



IOOF ESSENTIAL

# INVESTMENT

## Target Market Determination

5 October 2021

This Target Market Determination (TMD) has been prepared and issued by IOOF Investment Services Ltd (Operator, IISL) (ABN 80 007 350 405, AFSL 230703), as the issuer of IOOF Essential Investment.

This TMD seeks to offer clients and distributors an understanding of the class of clients for which IOOF Essential Investment has been designed, having regard to the objectives, financial situation and needs of the target market. It applies to the IOOF Essential Investment product referred to in the Offer Document available at [www.ioof.com.au](http://www.ioof.com.au)

It is **not** an Offer Document and is **not** to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. This document does not take into account any person's individual objectives, financial situation or needs. Clients must refer to the Offer Document and any supplementary documents when making a decision about the product.

IOOF Essential Investment is an Investor Directed Portfolio Service (IDPS) designed for clients working with a financial adviser. It offers a range of multi-manager and sector investment options plus competitive fees. It is generally more suitable to clients with simpler financial needs and objectives.

## Target Market

Suitable for clients who:	Not suitable for clients who:
<ul style="list-style-type: none"> <li>require a low cost, practical solution with a simplified investment menu</li> <li>are looking for a one-stop solution to manage their investment needs</li> <li>are receiving advice from a financial adviser</li> <li>have an understanding of the risks associated with investing</li> <li>like to be kept informed and be involved in investment decisions</li> <li>want the flexibility to monitor their investment as much as they'd like by checking their deposits, balance and transactions online</li> <li>want to cap their administration fees.</li> </ul>	<ul style="list-style-type: none"> <li>are totally risk averse and cannot tolerate any losses with their investments</li> <li>have more complex financial needs whereby managed fund investment options are not able meet their requirements</li> <li>are not receiving personal financial advice when applying for an account</li> <li>have not received the Offer Document within Australia</li> <li>are looking for a super product (other than as a Trustee of a Self-Managed Superannuation Fund)</li> <li>have less than \$1,000 or \$500 with a Regular Savings Plan to invest.</li> </ul>

## Likely Objectives, Financial Situation and Needs of Consumers in the Target Market

IOOF Essential Investment has been designed for clients whose likely objectives, financial situation and needs are such that they are looking for:

- an IDPS solution that can be tailored for their needs
- access to a range of multi-manager investment options
- want the flexibility to monitor their investment as much as they'd like by checking their deposits, balance and transactions online
- a cap on their administration fees.

**Please note:** Whilst the product is designed to be used with a financial adviser, direct retail clients are not excluded from continuing to hold an account in IOOF Essential Investment.

## Key Attributes

### Product attributes

The key attributes of IOOF Essential Investment are as follows:

- a range of multi-manager investment options
- competitive transparent fee structure with the ability to cap administration fees
- secure online access to account details with simple, fast and effective reporting
- margin lending via a range of lenders.

### Investment attributes

Clients have a choice of investment options across 9 investment strategies depending on their investment objective, preference for risk and return and investment timeframe. The types of clients for whom the different categories of investment options are intended for are broadly described below.

An individual client, however, should have regard to the information provided in the Offer Document for this product before making an investment selection. The client may choose to invest in multiple options (with different characteristics) to meet their investment needs. Clients should speak to their financial adviser to determine which best suits their needs (where appropriate).

#### Investment Attribute Key



In target market



Potentially in target market



Not considered in target market

#### Standard risk measure

1 = Very low

2 = Low

3 = Low to Medium


4 = Medium

5 = Medium to High

6 = High

7 = Very High

Investment Strategy	Usually held for a minimum of:	Investment Objective		Standard Risk Measure*
		Capital Growth	Capital Preservation	
Cash Funds	No minimum	✗	✓	 2-3
Diversified Conservative Funds	Short-Medium Term 2+ Years	△	✓	 3-5
Diversified Balanced Funds	Medium Term 5+ Years	✓	✗	 4-6
Australian Fixed Interest Funds <sup>1</sup>	Medium Term 4+ Years	△	✓	 3-6
International Fixed Interest Funds <sup>2</sup>	Medium Term 4+ Years	△	✓	 3-6
Diversified Growth Funds	Long Term 7+ Years	✓	✗	 5-6
Australian Share Funds <sup>3</sup>	Long Term 7+ Years	✓	✗	 6-7
Global Share Funds <sup>4</sup>	Long Term 7+ Years	✓	✗	 6-7

Investment Strategy	Usually held for a minimum of:	Investment Objective		Standard Risk Measure*
		Capital Growth	Capital Preservation	
Property Funds <sup>5</sup>	Long Term 7+ Years	✓	✗	 6-7

\* Standard Risk Measure is a guide to the likely number of negative annual returns expected over any 20 year period.

1 Includes Australian Government, semi Government, corporate, inflation linked, mortgage securities and high-yielding securities.

2 Includes foreign Government, semi Government, corporate, inflation-linked, mortgage securities and high-yielding securities.

3 Includes large, mid and small caps.

4 Includes large unhedged and large hedged global shares, small caps and regional shares.

5 Includes both Australian and global property exposures.

## Appropriateness of the target market

This product should be consistent with the likely objectives, financial situation and needs of the class of clients in the target market who are seeking the attributes described above. IOOF Essential Investment fulfils a need for clients who are looking for a contemporary IDPS solution that offers a range of investments to help construct a portfolio.

The IOOF Essential Investment TMD will be reviewed as specified below to ensure it continues to be suitable for clients in the target market.

## Distribution Channels

This product can be distributed only via a financial adviser.



Financial Adviser

## Distribution Conditions

This product should only be distributed via an application form where the client meets all eligibility criteria.

## Appropriateness of distribution conditions

The distribution conditions and restrictions will make it likely that clients who purchase the product are in the class of clients for which the IOOF Essential Investment has been designed given the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## Review periods and triggers

Review period	Maximum period for review
Effective date	5 October 2021
Next review by	5 January 2023
Periodic review	At least every 3 years and 3 months from the previous review.

Review triggers	
	<p>The following events and circumstances would reasonably suggest the TMD is no longer appropriate:</p> <ul style="list-style-type: none"> <li>material changes to key product attributes and the terms and conditions of the product</li> <li>significant number of clients exiting the product</li> <li>significant dealing outside the TMD</li> <li>material or unexpectedly high number of complaints about the product</li> <li>the use of 'product intervention powers', regulator orders or directions that affect the product</li> <li>regulatory changes that have a significant impact on the attributes of the product</li> </ul>

## Reporting

### Significant Dealings Reporting

Distributors are required to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD.

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.

Dealings outside this TMD may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the client (or class of client).

In each case, the distributor should have regard to:

- the actual or potential harm to a client,
- the nature and extent of the inconsistency of distribution with the TMD (including an explanation of why the dealings occurred outside the target market),
- the date range of when the significant dealing occurred,
- the number of clients impacted by the significant dealing (i.e. the number of clients who are not in the target market (or who have been excluded from the target market) as a proportion of all clients who have acquired the product), and
- the time period in which these acquisitions outside the target market occurred.

The reporting period is as soon as practicable but no later than 10 business days after becoming aware of the significant dealing.

### Complaints

The distributor will provide details of the number and nature of complaints relating to product design, product availability and distribution, having regard to privacy.

The distributor should provide details as soon as practicable but no later than 10 business days following the end of the calendar quarter.