

# TARGET MARKET DETERMINATION FOR Xplore Wrap including any branded version of Xplore Wrap

Date of TMD	5 October 2021
TMD version	1
Status	Current

## ABOUT THIS DOCUMENT

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 which this product has been designed, having regard to the objectives, financial situation and needs of the target market. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of the product issuer's design and distribution arrangements for the product.

This document is not a Product Disclosure Statement (PDS), is not to be treated as a full summary of the product's terms and conditions, does not take into account any person's individual financial objectives, situation and needs and is not intended to provide financial advice. Consumers must refer to and carefully read the PDS and any supplementary documents before making a decision about this product.

This TMD applies to the product referred to in the Xplore Wrap PDS (including any branded versions of the Xplore Wrap PDS). You can access a copy of the PDS, including any documents incorporated by reference, for the product within the Xplore Wealth platform.

## PRODUCT INFORMATION AND KEY ATTRIBUTES

Name of product	Xplore Wrap including any branded version of Xplore Wrap ('the product')
Product type	Investor Directed Portfolio Service (IDPS)-Like managed investment scheme
Product issuer	The Trust Company (RE Services) Limited (ABN 45 003 278 831) (Issuer)
Product issuer AFSL	235 150

<b>Product description</b>	<p>This product is an IDPS-Like managed investment scheme which provides custodial, transactional, and consolidated reporting services.</p> <p>Investments are administered through a centralised service allowing consumers and their adviser to easily review their entire portfolio. A consumer's financial adviser can make transactions on their behalf and manage the administration of their investments. This product can administer a consumer's shares, property trusts, unlisted investments, managed products and other investment products and services in one account. It also provides access to margin lending and sophisticated tax management facilities, so a consumer and their adviser can design a portfolio to suit their investment needs.</p> <p>The product is primarily distributed by advisers and adviser service fee arrangements are available.</p>
<b>Key product attributes</b>	<p>The product provides consumers with the option to set up the following account types:</p> <ul style="list-style-type: none"> <li>• Individual or Joint (over the age of 18)</li> <li>• Self-Managed Super Fund (SMSF)</li> <li>• Trust</li> <li>• Company or limited partnership</li> <li>• Incorporated association</li> <li>• Partnership</li> <li>• Club or unincorporated association</li> </ul> <p><b>Fees and Costs</b></p> <p>The product charges a percentage based administration fee that reduces based on the total account balance of an investors account. Other fees and costs may also apply, please refer to the PDS for the product that is available within the Xplore Wealth platform.</p> <p><b>Investment options</b></p> <p>The product provides consumers with the following investment options, allowing the consumer to tailor a portfolio that meets their individual's needs.</p> <p><u>Self-Directed Investments</u></p> <p>Self-Directed Investments may be suitable for consumers who are looking to build and operate their own portfolio. The investment options available as Self-Directed Investments are:</p> <ul style="list-style-type: none"> <li>• Managed Funds</li> <li>• Australian listed securities</li> <li>• Exchange traded funds</li> <li>• International listed securities from a broad range of approved stock exchanges</li> </ul>

- Term deposits
- Cash

#### Managed Portfolios

Managed Portfolios (also known as separately managed accounts) are a non-unitised type of investment scheme that allows consumers to access a portfolio of investments that are professionally managed according to a defined investment mandate.

The full list of investment options available to consumers (including the strategy, risk level and suggested minimum investment timeframe for each option) and their respective PDS can be accessed within the Xplore Wealth platform.

Where applicable, the relevant issuers of the underlying investment options will prepare a separate TMD which should be referred to before making any decision on whether to invest in any of these investment options.

#### **Online Reporting**

There are a range of different types of reports available which allows consumers to track and monitor their account. These include, but not limited to:

- Portfolio valuation
- Investment performance
- Income and expenses
- Transaction reports
- Annual Statements

## THE TARGET MARKET

This product has been designed for consumers who have the characteristics described in the table below.

Where applicable, the issuers of financial products (other than listed securities) available through the product will prepare a separate TMD, which should be referred to before making any decision on whether to distribute any of those financial products. These TMDs can be accessed within the Xplore Wealth platform.

Consumer's characteristics	Target Market
Consumer types	<ul style="list-style-type: none"> <li>• Individual or Joint (over the age of 18)</li> <li>• Self-Managed Super Fund (SMSF)</li> <li>• Trust</li> <li>• Company or limited partnership</li> <li>• Incorporated association</li> </ul>

Consumer's characteristics	Target Market
	<ul style="list-style-type: none"> <li>• Partnership</li> <li>• Club or unincorporated association</li> </ul>
Consumer's objectives	<p>This product has been designed to be suitable for consumers with any one or more of the following short term and long-term objectives:</p> <ul style="list-style-type: none"> <li>• to accumulate capital/wealth</li> <li>• to hold capital/wealth</li> <li>• to diversify their portfolio via access to a broad range of investment options</li> <li>• to invest lump sum amounts or regular amounts or both</li> <li>• the convenience of being able to access consolidated online reporting, such as, tax, portfolio valuation, transaction and performance reporting; and</li> <li>• to access different capital gains tax (CGT) parcel allocation methods when trading based on the consumer's preference.</li> </ul>
Consumer's financial situation	<p>This product is suitable for consumers who meet all of the following:</p> <ol style="list-style-type: none"> <li>1. <b>Financial Adviser</b> Has a relationship with a financial adviser</li> <li>2. <b>Consumer's life stage</b> This product may be suitable for consumers of all life stages and who are over the age of 18.</li> <li>3. <b>Intended initial investment amount</b> Intends to invest an initial amount (in one lump sum or under a regular contribution arrangement over a period of time) of at least <b>\$50,000</b> or more, unless otherwise approved by the Issuer.</li> </ol>
Consumer's needs	<p>This product is designed to be suitable for consumers that have needs that aligns to at least one of the attributes described in each of the categories below to be within the target market:</p> <ol style="list-style-type: none"> <li>1. <b>Consumer's intended level of decision making</b> The intention to have a level of decision making within the product from investments chosen by the consumer from a broad suite of investment options, and administration and custody provided by the Issuer.</li> <li>2. <b>Consumer's intended type of investment products on the menu</b> In relation to the type of products on the investment menu any one or more of the following: <ul style="list-style-type: none"> <li>• Sector specific options</li> </ul> </li> </ol>

Consumer's characteristics	Target Market						
	<ul style="list-style-type: none"> <li>• Alternative investment options</li> <li>• Active investment options</li> <li>• Passive investment options</li> <li>• Diversified portfolio options</li> <li>• Term deposits options</li> <li>• Direct share options</li> <li>• Direct fixed interest</li> <li>• Managed portfolios</li> </ul>						
	<p><b>3. Intended number of investment options</b></p>						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding: 5px;">Low: less than 5 investment options</td> <td style="width: 30%; background-color: #00b050; color: white; text-align: center; padding: 5px;">In target market</td> </tr> <tr> <td style="padding: 5px;">Medium: between 5 to 20 investment options</td> <td style="background-color: #00b050; color: white; text-align: center; padding: 5px;">In target market</td> </tr> <tr> <td style="padding: 5px;">High: more than 20 investment options</td> <td style="background-color: #00b050; color: white; text-align: center; padding: 5px;">In target market</td> </tr> </table>	Low: less than 5 investment options	In target market	Medium: between 5 to 20 investment options	In target market	High: more than 20 investment options	In target market
Low: less than 5 investment options	In target market						
Medium: between 5 to 20 investment options	In target market						
High: more than 20 investment options	In target market						

## WHO THIS PRODUCT IS NOT DESIGNED FOR

This product has not been designed for consumers who:

- Wish to invest less than **\$50,000**
- Want access to a particular investment option that is not available on the investment menu
- Want to use the Cash Account as a substantial investment option given its primary purpose is as a transactional facility
- Do not have a financial adviser
- Receive the PDS for the product as a hard copy or electronically outside of Australia

## CONSISTENCY BETWEEN TARGET MARKET AND THE PRODUCT

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. This is because the product:

- Has been designed for consumers who are seeking to accumulate and/or hold capital/wealth;
- Provides consumers with the ability to choose from a broad range of investment options, each of which cater for different types of consumers depending on their need for choice;

- Provides consumers with the ability to tailor an investment portfolio suited to their risk profile and investment timeframe;
- Has been designed to provide consumers with the convenience of being able to access consolidated online reporting; and
- Can only be acquired by a consumer through an approved provider.

## DISTRIBUTION CONDITIONS/RESTRICTIONS

The product can only be distributed under the following circumstances:

Distribution channels	Permitted distribution channel	Distribution conditions	Distribution condition rationale
Suitable for distribution through an approved provider	Yes	Distributor is required to provide confirmation: <ul style="list-style-type: none"> <li>• That they have provided the consumer with personal advice in relation to the product; or</li> <li>• If personal advice has not been provided, then they have assessed that the consumer fits within the target market for the product.</li> </ul>	Distribution should occur through an approved provider in the manner described because: <ul style="list-style-type: none"> <li>• This product provides consumers with access to features and financial products that may be complex in nature and therefore it is not suitable for distribution directly to consumers;</li> <li>• The Issuer has implemented relevant criteria for determining when to approve a relevant distributor/provider to distribute the product – and has therefore considered whether the approved provider is suitable to distribute the product.</li> </ul>
Direct retail consumer	No	Not applicable	As this product provides consumers with access to features and financial products that may be complex in nature, it is not suitable for distribution directly to retail consumers.
Through a relevant provider to implement robo advice provided to the consumer	No	Not applicable	As this product provides consumers with access to features and financial products that may be complex in nature, it is not suitable for distribution through a relevant provider to implement robo advice provided to consumers.

The Issuer has not identified any circumstances where distribution of the product would be restricted if the above conditions are met.

## REVIEW TRIGGERS OR EVENTS

Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to):

Review triggers	Description
ASIC reportable significant dealings outside of TMD	The Issuer identifies any ASIC reportable significant dealings outside of the TMD.
Complaints from consumers and distributors	A material or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act) relating to the product are received.
Material product and/or regulatory change	Material change to key product attributes, objectives, fees, terms and/or conditions that suggests that this TMD is no longer appropriate.
Product Intervention Powers	The use of Product Intervention Powers, regulator orders or directions that affects the product.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

## MANDATORY REVIEW PERIODS

Review periods	Maximum period for completion of review
Initial review	By 31 October 2022
Subsequent review	At least every 2 years from the initial review

## DISTRIBUTION INFORMATION REPORTING REQUIREMENTS

The following reporting requirements apply to all distributors.

Reporting requirement	Timing
Complaints (as defined in section 994A(1) of the Corporations Act) received during a calendar quarter relating to the product and products offered on the product, including the number and substance of the complaints and general feedback relating to the product and its performance. The distributor should provide all the content of the complaint, having regard to privacy considerations.	Within 10 business days following the end of each calendar quarter in respect of the previous calendar quarter.
Significant dealings outside of target market under section 994F(6) of the Corporations Act. Information to include (as relevant):	As soon as practicable but no later than 10 business days after the distributor becomes aware of the significant dealing.

Reporting requirement	Timing
<ul style="list-style-type: none"> <li>• Date(s) of the significant dealing</li> <li>• Description of the significant dealing</li> <li>• Explanation of why the dealing is significant</li> <li>• How was the significant dealing identified</li> <li>• What steps, if any, have been, or will be, taken in relation to the significant dealing</li> </ul> <p>See Definitions for further information and guidance around significant dealings.</p>	

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer via email - ddo@hub24.com.au. This email address should also be used to contact the Issuer regarding any details relating to this TMD.

## DEFINITIONS

Distributor reporting	
Significant dealings	<p>Section 994F(6) of the Corporations 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 Corporations Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>The Issuer will leverage any notifications of significant dealings, its own monitoring and review of the product, this TMD, and its distribution strategy to meet its own obligation to report significant dealings to ASIC (if applicable).</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product,</li> <li>• the actual or potential harm to a consumer (which may be indicated by the value of the consumer's intended investment amount), and</li> <li>• the nature and extent of the inconsistency of distribution with the TMD.</li> </ul> <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p>



## Distributor reporting

- it constitutes more than half of the distributor's total retail product distribution conduct in this particular product over the reporting period, or
- the consumer is below the intended investment amount.