

# Target Market Determination

## Macquarie Separately Managed Account (SMA)

Issued by Macquarie Investment Services Limited (MISL)

ABN 73 071 745 401 AFSL 237495

Effective date: 5 October 2021

(Document ID: TBC)

This Target Market Determination (TMD) describes the type of customer for which these products have been designed, having regard to the likely objectives, financial situation and needs of customers in the target market. Further information about these products can be found on the Macquarie website.

Note this TMD does not apply to the distribution of this product to an investor who is a 'wholesale client' for the purposes of Chapter 7 of the *Corporations Act 2001*.

This TMD applies to the following products which are together referred to throughout this TMD as the Macquarie SMA:

- Macquarie SMA (ARSN 121968143) Class W
- Macquarie SMA (ARSN 121968143) Class T
- Macquarie SMA (ARSN 121968143) Class G

**IMPORTANT!** This TMD is not an offer document. Please read the relevant Macquarie SMA Product Disclosure Statement (PDS) available online at [macquarie.com.au/managedaccounts](https://macquarie.com.au/managedaccounts).

## Target Market

The Macquarie SMA product is designed for clients who, at the point of acquiring the product:

- want access to one or more SMA Model Portfolios managed by a range of Investment Managers, containing listed securities and/or units in managed funds as well as cash, and with exposures to one or more asset classes such as Australian equities, international equities, property, fixed interest, alternative investments and cash
- want access to investment management services and are comfortable with not selecting the particular securities that make up their selected SMA Model Portfolio(s)
- want an SMA investment structure which takes the form of a beneficial interest in the specific investments in the SMA Model Portfolio(s) selected
- have one or more of the objectives or needs which are indicated by ticks, for the applicable investor class, in the table below, and
- do not have, in relation to the applicable investor class, any of the objectives or needs which are indicated by crosses, for the applicable investor class, in the table below.

Client Objectives	Target Market Indicator			Product attributes
	Class W	Class T	Class G	
Investment objective				
Capital Growth	✓	✓	✓	The SMA offers a selection of Model Portfolios provided by a range of investment managers ( <b>Investment Managers</b> ) covering a range of investment styles and investment objectives. The SMA does not offer any Model Portfolios which are capital guaranteed.
Capital Preservation	✓	✓	✓	
Capital Guaranteed	✗	✗	✗	
Regular Income	✓	✓	✓	
Specialist (Sustainable/Ethical/ESG)	✓	✗	✗	
Diversification				
Very low	✓	✓	✓	The SMA offer a range of SMA Model Portfolios across single and multi-asset class investment styles, some of which are well diversified, some of which are more concentrated. The more diversified the SMA Model Portfolio, the less exposed an investor is to the performance of any single investment holding and/or asset class.
Low	✓	✓	✓	
Medium	✓	✓	✓	
Medium High	✓	✓	✓	
High	✓	✓	✓	
Very high	✓	✓	✓	
Intended product use				
Standalone Solution (75-100% of investible assets)	✓	✓	✓	The SMA provides single and multi-asset class SMA Model Portfolios across different risk levels, providing
Core Component (25-75% of investible assets)	✓	✓	✓	

Satellite (<25% of investible assets)	✓	✓	✓	diversification in style, investment manager and asset class.
Investment timeframe				
Short (Less than 2 years)	✗	✗	✗	The SMA offers a range of SMA Model Portfolios across different investment timeframes for the medium to long term. The SMA is generally not designed for investors with an investment timeframe of less than 2 years.
Medium (2 - 6 years)	✓	✓	✓	
Long (6+ years)	✓	✓	✓	
Ability to bear loss (or risk appetite)				
Very high	✓	✓	✓	The SMA offers a selection of SMA Model Portfolios across different risk levels and is generally designed for investors with a medium to very high tolerance to bearing loss, depending on the selected Model Portfolio. The SMA is generally not designed for investors who have a low ability to bear loss.
High	✓	✓	✓	
Medium	✓	✓	✗	
Low	✗	✗	✗	
Need to withdraw money				
Daily	✗	✗	✗	The SMA offers a range of SMA Model Portfolios with differing levels of liquidity. Particular securities or investments within a SMA Model Portfolio may be difficult to purchase or sell, preventing the SMA Account from closing out a position or rebalancing within a timely period and at a fair price.
Weekly	✓	✓	✓	
Monthly	✓	✓	✓	
Quarterly	✓	✓	✓	
Annually or longer	✓	✓	✓	

## Additional Product Features

### Fee Structure

Other than for Class G, a Management fee applies to investments in the Macquarie SMA. The applicable Management fee depends on the Model Portfolio(s) selected and is calculated based on the value invested in each Model Portfolio. A transaction fee applies to each trade of listed securities within the Macquarie SMA. See the applicable Macquarie SMA PDS for details on all of the fees and costs which apply.

### Other Features

- **Individual tax record of investments** - SMA Model Portfolios allow the tax transparency of all the securities held, individual tax cost position and direct flow through of all income
- **Visibility / transparency of portfolio holdings** - All investments and transactions within SMA Model Portfolios can be viewed securely online
- **Ability to customise portfolio** - The SMA offers the ability to restrict certain securities or sectors from being included in an SMA Model Portfolio
- **Ability to include in specie transfer of existing investments** - The SMA offers the ability, where permitted, to transfer securities (held in the same name) into and out of an SMA Model Portfolio without it resulting in a capital gains tax event.

## Distribution Conditions

The Macquarie SMA is designed to be distributed through Australian Financial Services Licensees (AFSLs) and their representatives.

### Distribution conditions for all AFSLs other than MISL and Macquarie Investment Management Limited (MIML)

- a) Distribution of the Macquarie SMA by all AFSLs (other than MISL and MIML) and their representatives is subject to the following conditions and restrictions:
  - Only AFSLs or their representatives, who are licensed to provide personal advice on the product to retail clients may arrange for clients to apply for or acquire the product
  - Arranging for a client to apply for or acquire an initial or further interest in the product is permitted only where the AFSL or representative is implementing personal advice provided to the client to acquire that interest in the product
  - Arranging for a client to apply for or acquire an interest in the product is only permitted where the client holds an account with an eligible platform
  - Arranging for a client to apply for or acquire an interest in the product is only permitted where the client meets the product's eligibility criteria
  - General advice and any marketing or promotional materials or activities about the product must only be provided to, or made available through, channels associated with clients who typically receive, or are looking to receive, personal advice
  - The PDS for the product must only be made available through channels associated with clients who typically receive, or are likely to receive, personal advice.
  - Dealing in the product by an AFSL or its representatives is restricted to dealing which relates to the Model Portfolio(s) that MISL has approved as being available for that particular AFSL and its representatives.

- b) Distribution of particular investor classes of the Macquarie SMA by all AFSs (other than MISL and MIML) and their representatives is subject to the following **additional** conditions and restrictions:
- Only AFSs and their representatives which have been approved by MISL to distribute **investor Class G** may arrange for clients to apply for or acquire interests in Class G of the Macquarie SMA
  - General advice and any marketing or promotional materials related to **investor Class G** must only be provided or made available to clients of AFSs and dealer groups approved by MISL to distribute investor Class G
  - The PDS for **investor Class G** of the product must only be made available to clients of AFSs and dealer groups approved by MISL to distribute investor Class G.

### Distribution conditions for MISL and MIML

- a) Distribution of the Macquarie SMA by MISL, MIML and their representatives is subject to the following conditions and restrictions:
- Except where a client is already invested in the Macquarie SMA, MISL will only issue the product to a person who has received personal advice to acquire the product.
  - Except where a client is already invested in the Macquarie SMA, MIML will only arrange for a client to acquire the product where the client has received personal advice to acquire the product.

## Distributor Reporting Requirements

Third party distributors of these products must provide Macquarie with the following information in writing:

Complaint Volumes	
Required detail	<ul style="list-style-type: none"><li>• The number of complaints received about the products during the reporting period, even where this number is zero, and</li><li>• The applicable reporting period.</li></ul>
Reporting period	<p><b>First reporting period:</b></p> <p>5 October 2021 – 31 March 2022</p> <p><b>Subsequent reporting periods each year:</b></p> <ul style="list-style-type: none"><li>• 1 April – 30 September, and</li><li>• 1 October – 31 March.</li></ul>
Reporting timeframe	Within 10 business days of the end of each reporting period.
Reporting form and method	TBC

## Significant Dealings

Required detail	<ul style="list-style-type: none"><li>• The date on which or the date range over which the dealing occurred</li><li>• A description of the dealing</li><li>• An explanation of why the dealing is considered significant</li><li>• An explanation of why the dealing is considered to be inconsistent with the TMD</li><li>• How the dealing was identified (e.g., through monitoring, complaints etc), and</li><li>• Detail of what steps have been or will be taken in relation to the significant dealing.</li></ul>
Reporting timeframe	As soon as practicable, but in any case, within 10 business days of becoming aware of the significant dealing.
Reporting form and method	TBC

## Additional Information

Required detail	Such additional complaint related information (such as information relating to the nature of complaints) as Macquarie requests from time to time.
Reporting timeframe	Within 10 business days of receiving a written request from Macquarie.
Reporting form and method	TBC

## Review of this Target Market Determination

This TMD will be reviewed as follows:

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Initial review	Within 18 months of the effective date.
Periodic review	Within 18 months from the completion of the last TMD review.
Review triggers	<p>This TMD will be reviewed should any of the following events occur:</p> <ul style="list-style-type: none"><li>• A material, unexpected increase in complaints received about the products,</li><li>• The use of a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate, or</li><li>• Macquarie reporting a significant dealing in the products.</li></ul>

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