------------	---------------------------------

Instructions

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

Generally, an investor is unlikely to be in the target market for the Managed Discretionary Account if:

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

Definitions of terms are in the attachment.

Investment products and diversification

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

Investor Attributes	TMD Indicator for MDA	Managed Discretionary Account description including key attributes
Investor's investment objective		
Capital Growth	Yellow	This portfolio is suitable for investors who seek a bias toward growth /risk assets with the objective of growing their capital in the long term after inflation, taxes and costs. The portfolio invests via an appropriately selected blend of specialist active and passive investment managers.
Capital Preservation	Green	
Capital Guaranteed	Yellow	
Income Distribution	Green	
Investor's intended Managed Discretionary Account use (% of Investable Assets)		
Solution/Standalone (75-100%)	Yellow	The portfolio is intended to meet an investor's principal portfolio needs, comprising, as it does a range of growth and defensive assets.
Core Component (25-75%)	Green	
Satellite/small allocation (<25%)	Green	
Investor's investment timeframe		
Short (\leq 2 years)	Yellow	The minimum suggested investment timeframe is at 5 years.
Medium ($>$ 2 years)	Yellow	
Long ($>$ 8 years)	Green	

Investor Attributes	TMD Indicator for MDA	Managed Discretionary Account description including key attributes
Investor's Risk (ability to bear loss) and Return profile		
Low		There is a moderate risk of a negative annual return at around once every 6 to 7 years.
Medium		
High		
Very High		
Investor's need to withdraw money		
Daily		<p>The investments held in the portfolio may include</p> <ul style="list-style-type: none"> • Unlisted managed funds • Exchange traded funds • Securities listed on the Australian Stock Exchange • Fixed income investments such as bank deposits, bonds issued by government, semi government or corporate issuers • Investments listed directly on overseas share markets • Cash investments such as cash management accounts <p>Each of these asset types are likely to be liquid within a month but the portfolio is not intended for regular daily or very short term cash needs.</p>
Weekly		
Monthly		
Quarterly		
Annually or longer		

Investor's Other requirements		
Individual tax management of investments		Investments are held directly for each client and not pooled, although the portfolio may hold pooled investments.
Visibility / transparency of portfolio holdings		Each investment held in the portfolio is reported separately through reports available on the platform, although investments held within managed funds are not directly visible.
Ability to customise portfolio or accommodate other holdings		The portfolio offers some ability to exclude or vary holdings in particular investments.
Management of the portfolio without the investor needing to approve every transaction		Individual transaction and corporate action decisions are made by the portfolio manager within the terms of the Investment Program

Awareness of or specific inclusion of ESG requirements in portfolio construction		The Managed Discretionary Account is specifically constructed to have regard to ESG factors
Ability to include <i>in specie</i> transfer of existing investments		Some existing holdings can be transferred in specie into the portfolio if appropriate.

Appropriateness

Note: This section is required under RG 274.64–66

The Issuer has assessed the Managed Discretionary Account and formed the view that the Managed Discretionary Account, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of investors in the target market as described below, as the attributes of this Managed Discretionary Account in Column 3 of the table above are likely to be suitable for investors 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>
Only suitable for distribution to investors who have received personal advice.	This portfolio may only be held by those who have received personal financial advice that it is appropriate for them, who continue to have access to personal financial advice and where that continuing suitability is reviewed and affirmed at least every 13 months.	✓
Clients must hold all MDA investments on a regulated platform	Park Street Group's operating requirements including reporting only applies where investments are held on a regulated platform and PCA has the benefit of the relief in RG179	✓

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.

Review triggers
This part is required under section 994B(5)(d) of the Act.
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 Managed Discretionary Account or distribution of the Managed Discretionary Account.
The use of Managed Discretionary Account Intervention Powers, regulator orders or directions that affects the Managed Discretionary Account.

Mandatory review periods	
This part is required under section 994B(5)(e) and (f) of the Act.	
Review period	Maximum period for review
Initial review	15 Months
Subsequent review	3 years

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 Managed Discretionary Account design, Managed Discretionary Account 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.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors
See Definitions for further detail.		

Distributors must report to Park Street Group using the standard form supplied.

© 2021 *Financial Services Council Limited* ABN 82 080 744 163.

Definitions

Term	Definition
Investor's investment objective	
Capital Growth	The investor seeks to invest in a Managed Discretionary Account designed to generate capital return. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The investor seeks to invest in a Managed Discretionary Account to reduce volatility and minimise loss in a market down-turn. The investor 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 investor seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The investor would likely understand the complexities, conditions and risks that are associated with such Managed Discretionary Accounts.
Income Distribution	The investor seeks to invest in a Managed Discretionary Account designed to distribute regular and/or tax-effective income. The investor prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
Investor's intended Managed Discretionary Account use (% of Investable Assets)	
Solution/Standalone (75-100%)	The investor 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 investor typically prefers exposure to a Managed Discretionary Account with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The investor intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The investor typically prefers exposure to a Managed Discretionary Account with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<25%)	The investor 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 investor is likely to be comfortable with exposure to a Managed Discretionary Account with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the family home.
Portfolio diversification (for completing the key pro Managed Discretionary Account duct attribute section of investor's intended Managed Discretionary Account use)	
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 Managed Discretionary Account (or global equities).
Investor’s intended investment timeframe	
Short (≤ 2 years)	The investor has a short investment timeframe and may wish to redeem within two years.
Medium (> 2 years)	The investor has a medium investment timeframe and is unlikely to redeem within two years.
Long (> 8 years)	The investor has a long investment timeframe and is unlikely to redeem within eight years.
Investor’s Risk (ability to bear loss) and Return profile	
<p>Issuers should undertake a comprehensive risk assessment for each Managed Discretionary Account. The FSC strongly 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 investor requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some Managed Discretionary Accounts 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 Managed Discretionary Account risk rating.</p> <p>An investor’s desired Managed Discretionary Account return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	The investor 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. Investor typically prefers defensive assets such as cash and fixed income.
Medium	The investor 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. Investor 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 investor 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. The investor 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	The investor 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). Investor typically prefers growth assets such as shares, property and alternative assets.
Investor's need to withdraw money	
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.	
Daily/Weekly/Monthly/Quarterly/ Annually or longer	The investor seeks to invest in a Managed Discretionary Account which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
Investor's Other requirements	
Individual tax management of investments	The investor is seeking a Managed Discretionary Account that provides the ability to actively manage the investor's tax position in the recommendations which are made to them
Visibility / transparency of portfolio holdings	The investor is seeking a Managed Discretionary Account that provides a clear understanding of the constituents in their portfolio.
Ability to customise portfolio or accommodate other holdings	The investor 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.
Management of the portfolio without the investor needing to approve every transaction	The investor is willing to delegate to decision making on portfolio changes to a suitably authorised and competent organisation which will operate the account in accordance with the Investment Program
Awareness of or specific inclusion of ESG requirements in portfolio construction	The investor has expressed a preference for a portfolio which accommodates his or her preferences for ESG considerations to be taken into account in the selection of investments
Ability to include <i>in specie</i> transfer of existing investments	The investor 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.
Distributor Reporting	

Term	Definition
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 Managed Discretionary Account 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 Managed Discretionary Account, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the Managed Discretionary Account, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the investor (or class of investor). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the Managed Discretionary Account (which may be indicated by the Managed Discretionary Account’s risk rating or withdrawal timeframes), • the actual or potential harm to a investor (which may be indicated by the value of the investor’s investment, their intended Managed Discretionary Account use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the investor). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor’s total retail Managed Discretionary Account distribution conduct in relation to the Managed Discretionary Account over the reporting period, • the investor’s intended Managed Discretionary Account use is <i>Solution / Standalone</i>, or • the investor’s intended Managed Discretionary Account use is <i>Core component</i> and the investor’s risk (ability to bear loss) and return profile is <i>Low</i>.