

# Target Market Determination Guaranteed Income 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 customers 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 Challenger Life Company 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 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 PDS, unless otherwise defined. The PDS can be obtained by contacting us on 13 35 66 or on our website at [challenger.com.au](http://challenger.com.au).

## Target Market Summary

**The Fund is a registered managed investment scheme that predominantly invests in annuities and derivatives provided by Challenger Life. This product is likely to be appropriate for a consumer seeking regular income and is designed to be used as a small to core allocation within a consumer's portfolio. It is for consumers with a low-risk/return profile who are willing to invest for a minimum timeframe matching the maturity date and will not need access to their funds before maturity.**

## Fund and issuer identifiers

<b>Issuer</b>	Fidante Partners Services Limited	<b>ISIN Code</b>	AU60MLT58973 – 30 September 2023 AU60MLT55284 – 30 September 2024 AU60CSI37661 – 31 May 2026
<b>Issuer ABN</b>	44 119 605 373	<b>Market identifier code</b>	n/a
<b>Issuer AFSL</b>	320505	<b>Product exchange code</b>	n/a
<b>Fund</b>	Guaranteed Income Fund	<b>Date TMD approved</b>	31 March 2023
<b>ARSN</b>	139 607 122	<b>TMD version</b>	2.0
<b>APIR code</b>	MLT5897AU – 30 September 2023 MLT5528AU – 30 September 2024 CSI3766AU – 31 May 2026	<b>TMD status</b>	ACTIVE

## 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     Less likely in target market     Not considered in target market

## 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
<b>Consumer's investment objective</b>		
Capital Growth		The Fund offers investors the opportunity to invest in units that provides a fixed monthly income until the maturity date as well as a known maturity unit price of \$1 per unit. When you invest in the Fund, you purchase units in a particular class of the Fund.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/standalone (75-100%)		The Fund predominantly invests in annuities provided by Challenger Life that closely match the income and maturity profile of the relevant class. The Fund will also invest in derivatives provided by Challenger Life to manage cashflow and may also hold cash. The Fund has Low portfolio diversification and is intended to form only part of an investor's total investable assets.
Core component (25-75%)		
Satellite/small allocation (<25%)		
<b>Consumer's investment timeframe</b>		
Short ( $\leq 2$ years)		The fund offers different classes of units with varying maturity dates. Investors are able to choose the class that best suits their investment horizon. The suggested minimum investment timeframe for each class offered the Fund is the class maturity date.
Medium (>2 years)		
Long (> 8 years)		
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low		The total return of units within each class is known upfront and remains until maturity. Depending on the timing of investment, this return will include both an income and capital component. The Product has a low-risk/return profile. It may be appropriate for investors with a medium, high or very high risk and return profile when used alongside other investments that meets their overall risk and return profile.
Medium		
High		
Very high		
<b>Consumer's need to withdraw money</b>		
Daily		Units in each class are designed to be held to maturity. Generally, early withdrawals before the class maturity date are possible using an early withdrawal value, and you may receive back significantly less than you would have if you held your investment to the maturity date. Withdrawals are usually processed within five business days of receiving your withdrawal request, however we do not guarantee this timeframe. We may take significantly longer to pay withdrawals. The constitution for the Fund does allow the Issuer up to 30 days to process a redemption and allows for suspension of redemptions under abnormal circumstances.
Weekly		
Monthly		
Quarterly		
Annually or longer		

## Appropriateness

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, 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
Only suitable for distribution to consumers who have received personal advice	Due to the nature of the product we consider this Product should only be available to those receiving personal advice.

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 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 the issuer 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
APRA intervenes as a result of Challenger Life Company not being able to meet its statutory capital requirements

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	NA - initial review has already occurred.
Subsequent reviews	1 year 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, including but not limited to product design, availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	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
To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following end of calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Fidante Partners Services Limited using the agreed methodology. Contact details relating to this TMD for Fidante Partners Services Limited are:

## Fidante Product Team

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Issued by Fidante Partners Services Limited (ABN 44 119 605 373) (AFSL 320505) (**Fidante Partners**). Fidante Partners and Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (**Challenger Life**) are members of the Challenger Limited group of companies (**Challenger Group**). Fidante Partners and Challenger Life are not authorised deposit-taking institutions for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provide assurance in respect of the obligations of Fidante Partners and Challenger Life.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets 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).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (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 investable assets (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 investable assets (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 family home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
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 Equities extending beyond benchmark.
<b>Consumer's intended investment timeframe</b>	
Short ( $\leq 2$ 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.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
Low	The consumer is conservative or low-risk in nature, seeks to minimise 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. 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 (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) 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 (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) 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 (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage). Consumer typically prefers growth assets such as shares, property and alternative assets.
<b>Consumer's need to withdraw money</b>	
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.

Term	Definition
<b>Distributor Reporting</b>	
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"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p><b>In each case, the distributor should have regard to:</b></p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• 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).</li> </ul> <p><b>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</b></p> <ul style="list-style-type: none"> <li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer's intended product use is <i>Solution / Standalone</i>, or</li> <li>• the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.</li> </ul>