

# Target Market Determination – Funds Management

## 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 the Issuer’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 the Fund before making a decision whether to buy this product.

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 product’s PDS, unless otherwise defined. The PDS can be obtained on the Fund’s website at [www.cromwell.com.au/gof](http://www.cromwell.com.au/gof).

## Target Market Summary

**This product is likely to be appropriate for a consumer seeking Capital Growth and Income Distribution to be used as a Satellite/small allocation or a Core Component not exceeding 25% allocation within a portfolio where the consumer has a Long investment timeframe, High risk/return profile and needs Monthly access to capital.**

## Fund and Issuer identifiers

<b>Issuer</b>	Cromwell Funds Management Limited
<b>Issuer ABN</b>	63 114 782 777
<b>Issuer AFSL</b>	333214
<b>Fund</b>	<b>Cromwell Phoenix Global Opportunities Fund</b>
<b>ARSN</b>	654 056 961
<b>APIR Code</b>	CRM0245AU

<b>ISIN Code</b>	AU60CRM02453
<b>Date TMD approved</b>	10 November 2021
<b>TMD Version</b>	1.0
<b>TMD Status</b>	<i>Current</i>

## 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:

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

In the tables below, 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:

1. **one or more** of their Consumer Attributes correspond to a **red** rating, or
2. **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
<b>Consumer's investment objective</b>		
Capital Growth	Green	Investors seeking the best possible total returns over the medium to long term rather than maintaining a particular distribution level.
Capital Preservation	Red	The Fund's investment objectives are to:
Capital Guaranteed	Red	<ul style="list-style-type: none"> <li>• maximise investment returns over the medium to long term;</li> <li>• minimise the risk of permanent capital loss; and</li> <li>• deliver sustainable and growing distributions over the long term.</li> </ul>
Income Distribution	Red	<p>The Fund aims to achieve its objective by investing in a geographically diverse portfolio of listed, small capitalisation securities.</p> <p>The Fund is expected to earn income, including interest and foreign income from its investments in internationally listed securities. The Fund may also make foreign exchange and capital gains or losses from these investments.</p> <p>The Fund aims to pay distributions annually either directly to an investor's nominated bank account or reinvested in further units in the Fund.</p>
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (75-100%)	Red	Investors looking to invest in a geographically diverse portfolio of listed, small capitalisation securities.
Core Component (25-75%)*	Amber	The Fund offers exposure to a concentrated portfolio of internationally listed, predominantly small capitalisation securities. The Fund is expected to invest across multiple global equities markets, such as North America, Europe and Asia. It is likely to invest in both developed and emerging markets.
Satellite/small allocation (<25%)	Green	Investments are likely to be selected outside the constituents of global large capitalisation indices and will mostly have a free float market capitalisation of less than US\$5 billion at the time of initial investment. Therefore, the Fund's portfolio diversification is Low to Medium (see diversification definitions below).

Consumer Attributes	TMD Indicator	Product description including key attributes
		Investors should use the Fund as a Satellite / small allocation as part of a balanced investment portfolio. *Investors may also use the Fund as a Core Component where the investment generally does not exceed 25% of the investor's Investable Assets.
<b>Consumer's investment timeframe</b>		
Short ( $\leq 2$ years)	Red	Investors seeking to invest in the Fund for the Medium term.
Medium (2 - 5 years)	Amber	The minimum suggested timeframe for holding an investment in the Fund is 5 years.
Long ( $> 5$ years)	Green	Manager considers definition of "Long Timeframe" to be more than 5 years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	Red	Investors who are comfortable tolerating High risk (see risk definitions below).
Medium	Red	The aim of the Fund is to provide investors with a total return (after fees) in excess of the MSCI All Country World Net Index in \$AUD ("Benchmark") and to deliver lower total risk than the Benchmark, with total risk being defined as the volatility of total returns.
High	Green	However, the returns from the Fund are not guaranteed and there are risks involved in the Fund, which may include the following:
Very High	Green	<ul style="list-style-type: none"> <li>• The Fund's assets can and do rise and fall in value for many reasons including security specific risk and general market factors;</li> <li>• The Fund may make poor investment decisions or inappropriate or incorrect investment methods resulting in poor or nil returns; and</li> <li>• If a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained.</li> </ul> <p>It is expected the Fund may experience an estimated 3 to less than 6 years negative returns over a 20 year period (SRM 3 to 6).</p>
<b>Consumer's need to withdraw money</b>		
Daily	Red	Investors seeking an investment with Monthly liquidity under ordinary circumstances.
Weekly	Red	

Consumer Attributes	TMD Indicator	Product description including key attributes
Monthly	Amber	<p>Withdrawal prices will normally be calculated on the last day of the month in which the withdrawal form is received and will normally be processed and paid within thirty business days of the processing date. The minimum amount that can be withdrawn is \$10,000 (or a lesser amount at the Issuer's discretion).</p> <p>In some circumstances, such as when withdrawals are suspended, investors may not be able to withdraw from the Fund within the usual period and the Issuer can suspend withdrawals for up to 180 days.</p> <p>Direct investors can transfer units in the Fund to another person by providing the Issuer with a completed transfer in a form the Issuer approves. The Issuer reserves the right to decline transfer requests in certain circumstances.</p>
Quarterly	Green	
Annually or longer	Green	

### Appropriateness

Note: This section is required under RG 274.64–66 and RG 274.100.

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.

Requirement	Explanation
S 994B(8)	
Target market and Product RG 274.68(c)	<p>The Issuer considers that the Fund, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of investors in the target market on the basis of:</p> <ul style="list-style-type: none"> <li>the relationship between the key attributes of the Fund and the target market as set out in this TMD;</li> <li>the terms of issue of units in the Fund;</li> <li>the investment mandate of the Fund;</li> <li>the investment capability of the manager of the Fund;</li> </ul>

Requirement	Explanation
S 994B(8)	<ul style="list-style-type: none"> <li>• the Issuer’s assessment of the risks and benefits of the Fund;</li> <li>• the Issuer’s assessment of the likely investor outcomes of the Fund based on:               <ol style="list-style-type: none"> <li>1. the Fund’s historical performance and financial modelling of the Fund’s target performance based on the assets in the Portfolio;</li> <li>2. analysis of performance data in respect of the Issuer’s products that are comparable to the Fund; and</li> <li>3. results of stress testing and scenario analysis of the liquidity risk, market and investment risk, operational risk, strategic risk, governance risk of the Fund and comparable funds operated by the Issuer.</li> </ol> </li> </ul>
Target market and distribution conditions and restrictions RG 274.100	The Issuer considers that the distribution conditions will make it more likely that the investors who acquire the Fund are in the target market on the basis of: <ol style="list-style-type: none"> <li>1. the Fund’s advertisements and website content is directed towards consumers in the Fund’s target market;</li> <li>2. the online and paper application forms for the Fund include specific questions and alerts relating to this TMD and relevant to the distribution conditions;</li> <li>3. the Issuer’s DDO Distributor Handbook provides information to distributors about the Issuer’s expectations and requirements in relation to the distribution of the Fund;</li> <li>4. the distributors’ past performance in relation to the distribution of financial products, about which the Issuer is aware; and</li> <li>5. any other relevant information about a distributor, about which the Issuer is aware.</li> </ol>

### Distribution conditions/restrictions

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

Distribution channel	Distribution condition rationale
Direct	<ol style="list-style-type: none"> <li>1. Direct investors who are wholesale or sophisticated investors can invest in the Fund.</li> <li>1. Retail investors are asked to complete an online or paper application form, including filtering questions relating to the TMD.</li> </ol>

Distribution channel	Distribution condition rationale
Platform/Wrap—General	<p>2. Additional steps are not required for advised clients beyond consideration of the issuer’s TMD by the adviser.</p> <p>3. Unadvised clients may not be able to access the Fund unless the platform provider has a process where the client is asked to complete basic filtering questions relating to the TMD.</p>
Adviser	<p>4. Investor to confirm in the online or paper application form that they are financially advised.</p> <p>5. Financial advisers to provide details in the online or paper application form of their AFS licence, including their adviser number from the Moneysmart website, and confirm they have reviewed and considered the TMD in providing personal advice to the investor.</p>

Review triggers
This part is required under section 994B(5)(d) of the Act.
Where the Issuer considers that there has been a material change to the investment strategy, Fund description (including its key attributes), risk profile or liquidity profile of the Fund or taxation consequences for investors in the Fund.
Where the Issuer considers that the Fund has underperformed relative to its investment objective to a material degree for two consecutive financial years.
A significant number, or an unexpectedly high number, of complaints about the Fund or its distribution.
20% increase over average number of withdrawals measured across a rolling quarterly basis.
A significant dealing in this Fund in relation to retail clients that is inconsistent with this TMD.
Material changes to the fees or other costs of the Fund that may affect the return of the Fund.
Any inquiry, surveillance, direction, notice, investigation or enforceable instrument by or from ASIC about or relating to the Fund’s features, target market or distribution strategy.

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	By 5 October 2022.

Subsequent review	At least once every year since the date of the last review of the TMD (for whatever reason).
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<b>Distributor reporting requirements</b>		
This part is required under section 994B(5)(g) and (h) of the Act.		
<b>Reporting requirement</b>	<b>Reporting period</b>	<b>Which distributors this requirement applies to</b>
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
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

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer using the method specified at <https://www.cromwell.com.au/contact>. This link also provides contact details relating to this TMD for Issuer.

#### Definitions

<b>Term</b>	<b>Definition</b>
<b>Consumer's investment objective</b>	
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 that are generally lower in risk and less volatile than growth investments.

<b>Term</b>	<b>Definition</b>
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).
<b>Consumer's intended product use (% of Investable Assets)</b>	
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> (see definitions below).
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> (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 <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> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
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).
<b>Consumer's intended investment timeframe</b>	
Short ( $\leq$ 2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Medium (2 - 5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.

Term	Definition
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>The Issuer has adopted the Standard Risk Measure (<b>SRM</b>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <b><i>Standard Risk Measure Guidance Paper For Trustees</i></b>. The assessment has been undertaken assuming likely returns after fees and costs but before taxes. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs.</p>	
Low	<p>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.</p>
Medium	<p>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.</p>
High	<p>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.</p>
Very high	<p>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)). Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Review Triggers and Distributor Reporting</b>	
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. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the Fund 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. Whether or not a dealing is significant is a matter to be determined in the circumstances of each case and must be determined having regard to ASIC's policy in RG 274.</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>

Term	Definition
	<p>Dealings outside this TMD may be significant because 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> <p>In each case, the distributor should have regard to:</p> <ol style="list-style-type: none"> <li>1. the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>2. 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</li> <li>3. 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).</li> </ol> <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ol style="list-style-type: none"> <li>1. the consumer's intended product use is <i>Solution / Standalone</i>, or</li> <li>2. the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.</li> </ol>