

Target Market Determination

Auscap Ex-20 Australian Equities Fund



This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) and is **not** a complete 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 PDS for the product 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 product's PDS can be obtained on our website at www.auscapam.com.

Target Market Summary

This product is intended for use as a *core component, minor allocation or satellite allocation* for a consumer who is seeking *capital growth* and has a *high or very high risk and return profile* for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a *5 year investment timeframe* and who is unlikely to need to withdraw their money on less than *one week's notice*.

Fund and Issuer identifiers	
Issuer	Auscap Asset Management Limited
Issuer ABN	11 158 929 143
Issuer AFSL	428014
TMD contact details	Auscap Asset Management Limited: Email: info@auscapam.com Phone: (02) 8378 0800
Fund	Auscap Ex-20 Australian Equities Fund
ARSN	671 901 821
APIR Code	ASX6179AU
ISIN Code	AU60ASX61797
Market Identifier Code	N/A

Product Exchange code	N/A
TMD issue date	31 October 2023
TMD Version	1
Distribution status of Fund	Available
TMD end date	N/A

Description of Target Market

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:



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.

Appropriateness

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 the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of *minor allocation*). 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a *High* risk/return profile may be consistent with the consumer’s objectives for that *minor allocation* notwithstanding that the risk/return profile of the consumer as a whole is *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this *portfolio view* for diversification, available on the [FSC website](#).

Consumer Attributes	TMD indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		The Fund aims to generate returns in excess of the S&P/ASX 300 Ex S&P/ASX 20 Index, after fees, over the suggested minimum investment time of 5 years. In managing the Fund, Auscap's strategy is to have a diverse portfolio of listed Australian equities purchased primarily from the S&P/ASX 300 Index, but excluding securities purchased from the S&P/ASX 20 Index.
Capital Preservation		
Income Distribution		
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)		The Fund aims to have a diverse portfolio, typically investing in between 40 and 60 securities, in listed Australian equities purchased primarily from the S&P/ASX 300 Index, but excluding securities purchased from the S&P/ASX 20 Index.
Major allocation (up to 75%)		
Core component (up to 50%)		The Fund has Medium <i>portfolio diversification</i> .
Minor allocation (up to 25%)		
Satellite allocation (up to 10%)		
Consumer's investment timeframe		
Minimum investment timeframe	5 years	The minimum suggested investment timeframe for the Fund is 5 years.
Consumer's Risk (ability to bear loss) and Return profile		
Low		The Fund has a SRM risk band of 6 (High) and aims to generate returns in excess of the S&P/ASX 300 Ex S&P/ASX 20 Index, after fees, over the suggested minimum investment time of 5 years.
Medium		
High		
Very high		
Extremely high		
Consumer's need to access capital		
Within one week of request		Redemption requests submitted by 2pm on any Business Day will receive that day's Unit Price.
Within one month of request		Redemptions will typically be paid within 10 Business Days after the redemption has been processed. However, investors should note that the Constitution generally allows for up to 21 days from acceptance of a redemption request.
Within two months of request		A Business Day is any day (other than a Saturday, Sunday, public holiday or bank
Within one year of request		

Consumer Attributes	TMD indicator	Product description including key attributes
Within 5 years of request		holiday) on which banks are open for general banking business in Sydney.
Within 10 years of request		
10 years or more		
At issuer discretion		

Distribution conditions/restrictions		
Distribution conditions	Distribution condition rationale	Distributors this condition applies to
The Fund can be distributed to a consumer directly through the Issuer (Auscap Asset Management Limited) or indirectly through an IDPS operator specified on the Issuer's website.	<p>The Fund is only suitable for distribution:</p> <ul style="list-style-type: none"> directly through completion of an Application Form (as defined in the PDS for the Fund) made available by the Issuer, and provision of required supporting documentation; and indirectly through an IDPS operator who has obtained the Issuer's authorisation to make the Fund available on its IDPS, using the application method required by that IDPS operator. This authorisation process provides the Issuer with the ability to monitor and supervise the activities of such distributors of the Fund. 	Issuer (Auscap Asset Management Limited) and IDPS operators specified on the Issuer's website.

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

Mandatory TMD review periods

Review period	Maximum period for review
Initial review	1 year and 3 months from 31 October 2023 (i.e. by 31 January 2025)
Subsequent review	2 years and 6 months from 31 October 2023 (i.e. by 30 April 2026)

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. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under section 994F(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

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to Auscap Asset Management Limited using the method at www.auscapam.com/ddo/. This link also provides contact details relating to this TMD for Auscap Asset Management Limited.

This document is issued by Auscap Asset Management Limited (ABN 11 158 929 143, AFSL 428014) ('Auscap') in its capacity as the issuer and responsible entity of the Fund. This document provides general information only and does not take into account a particular person's objectives, financial situation, needs or circumstances. This document is not an offering document, including a Product Disclosure Statement ('PDS'), under the Corporations Act 2001 (Cth). The content of this document does not constitute an offer, solicitation or recommendation to subscribe for units in the Auscap Ex-20 Australian Equities Fund (ARSN 671 901 821) ('Fund') or to buy or sell any financial product. Before deciding whether to acquire, or to continue to hold, units in the Fund, a prospective or existing investor should fully review the information, the disclosures and the disclaimers contained in all relevant Fund documents, including in particular the Fund's disclosure document, the PDS, or any supplement to that document, and consider obtaining investment, legal, tax and accounting advice appropriate to their circumstances. A copy of the Fund's PDS is available on request or at Auscap's website www.auscapam.com. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. 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 designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.
Satellite allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
<i>Investable Assets</i>	Those assets that the investor has available for investment, excluding the residential home.

Term	Definition
<p>Portfolio diversification (for completing the key product attribute section of consumer’s intended product use)</p> <p>Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.</p>	
Very low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very high	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors <u>and</u> geographic markets with limited correlation to each other.
<p>Consumer’s intended investment timeframe</p>	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.
<p>Consumer’s Risk (ability to bear loss) and Return profile</p>	
<p>This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i> (note the bands in the SRM guidance differ from the bands used in this TMD). However, 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 (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer’s desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	

Term	Definition
Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a conservative or low risk appetite, • seeks to minimise volatility and 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. <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
High	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). <p>The consumer typically prefers growth assets (for example, shares and property).</p>
Very high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>

Term	Definition
Consumer's need to access capital	<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.</p>