

# Target Market Determination

For Allan Gray Superannuation provided by Diversa Trustees Limited (ABN 49 006 421 638) (USI 43 905 581 638 015)

## 1. About this document

### When to use this target market determination

This target market determination (TMD) seeks to offer members, financial advisers, promoter, sub-promoter and staff with an understanding of the class of members for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's risks and features and is not intended to provide financial advice. Members must refer to the Product Disclosure Statement (PDS) and any supplementary documents when making a decision about this product.

### Product Disclosure Statement to which this target market determination applies

This TMD applies to *Allan Gray Superannuation account* referred to in the following *Product Disclosure Statement (PDS) and PDS Guides*:

- [Allan Gray Superannuation and Allan Gray Retirement Product Disclosure Statement, dated 1 October 2021](#)
- [Allan Gray Superannuation and Allan Gray Retirement Additional Information Guide, dated 1 October 2021](#)
- [Allan Gray Superannuation Insurance Guide, dated 1 October 2021](#)

### Important Dates

|   |                   |
|---|-------------------|
| Date from which this target market determination is <b>effective</b>    | 5 October 2021    |
| Date when this target market determination was <b>last reviewed</b>     | 5 October 2021    |
| Date when this target market determination will be <b>next reviewed</b> | 30 September 2022 |

## 2. Class of members that fall within this target market

The information below summarises the overall class of members that fall within the target market for Allan Gray Superannuation account, based on the product's key attributes and the objectives, financial situation and needs that it has been designed to meet.

Allan Gray Superannuation account has been designed for members whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes). Allan Gray Superannuation account is for those who:

- Are typically of the age between 15 and 70 at the time of opening of their account,
- Are in employment or self-employed,
- Can add to their super account via different types of contributions including employer, spouse, personal and government contributions,
- May find the product suitable to consolidate superannuation,
- Are seeking to build wealth for retirement through the superannuation system,
- Want the choice of investing in one or more investment options,

- Are seeking optional insurance cover, and
- Are either investing directly or through a financial adviser.

### **Excluded class of members**

Allan Gray Superannuation account has not been designed for individuals who:

- Are looking for a default investment option (MySuper investment option),
- Are seeking a retirement or transition to retirement income stream,
- Want a self-managed super fund (SMSF), or
- Are seeking default insurance but are employed in an excluded occupation as listed in the Insurance Guide.

### **Product description and key attributes**

The key eligibility requirements and product attributes of Allan Gray Superannuation account are:

#### Key eligibility requirements

- It is available to members aged between 15 and 70.
- To invest in investment options offered by Allan Gray Superannuation, members must have a cash hub open at all times and maintain the minimum balance of \$2,500 in it.
- It is for members that have a financial adviser or actively engage with their investment directly via an online portal.

#### Key attributes (fees, terms and features)

- It provides access to:
  - ASX-listed securities including the individual constituents of the ASX All Ordinaries Index and selected exchange traded products,
  - a range of multi-asset managed funds (including Allan Gray managed funds) and model portfolios of varying objectives and risk levels managed by professional investment managers,
  - a cash hub which is an interest bearing transaction account which holds the members available cash for investment in Allan Gray Superannuation's investment options, receives income and distributions from investments and pays fees, costs, tax and other deductions, and
  - term deposits with leading financial institutions.
- It provides access to group life insurance (including default cover and voluntary cover) and retail life insurance cover. Both group and retail insurance cover can provide death, total and permanent disablement (TPD) and salary continuance cover.
- It provides access to the secure online portal which enables members and their advisers to track and manage their super online.
- Fees associated with Allan Gray Superannuation account include the following:
  - Asset based administration fee and expense recovery fee which are charged on the member's average daily balance in the Allan Gray Superannuation account,
  - Account keeping fee which is charged based on the investment profile (when invested in the FULL menu) of the member,
  - Sub-promoter fee which is charged on the average daily balance of a member's investments other than Allan Gray managed funds,
  - Buy/sell spreads associated with managed funds,
  - Indirect Cost Ratios (ICRs) of underlying investment options,
  - Insurance administration fees if a member takes up insurance cover,
  - Brokerage fees associated with buying selling ASX and international listed securities including within a managed account model portfolio, and
  - Adviser service fees if a member is investing in Allan Gray Superannuation through a financial adviser.

Please refer to the [Product Disclosure Statement](#) and [Additional Information Guide](#) for further details about the fees associated with the product.

## Objectives, financial situation, and needs

The table below sets out the class of members that each investment option within Allan Gray Superannuation has been designed for.

| Investment options  | Member's investment objective   | Member's investment timeframe   | Member's risk (ability to bear loss) and return profile   | Member's intended product use (% of Investable Assets)  |
|---|---|---|---|---|
| <b>Cash hub</b>   |   |   |   |   |
| Cash hub is an interest-bearing transaction account with a minimum balance requirement of \$2,500.  | This investment option is designed for members who are seeking nil to very low investment returns after fees and taxes.   | This investment option is designed to be suitable for members with a short investment timeframe.  | This investment option is designed to be suitable for members who want a very low risk option. The estimated likelihood of negative annual returns is less than 0.5 years in 20 years.                | This investment option is designed to be suitable for use as a standalone investment solution (75-100%) or as a core (25-75%) or satellite component (<25%) of a member's broader portfolio of investments.   |
| <b>Managed funds</b>  |   |   |   |   |
| Members can access a broad range of managed funds issued by leading investment managers including Allan Gray managed funds. Each managed fund has its own TMD document and disclosure document issued by its responsible entity which can be accessed on their relevant websites. The list of managed funds is available in the Investment Menu of Allan Gray Superannuation and Allan Gray Retirement. | Managed funds offered through Allan Gray Superannuation have different investment objectives and can cater to different objectives of members including capital preservation, income generation and capital growth.               | Managed funds have different investment timeframes depending on the type of managed fund.   | Managed funds have different risk profiles depending on the type of managed fund.   | Managed funds can be used as standalone investment solution (75-100%) or as a core (25-75%) or satellite component (<25%) of a member's broader portfolio of investments depending on the member's investment objective, risk appetite and investment time frame.         |
| <b>ASX listed securities</b>  |   |   |   |   |
| Please refer to the TMD document and product disclosure statement of the OneVue Managed Account through which you can access ASX listed securities. The list of ASX listed securities is available in the Investment Menu of Allan Gray Superannuation and Allan Gray Retirement. The listed investment products and fixed income securities have   | For members who want to directly access ASX listed securities including ordinary shares, property trusts, listed investment products (including exchange traded funds) and fixed income securities (including hybrid securities). | ASX listed securities may suit members of varying risk tolerances or investment horizons ranging from less than 1 year to 8+ years of negative investment returns in a 20 year period whilst seeking investment returns that vary from very low to high after fees and taxes. | ASX listed securities are suitable for members who have timeframes from less than 2 years to greater than 8 years or who are combining investment options in order to create a diversified portfolio. | ASX listed securities can be used as standalone investment solution (75-100%) or as a core (25-75%) or satellite component (<25%) of a member's broader portfolio of investments depending on the member's investment objective, risk appetite and investment time frame. |

| Investment options   | Member's investment objective   | Member's investment timeframe   | Member's risk (ability to bear loss) and return profile   | Member's intended product use (% of Investable Assets)   |
|--|---|---|---|--|
| <p>their own TMD document and disclosure documents and have different investment objectives, member time horizons, risk profiles, benchmarks and minimum investment requirements.</p>  |   |   |   |  |
| <b>Term deposits</b>   |   |   |   |  |
| <p>Term deposits with a number of banks can be invested via Allan Gray Superannuation. These term deposits have their own TMD document and disclosure documents which can be accessed on the secure online portal. The list of term deposits is available in the Investment Menu of Allan Gray Superannuation and Allan Gray Retirement.</p>   | <p>Term deposits are for members who are:</p> <ul style="list-style-type: none"> <li>○ seeking nil to very low investment returns after fees and taxes,</li> <li>○ combining investment options in order to create a diversified portfolio, and</li> <li>○ prepared to wait a minimum of 30 days if they are seeking to withdraw prior to the maturity date.</li> </ul> | <p>Term deposits are suitable for members who have a short investment timeframe of less than 2 years.</p> | <p>Term deposits are designed to be suitable for members who have a low risk tolerance.</p>                                   | <p>Term deposits can be used as a standalone investment solution (75-100%) or as a core (25-75%) or satellite component (&lt;25%) of a member's broader portfolio of investments.</p>  |
| <b>Model portfolios</b>  |   |   |   |  |
| <p>Allan Gray Superannuation offers a number of model portfolios managed by professional investment managers. Details of the model portfolios can be found in the Allan Gray Superannuation and Allan Gray Retirement Managed Account Model Portfolio Guide. These model portfolios are offered through the OneVue Managed Account available via Allan Gray Superannuation. Please refer to the TMD document and product disclosure statement of the OneVue Managed Account.</p> | <p>Model portfolios offered through Allan Gray Superannuation have different investment objectives and can cater to different objectives of members including capital preservation, income generation and capital growth.</p>   | <p>Model portfolios have different investment timeframes depending on the type of model portfolio.</p>    | <p>Model portfolios have different risk profiles depending on the type and underlying investments of the model portfolio.</p> | <p>Model portfolios can be used as standalone investment solution (75-100%) or as a core (25-75%) or satellite component (&lt;25%) of a member's broader portfolio of investments depending on the member's investment objective, risk appetite and investment time frame.</p> |

The table below sets out the class of members that each insurance option within Allan Gray Superannuation has been designed for.

|   |   |
|---|---|
| <p><b><u>Death cover</u></b></p>  | <ul style="list-style-type: none"> <li>○ Death insurance cover is designed to cover a short-fall in capital for a member's dependent(s) in the event of a member's death or diagnosis of a terminal illness.</li> <li>○ It is meant for super accumulation members who:             <ul style="list-style-type: none"> <li>○ are aged between 15 and 70,</li> <li>○ want protection for their family's financial security or quality of life arising from an insurance event, and</li> <li>○ have a balance enabling the deduction of insurance premiums or are making contributions and/or have opted-in.</li> </ul> </li> </ul>   |
| <p><b><u>Death and total and permanent incapacity (TPD) cover</u></b></p> | <ul style="list-style-type: none"> <li>○ Death and TPD insurance cover is designed to cover the following:             <ul style="list-style-type: none"> <li>○ a short-fall in capital for a member's dependent(s) in the event of a member's death, or diagnosis of a terminal illness, and</li> <li>○ a short-fall in capital for a member in the event of meeting a condition for a claim of total and permanent incapacity. To meet a condition of total and permanent incapacity, it depends whether the member is gainfully employed for 15 or more hours a week in which case the inability to work triggers a claim event. If the member is not employed, there are more limited conditions to make a claim of total and permanent incapacity including they must be under the age of 65.</li> </ul> </li> <li>○ It is meant for super accumulation members who:             <ul style="list-style-type: none"> <li>○ are aged between 15 and 65,</li> <li>○ want protection against the impacts to their and their family's financial situation or quality of life arising from an insurance event, and</li> <li>○ have a balance enabling the deduction of insurance premiums or are making contributions and/or have opted-in.</li> <li>○ Want TPD Group insurance should they not be able to engage in any gainful employment for which they are reasonably suited by education, training or experience</li> </ul> </li> </ul> |
| <p><b><u>Salary continuance cover</u></b></p>                             | <ul style="list-style-type: none"> <li>○ Salary continuance insurance cover is designed to provide income in the event of a member being unable to work due to an insured event.</li> <li>○ It is meant for super accumulation members who:             <ul style="list-style-type: none"> <li>○ are aged between 15 and 65,</li> <li>○ want protection against the impacts to their and their family's financial situation or quality of life arising from an insurance event, and</li> <li>○ have a balance enabling the deduction of insurance premiums or are making contributions and/or have opted-in.</li> </ul> </li> </ul>   |

- Death, TPD and Salary continuance covers are available through group and retail insurance which can be accessed by members of Allan Gray Superannuation.
- Eligible members are provided with default insurance cover as defined by Allan Gray Superannuation's insurance policy. However, members from the following occupations are excluded from default insurance:
  - Aviation worker such as a pilot, air traffic controller or aerial photographer,
  - Emergency services worker such as a fireman, police officer, ambulance officer or paramedic, except as a volunteer,
  - Entertainer working professionally such as an actor, dancer, musician or performer,
  - Forestry worker such as a tree feller or sawmill worker,
  - Horse racing industry worker such as a jockey, trainer or strapper,
  - Mining worker such as a miner, mineral explorer earth driller or explosives handler,
  - Offshore worker such as a fisherman, oil rig worker or diver,
  - Seasonal worker,
  - Security worker such as a security guard, doormen, bouncer or crowd controller,
  - Sex worker,
  - Sports person working professionally or semi-professionally. They will be eligible for Death cover but will not be eligible for TPD cover,
  - Underground or underwater worker, and
  - Working at heights above 10 metres such as a rigger, scaffolder, roof worker or antenna erector.

- Members or their financial adviser must confirm that they would like to receive default insurance cover, that is opt in, after considering their personal situation and needs and the cost of cover.
- Members can cancel, reduce or opt out of cover at any time.
- Retail insurance terms are specific to the retail insurer's product disclosure statement which is only available through a financial adviser.

Please refer to the [Allan Gray Superannuation Insurance Guide](#) for more details.

### **Consistency between target market and the product**

Allan Gray Superannuation account is likely to be consistent with the likely objectives, financial situation and needs of the class of members in the target market because:

- it is retirement savings and accumulation product,
- the member is contributing to their superannuation balance,
- the member is exercising choice in relation to advice, investment options and insurance cover,
- the member is within the targeted age band and invest with any amount, and
- the insurance requirements for members of this demographic are considered high (with younger age groups who are more likely to be funding 'raising a family' expenses and/or mortgages and a meaningful proportion of members likely to be working full-time).

## **3. How this product is to be distributed**

### **Distribution channels**

Allan Gray Superannuation been designed to be distributed through the following means:

- Through a financial adviser registered to use and access the platform branded Allan Gray with OneVue Wealth, and
- Available for investment directly online by members through <https://www.allangray.com.au/b/superannuation/>.

### **Distribution conditions**

Allan Gray Superannuation account should only be distributed under the following circumstances:

- If distributed through a financial adviser, the adviser must first be registered to use and access the platform branded Allan Gray with OneVue Wealth,
- If the members meet the eligibility criteria for their selection of insurance,
- If the member is aged between 15 to 70 years at the time of opening their Allan Gray Superannuation Accumulation account, or
- If the member has created an online account with Allan Gray Superannuation.

### **Adequacy of distribution conditions and restrictions**

- This product can be distributed to members as part of personal advice recommendations.
- For members investing directly without an adviser, a number of questions are asked in the application form to sign up to the product. These questions seek to ensure that the distribution conditions are met, therefore making it likely that members who invest in the product are in the class of members for which it has been designed for.
- The member or their financial adviser should not be expecting a default investment option, with the product having choice investment options.

This is based on an assessment of the distribution conditions and restrictions and that they are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

#### 4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

|                                  |   |
|----------------------------------|---|
| <b>Initial review</b>            | 30 September 2022   |
| <b>Periodic review</b>           | On an annual basis starting 30 September 2022   |
| <b>Review triggers or events</b> | <p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to):</p> <ul style="list-style-type: none"> <li>○ a material change to the design or distribution of the product, including related documentation,</li> <li>○ occurrence of a significant dealing,</li> <li>○ significant increase in investment option switching,</li> <li>○ significant increase in members exiting the product,</li> <li>○ significant proportion of insurance cancellation rates.</li> <li>○ Significant proportion of insurance claims being denied or withdrawn</li> <li>○ distribution conditions found to be inadequate,</li> <li>○ failed to meet member outcomes,</li> <li>○ external events such as adverse media coverage or regulatory attention, and</li> <li>○ significant changes in metrics, including, but not limited to, complaints received by members and advisers.</li> </ul> |

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

#### 5. Reporting and monitoring this target market determination

We may collect the following information from our distributors in relation to this TMD.

|                             |  |
|-----------------------------|--|
| <b>Complaints</b>           | Distributors must report all complaints in relation to the product(s) covered by this TMD on a monthly basis. This will include the substance of complaints and general feedback relating to the product and its performance.  |
| <b>Significant dealings</b> | <p>Distributors must report if they become aware of a significant dealing in relation to this TMD as soon as practicable, and no later than within 10 business days.</p> <p>A significant dealing includes:</p> <ul style="list-style-type: none"> <li>○ 20% of members who have invested in the product but are not in the target market, including the proportion of members who are part of a class of members that have been specifically excluded from the target market,</li> <li>○ 20% of superannuation contributions in the product from members outside the target market,</li> <li>○ Potential/actual harm to members if members outside the target market invest in the product,</li> <li>○ Inconsistency of distribution conditions with the TMD, and</li> <li>○ Time period when members outside the target market invested in the product.</li> </ul> <p>Distributors will report transaction data and outcomes from sale practices monitoring within quarterly reporting period.</p> |