



**AUSTRALIAN
SECURITIES**

Private fund since 1925



Australian Securities Term Fund

Target Market Determination

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Target Market Determination

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 consumers for whom the product, 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 Australian Securities Limited's design and distribution arrangements for the product.

This document is Not a product disclosure statement and is **not** a 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. Persons interested in acquiring this product should carefully read the **Product Disclosure Statement (PDS)** for Australian Securities Term Fund before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which can be found in the **Appendix: Definitions** section. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained on our website - **www.australiansecurities.com.au**.

Target Market Summary

Product Description

The Australian Securities Term Fund is a Managed Investment Scheme that allows investors to invest in a pooled fund which has exposure to Term Deposits, Cash and Mortgage Securities.

Product Key Characteristics

- 90-days minimum term;
- 14-days notice for withdrawal processing request;
- Monthly Interest Payments;
- Mandated Liquidity Requirements – minimum 45% of Cash Equivalent securities;
- Mandated Mortgage Securities – 60% Max LVR, No Development Securities, 15% Max of FUM in one Mortgage Security;
- Minimum investment \$10,000;
- ASTF Capital can be invested in other ASL products

Suitability Statement

This product is likely to be appropriate for a consumer seeking regular income returns and capital preservation. This product may be used as any weight allocation within a portfolio where the consumer has a short, medium or long investment timeframe, low risk/return profile and needs access to capital monthly, quarterly or more.

Fund and Issuer identifiers

Issuer	Australian Securities Limited
Issuer ABN	69 005 428 231
Issuer AFSL	260499
Fund	Australian Securities Term Fund
ARSN	605 224 600
Date TMD approved	1 October 2021
TMD Version	1.0
TMD Status	Current

Description of Target Market

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

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:

TMD Indicator key

In target market	Potentially in target market	Not considered in target market
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Instructions

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

Generally, a consumer is unlikely to be in the target market for the product if:

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

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of satellite/small allocation or core component). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole.

For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a High or Very High risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is Low or Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth	Green	<p>The Australian Securities Term Fund offers investors the ability to invest in a diversified pooled fund to receive regular income payments as well as have their capital secured, but not guaranteed, against real property and cash-equivalent investments such as Term Deposits and Cash in Bank. The Fund uses the total of the invested funds by investors to create a portfolio of securities. Investors receive income payments based on the proportion of their invested funds across all invested funds.</p> <p>The Fund does not pass-through increase in property values as capital growth. A consumer whose objective is to obtain capital growth and income distribution, can still be in the target market.</p>
Capital Preservation	Yellow	
Capital Guaranteed	Red	
Income Distribution	Green	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Yellow	<p>A consumer may find the Australian Securities Term Fund as a suitable investment product to invest as any portfolio weight. The Fund diversifies across multiple securities which allows the consumer to diversify the exposure of their investment.</p> <p>If a consumer has other objectives such as long-term investment time frame and/or Capital Growth and/or high-risk appetite, holding the product as a standalone product may not be aligned with their objectives – consumer could still be in the target market.</p>
Core Component (25-75%)	Green	
Satellite/small allocation (<25%)	Green	
Consumer's investment timeframe		
Short (≤ 2 years)	Green	<p>The nature of the product is for short-term purposes as investment in other ASL products and/or withdrawals after an initial investment time frame of 90 days (for each individual deposit) are permitted. However, consumers with longer investment term horizons can use this product as they may be seeking capital preservation with interest returns as well as access to funds in a short-time frame. Furthermore, investors that have a broader portfolio may have long-term investment horizons objective, but may use the Fund as an additional avenue for accessing funds or depositing funds due to the short-term nature of the Fund.</p>
Medium (> 2 years)	Green	
Long (> 8 years)	Yellow	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Yellow	<p>The portfolio of investments that the Australian Securities Term Fund is exposed to, allows for a lower risk profile as majority of securities held are cash equivalent investments and the remainder is spread across many mortgage securities.</p>
Medium	Green	
High	Green	
Very High	Green	
Consumer's need to withdraw money		
Daily	Red	<p>The fund permits withdrawals after the 90-days minimum investment period and a 14-day notice to withdraw the funds given before or after the 90-day term.</p> <p>Consumers seeking to withdraw monthly may only be able to do it after a 90-days minimum is met.</p>
Weekly	Red	
Monthly	Yellow	
Quarterly	Green	
Annually or longer	Green	

Appropriateness

Note: This section is required under RG 274.64–66.

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, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2. A minimum investment of \$10,000 with a minimum \$10,000 or 'closing balance' withdrawal applies.

Distribution Channels

The Australian Securities Property Fund will be distributed via the methods below:

- Online – Website, Email and LabGroup;
- Direct contact;
- Licensed Financial Advisors.

The chosen distribution channels allow for the consumers to be in the target market as there is a 'screening process' which the consumers must go through.

When the product reaches the consumers by online or direct contact, the consumers must complete a questionnaire to ensure that their investment objectives are in line with the Target Market Determination document. Consumers that apply to invest via Licensed Financial Advisors will have obtained financial advice to invest in the Australian Securities Term Fund, which ensures that consumers are suitable for the product regardless of whether they are within the Target Market.

Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act *Instructions to Issuers for table below:*

Distribution Condition	Distribution Condition Rationale
Consumers likely to reasonably foresee financial hardship if product underperforms or income payments halt due to defaults, should not invest.	Where a consumer may reasonably face financial hardship if the investment underperforms, ASL [the issuer] may not be able to immediately return funds to the consumer that is affected.
Questionnaire at consumer registration must be completed.	A questionnaire developed by Australian Securities Limited in line with the TMD must be completed by the consumer in order to assess the suitability of the product for the consumer.
Consumers investing above \$250,000.00 to be advised of stricter withdrawal arrangements.	Whilst there is no limit to how much a consumer can invest in the Australian Securities Term Fund, consumers that invest funds greater than \$250,000.00 may be faced with longer withdrawal arrangements as the liquidity of the fund must be evaluated.
The performance of the product is not guaranteed.	ASTF has access to the ASL assurance fund used to manage a late interest payment to ensure a regular income and has insurance cover for any loss attributed to misconduct or neglect. Term deposits held with Australian banks have no government guarantee.

Review triggers

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

Review triggers
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.
The use of Product Intervention Powers, regulator orders or directions that affects the product.
Frequent withdrawal requests before the maturity of the capital invested.

Mandatory review periods

This part is required under section 994B(5)(e) and (f) of the Act.

Mandatory review periods	
Review period	Maximum period for review
Initial review	October 2022
Subsequent review	1-year period

Distributor reporting requirements

This part is required under section 994B(5)(g) and (h) of the Act.

Distributor reporting requirements		
Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product 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. See Definitions for further detail.	As soon as the distributor becomes aware of the significant dealing.	All distributors
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following end of calendar quarter.	All distributors

Appendix:Definitions

Term	Definition
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 investable assets (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<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 investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding their residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Low	Single asset class, single country, low or moderate holdings of securities- e.g. high conviction Aussie equities.
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 product (or global equities).

Appendix:Definitions cont.

Term	Definition
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 (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. 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 (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. 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 (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. 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 (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). Consumer typically prefers growth assets such as shares, property and alternative assets.
Consumer's need to withdraw money	
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.

Appendix:Definitions cont.

Term	Definition
Distributor Reporting	
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 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.</p> <p>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.</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 product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer’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 (which may be indicated by the number of red or amber ratings attributed to the consumer). <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 product distribution conduct in relation to the product over the reporting period, • the consumer’s intended product use is Solution / Standalone, or • the consumer’s intended product use is Core component and the consumer’s risk (ability to bear loss) and return profile is Low.



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