

NOTICE OF FILING

Details of Filing

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File Title: AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION v
AUSTRALIAN UNITY FUNDS MANAGEMENT LIMITED (ACN 071 497
115)
Registry: VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



A handwritten signature in blue ink that reads "Sia Lagos".

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.

Statement of Agreed Facts



No. VID 736 of 2025

FEDERAL COURT OF AUSTRALIA
DISTRICT REGISTRY: VICTORIA
DIVISION: GENERAL

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

AUSTRALIAN UNITY FUNDS MANAGEMENT LIMITED (ACN 071 497 115)

Defendant

A. INTRODUCTION

1. For the purposes only of resolving this proceeding, VID 736/2025 (**Proceeding**), the Plaintiff, the Australian Securities and Investments Commission (**ASIC**), and the Defendant, Australian Unity Funds Management Limited (ACN 071 497 115) (**AUFM**), jointly make this Statement of Agreed Facts.
2. This Statement of Agreed Facts sets out facts agreed by the parties pursuant to section 191 of the *Evidence Act 1995* (Cth), which the parties have agreed are not to be disputed.
3. The documents annexed to this Statement of Agreed Facts form part of the document.
4. ASIC and AUFM consent and agree to seek from the Court declarations as to the relevant contraventions as referred to in Section D below on the basis that they are satisfactory and appropriate. The agreed form of order will be provided separately in advance of the final hearing of this matter.
5. For the purpose of the Proceeding only, AUFM admits that it contravened section 994E(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

B. PARTIES

6. ASIC is a body corporate established by section 7 of the *Australian Securities and Investments Commission Act 1989* (Cth) and continues by operation of section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**). ASIC has the functions and powers referred to in Division 1, Part 2 of the ASIC Act, and is entitled to sue by reason of section 8(1)(d) of the ASIC Act.
7. AUFM is an incorporated public company registered under the Corporations Act and a wholly owned subsidiary of Australian Unity Limited, a mutual company with mutual capital instruments and simple corporate bonds listed on the ASX. AUFM is a member of the Australian Unity group of companies (**Group**) providing funds management services within the Group's business platform known as 'Wealth & Capital Markets'.

8. During the Relevant Period, AUFM:
 - a. held an Australian Financial Services licence (no. 234454) which authorised AUFM, as a responsible entity, to operate registered managed investment schemes holding mortgages and incidental property; and
 - b. was the responsible entity and investment manager for, and issuer of interests in, the Australian Unity Select Income Fund (ARSN: 091 886 789) (the **Fund**).

C. THE FUND

9. The Fund was (and remains):
 - a. a registered management investment scheme under Chapter 5C of the Corporations Act; and
 - b. a contributory mortgage scheme, providing clients with an opportunity to invest in a range of Syndicate-Funds, each of which provides exposure to a specific registered first mortgage loan procured by Australian Unity's Wealth & Capital Markets mortgages team.
10. An interest in the Fund is a financial product within the meaning of section 764A of the Corporations Ac

D. APPLICATION PROCESS AND CONTRAVERNING CONDUCT

11. Between 5 October 2021 and 5 October 2023 (**Contravention Period**), AUFM made three target market determinations (**TMDs**) for the Fund, on 5 October 2021 (**First TMD**),¹ 21 December 2022 (**Second TMD**),² and 24 May 2023 (**Third TMD**)³ (collectively, the **Fund TMDs**).
12. The Fund TMDs defined AUFM's target market for the Fund. The Fund TMDs did this by, firstly, identifying a potential class of consumers who may invest in the Fund, by reference to their:
 - a. investment objective (capital growth, capital preservation, capital guaranteed, or income distribution);
 - b. intended use of the financial product as a percentage of the consumer's investable assets (solution/standalone: 75-100%, core: 25-75%, or satellite/small: <25%);
 - c. investment timeframe (short ≤2 years, medium >2 years, or long >8 years);
 - d. risk and return profile (low, medium, high, or very high); and

¹ Included as Annexure 1 to this Statement of Agreed Facts.

² Included as Annexure 2 to this Statement of Agreed Facts.

³ Included as Annexure 3 to this Statement of Agreed Facts.

- e. need to withdraw money (daily, weekly, monthly, quarterly, annually or longer).

13. Then, using this framework from the Fund TMDs, AUFM determined the types of consumers who were within, potentially within, or outside, the Fund's target market, having regard to the nature and characteristics of the Fund itself. The results were then summarised in each Fund TMD.

14. The target market of the First TMD was summarised as follows:

"This product is likely to be appropriate for a consumer seeking income distribution to be used as a satellite/small or a core component within a portfolio where the consumer has a medium or long investment timeframe, medium or high risk/return profile and needs annually or longer access to capital."

15. The target market of the Second TMD and Third TMD was summarised as follows:

"This product is likely to be appropriate for a consumer seeking income distribution to be used as a satellite/small allocation within a portfolio where the consumer has a short, medium or long investment timeframe, high risk/return profile and needs annually or longer access to capital."

16. In order to acquire an interest in the Fund, prospective investors were required to complete an application process, that involved the investor submitting an application form that could be completed either online (**Online Application**) or by paper (**Paper Application**).

17. Where a prospective investor completed an Online Application during the Contravention Period, they were required to answer a series of questions titled 'Target Market Criteria', which were intended to elicit information about whether or not the prospective investor fell within the Fund's target market and whether the investment was therefore appropriate to their objectives, financial situation and needs (**Online Questionnaire**).

18. During the Contravention Period, default responses would automatically populate the Online Questionnaire so that a prospective investor would be assessed as falling within the target market of the Fund if the investor submitted the Online Questionnaire with the default responses. The Online Questionnaire disclosed this to prospective investors as follows:

"Please note if you don't select at least one option, the form provides default answers which will assume the product is suitable for you / meets your investment objective."

19. Where a prospective investor completed a Paper Application prior to 30 September 2022, they were not provided with any questionnaire which assessed whether they fell within the Fund's target market.

20. Where a prospective investor completed a Paper Application between 30 September 2022 and 5 October 2023, the Paper Application included a page titled 'Target Market Determination Questions', which comprised a series of questions that were intended to elicit information about whether or not the prospective investor fell within the Fund's target market and whether the investment was therefore appropriate to their objectives, financial situation and needs (**Paper Questionnaire**). The content of the Paper Questionnaire was substantively similar to the Online Questionnaire. AUFM did not require prospective investors completing a Paper Application to complete the Paper Questionnaire as part of their application for an interest in the Fund.
21. Despite receiving responses to the Online Questionnaire and Paper Questionnaire (together, **Questionnaires**) submitted by prospective investors, during the period between 5 October 2021 to 21 August 2023, AUFM did not review any of the responses to the Questionnaires.
22. During the Contravention Period, at least 326 non-advised retail investors had submitted application forms to acquire interests in the Fund. Of them, at least 239 had completed one of the Questionnaires, and up to 144 had provided at least one response that indicated they were not in the target market for the Fund.
23. Further, during the Contravention Period, AUFM issued interests in the Fund to 87 investors who did not complete either of the Questionnaires.
24. On each occasion that AUFM issued interests in the Fund to a retail client during the Contravention Period, it engaged in retail product distribution conduct within the meaning of section 994A of the Corporations Act.
25. By reason of the conduct set out at paragraphs 19 to 23, on each of the occasions that AUFM issued interests in the Fund to a retail client during the Contravention Period, it failed to take reasonable steps that would have, or would have been reasonably likely to have, resulted in the retail distribution conduct being consistent with its TMDs, and thereby contravened section 994E(3) of the Corporations Act.

E. CIRCUMSTANCES IN WHICH THE CONTRAVENTIONS TOOK PLACE

Preparation for commencement of Part 7.8A of the Corporations Act

26. Prior to the commencement of Part 7.8A of the Corporations Act (**DDO regime**) on 5 October 2021:
 - a. There existed a DDO Steering Committee which was an Australian Unity body with high level oversight across the Group's preparatory work for the commencement of the DDO regime (**DDO Project**), including the preparatory work of the Wealth &

Capital Markets platform's business. Its members included the then-General Manager of Customer & Product, who was present at meetings during which the question of whether application questionnaires in general were needed was debated.

- b. There existed a DDO Working Group, the role of which was readying relevant business units to comply with the DDO regime. Its members included the Fund Product Manager and DDO Project Manager at the time.
- c. At the time that the DDO regime commenced, AUFM had in place a draft Product Governance Framework, which set out AUFM's policies with respect to compliance with the DDO regime. However, this document was not approved or made available internally until July 2021, at which time it was approved by AUFM's then-General Manager of Customer & Product.

Contravention Period

- 27. During the Contravention Period:
 - a. AUFM did not require prospective investors completing a Paper Application to complete the Paper Questionnaire as part of the application process.
 - b. The Online Questionnaire was required to be completed because the Online Application was provided by a third-party developer, which had system-based rules which mandated the completion of all sections of an online application in order to proceed with submission of the application.
 - c. AUFM provided staff training on the DDO regime in or around September or October 2021. The then-DDO Project Manager knew by at least 11 October 2021 that the team receiving responses to the Questionnaires had not been trained as to what to do with the information received. AUFM did not begin offering an online DDO compliance training module for its employees until around November 2022.
 - d. AUFM's failure to review the responses to the Questionnaires came to the attention of Wealth & Capital Market's Risk & Compliance team in or around November 2022. The matter was considered again when the then-Fund Product Manager and their supervisor, the then-General Manager Customer & Product, completed an assessment in February 2023 in response to a request by Australian Unity Limited's Group Audit team.
 - e. An independent control test (or "ICT") was conducted in February 2023 by a former Risk & Compliance Manager in the Risk & Compliance team, as part of regular assurance activities under Australian Unity's Enterprise Risk Management Policy and Procedure.

- f. On 20 March 2023, AUFM's then-Chief Executive Officer for the Wealth & Capital Markets business, was informed that the product team for the Fund did not get data for the responses to the Questionnaires and therefore the outcome of the control self-assessment was 'partially ineffective'.
- g. Following ICTs conducted in February and April 2023, in May 2023 it was recommended that the responses to the Questionnaire be reviewed.
- h. In or around August 2023, AUFM engaged a data entry specialist for the purpose of reviewing past responses to the Questionnaires submitted during the period between 1 October 2021 to 17 August 2023 (**Review**). This data entry exercise and subsequent analysis led to the identification of responses to the Questionnaires which indicated that investors fell outside of the target market.
- i. Between the completion of the Review and the end of the Contravention Period, AUFM received and did not review 16 Online Questionnaires and 1 Paper Questionnaire.
- j. AUFM lodged a breach report with ASIC on 28 September 2023 pursuant to section 912D of the Corporations Act.

28. The conduct at issue took place in the context of a newly introduced regulatory regime and AUFM's conduct was to fail to implement appropriate systems and procedures to ensure compliance with its obligations under that regime. That is, it is not the case that AUFM deliberately or wilfully refused to comply with the law.

After Contravention Period

- 29. On 6 October 2023, AUFM lodged a second breach report with ASIC and on 10 October 2023, AUFM lodged a significant dealing notification pursuant to section 994G of the Corporations Act.
- 30. On 6 October 2023, AUFM updated the Fund TMD to include new distribution conditions, which required AUFM to review responses to the Questionnaires prior to issuing interests in the Fund to prospective investors.
- 31. Since October 2023, it has been compulsory for prospective investors to complete the Questionnaires as part of both a paper-based and online application.
- 32. AUFM manually reviewed all responses to the Questionnaires from October 2023 to around June 2024. From 7 July 2024, knock out questions were put in place for Online Questionnaires which means that a prospective investor cannot proceed with their Online Application if they provide a response which indicates they fall outside the target market. From 7 July 2024, in respect of Paper Applications, Paper Questionnaire responses are entered into AUFM's systems manually by AUFM staff when they are received but, as with

Online Applications, knock out questions are in place such that if a prospective investor provides a response which indicates that they fall outside the target market for the Fund, they are not issued interests in the Fund.

33. In June 2024, AUFM made further changes to the questionnaire process as follows:
 - a. it revised the content of the questionnaire (moving away from one based on an FSC template):
 - i. to avoid content that could be interpreted as prompts that disclose whether a response renders an applicant inside or outside the target market;
 - ii. to avoid using technical jargon and to use plain English terms with detailed explanation of concepts; and
 - iii. as set out above, to utilise “knockout” and direct “yes/no” questions, where appropriate, to minimise instances requiring AUFM’s subjective interpretation of the applicant’s responses;
 - b. it has amended the form of the questionnaire:
 - i. to remove any statements that could be interpreted as prompts that disclose that a response would place the retail client outside of the target market (to reduce the possibility of retail clients submitting what they know to be the responses that would place them within the target market);
 - ii. to frame questions that seek unambiguous responses as to the client’s ability to bear capital loss and ensure that the client takes into consideration any non-discretionary spend requirements;
 - iii. to frame questions that seek unambiguous responses as to the client’s ability to bear the non-payment of income for a period of time;
 - iv. to more generally reframe and rephrase questions in a manner that should assist the client in their comprehension of questions;
 - v. to reframe certain questions to enable free-form numerical responses rather than free text sentences on the basis that the former provides sufficient and less ambiguous information for the assessment of the application without introducing new risks of inconsistent language and interpretation; and
 - vi. to insert a new section requiring retail clients to provide their details to allow AUFM to take steps to identify multiple application attempts and, to the extent identified, to prohibit those later applications. AUFM takes steps so that the applicant cannot make a subsequent, repeat application for a period of time from the date of that applicant’s first application, unless the client has received

personal financial advice in the intervening period or has demonstrated a change in personal circumstances.

34. AUFM is committed to uplifting its compliance in this area – and has been doing so in connection with the Fund since at least June 2024 (i.e., since well before the commencement of the Proceeding). To that end AUFM has made changes to uplift, and is currently continuing a review of, its product governance framework with a view to the efficient and timely implementation of uplifts in this regard with an independent third party to subsequently undertake a review to confirm the implementation of the uplifted framework in accordance with its terms.

F. SIZE OF THE CONTRAVENING COMPANY

35. In the financial year 2024, Australian Unity reported Group consolidated revenue and other income of \$2.17 billion, and \$75.8 million in adjusted EBITDA. The Wealth & Capital Markets business reported total segment revenue of \$232.5 million, adjusted EBITDA of \$45.5 million, with \$18.76 billion of gross funds under management, administration and advice. In the financial year 2025, Australian Unity reported Group consolidated revenue and other income of \$2.60 billion, and \$136.2 million in adjusted EBITDA. The Wealth & Capital Markets business reported total segment revenue of \$250.4 million, adjusted EBITDA of \$66.9 million, with \$15.20 billion of gross funds under management, administration and advice.
36. AUFM reported total revenue of \$58.1 million, \$67.2 million, \$80.3 million and \$75.0m for the 2022, 2023, 2024 and 2025 financial years respectively, and reported losses after tax of \$1.7 million, \$10.3 million, \$12.1 million and \$32.6 million for those financial years respectively.

G. NO PREVIOUS SIMILAR CONDUCT

37. AUFM has not previously been found by a Court to have engaged in any similar conduct.

H. CO-OPERATION IN PROCEEDING

38. AUFM has cooperated with ASIC since proceedings were commenced in June 2025 by proposing a joint approach to resolving the dispute at the earliest possible opportunity, making admissions of contraventions, and agreeing to the imposition of an appropriate penalty, as well as declaratory and other relief sought by ASIC.

I. HARM TO CONSUMERS AND BENEFIT TO AUFM

39. During the Contravention Period, AUFM accepted initial investments of up to \$9,564,300.00 into the Fund from investors who had returned responses to the Questionnaires indicating

they may have been, or were, outside the Fund's target market. Further amounts were invested by new investors who did not return a Questionnaire.

40. These investors were exposed to the risk that they might have obtained a financial product that was not appropriate to their objectives, financial situation or needs, and to a risk of financial loss. That is, while all investments are subject to the risk of loss (assuming they are not capital-guaranteed) or lower-than-expected returns, AUFM's contraventions may have resulted in particular investors being exposed to greater risk than they were well-suited to.
41. AUFM benefited from these investments by receiving application and management fees (which were paid by borrowers, not investors in the Fund) and having increased ability to capitalise loans within the Fund. The gross application and management fees generated over the Relevant Period from the \$9,564,300.00 in initial investments is estimated to be approximately \$174,630.88. Additional fees – as yet uncalculated – were earned from investors who were not required to complete a Questionnaire. AUFM will prepare a plan to remediate all affected customers in consultation with ASIC.

DATED: 30 September 2025



Signed by Nick Kelton
Lawyer for the Plaintiff



Signed by Amanda Jane Engels
Lawyer for the Defendant

Annexure 1



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 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 Australian Unity Funds Management Limited's (**Australian Unity Funds Management**) 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 the Australian Unity Select Income Fund (**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 by contacting Client Services on 13 29 39 (within Australia) or on our website at www.australianunity.com.au/wealth/select-income-fund.

Target Market Summary

This product is likely to be appropriate for a consumer seeking **income distribution** to be used as a **satellite/small or a core component** within a portfolio where the consumer has a **medium or long** investment timeframe, **medium or high** risk/return profile and needs **annually or longer** access to capital.

Fund and Issuer identifiers

Issuer	Australian Unity Funds Management Limited	ISIN Code	AU60AUS00833
Issuer ABN	60 071 497 115	Market Identifier Code	N/A
Issuer AFSL	234454	Product Exchange code	N/A
Fund	Australian Unity Select Income Fund	Date TMD approved	5 th October 2021

ARSN	091 886 789	TMD Version	1.0
APIR Code	AUS0083AU	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
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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	Product description including key attributes
Consumer's investment objective		

Consumer Attributes	TMD Indicator	Product description including key attributes
Capital Growth		
Capital Preservation		
Capital Guaranteed		
Income Distribution		<p>The Fund's investment objective is to provide regular income and capital stability, through a selection of investments into first registered mortgage loans ('Syndicate-Funds') with a short duration.</p> <p>The Fund is structured as a 'contributory mortgage fund', comprising a Cash Account and a selection of Syndicate-Funds. Investment in a first registered mortgage loan through a Syndicate-Fund is generally a capital stable investment offering interest rates which are typically higher than those payable by other investments.</p> <p>Generally, all distributions are sourced from income received, or capitalised, in the relevant distribution period and are payable monthly. As the Fund aims to distribute on a monthly basis and the Fund's investments are typically capital stable investments, the Fund is likely to be appropriate for consumers who are seeking income distribution</p>
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)		The Fund comprises of a Cash Account and a selection of Syndicate-Funds.
Core Component (25-75%)		Consumers will make an application and the funds are initially invested in the Cash Account. Consumers will then select either Specific Investment Authority (i.e. the investor retains authority to select the loan(s) to which their funds are allocated) or General Investment Authority (i.e. gives the authority to Australian Unity Funds Management to allocate the investors funds into one or more loan(s)). The funds will then be allocated into any available Syndicate-Fund.
Satellite/small allocation (<25%)		<p>Each Syndicate-Fund provides an opportunity to invest in a first registered mortgage. While the Fund is not a 'pooled fund', diversification can be achieved by investing in multiple Syndicate-Funds (subject to availability). The security for each Syndicate-Fund is generally land and/or construction property assets.</p> <p>As a result of this, consumers investing in the Fund can create a portfolio which has a low or medium level of diversification and therefore is likely to be appropriate as a core or satellite component of a consumer's portfolio.</p>
Consumer's investment timeframe		

Consumer Attributes	TMD Indicator	Product description including key attributes
Short (≤ 2 years)		
Medium (> 2 years)		
Long (> 8 years)		<p>The recommended minimum investment timeframe is 12 months. This is because the term for each Syndicate-Fund's first registered mortgage loan is generally 12 to 24 months. Capital from a Syndicate-Fund is only returned to the Cash Account upon repayment of a first registered mortgage loan by the borrower. Withdrawals are not offered during the term of a Syndicate-Fund.</p> <p>At the end of the term, a consumer's funds are returned to the Fund's Cash Account. Withdrawals from the Fund's Cash Account are then generally available by providing two business days' notice.</p> <p>The Fund and allocation of funds by a consumer to a Syndicate-Fund is therefore likely to be appropriate for consumers who have a short investment timeframe. As consumers may elect to reinvest in subsequent Syndicate-Funds, the Fund is also likely to be appropriate for consumers who have a medium to long term investment timeframe.</p>
Consumer's Risk (ability to bear loss) and Return profile		
Low		The Fund's investment objective is to provide regular income and capital stability, through a selection of investments into first registered mortgage loans ('Syndicate-Funds') with a short duration.
Medium		
High		
Very High		As an investment in single Syndicate-Fund generally provides less diversification when compared to a pooled fund where a number of mortgages are pooled to provide a return for investors, the Fund targets a medium or high return profile and has a medium or high potential for losses. The Fund is therefore likely to be appropriate for consumers who have a medium or high risk and return profile.
Consumer's need to withdraw money		
Daily		Under normal circumstances, where a consumer's funds are invested in the Cash Account, a consumer can withdraw from the Cash Account with two business days' notice by providing a withdrawal request. Withdrawals are generally paid within two business days although under the constitution for the Fund, we have 90 days from the date of the request to satisfy withdrawal requests from the Fund's Cash Account.
Weekly		
Monthly		
Quarterly		
Annually or longer		Withdrawals are not available during the term of a Syndicate-Fund. At the end of the term of the Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account.

Consumer Attributes	TMD Indicator	Product description including key attributes
		The Fund is therefore likely to be appropriate for a consumer who does not need to access the monies within the stated term of the relevant Syndicate-Fund, that is, 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.	Not applicable.

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	1 year and 3 months
Subsequent review	2 years and 3 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. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the 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

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Australian Unity Funds Management using the method specified on this website: <https://www.australianunity.com.au/wealth/distributor-complaints>. This link also provides contact details relating to this TMD for Australian Unity Funds Management.

Copyright & Disclaimer

This target market determination (**TMD**) is made by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No 234454 (**Issuer**) pursuant to section 994B of the Corporations Act 2001 (Cth). The Issuer is the responsible entity of the Fund and the issuer of interests in the Fund (**Product**).

This document is not a summary of the Fund or the Product, or the Product Disclosure Statement for the Product (**PDS**). It does not (and is not intended to) set out a summary of the terms or features of the Product.

This document is intended to provide a record of the Issuer's assessment of the Product, which forms the basis of this TMD. It also details the Product's distribution channel(s) and distribution strategy which must align to this TMD. This document is also used as a basis for the periodic review of the TMD and the Product's suitability for distribution to the identified target market.

This document does not (and is not intended to) provide or constitute financial product advice. The target market described in this TMD is general in nature only and does not make any statement or representation that a particular person is or is not in the target market described in this TMD. This TMD does not take into account the objectives, financial situation and needs of any particular person and the Issuer makes no representation as to whether or not the Fund or the Product is suitable for any particular person.

Prior to making any decision in relation to the Fund or the Product, investors should obtain and consider the PDS, and obtain financial product advice if necessary. This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and performance of the Product may differ materially from the forecasts, estimates and opinions set out in this TMD. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

This material is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by the Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

No part of this TMD may be reproduced or distributed in any manner without the prior written permission of the Issuer.

Definitions

Term	Definition
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 <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>High portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Medium portfolio diversification</i> (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 <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with <i>Low portfolio diversification</i> (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”.

Term	Definition
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 (\leq 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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of 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 <i>Standard Risk Measure Guidance Paper For Trustees</i>. 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. Issuers may wish to supplement 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 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>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.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>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.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>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.</p> <p>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.</p>
Very high	<p>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).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>

Term	Definition
Consumer's need to withdraw money	
Issuers should consider in the first instance the redemption request frequency 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. 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 completing this section.	
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	<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 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 reporting period, • the consumer's intended product use is <i>Solution / Standalone</i>, or

Term	Definition
	<ul style="list-style-type: none">the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.

Annexure 2



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 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 Australian Unity Funds Management Limited's (**Australian Unity Funds Management**) 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 Australian Unity Select Income Fund (**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 by contacting Client Services on 13 29 39 (within Australia) or on our website at www.australianunity.com.au/wealth.

Target Market Summary

This product is likely to be appropriate for a consumer seeking **income distribution** to be used as a **satellite/small allocation** within a portfolio where the consumer has a short, **medium or long** investment timeframe, **high risk/return profile** and needs **annually or longer** access to capital.

Fund and Issuer identifiers

Issuer	Australian Unity Funds Management Limited	ISIN Code	AU60AUS00833
Issuer ABN	60 071 497 115	Market Identifier Code	N/A
Issuer AFSL	234454	Product Exchange code	N/A
Fund	Australian Unity Select Income Fund	Date TMD approved	21 December 2022
ARSN	091 886 789	TMD Version	2
APIR Code	AUS0083AU	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
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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	Product description including key attributes
Consumer's investment objective		
Capital Growth		The Fund aims to provide regular income and capital stability, through a selection of investments into registered first mortgage loans ('Syndicate-Funds') with a short duration.
Capital Preservation		The Fund is structured as a 'contributory mortgage fund' where investors pool their monies to fund a specific registered first mortgage loan (each referred to as a Syndicate-Fund). The Fund comprises a Cash Account and a selection of Syndicate-Funds. Investment in a registered first mortgage loan through a Syndicate-Fund is generally a capital stable investment offering interest rates which are typically higher than those payable by other investments.
Capital Guaranteed		Generally, all distributions are sourced from income received, or capitalised, in the relevant distribution period and are payable monthly. As the Fund aims to distribute on a monthly basis and the Fund's investments are typically capital stable investments, the Fund is likely to be appropriate for consumers who are seeking income distribution.
Income Distribution		
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)		The Fund comprises a Cash Account and a selection of Syndicate- Funds. Each Syndicate-Fund provides an opportunity to invest in a registered first mortgage. An investment in a Syndicate-Fund, or several Syndicate-Funds, provides very low diversification by asset class and may provide exposure to a higher level of risk compared to other investment products.
Core Component (25-75%)		Consumers should consider an investment in a Syndicate-Fund in the context of diversification across an overall investment portfolio.
Satellite/small allocation (<25%)		An investment in the Fund is likely to be appropriate for consumers using the Fund as a satellite/small allocation of up to 25% of an investment portfolio. Consumers should seek professional financial advice if an investment in the Fund is intended to form more than 25% of an investment portfolio.

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment timeframe		
Short (≤ 2 years)		<p>The typical minimum investment timeframe in a Syndicate-Fund is 12 to 24 months. This is because the term for each Syndicate-Fund's registered first mortgage loan is generally between 12 to 24 months. Withdrawals are not offered during the term of a Syndicate-Fund.</p>
Medium (> 2 years)		<p>At the end of the term of a Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account. Withdrawals from the Fund's Cash Account are then generally available by providing two business days' notice.</p> <p>Consumers should be aware that an investment in a Syndicate-Fund is subject to the risks set out in the Fund's Product Disclosure statement, and that there is a risk of extended delays for the return of funds and/or a consumer may risk losing some or all of their money.</p>
Long (> 8 years)		<p>The Fund is likely to be appropriate for consumers who have a short investment timeframe. As consumers may elect to reinvest in subsequent Syndicate-Funds, the Fund may also be likely to be appropriate for consumers who have a medium to long term investment timeframe.</p>
Consumer's Risk (ability to bear loss) and Return profile		
Low		<p>The Fund aims to provide regular income and capital stability, through a offering selection of investments into registered first mortgage loans ("Syndicate-Funds") with a short duration.</p>
Medium		<p>As an investment in single Syndicate-Fund generally provides less diversification when compared to a pooled fund where a number of mortgages are pooled to provide a return for investors, the Fund targets a medium or high return profile and has a high potential for losses. The Fund is therefore likely to be appropriate for consumers who have a high risk and return profile.</p>
High		
Very High		

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's need to withdraw money		
Daily		Under normal circumstances, where a consumer's funds are invested in the Cash Account, a consumer can withdraw from the Cash Account with two business days' notice by providing a withdrawal request. Withdrawals are generally paid within two business days although under the constitution for the Fund, the Responsible Entity has 90 days from the date of the request to satisfy withdrawal requests from the Fund's Cash Account.
Weekly		
Monthly		Withdrawals are not available during the term of a Syndicate-Fund. At the end of the term of the Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account.
Quarterly		The Fund is therefore likely to be appropriate for a consumer who does not need to access the monies within the stated term of the relevant Syndicate-Fund, that is, annually or longer.
Annually or longer		Consumers should be aware that an investment in a Syndicate-Fund is subject to the risks set out in the Fund's Product Disclosure statement, and that there is a risk of extended delays for the return of funds and/or a consumer may risk losing some or all of their money.

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.	Not applicable.

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	1 year and 3 months
Subsequent review	2 years and 3 months
Next scheduled review date	15 December 2023

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. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the 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 acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Australian Unity Funds Management using the method specified on this website: <https://www.australianunity.com.au/wealth/distributor-complaints>. This link also provides contact details relating to this TMD for Australian Unity Funds Management.

Copyright & Disclaimer

This target market determination (**TMD**) is made by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No 234454 (**Issuer**) pursuant to section 994B of the Corporations Act 2001 (Cth). The Issuer is the responsible entity of the Fund and the issuer of interests in the Fund (**Product**).

This document is not a summary of the Fund or the Product, or the Product Disclosure Statement for the Product (PDS). It does not (and is not intended to) set out a summary of the terms or features of the Product.

This document is intended to provide a record of the Issuer's assessment of the Product, which forms the basis of this TMD. It also details the Product's distribution channel(s) and distribution strategy which must align to this TMD. This document is also used as a basis for the periodic review of the TMD and the Product's suitability for distribution to the identified target market.

This document does not (and is not intended to) provide or constitute financial product advice. The target market described in this TMD is general in nature only and does not make any statement or representation that a particular person is or is not in the target market described in this TMD. This TMD does not take into account the objectives, financial situation and needs of any particular person and the Issuer makes no representation as to whether or not the Fund or the Product is suitable for any particular person.

Prior to making any decision in relation to the Fund or the Product, investors should obtain and consider the PDS, and obtain financial product advice if necessary.

This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and performance of the Product may differ materially from the forecasts, estimates and opinions set out in this TMD. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

This material is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by the Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

No part of this TMD may be reproduced or distributed in any manner without the prior written permission of the Issuer.

Definitions

Term	Definition
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 <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>High portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Medium portfolio diversification</i> (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 <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with <i>Low portfolio diversification</i> (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).

Term	Definition
Consumer's intended investment timeframe	
Short (\leq 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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of 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. Issuers may wish to supplement 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 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>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.</p>
Medium	<p>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.</p>
High	<p>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.</p>
Very high	<p>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.</p>

Term	Definition
Consumer's need to withdraw money	
Issuers should consider in the first instance the redemption request frequency 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. 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 completing this section.	
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	<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 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 reporting period, • the consumer's intended product use is <i>Solution / Standalone</i>, or • the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.

Annexure 3



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 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 Australian Unity Funds Management Limited's (**Australian Unity Funds Management**) 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 Australian Unity Select Income Fund (**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 by contacting Client Services on 13 29 39 (within Australia) or on our website at www.australianunity.com.au/wealth.

Target Market Summary

This product is likely to be appropriate for a consumer seeking **income distribution** to be used as a **satellite/small allocation** within a portfolio where the consumer has a **short, medium or long** investment timeframe, **high risk/return profile** and needs **annually or longer** access to capital.

Fund and Issuer identifiers

Issuer	Australian Unity Funds Management Limited	ISIN Code	AU60AUS00833
Issuer ABN	60 071 497 115	Market Identifier Code	N/A
Issuer AFSL	234454	Product Exchange code	N/A
Fund	Australian Unity Select Income Fund	Date TMD approved	24 May 2023
ARSN	091 886 789	TMD Version	3
APIR Code	AUS0083AU	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
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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	Product description including key attributes
Consumer's investment objective		
Capital Growth		The Fund aims to provide regular income and capital stability, through a selection of investments into registered first mortgage loans ('Syndicate-Funds') with a short duration.
Capital Preservation		The Fund is structured as a 'contributory mortgage fund' where investors pool their monies to fund a specific registered first mortgage loan (each referred to as a Syndicate-Fund). The Fund comprises a Cash Account and a selection of Syndicate-Funds. Investment in a registered first mortgage loan through a Syndicate-Fund is generally a capital stable investment offering interest rates which are typically higher than those payable by other investments.
Capital Guaranteed		Generally, all distributions are sourced from income received, or capitalised, in the relevant distribution period and are payable monthly. As the Fund aims to distribute on a monthly basis and the Fund's investments are typically capital stable investments, the Fund is likely to be appropriate for consumers who are seeking income distribution.
Income Distribution		
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)		The Fund comprises a Cash Account and a selection of Syndicate- Funds. Each Syndicate-Fund provides an opportunity to invest in a registered first mortgage. An investment in a Syndicate-Fund, or several Syndicate-Funds, provides very low diversification by asset class and may provide exposure to a higher level of risk compared to other investment products.
Core Component (25-75%)		Consumers should consider an investment in a Syndicate-Fund in the context of diversification across an overall investment portfolio.
Satellite/small allocation (<25%)		An investment in the Fund diversified across multiple Syndicate-Funds is likely to be appropriate for consumers using the Fund as a satellite/small allocation of up to 25% of an investment portfolio. Consumers should seek professional financial advice if an investment in the Fund is intended to form more than 25% of an investment portfolio.

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment timeframe		
Short (≤ 2 years)		<p>The typical minimum investment timeframe in a Syndicate-Fund is 12 to 24 months. This is because the term for each Syndicate-Fund's registered first mortgage loan is generally between 12 to 24 months. Withdrawals are not offered during the term of a Syndicate-Fund.</p>
Medium (> 2 years)		<p>At the end of the term of a Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account. Withdrawals from the Fund's Cash Account are then generally available by providing two business days' notice.</p> <p>Consumers should be aware that an investment in a Syndicate-Fund is subject to the risks set out in the Fund's Product Disclosure statement, and that there is a risk of extended delays for the return of funds and/or a consumer may risk losing some or all of their money.</p>
Long (> 8 years)		<p>The Fund is likely to be appropriate for consumers who have a short investment timeframe. As consumers may elect to reinvest in subsequent Syndicate-Funds, the Fund may also be likely to be appropriate for consumers who have a medium to long term investment timeframe.</p>
Consumer's Risk (ability to bear loss) and Return profile		
Low		<p>The Fund aims to provide regular income and capital stability, through a offering selection of investments into registered first mortgage loans ("Syndicate-Funds") with a short duration.</p>
Medium		<p>As an investment in single Syndicate-Fund provides less diversification when compared to a pooled fund where a number of mortgages are pooled to provide a return for investors, the Fund targets a medium or high return profile and has a high potential for losses. The Fund is therefore likely to be appropriate for consumers who have a high risk and return profile.</p>
High		
Very High		

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's need to withdraw money		
Daily		Under normal circumstances, where a consumer's funds are invested in the Cash Account, a consumer can withdraw from the Cash Account with two business days' notice by providing a withdrawal request. Withdrawals are generally paid within two business days although under the constitution for the Fund, the Responsible Entity has 90 days from the date of the request to satisfy withdrawal requests from the Fund's Cash Account.
Weekly		
Monthly		Withdrawals are generally not available during the term of a Syndicate-Fund. At the end of the term of the Syndicate-Fund, a consumer's funds are returned to the Fund's Cash Account.
Quarterly		The Fund is therefore likely to be appropriate for a consumer who does not need to access the monies within the stated term of the relevant Syndicate-Fund, that is, annually or longer.
Annually or longer		Consumers should be aware that an investment in a Syndicate-Fund is subject to the risks set out in the Fund's Product Disclosure statement, and that there is a risk of extended delays for the return of funds and/or a consumer may risk losing some or all of their money.

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.	Not applicable.

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	1 year and 3 months
Subsequent review	2 years and 3 months
Next scheduled review date	15 December 2023

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. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the 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 acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Australian Unity Funds Management using the method specified on this website: <https://www.australianunity.com.au/wealth/distributor-complaints>. This link also provides contact details relating to this TMD for Australian Unity Funds Management.

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This document is not a summary of the Fund or the Product, or the Product Disclosure Statement for the Product (PDS). It does not (and is not intended to) set out a summary of the terms or features of the Product.

This document is intended to provide a record of the Issuer's assessment of the Product, which forms the basis of this TMD. It also details the Product's distribution channel(s) and distribution strategy which must align to this TMD. This document is also used as a basis for the periodic review of the TMD and the Product's suitability for distribution to the identified target market.

This document does not (and is not intended to) provide or constitute financial product advice. The target market described in this TMD is general in nature only and does not make any statement or representation that a particular person is or is not in the target market described in this TMD. This TMD does not take into account the objectives, financial situation and needs of any particular person and the Issuer makes no representation as to whether or not the Fund or the Product is suitable for any particular person.

Prior to making any decision in relation to the Fund or the Product, investors should obtain and consider the PDS, and obtain financial product advice if necessary.

This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and performance of the Product may differ materially from the forecasts, estimates and opinions set out in this TMD. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

This material is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by the Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

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Definitions

Term	Definition
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 <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>High portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Medium portfolio diversification</i> (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 <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with <i>Low portfolio diversification</i> (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).

Term	Definition
Consumer's intended investment timeframe	
Short (\leq 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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of 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 <u>Standard Risk Measure Guidance Paper For Trustees</u>. 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. Issuers may wish to supplement 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 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>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.</p>
Medium	<p>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.</p>
High	<p>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.</p>
Very high	<p>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.</p>

Term	Definition
Consumer's need to withdraw money	
<p>Issuers should consider in the first instance the redemption request frequency 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. 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 completing this section.</p>	
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	<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 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 reporting period, the consumer's intended product use is <i>Solution / Standalone</i>, or the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.