

Target Market Determination – EGP Concentrated Value Fund

Introduction

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 the 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 form part of this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting Fundhost on (02) 8223 5400 or at www.fundhost.com.au.

Target Market Summary

This product is intended for use as a **minor allocation** for a consumer who is seeking **capital growth** and has a **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 at least a **5 year** investment timeframe and who is unlikely to need to withdraw their money on less than **one month's** notice.

Fund and Issuer identifiers

Issuer	Fundhost Limited
Issuer ABN	69 092 517 087
Issuer AFSL	233045
Fund manager	EGP Capital Pty Limited ABN 32 145 120 681 AFSL 499193
TMD contact details	Available at www.fundhost.com.au/ddoreporting
Fund	EGP Concentrated Value Fund
ARSN	619 879 631

APIR Code	FHT1810AU
ISIN Code	AU60FHT18102
TMD issue date	13 December 2023
TMD Version	1.0
Distribution status of fund	Available

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
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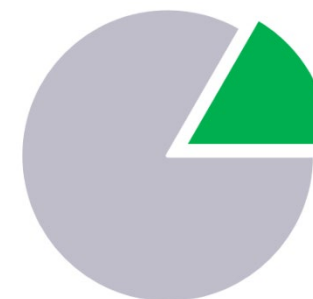
Appropriateness

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	Fund description including key attributes
Consumer’s investment objective		
Capital Growth	In target market	To outperform the S&P/ASX 200 Total Return Index by 3-5% per annum over rolling 5 year periods. There is no guarantee that the investment objective will be achieved. The investment objective is expressed net of ongoing annual fees and costs. The Fund seeks to provide capital growth. No investor’s capital or any returns are guaranteed.
Capital Preservation	Not in target market	
Income Distribution	Not in target market	
Consumer’s intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)	Not in target market	The Fund typically invests in a highly concentrated portfolio of about 30 high conviction investments. These can include equities listed on the Australian Securities Exchange (ASX), global securities and unlisted investments. The Fund has a high conviction low turn-over strategy.
Major allocation (up to 75%)	Not in target market	
Core Component (up to 50%)	Not in target market	
Minor allocation (up to 25%)	In target market	The portfolio diversification of the Fund is <i>Low</i> .
Satellite allocation (up to 10%)	In target market	
Consumer’s investment timeframe		
Minimum investment timeframe	At least 5 years	The minimum investment timeframe is at least 5 years
Consumer’s Risk (ability to bear loss) and Return profile		
Low	Not considered in target market	The Fund has a standard risk measure of 7 (Very High).
Medium	Not considered in target market	
High	Not considered in target market	
Very high	In target market	
Extremely high	In target market	

Consumer Attributes	TMD Indicator	Fund description including key attributes
Consumer's need to access capital		
Within one week of request	Not considered in target market	Investors will normally be able to redeem from the Fund monthly, subject to being received 5 business days before month end. For amounts over \$500,000 redemption requests should be received 10 business days prior to month end to receive the month end price.
Within one month of request	In target market	
Within three months of request	In target market	
Within one year of request	In target market	
Within 5 years of request	In target market	
Within 10 years of request	In target market	
10 years or more	In target market	

Distribution conditions/restrictions

The Fund is designed for clients investing through platforms and directly, both advised and non-advised. Professional advice is strongly encouraged.

Investors are generally more likely to be part of the target market if they fall within the consumer attributes noted elsewhere in this TMD and are known to be:

- professionally advised;
- a platform (ie, an investor directed portfolio service, investor directed portfolio-like service, managed discretionary account service, separately managed account, or similar platform provider); or
- otherwise known to the investment manager of the Fund.

If an investor does not satisfy any of these it does not necessarily mean they are outside the target market.

Other distribution conditions include:

Distribution Condition	Distribution Condition Rationale	Distributors this applies to
Only for distribution in jurisdictions where it is in accordance with applicable laws and where the consumer has read and accepted the PDS.	Helps prevent investment by investors outside target market.	All
Only for distribution if the distributor is reasonably satisfied that the consumer is aware of the maximum intended product use (eg, % of investable assets) category for the fund as set out in the TMD for the Fund.	Helps prevent inappropriate asset allocation and investment by investors outside target market.	All
All promotional material to be issued (or arranged to be issued) by the issuer or the investment manager (with all promotional material approved by Fundhost).	Helps ensure consistency with TMD and PDS.	Investment manager of the Fund
Any direct and non-advised consumer must only apply to invest in the Fund via the issuer's or the investment manager's website using the online application form or paper based application form available there, and must read and accept the PDS.	Helps ensure direct and non-advised consumers access the Fund via narrow distribution channels controlled by the issuer and the investment manager.	All

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

Subsequent review	3 years and 3 months
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<i>Distributor reporting requirements</i>		
Reporting requirement	Reporting period	Which distributors this requirement applies to
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

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Fundhost using the method specified on this website: www.fundhost.com.au/ddoreporting. This link also provides contact details relating to this TMD for Fundhost.

Disclaimer

Issued by Fundhost Limited (ABN 69 092 517 087, AFSL 233 045), the responsible entity and issuer of units in the Fund. This TMD provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should obtain and consider a copy of the PDS relating to the Fund. You may obtain the PDS by contacting Fundhost on (02) 8223 5400 or at www.fundhost.com.au. To the extent permitted by law, Fundhost, its employees, consultants, advisers, officers and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this TMD. This TMD is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This TMD 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.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	
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).

Term	Definition
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.
Consumer's intended investment timeframe	
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.
Consumer's Risk (ability to bear loss) and Return profile	
<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 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.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
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>

Term	Definition
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>
Consumer's need to access capital	

Term	Definition
	<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>
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>Dealings outside this TMD may be significant because:</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 consumer (or class of consumer). <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 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). <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 quarter, • the consumer's intended product use is <i>solution/standalone</i>, • the consumer's intended product use is <i>core component</i> or higher and the consumer's risk/return profile is <i>low</i>, or • the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return.

