
Target Market Determination

Product / Fund: Perpetual Select Pension Plan

Effective Date: 11 December 2023

TMD Version: 6

| | |
|-----------------------------|--------------------------------------|
| Issuer name: | Perpetual Superannuation Limited |
| Issuer ABN: | 84 008 416 831 |
| Issuer AFSL: | 225246 |
| RSE licence: | L0003315 |
| TMD Contact Details: | DDOmail@perpetual.com.au |
| Distribution Status: | Open |
| Fund Name: | Perpetual Select Superannuation Fund |
| Fund ABN: | 51 068 260 563 |
| Fund RSE: | R1057034 |
| USI: | PER0405AU |

About this document

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). This TMD describes the class of consumers 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 invest in this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at www.perpetual.com.au.

Product description and Key attributes

| | |
|------------------------|--|
| Product description | <p>This is a superannuation product for individuals to hold wealth and provide income during retirement.</p> <p>This product is not a self-managed super fund.</p> |
| Key product attributes | <ul style="list-style-type: none">• Drawdown rules.• Concessional tax treatment.• This product has:<ul style="list-style-type: none">○ a range of investment options (which have different levels of risk and generate investment returns in different ways, over different timeframes and from different asset classes) for consumers to choose from. Consumers have the flexibility to change their investment selection as their needs and circumstances change over time.○ Online access. |

Description of target market

The Target Market is the class of persons who are the type of consumer set out below, who have the needs and objectives set out below and are in the financial situation set out below.

Needs and Objectives of Consumer

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/green rating methodology::

| | |
|------------------|----------------------|
| In target market | Not in target market |
|------------------|----------------------|

Instructions

In the tables below, Column 1, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Consumer objectives

For an individual consumer, this product is likely to be consistent with any one or more of the following short term and long term objectives:

- to hold capital/wealth during retirement
- to provide a source of income during retirement
- to provide an environment for concessional taxation of savings

Level of decision making

| Table 1: Consumer's intended level of decision making | Product consistency |
|---|----------------------|
| Fully self-managed, including fund administration (SMSF) | Not in target market |
| Investments chosen by consumer from extensive investment menu, with administration provided by the fund | Not in target market |
| Investments chosen by consumer from limited investment menu, with administration provided by the fund | In target market |
| Default investment strategy applied where no investments selection is made. Administration is provided by the fund. | Not in target market |

Product investment menu

| Table 2: Consumer's intended type of investment products on investment menu | Product consistency |
|---|---------------------------------|
| Sector specific options | Not in target market |
| Sub-sector specific options | Not in target market |
| Alternative investment options | Not in target market |
| Active investment options | In target market |
| Passive investment options | Not considered in target market |
| Ready-made diversified portfolio options | In target market |
| Term deposit options | Not in target market |
| Direct share options | Not in target market |
| Separately managed accounts | Not in target market |
| Longevity product options | Not in target market |
| Capital preservation options | Not in target market |

Number of investment holdings

| Table 3: Consumer's intended holding of multiple investment options/ strategies | Product consistency |
|---|----------------------|
| Low – consumer intends to hold no more than 5 investment options | In target market |
| Medium – consumer intends to hold between 5 and 15 investment options | Not in target market |
| High – consumer intends to hold more than 15 investment options | Not in target market |

Financial Advice

| Table 4: Consumer's desired availability of financial advice | Product consistency |
|--|----------------------|
| Consumer wishes to have the option to receive comprehensive personal financial advice through the fund. | Not in target market |
| Consumer wishes to have the option to receive personal financial advice through the fund that relates to the consumer's interest in the fund (intrafund advice). | Not in target market |
| Consumer does not wish to have the option to receive advice through the fund. | In target market |
| Consumer wishes to have the option to authorise an external financial adviser to assist in managing the consumer's interest in the fund. | In target market |

Insurance Options available

| Table 5: Consumer's intended insurance options available | Product consistency |
|--|----------------------|
| Life Insurance cover available separately | Not in target market |
| TPD cover available separately | Not in target market |
| Life insurance and TPD cover available jointly | Not in target market |
| Salary continuance cover available | Not in target market |
| Insurance not required | In target market |

Financial situation of consumer

Life stage of consumer

| Table 5: Life stage of consumer | Product consistency |
|---|----------------------|
| Consumer has reached preservation age and wishes to commence a 'transition to retirement' income stream | In target market |
| Consumer has met at least one condition of release and wishes to commence a retirement income stream. | In target market |
| Consumer has not met a condition of release or their preservation age. | Not in target market |
| Consumer does not wish to commence a retirement income stream | Not in target market |

Intended size of investment

| Table 6: Consumer's intended investment amount | Product consistency |
|--|---------------------|
| \$20,000 ¹ to \$150,000 | In target market |
| \$150,000.01 to \$500,000 | In target market |
| Over \$500,000 ² | In target market |

1. The minimum initial investment in the Perpetual Select Pension Plan is \$20,000
2. Your transfer balance cap is a lifetime limit on the amount you can transfer into one or more retirement phase accounts. From 1 July 2023, the general transfer balance cap is \$1.9 million.

Consumer selected investment options

Investment options and diversification

A consumer (or class of consumer) may intend to hold an investment option as part of a diversified portfolio (for example, with an intended investment option use of minor allocation). In such circumstances, the investment option 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, an investment option with a High risk/return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this portfolio view for diversification, available on the FSC website. <https://www.fsc.org.au/>. This guidance only applies where an investment option is held as part of an appropriately diversified portfolio.



Investment Options by Asset Class

| | |
|------------------|----------------------|
| In target market | Not in target market |
|------------------|----------------------|

| | Cash | Conservative | Diversified | balanced | growth |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Consumer's intended option use | | | | | |
| Solution/standalone (up to 100%) | | | | | |
| Major allocation (up to 75%) | | | | | |
| Core component (up to 50%) | | | | | |
| Minor allocation (up to 25%) | | | | | |
| Satellite allocation (up to 10%) | | | | | |
| Consumer's investment timeframe | | | | | |
| Minimum investment timeframe | Any time frame | 3 years or more | 5 years or more | 5 years or more | 5 years or more |
| Consumer's Risk (ability to bear loss) and Return profile | | | | | |
| Extremely high | | | | | |
| Very high | | | | | |
| High | | | | | |
| Medium | | | | | |
| Low | | | | | |
| Consumer's need to access capital | | | | | |
| Within one week of request by consumer | | | | | |
| Within one month of request | | | | | |
| Within three months of request | | | | | |
| Within one year of request | | | | | |
| Within 5 years of request | | | | | |
| Within 10 years of request | | | | | |
| 10 years or more | | | | | |

Other elements of TMD

Appropriateness requirements

Explanation of consistency of key attributes with TMD

The Perpetual Select Pension Plan (the Plan) is a simple to use retirement income product, designed for advised or self-directed consumers looking to invest for an income stream in retirement (an account based pension) or transitioning to retirement (a transition to retirement pension).

Please note that minimum drawdown rates apply, meaning the Plan may not be suitable for consumers who do not intend to receive an income stream from it. Additionally, eligibility conditions must be met. For an individual to initiate an account-based pension, they must have satisfied a condition of release from superannuation. In the case of a transition to retirement pension, the consumer must have reached their preservation age. It's important to keep in mind that the Plan may not be suitable for consumers who do not meet these eligibility conditions.

The Plan offers a range of investment options (which have different levels of risk and generate investment returns in different ways, over different time frames and from different asset classes) enabling consumers to select the investment option(s) that most closely meet their own particular needs and circumstances.

Consumers also have the flexibility to change their investment selection as their needs and circumstances change over time. With a diversified range of investment options classified by risk (conservative, balanced and growth) the Plan is suitable for consumers across a range of risk profiles and investment horizons.

The Plan may be suitable for retirees seeking the flexibility to choose the frequency of income payments from their pension and alter the amount as their needs change (subject to the Government's minimum withdrawal requirements). It may also be suitable for retirees who wish to access their superannuation via lump sum withdrawals and for retirees over 60 years of age who are seeking zero tax on income payments.

The choice and flexibility offered by the Plan, in both investment options and payments, make it suited for consumers seeking to select their investment options and payment rates as suited to their own particular needs and circumstances. Consumers may do this independently or with the assistance of their financial adviser.

Distribution information

Distribution Conditions / Restrictions

| Channel | Distribution condition | Rationale |
|--------------------|---|--|
| Non-advised | Non-advised – via the issuer’s website www.perpetual.com.au and physical application forms. For a consumer to access the product directly, they must read and accept the PDS_ as well as complete a series of questions in the application form to assist the Issuer in understanding whether a significant dealing has occurred. | It has been determined that the distribution conditions and restrictions will make it likely that customers who purchase the product are in the class of customers for which it has been designed. We consider that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed. |
| Advised | <p>Distributors may only engage in retail product distribution conduct if:-</p> <ul style="list-style-type: none"> • They are providing personal advice in relation to the product; • Via financial advisers where consumers have received personal advice. For a consumer to access the product directly, they must read and accept the PDS. <p>Distributors should only engage in retail product distribution conduct if they are reasonably satisfied that distribution is necessary to implement personal advice given to the consumer.</p> | <p>The Issuer considers that the distribution condition will make it likely that consumers who acquire the product will be in the target market for the product, or the product will otherwise be appropriate for them, because:</p> <ul style="list-style-type: none"> • Persons providing personal advice must consider the consumer’s individual circumstances and comply with the best interests’ duty and related obligations under Pt 7.7A of the Corporations Act. |

Distributor reporting requirements

| Distributors required to report | Reporting requirement | Reporting period | Method of reporting (using FSC data standards where practicable) |
|---------------------------------|--|--|--|
| All distributors | 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 the end of a calendar quarter. | Information to be sent to DDOmail@perpetual.com.au |
| All distributors | Significant dealings outside the target market determination. | As soon as practicable but no later than 10 business days after becoming aware of a significant dealing. | Information to be sent to DDOmail@perpetual.com.au |

Review period and triggers

| Mandatory review periods | |
|-------------------------------|-----------------------------------|
| Review period | Maximum period for review |
| Initial review | 1 year and 3 months (Complete) |
| Subsequent / periodic reviews | 2 years and 3 months (March 2026) |

| Review triggers |
|--|
| <p>1) Where the issuer of the TMD has determined that any of the following has occurred:</p> <ul style="list-style-type: none">a) ASIC reportable significant dealing outside of TMD.b) Significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) relating to the product 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 where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.d) 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.e) 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 consumers and (ii) the TMD may no longer be appropriate.f) The issuing of a Significant Event Notice for this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.g) The issuer's monitoring of investment performance under SPS 530 (including monitoring of the APRA heatmaps) reasonably suggests the TMD is no longer appropriate. |
| <p>2) The trustee of this product makes a determination for purposes of s52(9) of Superannuation Industry (Supervision) Act 1993 that the financial interests of the consumers who hold this product are not being promoted.</p> |

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

Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

| Term | Definition |
|---|--|
| Consumer's intended option use (% of superannuation investment) | |
| Solution/Standal one (up to 100%) | The consumer may hold the investment option as up to 100% of their total <i>superannuation investment</i> . The consumer is likely to seek an option with <i>very high</i> portfolio diversification. |
| Major allocation (up to 75%) | The consumer may hold the investment option as up to 75% of their total <i>superannuation investment</i> . The consumer is likely to seek an option with at least <i>high</i> portfolio diversification. |
| Core Component (up to 50%) | The consumer may hold the investment option as up to 50% of their total <i>superannuation investment</i> . The consumer is likely to seek an option with at least <i>medium</i> portfolio diversification. |
| Minor allocation (up to 25%) | The consumer may hold the investment option as up to 25% of their total <i>superannuation investment</i> . The consumer is likely to seek an option with at least <i>low</i> portfolio diversification. |
| Satellite allocation (up to 10%) | The consumer may hold the investment option as up to 10% of the total <i>superannuation investment</i> . The consumer may seek an option with <i>very low</i> portfolio diversification. Options classified as <i>extremely high</i> risk are likely to meet this category only. |
| Superannuation investment | The total value of the investor's superannuation investment holdings. |
| Portfolio diversification (for completing the option attribute section of consumer's intended product use) | |
| Note: exposures to cash and cash-like instruments may sit outside the diversification framework below. | |
| Very low | The option provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles). |
| Low | The option provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy). |
| Medium | The option provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources). |
| High | The option provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities). |
| Very high | The option provides exposure to a large number of holdings across a broad range of asset classes, sectors <u>and</u> geographic markets with limited correlation to each other. |

| Term | Definition |
|---|--|
| Consumer's intended investment timeframe | |
| Minimum | The minimum suggested timeframe for holding the option. Typically, this is the rolling period over which the investment objective of the option is likely to be achieved. |
| Consumer's Risk (ability to bear loss) and Return profile | |
| <p>This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for an option over a 20 year period, using the guidance and methodology outlined in the <u>Standard Risk Measure Guidance Paper For Trustees</u> (note the bands in the SRM guidance differ from the bands used in this TMD). However, 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 (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some options may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; 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>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a conservative or low risk appetite, • seeks to minimise volatility and 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>The consumer typically prefers stable, defensive assets (such as cash).</p> |
| Medium | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. <p>The consumer typically prefers defensive assets (for example, fixed income).</p> |
| High | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). <p>The consumer typically prefers growth assets (for example, shares and property).</p> |
| Very high | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p> |

| Term | Definition |
|--|---|
| Extremely high | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <p>The consumer seeks extremely high risk, speculative or complex options which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p> |
| Consumer's need to access capital | |
| <p>This consumer attribute addresses the likely period of time between the making of a request for redemption of an option (or access to investment proceeds from an option more generally) and the proceeds from this request are applied to the consumer's account under ordinary circumstances.</p> | |
| 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 consumers). <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 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 quarter, • the consumer's intended investment option use is solution/standalone • the consumer's intended investment option use is core component or higher and the consumer's risk/return profile is low, or • the relevant investment option has a green rating for consumers seeking extremely high risk/return. |

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More information

Contact your financial adviser or call:

Adviser Service: Australia 1800 062 725

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