

Target Market Determination HUB24 Invest (including any branded version of HUB24 Invest)

Introduction

A Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth). 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 and does not contain any financial product advice. Persons interested in acquiring this product should carefully read the HUB24 Investor Directed Portfolio Service (IDPS) Guide and any supplementary disclosure documents for the product before making a decision whether to buy 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 IDPS Guide, unless otherwise defined. The IDPS Guide can be obtained by online via InvestorHUB or via your adviser.

Product and issuer identifiers

Name of product	HUB24 Invest including any branded version of HUB24 Invest (the product)
Issuer name	HUB24 Custodial Services Ltd (Issuer)
Issuer ABN	94 073 633 664
Issuer AFSL	239 122
TMD issue date	10 November 2023
TMD Version	3

Distribution status of product	Available
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Product description and Key attributes

Product description	This product is an IDPS which provides custodial, transactional, and consolidated reporting services and is often referred to as an investment wrap.
Key product attributes	<p>The product provides consumers with:</p> <ul style="list-style-type: none"> - A broad range of investment choices - the option to select from three investment menus with different fee structures, allowing them to tailor a portfolio, with their adviser, that meets their individual needs and objectives. Consumers may switch between these investment menus if and as their objectives, financial situation and needs change, and - may be suitable for consumers who are looking for a range of investment options and access to a broad investment menu which typically includes the following types of investment options, as updated by the Issuer from time to time: <ul style="list-style-type: none"> o Managed Funds, o Managed Portfolios, o Australian listed securities (including exchange traded funds and listed investment companies), o International listed securities from a broad range of approved stock exchanges, o Foreign currency, o Unlisted domestic fixed income securities (available to wholesale clients only, as defined by the <i>Corporations Act 2001</i> (Cth)), o Longevity products, o Term deposits, and o Other investments made available from time to time. <p>Please refer to the relevant Investment Booklet, as updated from time to time, for the most up to date list of investment options available across each menu.</p> <p>The full list of investment options available to consumers (including the strategy, risk level and suggested minimum investment timeframe for each investment option) and their respective disclosure document can be accessed via AdviserHUB or InvestorHUB.</p> <p>Where applicable, the relevant issuers of the underlying investment options will prepare a separate TMD which should be referred to before making any decision on whether to invest in any of these underlying</p>

	<p>investment options.</p> <p>There are a range of different types of reports available which allow consumers to track and monitor their account. These include, but are not limited to:</p> <ul style="list-style-type: none"> - Portfolio valuation, - Investment performance, - Income and expenses, - Quarterly and annual statement, and - Annual tax report. <p>The product offers access to a range of insurance providers to facilitate the payment of your insurance premiums from the product cash account. This may include cover for death, total and permanent disablement (TPD), income protection and trauma.</p>
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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 and green rating methodology with appropriate colour coding:



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 accumulate capital/wealth;
- to hold capital/wealth; and/or
- to provide a source of income.

Level of decision making

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

Product investment menu

Table 2: Consumer's intended type of investment products on investment menu	Product consistency
Ready-made Diversified Portfolio solutions to suit a range of risk/return profiles from low to high	
Passive solution <ul style="list-style-type: none"> No manager choice 	Not in target market
Passive solution <ul style="list-style-type: none"> Some manager choice 	In target market
Active solution <ul style="list-style-type: none"> No manager choice 	Not in target market
Active solution <ul style="list-style-type: none"> Some manager choice 	In target market
Active solution <ul style="list-style-type: none"> Wide manager choice 	In target market
Range of Core and satellite options available for consumer to build own portfolio	
Passive investment options, such as passive Exchange traded funds	In target market
Ready-made diversified portfolio options	In target market
Direct share options	In target market
Separately managed accounts	In target market
Cash management account	In target market
Longevity product options	In target market
Capital preservation options	In target market

Please refer to the Investment Booklet, available online, on InvestorHUB or from your adviser for the most up to date list of investment options available at the time.

Number of investment holdings

Table 3: Consumer's desired number of investment holdings	Product consistency
Low – consumer intends to hold no more than 5 investment option holdings	In target market
Medium – consumer intends to hold between 5 and 15 investment option holdings	In target market
High – consumer intends to hold more than 15 investment option holdings	In target market

Consumer's other requirements

Table 4: Consumer's other requirements	Product consistency
Timely adjustment of portfolio	In target market
Management of tax position	In target market
Visibility of investments in portfolio	In target market
Customisation of portfolio	In target market
Transfer of existing investments into portfolio	In target market

Financial Advice

Table 5: Consumer's desired availability of financial advice	Product consistency
Consumer wishes to have the option to receive comprehensive personal financial advice in relation to the product.	In target market
Consumer wishes to have the option to receive personal financial advice through the product that relates to the consumer's interest in the product.	Not in target market
Consumer does not wish to have the option to receive financial advice in relation to the product.	Not 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 product.	In target market

Financial situation of consumer

Life stage of consumer

Table 6: Life stage of consumer	Product consistency
Child (under 18)	Not in target market
Student (18 or over)	In target market
Accumulation (18 to 65)	In target market
Pre-retirement (40 to 65)	In target market
Retired (over 65)	In target market

Intended size of investment

Table 7: Consumer's intended investment amount	Product consistency
Less than \$20,000	Not in target market
\$20,000 to \$150,000	In target market
\$150,000 to \$500,000	In target market
Over \$500,000	In target market

Other elements of TMD

Appropriateness requirements

Explanation of consistency of key attributes with TMD

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above. This is because the product:

- Has been designed for consumers who are seeking to accumulate and/or hold capital/wealth and/or distribute income by providing flexible trading and transfer methods;
- Has been designed for consumers who wish to invest an initial amount of at least \$20,000 or more unless otherwise approved by the Issuer;
- Provides consumers with the ability to choose from a broad range of investment options through one service provider, allowing them to tailor an investment portfolio suited to their investment objectives, risk profile, investment timeframe;
- Provides consumers with access to a range of external margin lending providers;
- Provides access to a range of insurance providers to facilitate the payment of insurance premiums;
- Provides consumers with access to consolidated online reporting, such as, tax, portfolio valuation, transaction and performance reporting; and

Can only be acquired by a consumer through an Australian Financial Services Licensee or Authorised Representative who is approved to distribute the product by way of personal advice (unless the consumer is an employee of the HUB24 Group).

Distribution Conditions/Restrictions

The distribution conditions only apply to distribution through dealing.

Distribution channel	Permitted channel?	Distribution conditions in relation to dealing in this product
All channels	No	Not applicable
Direct retail (issuer distributing direct to consumer with no intermediary)	No	Not applicable
Through a relevant provider to implement personal advice provided to the consumer	Yes	Distributor is required to provide confirmation that they have provided the consumer with personal advice in relation to the product
Through a relevant provider to implement general advice provided to the consumer	No	Not applicable

Distribution channel	Permitted channel?	Distribution conditions in relation to dealing in this product
HUB24 Group employees who wish to invest without approved adviser and without receiving advice	Yes	The employee must complete the applicable DDO questionnaire prior to their application being approved by the Issuer. The Issuer must be satisfied that the consumer understands and accepts the risks and obligations of entering the product without personal advice prior to the approval being provided.

Review Triggers

- 1) Where the issuer of the TMD has determined that any of the following has occurred:
 - 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.

Maximum period for reviews

Review periods	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

Note: The review period allows for the collection of data for 1 year/3 years, plus three months for the completion of the review.

Distributor Information Reporting Requirements

Regulated person(s)	Requirement	Reporting deadline
All distributors	Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy law.	Quarterly *
All distributors	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.

* Quarterly reporting is due as soon as practicable, but no later than 10 business days after the end of the calendar quarter.

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Issuer via email - ddo@hub24.com.au.

Definitions

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

Term	Definition
Consumer's intended product use (% of Investable Assets)	
Solution/Stand alone (up to 100%)	The consumer may hold the investment option as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek an option with <i>very high</i> portfolio diversification.

Term	Definition
Major allocation (up to 75%)	The consumer may hold the investment option as up to 75% of their total <i>investable assets</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>investable assets</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>investable assets</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>investable assets</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.
<i>Investable Assets</i>	Those assets that the investor has available for investment, excluding the residential home.
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).

Term	Definition
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.
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>

Term	Definition
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>
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>

Term	Definition
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 by the consumer (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. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and credit the proceeds of such a request. 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 aligning the option to the consumer's need to access capital. Where access to investment proceeds from the option is likely to occur through a secondary market, the liquidity of the market for the option should be considered.</p>	
Consumer's Other requirements	
Timely adjustment of portfolio	The consumer seeks a product that enables a directly held portfolio to be monitored and adjusted in a timely and efficient manner by an investment adviser.
Management of tax position	The consumer seeks a product that enables the tax position of the consumer to be optimised or actively managed. This could for example include the selective realisation of gains and losses in a portfolio to reduce capital gains tax (CGT) liabilities, and the quarantining of the consumer's tax position from the tax position of other investors in the same product.
Visibility of investments in portfolio	The consumer seeks a product that provides the consumer with visibility of the investments in the portfolio.
Customisation of portfolio	The consumer seeks a product that provides the flexibility to add or remove investments from the portfolio. The customer or adviser may include or exclude investments (or categories of investment) for example to implement ESG filtering, for tax reasons, for changing the regularity of income, or to accommodate existing investments.
Transfer of existing investments into portfolio	The consumer seeks a product that permits existing investments to be <i>in specie</i> transferred into the product, with the retention of direct ownership. These prior investments would then be managed inside the product in accord with the management of the whole managed account. The consumer may seek this option to reduce tax, brokerage and other transaction costs.

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 consumers).

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 and/or amber ratings attributed to the consumer).