



Target Market Determination – MDA Service

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**) and applies in relation to the managed discretionary account (MDA) service issued by WealthO2 Services Pty Ltd ABN 20 610 852 456 (MDA Service). It sets out the class of consumers for whom the MDA Service, 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 WealthO2 Services Pty Ltd's design and distribution arrangements for the MDA Service.

This document is **not** an MDA Service disclosure statement and is **not** a summary of the MDA Service features or terms of the MDA Service. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this MDA Service should carefully read the Financial Services Guide, Managed Account Services Agreement, Investment Program and Statement of Advice for the MDA Service before making a decision whether to invest through this MDA Service.

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 Managed Account Services Agreement, unless otherwise defined. The Managed Account Services Agreement is provided with a Financial Services Guide, Investment Program and Statement of Advice for the MDA Service.

Target Market Summary

This MDA Service is likely to be appropriate for a consumer seeking to have their investments managed by a Financial Adviser or a Third-Party Manager with discretion, based on the consumer's investment timeframe, risk/return profile and requirement for access to capital with:

- **management of the portfolio without the consumer needing to approve every transaction**
- **the underlying investments being held in the name of the consumer where practically possible**
- **visibility/ transparency of investments held in the portfolio**
- **individual tax management of investments**
- **ability to customise portfolio or accommodate other holdings**
- **ability to include in specie transfer of existing investments.**

MDA Service Description

The MDA Service allows consumers to receive discretionary portfolio management services from a Financial Adviser and/or a Third-Party Manager that include the purchase and sale of investments in a range of asset classes as set out in an agreed investment program. The MDA Service includes the monitoring and execution of transactions to ensure compliance with the agreed discretionary arrangement, the execution of any purchase or sale of investments as determined by a Financial Adviser and/or a Third-Party Manager, administering the investments on behalf of the consumer and reporting to the Financial Adviser and the consumer.

Key Attributes of the MDA Service

This MDA Service is designed to be distributed through Australian Financial Services Licensees (AFSLs) and their representatives who are contracted with the Issuer of the MDA Service. A consumer must have received personal financial product advice from a representative of an AFSL (Financial Adviser) to be able to invest in the MDA Service.

The MDA Service enables a consumer to receive discretionary portfolio management services from a Financial Adviser and/or a Third-Party Manager that meets a consumer's investment timeframe, risk/return profile and requirement for access to capital across any investment timeframe, any risk/ return profile, any access to capital requirement and any other specific requirement of the consumer. The MDA Service is structured to hold assets in the name of the consumer wherever feasible, with a broad range of investable security types available to be included in the discretionary arrangement which is published in an Investment Program.

To facilitate the MDA Service, the consumer must:

- implement an agreement with an approved stockbroker to transact and hold ASX listed securities including mFunds, ETFs and other listed entities in the consumer's name on CHESS
- implement an agreement with an approved stockbroker to transact and hold international securities
- implement an agreement with uXchange to transact and hold unlisted managed funds
- implement an agreement with a specialist term deposit provider to transact and hold term deposits
- have a linked Cash Management Agreement (CMA) which provides general withdrawal authority to MDA Operator Pty Ltd for the MDA Service and facilitates all MDA Service transactions.

All reporting for the MDA Service is available electronically with continuous reporting to consumers and their Financial Adviser.

Fund and Issuer identifiers

Issuer	WealthO2 Services Pty Ltd
Issuer ABN	20 610 852 456
Issuer AFSL	500032
Date TMD approved	5 October 2021
TMD Version	1
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 the MDA Service. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for the MDA Service.

Generally, a consumer is unlikely to be in the target market for the MDA Service 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.

Definitions of terms are in the attachment or otherwise in the Managed Account Services Agreement.

Investment products and diversification

A consumer (or class of consumer) may intend to hold the MDA Service as part of a diversified portfolio (typically with an intended product use of *satellite/ small allocation* or *core component*). In such circumstances, the MDA Service 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 the MDA Service 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		MDA Service Description including Key Attributes
Consumer’s investment objective	TMD Indicator	
Capital Growth		The MDA Service is intended to be used by a consumer seeking to achieve one or more of capital growth, capital preservation or an income distribution investment objective across a broad range of investable security types and securities
Capital Preservation		
Capital Guaranteed		
Income Distribution		
Consumer’s intended use of the MDA Service (% of Investable Assets)	TMD Indicator	
Solution/Standalone (75-100%)		The MDA Service is intended to be used to deliver a consumer’s primary portfolio objective given a broad range of security types are available to be selected from. The MDA Service may be suitable for a core or a satellite allocation where a consumer wishes to blend the MDA Service with other products
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer’s investment timeframe	TMD Indicator	
Short (\leq 2 years)		The MDA Service is intended to be used to deliver a consumer’s portfolio objective to achieve any investment timeframe, consistent with the consumer’s investment objective, security types used to achieve the investment objective, the intended use of the MDA Service and the consumer’s risk and return profile
Medium ($>$ 2 years)		
Long ($>$ 8 years)		
Consumer’s Risk (ability to bear loss) and Return profile	TMD Indicator	
Low		The MDA Service is intended to be used to deliver a consumer’s portfolio objective for any risk and return profile
Medium		
High		
Very High		

Consumer Attributes		MDA Service Description including Key Attributes
Consumer's need to withdraw money	TMD Indicator	
Daily		The MDA Service provides for investment in a range of security types including cash, ASX listed securities and other structures, international securities, unlisted managed funds, and term deposits. Each of these security types are likely to be liquid in a month but only part of the consumers portfolio value may be available where withdrawals are required in a shorter timeframe
Weekly		
Monthly		
Quarterly		
Annually or longer		
Consumer's Other requirements	TMD Indicator	MDA Service Description including Key Attributes
Individual tax management of investments		Investments are held directly for each consumer in a discrete portfolio and not pooled, although the MDA Service may be used to invest in pooled investments
Visibility / transparency of portfolio holdings		Each investment made through the MDA Service is reported separately through reports available, although investments held within managed funds are not directly visible
Ability to customise portfolio or accommodate other holdings		The MDA Service offers the ability to exclude or vary holdings in particular investments
Ability to include <i>in specie</i> transfer of existing investments		Existing holdings can be transferred in specie into the MDA Service if appropriate
Management of the portfolio without the consumer needing to approve every transaction		Individual transaction and corporate action decisions are made by the Financial Adviser or Third-Party Manager within the terms of the Investment Program
Awareness of or specific inclusion of ESG requirements in portfolio construction		The MDA Service can be specifically constructed to have regard to ESG factors

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 attributes 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	<i>applicable</i>
Only suitable for distribution to consumers who have received personal financial product advice	A consumer may only invest through the MDA Service if they have received personal financial product advice from a representative of an AFSL (Financial Adviser) that it is appropriate for the consumer, and must continue to have access to personal financial product advice and where the continuing suitability of the MDA Service is reviewed and confirmed to the consumer at least every 13 months	✓
Consumers must agree to the terms and conditions of uXchange, broker agreements and other provider agreements	A consumer may only invest in the MDA Service if they become a member of uXchange by signing the uXchange application form and execute agreements with a stockbroker approved by the Issuer, an ADI approved by the Issuer and any other party required by the Issuer	✓

Review triggers
This part is required under section 994B(5)(d) of the Act.
Material change to key attributes, terms and conditions and/or fees
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 MDA Service or distribution of the MDA Service

Review triggers

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

The use of Product Intervention Powers, regulator orders or directions that affects the MDA Service

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	12 months
Subsequent review	12 months

Distributor reporting requirements

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

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following end of calendar quarter	All distributors
Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors

Distributors must report to the Issuer using the method specified by the Issuer at www.mdaoperator.com.au This link also provides contact details relating to this TMD for 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 High <i>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 Medium <i>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 Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the consumer has available for investment, excluding the family home.

Consumer's intended investment timeframe	
Short (≤ 2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Medium (> 2 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two years.
Long (> 8 years)	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
Consumer's Risk (ability to bear loss) and Return profile	
A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	The consumer is conservative or low risk in nature, seeks to minimise potential losses and is comfortable with a low target return profile. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	The consumer is moderate or medium risk in nature, seeking to minimise potential losses and comfortable with a moderate target return profile. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	The consumer is higher risk in nature and can accept higher potential losses in order to target a higher target return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.
Very high	The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses and possibly other risk factors, such as leverage. Consumer typically prefers growth assets such as shares, property and alternative assets.
Consumer's need to withdraw money	
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 consumer'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.

Consumer's Other requirements	
Individual tax management of investments	The customer is seeking a product that provides the ability to actively manage the consumer's tax position in the recommendations which are made to them
Visibility / transparency of portfolio holdings	The consumer is seeking a product that provides a clear understanding of the constituents in their portfolio
Ability to customise portfolio or accommodate other holdings	The consumer requires the ability to specifically include, exclude or manage specific investments or classes of investment for particular reasons, such as ESG considerations, or because they have existing holdings which need to be accommodated in portfolio design
Ability to include <i>in specie</i> transfer of existing investments	The consumer has existing holdings which they expect to be incorporated into their portfolio and where ownership is to carry on, subject to subsequent portfolio management considerations. This may be for tax, transaction cost or other reasons
Management of the portfolio without the consumer needing to approve every transaction	The consumer is willing to delegate to decision making on portfolio changes to a suitably authorised and competent organisation which will operate the account in accordance with the Investment Program
Awareness of or specific inclusion of ESG requirements in portfolio construction	The consumer has expressed a preference for a portfolio which accommodates his or her preferences for ESG considerations to be taken into account in the selection of investments
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 MDA Service 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 MDA Service, 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 MDA Service, 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),

	<ul style="list-style-type: none">• 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>.
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