

Zurich Investments Managed Growth Fund

Target Market Determination – Funds Management

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). It sets out the target market for the product and describes the key attributes of the product that are likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Zurich Investment Management's design and distribution arrangements for the product.

This document is **not** a product disclosure statement 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 this product should carefully read the Product Disclosure Statement (**PDS**) for Zurich Investments Managed Growth 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 can be obtained at the following link zurich.com.au/managed-growth-fund-pds

Target Market Summary

This product is likely to be appropriate for a consumer seeking capital growth and some income over the medium to long term from a diversified portfolio of Australian and international shares, fixed interest securities, listed property securities, alternatives, infrastructure and cash to be used as a standalone solution or core component or small allocation within a portfolio where the consumer has a long investment timeframe, medium to very high risk/return profile and needs daily access to capital.

Fund and Issuer identifiers

Issuer	Zurich Investment Management Limited
Issuer ABN	56 063 278 400
Issuer AFSL	232511
Fund	Zurich Investments Managed Growth Fund
ARSN	089 663 865
APIR Code	ZUR0059AU
ISIN Code	AU60ZUR00592
Date TMD approved	28 April 2023
TMD Version	V2.0
TMD Status	Current

Description of Target Market

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

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 following tables, 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	Product description including key attributes
Consumer's investment objective		
Capital Growth	●	This Fund is suitable for investors seeking capital growth and some income over the medium to long term from a diversified portfolio of Australian and international shares, fixed interest securities, listed property securities, alternatives, infrastructure and cash. To provide investors with capital growth over the medium to long term, through exposure across a range of asset classes. The fund aims to achieve CPI+2.5% p.a. over rolling five year periods before fees and taxes 45-85% Growth Assets 15-55% Defensive
Capital Preservation	●	
Capital Guaranteed	●	
Income Distribution	●	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	●	The Fund invests in a mix of Australian and international shares, fixed interest securities, listed property securities, alternatives, infrastructure and cash. The Fund is designed to reduce investment risk by diversifying across asset classes. Asset Allocation Australian shares 17-41% International shares 16-40% Australian property securities* 0-12% Global property securities* 0-12% Alternative investments 4-14% Infrastructure 0-6% Fixed interest securities 0-30% Absolute Return Bond 0-15% Convertible Bonds 0-8% Cash 0-15% *The range for Australian and global property securities is a combined range
Core Component (25-75%)	●	
Satellite/small allocation (<25%)	●	
Consumer's investment timeframe		
Short (≤ 2 years)	●	Recommended minimum investment timeframe 5+ years
Medium (> 2 years)	●	
Long (> 8 years)	●	
Consumer's Risk (ability to bear loss) and Return profile		
Low	●	The fund has risk level of High. To provide investors with capital growth over the medium to long term, through exposure across a range of asset classes. The fund aims to achieve CPI+2.5% p.a. over rolling five year periods before fees and taxes.
Medium	●	
High	●	
Very High	●	
Consumer's need to withdraw money		
Daily	●	The Fund holds predominantly liquid assets. Applications and redemptions are generally processed within 3 days
Weekly	●	
Monthly	●	
Quarterly	●	
Annually or longer	●	

Appropriateness

Note: This section is required under RG 274.64-66.

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

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

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions.	There are no conditions on distribution through provision of financial product advice but consumer must be in receipt of the Product Disclosure Statement.

Review triggers

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

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

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

Review period	Maximum period for review
Initial review	Initial review completed April 2022
Subsequent review	16 months

Distributor reporting requirements

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

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

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to Zurich Investment Management using the method specified at zurich.com.au/tmd. This link also provides contact details relating to this TMD for Zurich Investment Management.

acquisition occurred under
personal advice.

Definitions

Consumer's investment objective

Capital Growth

The consumer seeks to invest in a product designed to generate capital return. 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 to reduce volatility and minimise loss in a market down-turn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.

Capital Guaranteed

The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.

Income Distribution

The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).

Consumer's intended product use (% of Investable Assets)

Solution/Standalone (75-100%)

The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least High *portfolio diversification* (see definitions below).

Core Component (25-75%)

The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium *portfolio diversification* (see definitions below).

Satellite (<25%)

The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low *portfolio diversification* (see definitions below).

Investable Assets

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)

Low

Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.

Medium

1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".

High

Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).

Consumer's intended investment timeframe

Short (≤ 2 years)

The consumer has a short investment timeframe and may wish to redeem within two years.

Medium (> 2 years)

The consumer has a medium investment timeframe and is unlikely to redeem within two years.

Long (> 8 years)

The consumer has a long investment timeframe and is unlikely to redeem within eight years.

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

The Issuer has undertaken a comprehensive risk assessment for each product. In accordance with the FSC recommendation, the Issuer has adopted the Standard Risk Measure (**SRM**) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the **Standard Risk Measure Guidance Paper For Trustees**. 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 or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The Issuer has supplemented the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which have been documented together with the SRM to substantiate product risk ratings.

A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.

Low

The consumer is conservative or low risk in nature, seeks to minimise 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.

Consumer typically prefers defensive assets such as cash and fixed income.

Medium

The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.

Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.

High

The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.

Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.

Very high

The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).

Consumer typically prefers growth assets such as shares, property and alternative assets.

Consumer's need to withdraw money

The Issuer has considered the redemption request frequency for this product under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. The Issuer has also considered the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact the consumer's need to withdraw money.

Daily/Weekly/Monthly/Quarterly/Annually or longer

The consumer 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.

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 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 reporting period,
- the consumer's intended product use is *Core component* and the consumer's risk (ability to bear loss) and return profile is *Low*.

To find out more, talk to your Zurich Investments Business Development Manager on 1800 004 480, or email zurich.investments@zurich.com.au

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Important Information: This publication is dated April 2023 and is subject to change. It does not take into account the personal objectives, financial situation or needs of any person. You should consider these factors, the appropriateness of the information, and the particular fund's Product Disclosure Statement (available from your adviser or at zurich.com.au) before making any decisions.

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WLIM-019745-2023

