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# MyNorth® Managed Portfolios

Target market determination

This document is a Target Market Determination (TMD) for the MyNorth Managed Portfolios Scheme. There is a separate TMD associated to each of the underlying managed portfolios within the Scheme. These can be found on **northonline.com.au**.

## Introduction

A target market determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth). This TMD describes the class of clients that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**), and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to acquire this product. The PDS can be obtained on North Online at **northonline.com.au/managedportfolios**.

This document has been prepared by NMMT Limited (NMMT) in its capacity as the issuer of the product. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this document.

## Product and issuer identifiers

| Attribute | Description |
|---|---|
| **Name of product** | MyNorth Managed Portfolios |
| **Issuer name** | NMT Limited (NMMT) |
| **Issuer ABN** | 42 058 835 573 |
| **Issuer AFSL** | 234653 |
| **TMD issue date** | 1 October 2023 |
| **TMD version** | 3 |
| **Next review date** | 31 December 2024 |
| **Distribution status of product** | Available for product distribution. |
| **ARSN** | 624 544 136 |

# Product description and key attributes

## Product description

MyNorth Managed Portfolios Scheme is a non-unitised registered managed investment scheme, and is only made available to clients with a financial adviser.

Investments in MyNorth Managed Portfolios is only available through plans offered as a part of the Wealth Personal Superannuation and Pension Fund or Investor Directed Portfolio Services (IDPSs) operated and administered by NMMT.

## Key product attributes

The MyNorth Managed Portfolios Scheme offers:

| | |
|---|---|
| Investment choices | – A broad menu of managed portfolios, where clients delegate the portfolio management and decision-making process to experts<br>– High level overview of investment strategies:<br>  – Risk based portfolios such as but not limited to:<br>  – Conservative – 30/70% Growth/Defensive<br>  – Moderately Conservative – 50/50% Growth/Defensive<br>  – Balanced – 70/30% Growth/Defensive<br>  – Moderately Aggressive – 85/15% Growth/Defensive<br>  – Aggressive – 100/0% Growth/Defensive<br>– Sector specific portfolios – Australian equities managed portfolios<br>– Specialist portfolios – Sustainable, income based and geared managed portfolios |
| Cash accounts | – Your managed portfolio has a separate cash allocation, it is used as a central point for distributions, dividends and other receipts and payments such as trade fees in relation to the assets in your managed portfolio.<br>– Your platform cash account is used for payment of investment related fees from your Portfolio except for the managed portfolio cash investment fee which is deducted from the interest paid from the underlying investments of the managed portfolio cash account prior to the declaration of the crediting rate. |
| Investment preferences | You can choose to customise your Portfolio by providing an income payment election, where you can elect that income from your Portfolio is retained and reinvested in your Portfolio or paid out to your Platform cash account. This election will override the default income payment setting for the managed portfolios you have chosen. |
| Transaction minimums | Initial investments into your Portfolio are subject to minimum amounts, which differ depending on the managed portfolio you choose. These minimum amounts are specified in the managed portfolio profiles included in the managed portfolio menu.<br>You can make additional investments to your Portfolio using cash from your Platform cash account at any time, subject to the rules of the relevant North Platform through which you are accessing MyNorth Managed Portfolios. |
| In Specie Transfers | Clients can transfer certain investments into and out of their managed portfolio without triggering a change in beneficial ownership and unnecessary realisation of capital gains. |
| Withdrawals | Clients can withdraw (partially or fully) when required. Withdrawals are normally processed within 21 days of the platform receiving all the necessary information. |
| Reporting and communications | – Transaction reports<br>– Client review reports<br>– Annual statements<br>– Annual tax statements<br>– Annual financial reports<br>– Managed portfolio quarterly updates<br>– Managed portfolio monthly factsheets<br>– Managed portfolio investment manager trading communications |
| Tax | – When investing in the MyNorth Managed Portfolios, the underlying assets (Australian equities, units and other investments) in your Portfolio are treated as beneficially owned by the investor. As a result, all income, dividends, distributions, capital gains and capital losses, and their tax consequences, accrue directly to the relevant investor. If you are investing in the MyNorth Managed Portfolios via a North Platform IDPS account, the investor is you. If you are investing in the MyNorth Managed Portfolios via a North Platform super account, this is the relevant superannuation fund.<br>– Clients can also transfer certain investments into and out of the Portfolio without triggering any tax consequences (provided the beneficial ownership remains the same).<br>– The First In First Out (FIFO) capital gains tax accounting approach is used. |
| Fees and costs | – The Scheme has a range of fees and costs<br>  – Investment Management: Range of investment management fees from 0.00% to 0.95%<br>  – Trade fee: 0.10% of the total trade (applicable for Australian equities and listed products).<br>  – Managed portfolio cash investment fee: 0.75% p.a. on cash balance within the managed portfolio<br>  – Some managed portfolios have investment performance fees. Please refer to the PDS for more information.<br>  – All fees charged are inclusive of GST less reduced tax input credits where applicable.<br>– Unique access to discounted unit classes of wholesale funds, lowering the indirect costs when investing in managed portfolios. |

# Target market

The target market refers to the class of clients for whom this product is considered to be suitable based on the objectives, personal attributes, financial situation and needs set out below.

## TMD indicator key

The client attributes for which the product is likely to be appropriate have been assessed using the following rating methodology:

| Rating | Description |
|---|---|
| In target market | The client attribute listed is likely consistent with the target market for the product. |
| Not in target market | The client attribute listed is likely to be inconsistent with the target market, and therefore the product is likely not suited to the client. |
| See notes | Additional factors need to be considered to determine whether the client is within the target market. Additional guidance has been provided in the footnotes of each section. |

## Needs and objectives

### Client objectives

A client is in the target if they're an individual with **any one or more** of the following short-term and long-term objectives to:

- accumulate and grow capital/wealth
- hold capital/wealth
- provide a source of income

### Life stage of client

| Attribute | Consistency with target market |
|---|---|
| Millennials (typically under 35) | In target market |
| Accumulators (typically 35 to 49) | In target market |
| Pre-retirement (typically over 50 and yet to retire) | In target market |
| Retired | In target market |

### Intended size of investment

| Attribute | Consistency with target market |
|---|---|
| $0 to $25,000 | See notes[i] |
| $25,000 to $1,000,000 | In target market |
| Over $1,000,000 | In target market |

(i) Initial investments into your Portfolio are subject to minimum amounts, which differ depending on the managed portfolio you choose. These minimum amounts are specified in the managed portfolio profiles included in the managed portfolio menu of the PDS.

### Level of decision making

| Client's intended level of decision making. | Consistency with target market |
|---|---|
| Fully self-managed, including fund administration (SMSF). | In target market |
| Investments chosen by advised client in target market from extensive investment menu, with administration provided by the fund. | In target market |

The MyNorth Managed Portfolios Scheme offers investment choice to clients with varying levels of risk appetite. Managed Portfolio options range from portfolios which have high capital preservation characteristics, to portfolios which aim to accumulate wealth with greater volatility.

| Client's other requirements | TMD indicator for Product | Product description including key attributes |
|---|---|---|
| Individual tax management of investments | In target market | – When investing in the MyNorth Managed Portfolios, the underlying assets (Australian equities, units and other investments) in your Portfolio are treated as beneficially owned by the investor. As a result, all income, dividends, distributions, capital gains and capital losses, and their tax consequences, accrue directly to the relevant investor. If you are investing in the MyNorth Managed Portfolios via a North Platform IDPS account, the investor is you. If you are investing in the MyNorth Managed Portfolios via a North Platform super account, this is the relevant superannuation fund.<br>– Clients can also transfer certain investments into and out of the Portfolio without triggering any tax consequences (provided the beneficial ownership remains the same).<br>– The First In First Out (FIFO) capital gains tax accounting approach is used. |
| Visibility / transparency of portfolio holdings | In target market | Clients have complete visibility and transparency of portfolio holdings and trading activity. |
| Ability to customize portfolio or accommodate other holdings | See notes | You can choose to customise your Portfolio by making an election for how income from your Portfolio is treated. You can choose that income from your Portfolio be:<br>– automatically paid out to your Platform cash account, or<br>– retained and reinvested in your Portfolio |
| Ability to include in specie transfer of existing investments | See notes | Clients are able to in specie transfer existing investments, if the underlying managed portfolio holds the asset.<br>The managed portfolio houses discounted unit class funds, which are not able to be in specied out, if the client wishes to exit the Scheme. |

## Product investment menu

| Client's intended type of products on investment menu | Consistency with target market |
|---|---|
| Risk based managed portfolios | In target market |
| Sector specific managed portfolios | In target market |
| Specialist managed portfolios | In target market |
| Active investment options | In target market |
| Passive investment options | In target market |
| Ready-made diversified portfolio options | In target market |

## Intended number of investment options

Client's required number of investment options.

| Client's required number of investment options. | Consistency with target market |
|---|---|
| **Low** – no more than 5 investment options | In target market |
| **Medium** – between 5 and 15 investment options | In target market |
| **High** – more than 15 investment options | In target market |

# Other elements of the TMD

## Consistency between the target market and the product

- The client's chosen financial adviser assesses their objectives, situation and needs before recommending MyNorth Managed Portfolios.
- Investors approach advisers for advice on a broad range of issues such as financial objectives, based on their broad life goals and their circumstances. The adviser will assess the investor's circumstance and give investment recommendations to the client, including;
  - Suitability of managed portfolios as a product.
  - Suitability of the chosen managed portfolio to deliver on the investors specific financial objectives.
- A recommendation to invest using managed portfolios has to comply with all the normal regulatory requirements including an SOA or ROA, which addresses product replacement among other issues.
- The Scheme holds a broad choice of managed portfolios that offer the strategies as outlined above that can help the client achieve their individual financial goals and risk profiles.
- The above segments of investors, by investable wealth and age, can manufacture three clear generalised umbrella groupings of needs. Refer to next page for product attributes which each umbrella client segment generally desires to meet their needs.

| | |
|---|---|
| Emerging Mass<br>(<35 y.o. with <$150k income) | – Key Needs – Controlling of spending and accumulation of wealth<br>– Focused on a mixture of short-term goals (e.g. travelling, buying medium ticket items) and longer term goals (starting a family, saving for a house)<br>– Relationship with wealth is quite passive however understand the importance of managing their wealth<br>– Preference for online research/ engagement via relevant reporting and tools |
| Affluent Accumulators<br>(35-55 y.o. with >$150k income) | – Key Needs – Management of debt and accumulation of wealth and assets to maximise their investable portfolio<br>– Trying to increase financial wellness, to build wealth efficiently, not just for themselves but for their family<br>– More likely to receive financial advice and truly see the value in expertise investment management<br>– Prefer visually stimulating material which is digestible |
| Affluent / High Net Worth Retirees<br>(>55 y.o. with >$150k income) | – Key Needs – A comfortable retirement and to be highly prepared and engaged with their financial requirements<br>– Preference to delegate their investment requirements to trusted experts and have it validated by advisers/ institutions<br>– Seeking ways to make the most of their disposable income, whilst maintaining a reliable income stream<br>– High involvement with investments, prefer more information on transactions, tax and investment mix |

| **Product Attributes** | **Client Segments** | | |
|---|---|---|---|
| **Generally,** | **Emerging Mass** | **Affluent Accumulators** | **Affluent/ HNW Retirees** |
| Advised | ✓ | ✓ | ✓ |
| Lower Risk Portfolios | ✓ | ✓ | ✓ |
| Higher Risk Portfolios | ✓ | ✓ | ✓ |
| Specialist Portfolios | ✓ | ✓ | ✓ |
| Automatic, efficient rebalancing | ✓ | ✓ | ✓ |
| Stepped Admin Fee structure | ✓ | ✓ | ✓ |
| Unlimited switching | ✓ | ✓ | ✓ |
| Online Access | ✓ | ✓ | ✓ |
| Digital reporting and communications | ✓ | ✓ | ✓ |
| Detailed reports on investments | ✓ | ✓ | ✓ |
| Competitively priced Cash Accounts | ✓ | ✓ | ✓ |
| Transaction Minimums | ✓ | ✓ | ✓ |
| In Specie Transfers | ✓ | ✓ | ✓ |
| Ease of Withdrawals | ✓ | ✓ | ✓ |
| Tax | ✓ | ✓ | ✓ |
| Competitive Fees and Costs | ✓ | ✓ | ✓ |

| Product Attributes | Client Segments | | |
|---|---|---|---|
| Engagement | ✓ | ✓ | ✓ |

The underlying TMD for each managed portfolio outlines the key attributes of that product which the adviser should cross-reference to the needs, attitudes and objectives of specific clients and can be found on northonline.com.au. The types of objectives and attitudes to investing that the adviser draws out from the client which make it likely that a managed portfolio is an appropriate consideration include:

- Investment goals that are consistent with and likely to be met by the objectives of the portfolio – if the client needs a certain level of income, or has a certain accumulation target over time, are the objectives of the portfolio, if achieved, likely to meet that goal.
- A risk tolerance that is consistent with the potential volatility of the managed portfolio – taken together with any other investments the adviser recommends, the client should understand and accept the potential falls and rises in the value of their portfolio.
- A time frame that is consistent with the management parameters of the portfolio – each portfolio has a suggested minimum investment time frame. This needs to be consistent with the client's investment horizon.
- A preference that portfolio decisions are made by experts – is the client seeking a service which draws on the expertise of others.
- A preference for an investment portfolio that is adjusted rapidly in times of market uncertainty – a key benefit of managed portfolios is the capacity to implement changes in a timely way, but a client must express a desire for this feature.
- A willingness to delegate the decision-making process to others – if the client requires that they are involved in approving every decision, it's likely a managed portfolio won't be suitable.
- A heightened sensitivity to the tax consequences of investment decisions or preference for directly received franking credits – these may lead to a recommendation of a managed portfolio to preclude the risk that embedded tax positions in unit trusts operate to the client's disadvantage .
- A preference for holding ASX listed securities directly - experience as a direct investor or a preference for recognised "names" might mean a managed portfolio holding ASX equities is viewed by the client as more suitable than a managed fund.
- Cost sensitivity vs a desire for seeking higher returns from each asset class – the client's preferences may suggest an index-based portfolio or a managed portfolio that is actively managed.

## Distribution conditions and restrictions

The below table outlines the distribution condition or restrictions pertaining to this product.

| Distribution channel | Permitted channel? | Distribution conditions/ restrictions |
|---|---|---|
| Direct retail | No | |
| Through personal advice | Yes | A financial adviser holding an Australian Financial Services (AFS) Licence or acting as an authorised representative of an AFS licensee who has an Advice Licensee Agreement with an approved platform.<br>When advising the client about suitable investment options to include in their investment portfolio, where applicable, the financial adviser must have regard to the TMDs of those respective investment products.<br>When advising the client whether it is appropriate to hold insurance cover through this product, the financial adviser must ensure the client is in the target market for the relevant insurance product, as described in the insurer's TMD. |

## Review triggers

1. Where the issuer of the TMD has determined that any of the following has occurred:
   a Australian Securities and Investments Commission (ASIC) reportable significant dealing outside of TMD.
   b Significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or any distribution condition where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
   c Material change to key product attributes, terms and/or conditions or laws or regulations applying to the product where a review of the TMD has not already been completed in anticipation of the change and the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
   d Material deviation from benchmark / objective over sustained period.
   e The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
   f Key attributes have not performed as disclosed by a material degree and for a material period.
   g A significant breach event relating to the design or distribution of this product where the product issuer considers this would reasonably suggest that
      i. this product is unsuitable for a particular cohort of clients, and
      ii. the TMD may no longer be appropriate.

## Maximum period for reviews

This TMD is to be reviewed within 15 months subsequent to the start date of this TMD or any subsequent comprehensive review of the TMD. This allows for the compilation and contemplation of the reporting and monitoring outcomes for a full 12-month period, and time for the incorporation and product issuer approval of any consequent changes.

## Distributor information reporting requirements

| Regulated person(s) | Description | Reporting deadline |
|---|---|---|
| All distributors, including financial advisers | When a distributor is aware of dealings outside the target market, they should be reported to the issuer, including the reason why the acquisition is outside of target market, and whether the acquisition occurred under the provision of personal advice. | At point of sale as part of application process. Where this is not practicable, then reporting must be provided in the next quarterly reporting cycle[(i)]. |
| | Complaints (as defined in section 994A(1) of the Act) relating to the platform and products offered on the platform, where the nature of the complaints relate to product design, insurance claims, product availability and distribution conditions. The distributor should provide all the content of the complaint, having regard to privacy. | Each quarter[(i)] |
| | Any significant dealing outside of target market under s994F(6) of the Act. | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. |

(i) Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.

Distributors must report to the product issuer using the method specified in the FSC Data Standards, please find these under the **Data Standards** heading at the following link: **fsc.org.au/resources/target-market-determination-templates**.

## Significant dealings guidance

Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.

Dealings outside this TMD may be significant because they:

- represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the client (or class of client).

In each case, the distributor should have regard to the:

- nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),
- actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,
- the consumer's intended product use is Solution / Standalone, or
- the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low.