

Target Market Determination – Realm High 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 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 One Managed Investment Funds 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 Realm High Income Fund 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 is available at www.oneinvestment.com.au/realm or www.realminvestments.com.au

Target Market Summary

This product is likely to be appropriate for a consumer seeking Capital Preservation and Income Distributions to be used as a Core (not exceeding 50%) or Satellite / Small Allocation within a portfolio where the consumer has a Medium timeframe investment timeframe, Low risk profile and needs Daily access to capital.

Fund and Issuer identifiers

Issuer	One Managed Investment Funds Limited	APIR Code	OMF0001AU, OMF0009AU, OMF0018AU, OMF1394AU
Issuer ABN	47 117 400 987	Market Identifier Code	RLM03 (mFund Units only)
Issuer AFSL	297042	Date TMD approved	1 October 2021
Fund	Realm High Income Fund (Ordinary, Wholesale, Adviser and mFunds Units)	TMD Version	1.0
ARSN	159 673 533	TMD Status	Current

Description of Target Market

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	Red	The Fund aims to pay monthly income distributions by investing in Domestic and Non-Domestic investment grade and non-investment grade asset-backed, bank-issued and corporate bonds. Notwithstanding this, the Fund may invest in Commonwealth and State Government securities, inflation linked securities, hybrid securities, revolving credit facilities, bank term deposits, international agency and supranational debt and derivatives.
Capital Preservation	Green	
Capital Guaranteed	Red	
Income Distribution	Green	

Consumer Attributes	TMD Indicator	Product description including key attributes
		<p>The Fund consists of four classes of units including:</p> <ul style="list-style-type: none"> • Adviser units are offered exclusively to Advised clients. • Wholesale units are offered to and can only be invested in by Wholesale investors and via platforms • mFunds units are offered exclusively on the mFunds platform • Ordinary Units are offered to retail investors <p>The Fund is not intended for investors who are seeking exposure to growth assets, but focusses on providing monthly income distributions and majority investment in assets which offer capital preservation. While an investment in the Fund could experience capital loss and is higher risk and more volatile than cash or fixed income securities, the Fund is expected to exhibit lower volatility than growth assets in a market downturn.</p>
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Amber	<p>The Fund aims to provide exposure to predominantly domestic and non-domestic investment grade asset-backed, bank-issued and corporate bonds. It may also provide exposure to domestic and non-domestic noninvestment grade asset-backed, bank-issued and corporate bonds, and cash. Accordingly, the Funds diversification is Low to Medium (see diversification definitions below). The product is suited to investors intending to use the product as a Satellite/Small allocation of their portfolio to spread this risk across a broad portfolio of investments.</p> <p>*Investors may also use the Fund as a Core Component where the investment generally does not exceed 50% of the investor's Investable Assets.</p>
Core Component (25-75%)*	Green	
Satellite/small allocation (<25%)	Green	
Consumer's investment timeframe		
Short (\leq 2 years)	Amber	<p>While investors may request to redeem from the Fund on any business day, the Fund is managed with the intention of generating returns over the Medium term. The minimum suggested timeframe for holding investments in the Fund is 2 to 5 years.</p>
Medium (2 -5 years)	Green	
Long ($>$ 5 years)	Green	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Green	<p>The Fund seeks to deliver a minimum monthly return for each class of units of approximately 300 basis points per annum over the RBA overnight cash rate through the market cycle.</p>
Medium	Green	
High	Green	

Consumer Attributes	TMD Indicator	Product description including key attributes
Very High	Green	<p>However, returns from the Fund are not guaranteed and there are risks involved in the Fund, which may include the following:</p> <ul style="list-style-type: none"> • The value of derivative instruments can be highly volatile and can result in significant losses, sometimes in excess of the amount invested to purchase the derivative. • Interest rate movements can negatively affect the value of the Fund's assets from time to time resulting in a decrease in unit prices <p>Over a 20 year period, the Fund is expected to have no more than 1 year with a negative return. Therefore the Fund has a risk band of 1 (Low).</p>
Consumer's need to withdraw money		
Daily	Green	<p>Under ordinary circumstances it is expected the Fund will be 'liquid' and investors can request to withdrawal all or part of their investment by submitting a withdrawal request. Generally, withdrawal requests are accepted and processed daily. Provided the Fund is liquid, requests will usually be satisfied within 5 days of receipt of the withdrawal request., Exceptions to this may see additional time required, but in any case no longer than 21 days after receipt of a valid withdrawal request. While this timing is not guaranteed, to date all withdrawal requests have been accepted and paid within the stated timeframes. However, if the Fund is illiquid (as defined in the Corporations Act), then investors will only be able to withdraw their investment by accepting a periodic withdrawal offer made to all investors. This has not occurred to date and is considered very unlikely.</p>
Weekly	Green	
Monthly	Green	
Quarterly	Green	
Annually or longer	Green	

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.

The Issuer considers that the distribution conditions below will make it likely that the investors who acquire units in the Fund are in the target market because of the following:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- The online and paper application forms for the Fund include filtering questions and alerts relevant to the distribution conditions.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.
- Any other relevant information about a distributor, about which the Issuer is aware.

Distribution conditions/restrictions

Distribution conditions/restrictions	Distribution Condition Rationale
Ordinary Units—There are no distribution conditions.	Not applicable.
Wholesale Units—Only available to wholesale clients.	Investor must be a wholesale client.
Adviser Units—Only available to advised clients.	Investor to confirm through online or paper application they are financially advised.
mFunds Units—Only available through the mFunds Settlement Service.	Investor to apply through the mFunds Settlement Service.

Review triggers
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.

Mandatory review periods	
Review period	Maximum period for review
Initial review	1 year, 3 months
Subsequent reviews	3 years, 3 months

Distributor reporting requirements		
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
To the extent a distributor is aware, dealings outside the target market, 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 One Managed Investment Funds Limited using the email address DDO@oneinvestment.com.au or the method specified at <https://www.oneinvestment.com.au/ddo/>.

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 assets 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.

Term	Definition
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 - 5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.
Consumer's Risk (ability to bear loss) and Return profile	
The Issuer has adopted the Standard Risk Measure (<i>SRM</i>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i> . The assessment has been undertaken assuming likely returns after fees and costs but before taxes. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important	

Term	Definition
issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs.	
Low	<p>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.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>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.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>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.</p> <p>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.</p>
Very high	<p>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)).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
Review triggers and 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. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the Fund that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is ‘significant’ and distributors and the Issuer have discretion to apply its ordinary meaning. Whether or not a dealing is significant is a matter to be determined in the circumstances of each case and must be determined having regard to ASIC’s policy in RG 274.</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 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). <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),

Term	Definition
	<ul style="list-style-type: none"> • 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). <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"> • the consumer’s intended product use is <i>Solution / Standalone</i>, or • 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>.

DISCLAIMER

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