



Target Market Determination – MDA Service – Responsibly Invested Core Equity

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**) using Financial Services Council and IMAP template version 1. 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 the Crystal Wealth Partners Limited design and distribution arrangements for its MDA service.

This document is **not** a product disclosure statement and is **not** a summary of the product 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 product should carefully read the MDA Agreement, Investment Program and Statement of Advice for the MDA service 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 provided at the time a Statement of Advice is provided

Target Market Summary

This Managed Discretionary Account (MDA) is likely to be appropriate for an investor seeking a return equivalent to the long term CPI + 4.5% to 5.5%, a portfolio where the investor has a medium term investment timeframe – at least 5 years, a medium risk/return profile and needs some access to capital. The MDA Service is suited to investors who want their portfolios efficiently managed and who are happy to delegate investment decisions within agreed parameters. Under this MDA service, investors provide us with discretion to undertake investment transactions on their behalf without prior reference to them. The transactions that can be made must be within the parameters outlined in their investment program.

Fund and Issuer identifiers

| | |
|--------------------------|----------------------------------|
| Issuer | Crystal Wealth Partners Ltd |
| Issuer ABN | 78 151 929 823 |
| Issuer AFSL | 412226 |
| Portfolio type | Responsibly Invested Core Equity |
| Date TMD approved | 4 October 2021 |
| TMD Version | Version 1 |
| <i>TMD Status</i> | <i>Current</i> |

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 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 |
|------------------|------------------------------|---------------------------------|

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 product. Column 2, TMD indicator, indicates whether a customer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, an investor is unlikely to be in the target market for the product 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.

| Investor 's investment objective | TMD Indicator for product | Product description including key attributes |
|---|----------------------------------|---|
| Capital Growth | | This portfolio is suitable for investors who seek a balance between capital stability and capital growth. The portfolio invests in a blend of listed securities, fixed interest securities, exchange traded funds, specialist active investment managers and alternative investments. |
| Capital Preservation | | |
| Capital Guaranteed | | |
| Income Distribution | | |
| Investor 's intended product use (% of Investable Assets) | TMD Indicator for product | Product description including key attributes |
| Solution/Standalone (75-100%) | | The portfolio is intended to meet an investor's principal portfolio growth needs, comprising a range of growth assets. |
| Core Component (25-75%) | | |
| Satellite/small allocation (<25%) | | |
| Investor 's investment timeframe | TMD Indicator for product | Product description including key attributes |
| Short (≤ 2 years) | | The minimum suggested investment timeframe is at least 5 years. |
| Medium (> 2 years) | | |
| Long (> 5 years) | | |
| Investor 's Risk (ability to bear loss) and Return profile | TMD Indicator for product | Product description including key attributes |
| Low | | The risk of a negative return is estimated at about 6-7 years in every 20 years. |
| Medium | | |
| High | | |
| Very High | | |
| Investor 's need to withdraw money | TMD Indicator for product | Product description including key attributes |
| Daily | | The investments held in the portfolio may include: <ul style="list-style-type: none"> • Unlisted managed funds |
| Weekly | | |

| | | |
|---|----------------------------------|--|
| Monthly | | <ul style="list-style-type: none"> • 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 • Unlisted property or infrastructure, private equity or other alternative assets <p>Each of these asset types are likely to be liquid within a month, however some assets may have various liquidity restrictions (e.g. unlisted property) where total exposure is limited to no more than 15% of the portfolio.</p> |
| Quarterly | | |
| Annually or longer | | |
| Investor's Other requirements | TMD Indicator for product | Product description including key attributes |
| Individual tax management of investments | | From a tax perspective all Investments are held directly for each client |
| Visibility / transparency of portfolio holdings | | Each investment held in the portfolio is reported separately through reports available on our website and through generated reporting |
| Ability to customise portfolio or accommodate other holdings | | The portfolio offers the ability to exclude or vary holdings in particular investments |
| Ability to include <i>in specie</i> transfer of existing investments | | Existing holdings can be transferred in specie into the portfolio if appropriate |
| Ability to limit the exposure to assets that negatively impact society and the environment. | | The Responsibly Invested approach limits the exposure a portfolio has to assets that negatively impact society and the environment. This suits an investor's objective to minimize such investment in assets not aligned with their values. |

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 investors in the target market as described below, as the attributes of this product 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.

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| Distribution Condition | Distribution Condition Rationale | Applicable |
|---|--|-------------------|
| 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 | ✓ |

| 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. |
| Material deviation from benchmark / objective over a 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. |

| 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 | 1 year, 3 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 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 practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors |

Distributors must report to Crystal Wealth Partners using the standard form supplied.

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Definitions

| Term | Definition |
|---|--|
| Investor 's investment objective | |
| Capital Growth | The investor seeks to invest in a product 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 product 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 products. |
| Income Distribution | The investor seeks to invest in a product designed to provide 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 product 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 investable assets (see definition below). The investor typically prefers exposure to a product with at least high portfolio diversification (see definitions below). |
| Core Component (25-75%) | The investor intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification (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 investable assets (see definition below). The investor is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below). |
| Investable Assets | Those assets that the investor has available for investment, excluding the family home. |
| Portfolio diversification (for completing the key product attribute section of investor 's intended product use) | |
| Low | Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Australian equities. |
| Medium | 1-2 asset classes, single country, broad exposure within asset class, e.g. Australian equities "All Ords". |

| Term | Definition |
|--|--|
| 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). |
| 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 five years. |
| Investor 's Risk (ability to bear loss) and Return profile | |
| An investor 's desired product return profile would generally take into account the impact of fees, costs and taxes. | |
| Low | The investor is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to up to 4 years of negative return over a 20 year period 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 on average 4-5 years of negative returns over a 20 year period 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 on average 5-6 years of negative returns over a 20 year period in order to target a higher target return profile). 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. |
| 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 7 or more years of negative returns over a 20 year period 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 | |
| Daily/Weekly/Monthly/Quarterly/ Annually or longer | The investor seeks to invest in a product which permits full or substantial 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 customer is seeking a product that provides the ability to actively manage the investor 's tax position in the recommendations which are made to them |

| Term | Definition |
|--|--|
| Visibility / transparency of portfolio holdings | The investor is seeking a product 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. |
| 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. |
| Responsibly Invested | Responsible investing seeks to minimise the negative effects generated by business and promote positive impacts, ultimately delivering a healthier economy, society and environment. The Responsible Investing framework can be incorporated into an investor’s wealth creation strategy, enabling portfolios to be invested in businesses and sectors that meet certain criteria in terms of governance, as well as environmental and social impact. |
| Distributor Reporting | |
| Significant dealings | <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>This TMD relates to portfolios of a certain risk profile, within the overall Managed Discretionary Account service.</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 in relation to the overall 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 product (which may be indicated by the product’s risk rating or withdrawal timeframes), • the actual or potential harm to an investor (which may be indicated by the value of the investor’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 investor). |

| Term | Definition |
|------|---|
| | <p>As a dealing cannot occur outside the TMD since all investments are the subject of personal financial advice on a continuing basis there is no requirement for a distributor may consider a dealing (or group of dealings) <u>outside the TMD</u> 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 investor’s intended product use is <i>Solution / Standalone</i>, or • the investor’s intended product use is <i>Core component</i> and the investor’s risk (ability to bear loss) and return profile is <i>Low</i>. |