

Target Market Determination

Global Multi-Strategy Fund

Growth Units

Legal disclaimer

This Target Market Determination (**TMD**) is required under section 994B of the Corporations Act 2001 (Cth) (**Act**). It sets out the class of retail clients 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. This document is issued by Australian Fiduciaries Limited (ABN 22 601 228 844) (AFSL 465658) (**AFL**) as responsible entity and investment manager of the Global Multi-Strategy Fund ARSN 603 285 801 (**Fund**). This TMD forms part of AFL's design and distribution arrangements for the product.

This document is not a product disclosure statement (**PDS**) 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 the product should carefully read the relevant PDS, available at australianfiduciaries.com, and consider obtaining financial advice before making a decision whether to acquire the product.

Summary

The Fund is a multi-class registered managed investment scheme that invests in a range of asset classes and strategies across diversified asset classes and sources of return. The classes of retail clients who comprise the target market for the Fund (and their specific objectives, financial situation and needs) differ, depending on the unit class being considered.

Growth Units

Growth Units are likely to be appropriate for a retail client seeking investment in a diversified portfolio of income generating assets and growth assets where the retail client is unlikely to seek to redeem, has a Very High risk/return profile and does not need access to regular amounts of income.

Fund and Issuer identifiers

| | |
|---------------------|--------------------------------|
| Issuer | Australian Fiduciaries Limited |
| Issuer ABN | 22 601 228 844 |
| Issuer AFSL | 465658 |
| Fund | Global Multi-Strategy Fund |
| ARSN | 603 285 801 |
| Version date | 18 September 2023 |

Description of Target Market

TMD indicator key

The target market is all retail clients with the retail client attributes for which the product is likely to be appropriate and have been assessed using a red/amber/green rating methodology with appropriate colour coding:

| | | |
|------------------|------------------------------|----------------------|
| In target market | Potentially in target market | Not in target market |
|------------------|------------------------------|----------------------|

Instructions

In the table below, column 1, retail client attributes, indicates a description of the likely objectives, financial situation and needs of the class of retail client that are relevant to being in the target market for the product. Column 2, TMD indicator, indicates whether a retail client meeting the attribute in column 1 is likely to be in the target market for the product.

Target Market

A retail client is not in the target market for the product if **one or more** of their retail client attributes correspond to a red rating. A retail client is in the target market for the product if all the retail client attributes are potentially in the target market.

Investment Products and Diversification

A retail client may hold a product as part of a diversified portfolio of other investments. In such circumstances, the product should be assessed against the retail client's attributes for the relevant portion of the portfolio, rather than for the retail client's portfolio as a whole.

For example, a retail client may have 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 retail client's objectives for that allocation notwithstanding that the risk/return profile of the retail client as a whole is Low or Medium.

Growth Units

| Retail client Attributes | TMD Indicator | Product description (including key attributes) |
|--|------------------------------|---|
| Retail client's investment objectives | | |
| Capital Growth | Potentially in target market | The product aims to provide income and growth through a diversified portfolio with higher income generating assets (including listed Australian and global equity). Distributions will be calculated and paid quarterly in arrears, however the amount of each distribution may vary, and no distribution may be payable in a given distribution period. The Fund invests a material portion in individual loans secured by real property and other debt instruments in the "Fixed/Interest Yield" asset allocation. These investments are very cyclical and dependent on macroeconomic conditions. Direct loans have asymmetric payoffs with significant or total loss of their investment in the event of default. The Fund invests in "Precious Metals". Precious metals are a sub-category of commodities and commodities are more volatile than other asset classes. |
| Capital Preservation | Not in target market | |
| Capital Guaranteed | Not in target market | |
| Predictable Income Distributions | Not in target market | |
| Unpredictable Income Distribution | Potentially in target market | |

| Retail client Attributes | TMD Indicator | Product description (including key attributes) |
|--|------------------------------|--|
| | | <p>Investment in the product creates a material exposure to property investments and property development activities via the “Active Property” asset allocation. Property development projects are speculative and investments in these projects typically do not realise capital gain or income for an investor until the completion of the project. Investments in these projects face unique risks. If the projects fail due to financing, loan repayment, valuation issues or issues in physical building construction (among others), the investor could experience significant losses or loss of entire capital.</p> <p>The product includes exposure to the “Global Alpha” strategies that involve short selling, leverage and the use of derivatives. The use of short positions, derivatives and leverage amplifies the potential gains and loss of returns, such that the count of number of negative years is not sufficient to understand the risks.</p> <p>The product includes exposure to “Listed Equity”, which includes an exposure to listed equities in emerging markets. Emerging market equities tend to be less liquid, more volatile and have steeper price declines compared to equities in larger developed markets. By investing between 30 and 40% of assets in Listed Equities, including an exposure to emerging market equities, price volatility and steep negative returns are material risks to the returns from the product.</p> |
| Retail client’s intended product use (% of Investable Assets) | | |
| Solution/Standalone (67-100%) | Not in target market | The Fund invests in a diversified portfolio of fixed income/yield assets, precious metals, listed equity, active property and complimentary investment strategies. |
| Core Component (35-67%) | Not in target market | The product is designed for use as a Satellite component of a retail investor’s total Investable Assets. |
| Satellite/small allocation (<35%) | Potentially in target market | While the Fund is illiquid, the ability of retail investors to redeem may be limited. Please see ‘Retail client’s need to withdraw money’ below. |
| Retail client’s diversification objectives | | |
| Low | Not in target market | The product offers a potentially high level of diversification. A retail client seeking more specific asset classes should use a product aimed at them or invest directly in the underlying assets. The level of diversification is variable and will not always be high, as concentration in asset classes may occur to maximise returns. |
| Medium | Not in target market | |
| High | Not in target market | |
| Flexible | Potentially in target market | |

| Retail client Attributes | TMD Indicator | Product description (including key attributes) |
|---|------------------------------|--|
| Retail client's Risk (ability to bear loss) and Return profile | | |
| Very High | Potentially in target market | The retail client is prepared to accept a Very High level of risk of loss of investment over any investment period. The retail client has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses and possibly other risk factors. The retail client could accept loss of most of the client's capital. |
| High | Not in target market | |
| Medium | Not in target market | |
| Low | Not in target market | |
| Retail client's need to withdraw money | | |
| Daily | Not in target market | The retail client is prepared to have no ongoing withdrawal rights in relation to the product. There are reasonable grounds to expect that over a very long period exceeding 20 years, redemption will be possible, or the Fund wound up. |
| Weekly | Not in target market | |
| Monthly | Not in target market | |
| Annually | Not in target market | |
| Within 20 years | Not in target market | |
| Indefinitely | Potentially in target market | |

Distribution information

Distributors include Australian financial services licensees or authorised representatives that engage in retail product distribution of the Fund.

| Distribution Conditions | Distribution Condition Rationale |
|--|---|
| <p>This product can only be distributed by AFL, its related bodies corporate or by authorised third party Australian financial services licensees that have completed adequate training specified by AFL in relation to the product and the distribution conditions.</p> | <p>AFL is in a position to assess the education and competency of its own staff and that of third party introducers to ensure that they have training, knowledge and capability to determine whether the retail client is within the target market.</p> |
| <p>Before issuing the product, AFL will require a retail client to provide to it or the distributor reasonable evidence that demonstrates that it is likely that the retail client meets the target market requirement about Investable Assets and retain a record of that evidence.</p> <p>This evidence will include a statement by the retail client and documentary evidence from reliable independent sources demonstrating the amount of Investable Assets, cash and cash equivalents and, for any disclosed debt, the reasonably current amount of that debt.</p> <p>Either AFL or its trained distributor will assess the statement and documentation provided and confirm it is reasonable to believe that the retail client is reasonably within the target market in respect of the Investable Assets criterion. AFL will not process an application unless confirmation is either provided by the distributor or given by AFL.</p> | <p>Reasonable evidence will make it unlikely the Investable Asset condition is not complied with.</p> |
| <p>AFL will not issue the product to a retail client unless AFL has received a completed multiple choice test form signed by the client demonstrating that the retail client's objective is a very high risk strategy, the client will not need to redeem their investment for at least 20 years and that the client does not need income on a regular basis.</p> | <p>A multiple choice test will make it likely that a client will consider their objectives and needs, and enable AFL to infer from the answers that the client does in fact have objectives and needs that are consistent with the target market.</p> |
| <p>In the application form and in any advertisement or publication by or on behalf of a distributor, there will be prominent disclosure that the product is very high risk, that the level of diversification may vary, that the product offers only unpredictable income returns and there is no assurance that redemption will be possible.</p> | <p>The specific and salient disclosures will make it unlikely that retail clients with conflicting objectives will apply.</p> |

Review triggers

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

Material change to key attributes of the product, fund investment objective and/or fees.

Material deviation from 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 review periods

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

| Review period | Maximum period for review |
|-------------------|---------------------------|
| Initial review | 12 months |
| Subsequent review | 12 months |

Distributor reporting requirements

Please refer to australianfiduciaries.com/ddo for additional details regarding our reporting requirements, guidance relating to “Significant Dealings” and how to report information to AFL.

If practicable, distributors should adopt the [FSC data standards](#) for reports to the issuer. Distributors must report to AFL using the email address: tmd@australianfiduciaries.com.au.

| Reporting requirement | Reporting period | Which distributors this requirement applies to |
|---|--|---|
| <p>Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution.</p> <p>The distributor must provide all the content of the complaint, having regard to privacy.</p> | <p>Within 10 business days following end of calendar quarter.</p> | <p>All distributors who have received a complaint in the relevant quarter</p> |
| <p>Significant Dealing outside of target market, under s994F(6) of the Act.</p> <p>See Definitions for further detail.</p> | <p>As soon as practicable but no later than 10 business days after distributor becomes aware of the Significant Dealing.</p> | <p>All distributors</p> |

| Reporting requirement | Reporting period | Which distributors this requirement applies to |
|--|--|--|
| Any case where a publication of the distributor did not meet the distribution condition. | Self reporting is likely to provide information that assists assessment of whether the TMD is practical. | All distributors |

Definitions

| Term | Definition |
|--|--|
| Retail client's investment objectives | |
| Capital Growth | The retail client's objective is to generate capital growth. |
| Capital Preservation | The retail client's objective is to invest in a way that reduces volatility in capital value and minimises loss in a market down-turn. |
| Capital Guaranteed | The retail client's objective is to have a guarantee or protection against capital loss. |
| Predictable Income Distribution | The retail client's objective is to generate regular and predicable income over time. |
| Unpredictable Income Distribution | The retail client's objective is to generate income which may be variable and unpredictable in amount over time and not to generate only income which is predictable over time. |
| Retail client's financial situation and needs | |
| Solution/Standalone (67-100%) | The retail client is likely to hold the investment as either a part or the majority (up to 100%) of their total <i>Investable Assets</i> (see definition below). |
| Core Component (35-67%) | The retail client is likely to hold the investment as a major component, up to 67%, of their total <i>Investable Assets</i> (see definition below). |
| Satellite/small allocation (<35%) | The retail client is likely to hold the investment as a smaller part of their total portfolio being less than 35% of the total <i>Investable Assets</i> (see definition below). |
| Investable Assets | Those assets that the retail client has available for investment, excluding their residence and at least \$5,000 in cash or cash equivalents after deducting any debts of the retail client other than mortgage debt on their residence. |
| Retail client's objectives in relation to portfolio diversification | |
| Low | The retail client's objective is to seek exposure to a single asset class, single country, or low or moderate number of securities (e.g. high conviction Aussie equities). |
| Medium | The retail client's objective is to seek exposure to 1-2 asset classes, single country, or broad exposure within asset class (e.g. Aussie equities "All Ords"). |
| High | The retail client's objective is to seek exposure to a highly diversified exposure across either asset classes, countries or investment managers (e.g. Australian multi-manager balanced fund or global multi-asset product or global equities). |

| Term | Definition |
|---|---|
| Flexible | The retail client’s objective is to maximise returns, while minimising risk and is prepared to accept that the level of diversification may vary unpredictably. |
| Retail client’s Risk (ability to bear loss) and Return profile | |
| <p>The risk of the product is assessed having regard to the characteristics of the product, including the variability of investment returns distributed, the risk that redemption will not be possible for a very long period, there is a risk in that the product requires a flexible level of diversification and that the portfolio will hold mainly assets that have themselves a significant degree of market risk, credit risk, derivative risk and other risks arising from complexity that will lead to a very high risk of loss on the underlying products. While a long term investment horizon may make short term losses of less significance, there is a sequencing risk where losses in the early period of investment may not be able to offset even if there are good returns later in the investment period.</p> | |
| Very High | The retail client has a more aggressive or very high risk appetite in relation to the product, seeks to maximise returns and can accept higher potential losses, including significant negative returns adjusted for inflation over a 20 year period in order to target a very high target return profile. |
| High | The retail client’s objective in relation to the product is higher risk in nature and the client can accept potential losses, including negative returns adjusted for inflation over a 20 year period in order to target a higher target return profile. |
| Medium | The retail client’s objective in relation to the product is moderate or medium risk in nature, seeking to minimise potential losses so as to ensure there will not be a negative return on investment adjusted for inflation over a 20 year period to target a moderate target return profile. |
| Low | <p>The retail client’s objective in relation to the product is conservative or low risk in nature, seeks to minimise potential losses so as to ensure positive returns adjusted for inflation over a 20 year period and is comfortable with a low target return profile.</p> <p>Retail client typically prefers defensive assets such as cash and fixed income.</p> |
| Retail client’s need to withdraw money | |
| Daily/Weekly/Monthly/Quarterly/Annually/After five years/Potentially never | The retail client 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. |
| Indefinitely | The retail client has a very long investment timeframe and is unlikely to need to redeem the product. The retail client has an objective of holding the product indefinitely. |

| 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>Issues outside target market are to be considered a significant if:</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 retail client (or class of retail client). <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 retail client (which may be indicated by the value of the retail client’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 retail client). <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 retail client’s intended product use is Solution/Standalone; or • the retail client’s intended product use is Core component or the retail client’s risk (ability to bear loss) and return profile is not Very High. |

Disclaimer

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Whilst reasonable care has been taken in preparation of this document, no warranty is given by AFL as to the reliability, completeness or accuracy of the information contained in this document.

A retail client should obtain and carefully consider the PDS for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund. Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS and relevant application form may be obtained from [australianfiduciaries.com](https://www.australianfiduciaries.com).