

# TARGET MARKET DETERMINATION

FAIRLIGHT GLOBAL SMALL & MID CAP (SMID) FUND - CLASS A

FAIRLIGHT

## INSTRUCTIONS

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 PDS can be obtained [here](#).

## TARGET MARKET SUMMARY

The product is intended for use as a core component for a consumer who is seeking capital growth and has a 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 minimum 5 year investment timeframe and who is unlikely to need to withdraw their money on minimum 30 days' notice.

## FUND AND ISSUER IDENTIFIERS

|                             |  |
|-----------------------------|--|
| Issuer                      | The Trust Company (RE Services) Limited                |
| Issuer ABN                  | 45003278831  |
| Issuer AFSL                 | 235150   |
| Investment Manager          | Fairlight Asset Management Pty Ltd                     |
| TMD Contact Details         | DDO@perpetual.com.au                                   |
| Fund Name                   | Fairlight Global Small & Mid Cap (SMID) Fund - Class A |
| ARSN                        | 629066913  |
| APIR Code                   | PIM7802AU  |
| ISIN                        | AU60PIM78025   |
| Market Identifier Code      | N/A  |
| Product Exchange Code       | N/A  |
| TMD Issue Date              | 08/04/2024   |
| TMD Version                 | 3  |
| Distribution status of fund | Current  |

## 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:

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

### 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 Investment manager 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 seeks to generate capital growth by investing in a portfolio of global small and mid capitalisation companies drawn from international equity markets outside Australia. The Fund aims to achieve annualised returns in excess of the benchmark after all fees and expenses measured over a market cycle, which is considered to be 7 years. Returns are not guaranteed. The Fund intends to pay income distributions annually. There is no guarantee that the Fund will be able to pay income in the future in any particular distribution period and the level of any income may vary from one distribution period to the next. |
| Capital preservation                                      |               |  |
| Income distribution                                       |               |  |
| Consumer's intended product use (% of Investable Assets)  |               |  |
| Solution/standalone (Upto 100%)                           |               | The Fund is designed for investors who primarily want a portfolio of high-quality listed global equities. The portfolio is comprised of:<br>- 80-100% listed securities on international exchanges; and<br>- 0-20% cash or cash equivalents.   |
| Major allocation (Upto 75%)                               |               |  |
| Core component (Upto 50%)                                 |               | The Fund may be a core component of a portfolio as it is a diversified global equity portfolio.  |
| Minor allocation (Upto 25%)                               |               |  |
| Satellite allocation (Upto 10%)                           |               |  |
| Consumer's investment timeframe                           |               |  |
| Minimum investment timeframe                              | 5 year(s)     | The minimum suggested timeframe for holding investments in the Fund is 5 years. Generally, the risk level associated with the Fund is greater if the Fund is held for a period less than the minimum suggested timeframe.  |
| Consumer's risk (ability to bear loss) and return profile |               |  |
| Low   |               | An investor who satisfies the following is in the target market for the Fund:<br>- wants to invest in an actively managed concentrated global share portfolio;<br>- wants to enhance returns and manage risk by investing with a specialist investment manager, and by diversifying across industries and companies;<br>- wants long-term growth in the value of their investment, and may receive some income; and understands there can be very large fluctuations in income and the value of their investment; and<br>- is comfortable having foreign currency exposure.  |
| Medium  |               |  |
| High  |               |  |
| Very high   |               |  |
| Extremely high  |               |  |
| Consumer's need to access capital                         |               |  |
| Within one week of request                                |               | Withdrawal requests can be made daily. Proceeds from withdrawals will typically be available within 7 business days from when we accept the request, given normal operating conditions. Withdrawal requests may be delayed and payment of large redemptions may be staggered.  |
| Within one month of request                               |               |  |
| Within three months of request                            |               |  |
| Within 1 year of request                                  |               |  |
| Within 5 years of request                                 |               |  |
| Within 10 years of request                                |               |  |
| 10 years or more  |               |  |

## DISTRIBUTION CONDITIONS / RESTRICTIONS

| Distribution Condition  | Applicable | Distribution Condition Rationale  |
|---|------------|---|
| Only suitable for distribution to consumers who have received personal advice.  |            | N/A   |
| Only suitable for distribution through the following specified distributors or distribution channels (if any): The fund may be accessed through platforms and intermediaries. |            | N/A   |
| Other   |            | <p>The application process is likely to result in consumers being in the target market as it:</p> <ul style="list-style-type: none"> <li>- highlights key information about key features and risks about the Fund prior to a consumer acquiring an interest; and</li> <li>- obtains acknowledgement from the consumer that they have read the Product Disclosure Statement and Reference Guide, to assist consumers in making an informed decision about the Fund.</li> </ul> <p>Collecting and reviewing responses from the consumer is likely to result in the Fund being distributed to consumers in the target market.</p> <p>Internal training is likely to result in the Fund being distributed to the target market as relevant representatives have demonstrated knowledge, competence and experience in respect of the Fund and its target market.</p> <p>Ensuring that marketing and promotional activities are designed in a manner which makes it likely that they will resonate with the target market and is therefore likely to result in consumers that progress to the application stage being in the target market.</p> |

## REVIEW PROCESSES

### 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 REVIEW PERIODS

| Review period     | Maximum period for review |
|-------------------|---------------------------|
| Initial review    | N/A                       |
| Subsequent review | 36 month(s)               |

## DISTRIBUTOR REPORTING REQUIREMENTS

If practicable, Distributors should adopt the FSC data standards for reports and provide them via email to the Issuer at DDO@perpetual.com.au and to the Investment Manager at hello@fairlightam.com.au

| Reporting Requirement   | Reporting Period  | Applicability |
|---|---|---------------|
| 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. | Reports are to be sent quarterly, within 10 business days of the period end.  | Y             |
| Significant dealing outside of target market, under s994F(6) of the Act. See definitions for further details.   | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | Y             |

## DISCLAIMER

This Target Market Determination (TMD) has been produced by the Issuer identified in this document solely for the purpose of meeting the requirements under section 994B of the Corporations Act 2001 (Cth). This TMD sets out the class of consumers for which this product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. It also outlines the distribution conditions and restrictions imposed on distribution of the product, as well as reporting requirements for distributors. The Issuer has elected to adopt the TMD template established through the Financial Services Council (FSC). If you have any queries regarding the contents of the TMD or would like to request a copy of a prior version, please contact the Issuer on 02 9229 9000 or DDO@perpetual.com.au or contact the Investment Manager on Fund Manager Contact - Perpetual Corporate Trust DDO Governance 02 9229 9000. This document is not a Product Disclosure Statement and does not provide a full summary of the product features or terms of the product. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Corporations Act 2001 (Cth). To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This document is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider whether the information is suitable for your circumstances. Before making any investment decision in respect of the product, you should consider obtaining financial advice. The Product Disclosure Statement (PDS) for the product should be considered before deciding whether to acquire, or to continue to hold, the product. The PDS can be obtained by visiting [here](#) or contacting the Investment Manager on Fund Manager Contact - Perpetual Corporate Trust DDO Governance 02 9229 9000.

## DEFINITIONS

### Consumer's investment objective

|                             |   |
|-----------------------------|---|
| <b>Capital Growth</b>       | 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.                    |
| <b>Capital Preservation</b> | 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). |
| <b>Income Distribution</b>  | 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)

|   |  |
|---|--|
| <b>Solution/Standalone (up to 100%)</b> | The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with very high portfolio diversification.  |
| <b>Major allocation (up to 75%)</b>     | The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with at least high portfolio diversification.   |
| <b>Core Component (up to 50%)</b>       | The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification.   |
| <b>Minor allocation (up to 25%)</b>     | The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with at least low portfolio diversification.  |
| <b>Satellite allocation (up to 10%)</b> | The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with very low portfolio diversification. Products classified as extremely high risk are likely to meet this category only. |
| <b>Investable Assets</b>                | Those assets that the investor has available for investment, excluding the residential home.   |

### Portfolio diversification

|                 |  |
|-----------------|--|
| <b>Very low</b> | 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). |
| <b>Low</b>      |  |

|                  |   |
|------------------|---|
|                  | 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). |
| <b>Medium</b>    | 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).                 |
| <b>High</b>      | 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).  |
| <b>Very high</b> | The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.   |

### Consumer's intended investment timeframe

|                |   |
|----------------|---|
| <b>Minimum</b> | 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. |
|----------------|---|

### Consumer's Risk (ability to bear loss) and Return profile

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 Standard Risk Measure Guidance Paper For Trustees (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. A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.

|                       |  |
|-----------------------|--|
| <b>Low</b>            | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a conservative or low risk appetite,</li> <li>• 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</li> <li>• is comfortable with a low target return profile.</li> </ul> <p>The consumer typically prefers stable, defensive assets (such as cash).</p>  |
| <b>Medium</b>         | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite,</li> <li>• 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</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <p>The consumer typically prefers defensive assets (for example, fixed income).</p>  |
| <b>High</b>           | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a high risk appetite,</li> <li>• 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</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>  |
| <b>Very high</b>      | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite,</li> <li>• 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</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p> |
| <b>Extremely high</b> | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite,</li> <li>• can accept significant volatility and losses, and</li> </ul>  |

- seeks to obtain accelerated returns (potentially in a short timeframe).  
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).

### Consumer's need to access capital

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.

### Distributor Reporting

#### Significant dealings

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. 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. Dealings outside this TMD may be significant because:

- 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 consumer (or class of consumer).

In each case, the distributor should have regard to:

- 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 consumer (which may be indicated by the value of the consumer'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 and/or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter,
- the consumer's intended product use is solution/standalone,
- the consumer's intended product use is core component or higher and the consumer's risk/return profile is low, or
- the relevant product has a green rating for consumers seeking extremely high risk/return.