

Target Market Determination

Airlie Australian Share Fund (Managed Fund)

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of **Magellan Asset Management Limited's** design and distribution arrangements for the product.

This document is not a product disclosure statement and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) for **Airlie Australian Share Fund (Managed Fund) (AASF)** 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 by calling +61 2 9235 4888 or by visiting our website at www.magellangroup.com.au

Target Market Summary

This product is **likely** to be appropriate for a consumer seeking capital growth and a regular income and can be used as a core or satellite product within a portfolio or as a standalone investment where the consumer has a medium to long investment timeframe, medium to high risk/return profile and may need daily access to capital.

Fund and Issuer identifiers

Issuer	Magellan Asset Management Limited ("Magellan")	ISIN Code	AU60MGE97056
Issuer ABN	31 120 593 946	Market Identifier Code	AASF
Issuer AFSL	304 301	Product Exchange Code	AU
Fund	Airlie Australian Share Fund (Managed Fund) (AASF)	Date TMD approved	28-07-2021
ARSN	623 378 487	TMD Version	V.1
APIR Code	MGE9705AU	TMD Status	Current

Description of Target Market

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

TMD indicator key

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

In target Market	Potentially in target market	Not considered in target market
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Instructions

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

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation or core component*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High or Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low or Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes)

Consumer Attributes	TMD Indicator	Product description including key attributes						
Consumer’s investment objective								
Capital Growth		The Fund’s primary investment objective is to provide long-term capital growth and regular income through investment in Australian equities.						
Capital Preservation								
Capital Guaranteed		The Fund has a target cash distribution of 4% per annum paid semi-annually.						
Income Distribution								
Consumer’s intended product use (% of Investable Assets)								
Solution / Standalone (75%-100%)		The Fund is suited to investors who are looking for: - Investment in Australian equities. - Access to investment expertise and a professionally managed Australian equities portfolio. Features: - Long-only, bottom up specialised and focused Australian equities fund. - Concentrated portfolio of 15 to 35 Australian listed companies. - Active, high conviction approach. - Assets are typically invested within the following asset allocation ranges: <table><tr><td>Asset Class</td><td>Investment Range</td></tr><tr><td>Global listed securities</td><td>90%-100%</td></tr><tr><td>Cash and cash equivalents</td><td>0% - 10%</td></tr></table>	Asset Class	Investment Range	Global listed securities	90%-100%	Cash and cash equivalents	0% - 10%
Asset Class	Investment Range							
Global listed securities	90%-100%							
Cash and cash equivalents	0% - 10%							
Core Component (25%-75%)								
Satellite / Small allocation (<25%)								
Consumer’s investment timeframe								
Short (≤ 2 years)		The minimum suggested timeframe for holding the Fund is 3 to 5 years.						
Medium (> 2 years)								
Long (> 8 years)								

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's Risk (ability to bear loss) and Return profile		
Low		<u>Risk:</u> - The Fund is suited to investors with a medium to high risk profile. - An investment in the Fund is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested. <u>Return:</u> - The Fund's primary investment objective is to provide long-term capital growth and regular income through investment in Australian equities.
Medium		
High		
Very High		
Consumer's need to withdraw money		
Daily		Investors can access their investment by making a withdrawal request to Magellan using a withdrawal form or by selling units on the Securities Exchange.
Weekly		<u>Magellan (Responsible Entity):</u> To make a withdrawal, an investor must send a correctly completed Withdrawal Form to Magellan's Unit Registry. An investor can request a specified dollar amount to be withdrawn, a specified number of Units to be withdrawn, or a full redemption. Payment of withdrawal proceeds will usually be paid two Business Days following a withdrawal request. Further details can be found in the Fund's PDS. <u>Securities Exchange:</u> Investors can withdraw from the Fund by selling units on the Securities Exchange via a stockbroker. Sales will be settled via the CHESS settlement service, generally two Business Days following the sale. Note: No withdrawals or switches or payment of withdrawal proceeds shall be permitted where the calculation of the NAV of the Fund or withdrawals are suspended. Further details can be found in the Fund's PDS.
Monthly		
Quarterly		
Annually or Longer		

Appropriateness

Note: This section is required under RG 274.64–66

Magellan has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Distribution conditions/restrictions

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

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions	Not applicable

Review triggers
This part is required under section 994B(5)(d) of the Act.
Material change to key attributes, fund investment objective and/or fees.
Material negative deviation from benchmark / objective over sustained period.
Key attributes have not performed as disclosed by a material degree and for a material period.
Determination by Magellan of an ASIC reportable ‘Significant Dealing’.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product.

Mandatory review periods	
This part is required under Section 994B(5)(e) and (f) of the Act.	
Review Period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

Distributor reporting requirements

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

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product 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

If practicable, distributors should adopt the FSC data standards for reports to Magellan. Distributors must email reports to ddo@magellangroup.com.au

Disclaimer

Issued by Magellan Asset Management Limited AFSL 304 301 (**Magellan**). Magellan is the Responsible Entity and issuer of units in the managed investment scheme referred to in this material. This document does not take into account your investment objectives, financial situation or particular needs. If you are interested in acquiring this product you should carefully read and consider the PDS for the product, and consider obtaining professional investment advice tailored to your specific circumstances before making a decision whether to invest in this product. A copy of the relevant PDS relating to this product may be obtained by calling +61 2 9235 4888 or by visiting www.magellangroup.com.au.

No person guarantees the future performance of the Fund, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Magellan will not be responsible or liable for any losses arising from your use or reliance upon any part of the information contained in this TMD.

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 investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).
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.

Term	Definition
Consumer's Risk (ability to bear loss) and Return profile	
Issuers should undertake a comprehensive risk assessment for each product. 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. 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 investor's requirement to access capital. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in completing this section.	
Daily/Weekly/Monthly/Quarterly/ Annually or longer	The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
Distributor Reporting	
Significant dealings	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 • 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).

Term	Definition
	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), - 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). 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.