

Target Market Determination ARA Investment Fund - Defensive Portfolio

Legal disclaimer

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 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. It forms part of Fundhost's design and distribution arrangements for the ARA Investment Fund - Defensive Portfolio (**Fund**).

This document is **not** a product disclosure statement and is **not** a summary of the product features or terms of the Fund. 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 Product Disclosure Statement (**PDS**) for the Fund 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 and the TMD Definitions can be obtained by contacting Fundhost on (02) 8223 5400 or at www.fundhost.com.au.

Target Market Summary

This product is *likely* to be appropriate for a consumer seeking **capital preservation and income distribution** to be used as a **solution/standalone, core component or satellite/small allocation** within a portfolio where the consumer has a **short, medium or long term** investment timeframe, and **low to medium** risk/return profile.

Fund and Issuer identifiers

Issuer	Fundhost Limited
Issuer ABN	69 092 517 087
Issuer AFSL	233045

Fund	ARA Investment Fund – Defensive Portfolio
ARSN	104 232 448
Date TMD approved	30 September 2021
TMD Version	1.0
TMD Status	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/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered 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.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). 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 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 consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Fund description including key attributes
Consumer's investment objective		
Capital Growth	Not considered in target market	This is a conservative investment portfolio that targets a return that exceeds the Reserve Bank of Australia cash rate by at least 1% p.a. over rolling periods of three years or more, with the risk of a negative annual return less than once in a 10 year period. The Fund aims to provide capital preservation and income distribution. No investor's capital or any returns are guaranteed.
Capital Preservation	In target market	
Capital Guaranteed	Not considered in target market	
Income Distribution	In target market	
Consumer's intended product use		
Solution/Standalone (75-100%)	In target market	The majority of the portfolio's assets, typically around 85%, are invested in bank deposits or investments offering a high degree of security. The remainder may be invested in growth assets such as shares listed on stock exchanges, and may also include unlisted, interest bearing and international securities, direct property funds and hedge funds. The portfolio diversification of the Fund is <i>High</i> .
Core Component (25-75%)	In target market	
Satellite/small allocation (<25%)	In target market	
Consumer's investment timeframe		
Short (≤ 2 years)	In target market	Suggested minimum investment timeframe is 0 - +3 years.
Medium (>2 years)	In target market	
Long (> 8 years)	In target market	
Consumer's Risk (ability to bear loss) and Return profile		
Low	In target market	The Fund has a risk band of 3 (Medium).
Medium	In target market	

Consumer Attributes	TMD Indicator	Fund description including key attributes
High	Not considered in target market	The Fund aims to outperform the Reserve Bank of Australia cash rate by at least 1% p.a. over rolling periods of three years or more.
Very high	Not considered in target market	
Consumer's need to withdraw money		
Daily	In target market	Under ordinary circumstances, withdrawals can be made daily.
Weekly	In target market	
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

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

Distribution conditions/restrictions

Distribution Condition
Only suitable for distribution to consumers who have received personal advice from ARA Consultants Limited

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	1 year and 3 months
Subsequent review	3 years and 3 months

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 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 the 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
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors

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.