

Target Market Determination

Snapshot

The SPW Global High Quality Fund (the Fund) is a professionally managed specialist investment fund that gives investors exposure to an actively managed portfolio of global equities which are listed on recognised exchanges.

The investment process is unconstrained, seeking to invest in companies with predictable revenue growth that produce sustainable economic value over the long-term.

The Fund is designed for retail and institutional investors who are looking to gain exposure to high quality international listed companies who have a minimum investment timeframe of 3 to 5 years and a high risk tolerance.

Sanlam Investments (Australia) Pty Ltd ABN 72 160 042 222 (Sanlam Australia, the Fund Manager) has been appointed as the manager of the Fund, but it is the sub investment manager Sanlam Investments UK Limited (Sanlam UK, the Sub-Investment Manager) (appointed by Sanlam Australia) who manages the Fund on a daily basis.

The Fund's objectives are to outperform the MSCI World Net Total Return Index, after Management Costs and Usual Expenses, over rolling 3 to 5 year periods.

The Fund gives investors exposure to an actively managed portfolio of global equities which are listed on recognised exchanges. The focus is on a single asset class: global listed equities.

The Fund seeks to invest in companies with predictable revenue growth that produce sustainable economic value over the long-term.

The Fund can have material exposure to cash where the Portfolio Manager considers this appropriate. Regional positioning is driven by bottom-up stock selection.

The investment exposure is not subject to any geographical restrictions except that exposure to 'emerging' market listed companies is limited to no more than 30% of the assets.

The Fund principally invests in listed equities on recognised exchanges. Up to 10% of the exposure may however come through investing in other regulated funds. The Fund does not use financial derivative instruments. Short selling of securities is not permitted.

This is an internationally focused fund. Regional positioning is driven by bottom-up stock selection. The investment exposure is not subject to any geographical restrictions. Sector positioning is also driven by bottom-up stock selection, and the investment exposure is not subject to any sector restrictions.

Sanlam UK takes environmental, social and governance (ESG) factors very seriously in its investment decision making process. ESG includes elements such as labour standards as well as environmental, social and ethical considerations.

Read the Fund's product disclosure statement. Speak to your professional adviser. The Fund is designed for investors investing with professional advice as well as those investing without, both directly and through platforms.

What to read

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 (and the particular investment options available under the product), including the key attributes of the product would likely be consistent with their likely objectives, financial situation and needs. Any reference to product in this TMD includes a reference to the particular investment options or choices offered under it and the TMD has been prepared on that basis. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (**Responsible Entity, MSC Trustees**) and Sanlam's design and distribution arrangements for the product.

It is recommended that you read this and, with professional advice as needed, decide before investing whether the Fund is the type of fund that suits you. This document is not a product disclosure statement and is not a summary of the product features or terms of the product and the particular investment options offered under it. 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 and Information Booklet (collectively, **PDS**) for the SPW Global High Quality Fund before making a decision whether to purchase this product. The PDS can be obtained by visiting the Sanlam website at <https://sanlamprivatewealth.com.au/>.

Each of the documents mentioned above is important. You must certainly read the PDS carefully. You are encouraged to read this TMD.

Know who is who

This document has been prepared by Sanlam Australia and Sanlam UK and issued by Melbourne Securities Corporation Limited ACN 160 326 545 | AFSL 428 289, the 'responsible entity', or trustee, of the Fund.

Generally

This TMD is for general information only. It does not take into account your particular objectives, financial situation or needs, and is not a recommendation to invest. It is not a product disclosure statement and is not a summary of the product features or terms of the product.

If you are unsure about what to do, then speak to your professional adviser before making any investment decision. They will look at your particular objectives, financial situation and needs, and can help you make sure this investment is the right one for you.

What else?

Some terms are defined in the Definitions section. Otherwise, terms have the meaning given in the PDS unless otherwise defined.

Summary

This product is likely to be appropriate for a consumer institutional investors who are looking to gain exposure to high quality international listed companies who have a minimum investment timeframe of 3 to 5 years and a high risk tolerance to be used as a satellite component of their portfolio.

Who's involved

Issuer	Melbourne Securities Corporation Limited	Fund Manager ACN	160 042 222
Issuer ACN	160 326 545	APIR Code	Retail: ETL8834AU Institutional: ETL7705AU
Issuer AFSL	428 289	ISIN Code	Retail: AU60ETL88340 Institutional: AU60ETL77053
Fund	SPW Global High Quality Fund	Date TMD approved	6 April 2023
ARSN	617 951 050	TMD Version	2
Fund Manager	Sanlam Investments (Australia) Pty Ltd	TMD Status	Current

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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Conclusions

Consumer attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth	Green	The Fund is designed for investors investing with professional advice as well as those investing without, both directly and through platforms.
Capital Preservation	Red	The Fund is designed to give investors who have a medium to longer term investment horizon – 3-5 years or longer, and a tolerance for high risk exposure to an actively managed portfolio of global equities which are listed on recognised exchanges.
Capital Guaranteed	Red	
Income Distribution	Yellow	This Fund may pay distributions annually (end of June). The Fund's objectives are to outperform the MSCI World Net Total Return Index, after Management Costs and Usual Expenses, over rolling 3 to 5 year periods. Read the product disclosure statement. Speak to your professional adviser.
Consumer's intended product use		
% of Investable Assets		
Solution/Standalone 75-100%	Red	The Fund is designed to give investors exposure to exposure to high quality international listed companies. This is a high risk investment, but one which potentially reduces overall portfolio risk and smooths investment returns when included appropriately in an investor's investment portfolio. The focus is on a single asset class: global listed equities. The Fund would not sensibly make up the whole or even a majority of an investor's investment portfolio.
Core Component 25-75%	Red	
Satellite/small allocation <25%	Green	
Consumer's investment timeframe		
Short ≤ 2 years	Red	The minimum suggested timeframe for holding investments in the Fund is 3-5 years+.
Medium > 2 years – 5+ recommended	Yellow	
Long > 8 years	Green	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Red	The Portfolio Manager considers that the "standard risk measure" for this Fund is a high risk rating, which means that the estimated number of negative annual returns over any 20 year period is 3 to less than 4. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 6.
Medium	Red	
High	Green	
Very High	Green	
Consumer's need to withdraw money		
Daily	Green	Applications are generally processed each Sydney business day.
Weekly	Green	
Monthly	Green	
Quarterly	Green	
Annually or longer	Green	

Appropriateness

MSC 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 as table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator.

Distribution

This fund has a relatively broad target market, being designed for clients investing through platforms and directly, both advised and non-advised.

Target market investors are likely to have a minimum investment timeframe of 3-5 years or more, and a high risk tolerance and (noting the Fund targets paying distributions annually (after the end of June) (reinvested as a default)) target market investors are also likely to have a low need for regular income.

It is considered most likely to be 'satellite' fund in a target investor's portfolio, holding for example 25% or less by value of an investor's portfolio. The Fund would not sensibly make up the majority of an investor's investment portfolio.

In considering sources of invested moneys, and these and other Fund design features, it is considered that investors are generally more likely to be part of the target market if they are known to be:

- wholesale,
- professionally advised,
- a platform, or
- an existing investor with Sanlam products.

Given however these and other Fund design features, that an investor does not satisfy any of these does not mean they are outside the target market. Given the nature of the Fund professional advice is strongly encouraged.

Distribution conditions /restrictions:

Distribution channel	Distribution conditions and rationale
Advisor	<ul style="list-style-type: none"> • a retail investor, being recommended the product under personal financial product advice by an authorised financial adviser
Platform/Wrap	<ul style="list-style-type: none"> • applies for the product through distribution/referral channels of a type approved by the issuer, which includes the investment manager and/or portfolio manager websites, and platforms on which the Fund is listed (eg IDPS, MDA) and has confirmed that they consider themselves within the target market
Direct	<ul style="list-style-type: none"> • Retail and Wholesale investors can obtain the PDS and TMD and apply to invest directly. Any consumers who are applying via this method must actively seek out this specific product by navigating the website and obtaining the PDS, TMD and relevant application forms.

- where the issuer, the fund manager of the portfolio manager are aware there is a reasonable risk that an applicant does not meet target market requirements, appropriate enquiries are made, noting applications can be refused at the issuer's discretion, or
- where distribution agreements are in place, the restrictions imposed by, and level of supervision required under, the terms of the distribution agreements are monitored and enforced.

Review

MSC will review this TMD where there is:

- 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, or
- the use of product intervention powers, regulator orders or directions that affects the product.

Frequency

Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

Reporting

Reporting requirement	Reporting period
Complaints	Within 10 business days following end of calendar quarter
Significant dealing outside of target market	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.
To the extent a distributor is aware, dealings outside the target market	Within 10 business days following the end of the calendar quarter.

Definitions

Consumer's investment objective	
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).
Consumer's intended product use (% of Investable Assets)	
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> .
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> .
Satellite/small allocation <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> .
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification	
Low	Single asset class, single country, low or moderate holdings of securities - eg high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, eg Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, eg Australian multi-manager balanced fund or global multi-asset product (or global equities).
Consumer's intended investment timeframe	
Short (≤ 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.
Consumer's Risk (ability to bear loss) and Return profile	
Low	The consumer is conservative or low risk in nature, seeks to minimise potential losses (eg 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 (eg 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 (eg 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 (eg 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.
Consumer'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 (eg 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 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.
Reporting	
Significant dealings	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'. We apply its ordinary meaning.