

Managed Portfolio Service

Target Market Determination

This Target Market Determination (TMD) has been prepared and issued by Managed Portfolio Services Ltd (MPSL) (ABN 77 009 549 697, AFSL 233761), as the issuer of Managed Portfolio Service.

5 October 2021

This TMD seeks to offer clients and distributors an understanding of the class of clients for which the Managed Portfolio Service (MPS, the service) has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not a product disclosure statement and is not a summary of the product's features or terms and conditions. This document does not take into account any person's individual objectives, financial situation or needs. Clients interested in acquiring MPS should read the MPS Investor Agreement (MDA Contract) or any other offer documents before making a decision. The MDA Contract is available from your adviser.

MPS is a managed discretionary account (MDA) service which provides model portfolio technology through select platforms. The MDA structure allows for investment decisions to be made on behalf of clients. Advice does not have to be provided for each decision, so changes can be implemented quickly and efficiently in response to changing markets.

MPS is likely to be appropriate for an advised client seeking a diversified investment which can be used as an all-in-one solution within a portfolio where the client has a medium to long term investment timeframe.

Target market

Suitable for clients who:	Not suitable for clients who:
<ul style="list-style-type: none">✓ want a diversified investment portfolio✓ want a range of models aligned to their adviser determined risk profiles✓ are willing to delegate decisions to a professional investment team to manage their investments on their behalf✓ will maintain an ongoing relationship with a financial adviser✓ will use a platform to administer their investments✓ prefer full visibility of their investments and daily access to their funds✓ have at least \$60,000 to invest.	<ul style="list-style-type: none">✗ prefer to be actively involved in making decisions about their investments rather than delegate decision making✗ do not want to access their investments through a platform✗ do not wish to retain a financial adviser✗ who do not wish to review the service with their adviser on an annual basis✗ have less than \$60,000 to invest.

LIKELY OBJECTIVES, FINANCIAL SITUATION AND NEEDS OF CONSUMERS IN THE TARGET MARKET

MPS has been designed for clients whose likely objectives, financial situation and needs are such that they:

- are an advised client seeking a diversified investment and will maintain an ongoing relationship with a financial adviser
- have a medium to long term investment timeframe and are looking for:
 - a wide range and choice of diversified model portfolios aligned to different risk profiles
 - the ability to delegate decisions to a professional team to manage their investments on their behalf
 - full visibility of portfolio investments.

KEY ATTRIBUTES

The key attributes of MPS are as follows:

- A wide range of diversified model portfolios aligned to the client's risk profile.
- A choice of models containing equities, managed funds, ETFs, cash or a combination of these.
- Model portfolios that are actively monitored by a specialist investment team.
- Automatic and regular re-balancing to the target portfolio.
- Timely responses to changing markets with no advice documentation (SoA/RoA) required to implement changes.
- Full visibility of all portfolio investments through reporting and online platform access.
- Discounted brokerage fees compared with the platform rates.
- Access to money at any time.

PRODUCT INVESTMENT ATTRIBUTES




The types of clients for whom the different categories of model portfolios offered by this service are intended, are broadly described below. The available models are aligned with the advice provider's risk profiles. The models provide investment exposure to multiple asset classes and may contain listed investments, cash and managed funds. The models can be used as an all-in-one investment solution or in conjunction with other investments held outside the MDA structure such as cash and term deposits to attain the desired overall risk/return profile. Clients should speak to their financial adviser, where appropriate, to determine which model portfolio best suits their needs.

Risk profiles for model portfolio	Time horizon	Risk and return	Investment objective	
			Capital Preservation	Capital Growth
Conservative (G30)	3 to 5 years	Low to medium	✓	△
Balanced (G50)	5 to 7 years	Medium	✓	✓
Balanced Growth (G60)	5 to 7 years	Medium to high	△	✓
Moderate Growth (G70)	7 to 10 years	High	✗	✓
Growth (G85)	7 to 10 years	Very high	✗	✓
High Growth (G100)	7 to 10 years	Very high	✗	✓

Target Market Summary

The client attributes for which the Product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding (see box with red, green, amber key).

Target Market Indicator

-  In target market
-  Potentially in target market
-  Not considered in target market

Product use	Standalone (75–100%)	Core component (25–75%)	Satellite (<25%)
Most models would be used as a standalone or core holding, however an equity only model could be used as a satellite exposure.	✓	✓	△

Requirement	TM Indicator	Description
Transparency of portfolio holdings	✓	Full transparency.
Individual tax management of investments	✓	Individual tax treatment.
Ability to customise portfolio or accommodate other holdings	△	Limited customisation may be available depending on the selected platform’s functionality. Other assets can be held outside the model.
Ability to include <i>in specie</i> transfer of existing investments	✓	Existing assets can be transferred into the MDA portfolio <i>in specie</i> .
Redemption frequency	✓	Daily.

APPROPRIATENESS OF THE TARGET MARKET

This product is likely to 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. MPS fulfils a need for advised clients who are looking for a diversified investment which can be used as an all-in-one solution within a portfolio.

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

DISTRIBUTOR USE ONLY**Distribution conditions**

Only suitable for distribution to consumers who have received personal advice:

This service is only available to clients who receive personal advice from an accredited financial adviser and sign a contract with MPS, the MDA provider. The provision of personal advice means it is likely that only clients in the target market can acquire MPS. Additionally, clients without personal advice will not be accepted, ensuring adherence to the target market distribution. If a client ceases to be an advised client, MPS will remove them from the service.

An annual review is a mandatory requirement, so the adviser and client will review the service's continued suitability each year, meaning they remain in the target market. The adviser must provide further advice documents to confirm the ongoing appropriateness of the service for the client or MPS will cease the service.




Only suitable for distribution through the specified platforms:

- Symetry Active (CFS)
- Rhythm Investment and Super (HUB24)
- Shadforth Portfolio Service.
- FinHQ (CFS)
- IOOF Pursuit Select
- BT Panorama
- eXpand

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 MPS 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 period and triggers

 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.
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Review triggers

Any event or circumstances that arise that would suggest the TMD is no longer appropriate. This may include (but is not limited) to the following material changes:

- Material changes to key attributes.
- 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 about the product or distribution of the product.
- The use of Product Intervention Powers, regulator orders or directions that affects the product.

Reporting**Significant Dealing**

Section 994F(6) of the Corporations Act 2001 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.

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).

DISTRIBUTOR USE ONLY

In each case, the distributor should have regard to:

- the actual or potential harm to a client (which may be indicated by the value of the client's investment, their intended product use or their ability to bear loss), and
- 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 (ie 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.

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if it constitutes more than half of the distributor's total retail Product distribution conduct in relation to the Product over the reporting period.

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, as soon as practicable but no later than 10 business days of the end of every calendar quarter.

Sales outside the target market

To the extent the distributor is aware, dealings outside the target market, including the reason why acquisition is outside of target market, and whether the acquisition occurred under personal advice.

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