

# EQT SAF– TARGET MARKET DETERMINATION

This Target Market Determination (**TMD**) has been prepared and issued by Equity Trustees Superannuation Limited (**ETSL**) (ABN 50 055 641 757, AFSL 229757) as the issuer of the EQT small APRA fund (**SAF**) product. It:

- provides clients and distributors an understanding of the class of clients for which the EQT SAF product has been designed; having regard to the objectives, financial situation and needs of the target market;
- applies to the EQT SAF product issued by ETSL and described in the Product Disclosure Statement (**PDS**) available at [www.eqt.com.au/EQTSAF](http://www.eqt.com.au/EQTSAF);
- is not a PDS, is not to be treated as a full summary of the terms and conditions of the EQT SAF product, and is not intended to provide financial advice; and
- does not take into account any person's individual objectives, financial situation or needs. Clients must refer to the PDS and any supplementary documents when making a decision about the EQT SAF.

The EQT SAF product is a personal superannuation solution for 6 or less members, which provides an independent trustee and offers clients' retirement planning options by providing:

- accumulation accounts, and
- pension accounts, offering both transition to retirement (**TTR**) and retirement phase account-based pensions.

The EQT SAF product offers clients with insurance and investment flexibility, but trustee responsibilities and compliance obligations sit with ETSL, an independent and licensed superannuation fund trustee company.

This TMD is effective from 1 June 2024.

## Target Market

### SUITABLE FOR CLIENTS WHO:

- have or will appoint a licensed financial adviser (**Adviser**) who will provide personal advice to all of the EQT SAF members, and who will be authorised by them to buy and sell the underlying investments;<sup>1</sup>
- will (in aggregate) initially hold superannuation balances of at least \$350,000<sup>1</sup> in the EQT SAF;
- seek a degree of freedom and flexibility in insurance and investments, but want trustee responsibilities and obligations to be carried out by an independent and licensed superannuation fund trustee;
- seek a wide range of investment choices, including the ability to invest in unlisted assets such as direct property and private assets (including but not limited to unlisted companies and collectables);

### NOT SUITABLE FOR CLIENTS WHO:

- want to maintain separate investment portfolios for each member, as an EQT SAF with multiple members must be operated on a pooled basis;<sup>1</sup>
- wish to transact on their superannuation account (i.e. buy and sell the underlying investments directly rather than via an Adviser);<sup>1</sup>
- are looking for a default investment strategy (i.e. MySuper);
- want to invest in underlying products that are not approved by ETSL from time-to-time, or want to invest in particular investments beyond the holding limits imposed by ETSL from time-to-time;
- need access to their investment capital before retirement, which is generally not available due to regulatory restrictions on when money can be withdrawn from superannuation;
- have superannuation balances where the combined total to be held within the SAF would be less than \$350,000<sup>1</sup> (but this is not the only factor to consider when deciding whether a SAF is suitable);
- want to be able to maintain the EQT SAF in the event the balance falls below \$30,000 in liquid assets, or such other threshold that ETSL determines from time-to-time;

<sup>1</sup> ETSL may waive these requirements in limited circumstances.

## SUITABLE FOR CLIENTS WHO:

- may need to access life insurance cover (i.e. income protection cover, death only cover or death and total and permanent disablement cover); and
- wish to have access to a superannuation fund with no more than 6 members.

## NOT SUITABLE FOR CLIENTS WHO:

- want to transfer an existing lifetime pension (although ETSL may permit lifetime pensions in limited circumstances);
- are looking to purchase an asset using a limited recourse borrowing arrangement; and
- are looking for a superannuation option that allows for more than 6 members.

## Likely Objectives, Financial Situation and Needs of Consumers in the Target Market

The EQT SAF product has been designed for clients whose likely objectives, financial situation and needs are such that they:

- have (in aggregate) a minimum investment of \$350,000<sup>1</sup>;
- have (or will appoint) an Adviser who will provide advice in relation to the EQT SAF<sup>1</sup>; and
- are looking for:
  - superannuation and retirement planning solutions that allow for accumulation accounts, and for pension accounts offering both TTR and retirement phase account-based pensions;
  - a reasonable level of freedom and flexibility with an independent and licensed superannuation fund trustee company fulfilling the regulatory compliance responsibilities;
  - a wide range of investment choices; and
  - life insurance cover.

Please note: The EQT SAF product is designed to be used by clients who have an Adviser to assist them with making financial decisions. If members cease their relationship with their Adviser, they may continue to hold their EQT SAF until they want to withdraw their benefits and/or close it. However, clients are currently not able to place investment trades if they do not have an Adviser.

## Key Attributes

### Product attributes

The key attributes of the EQT SAF product are that it:

- is a reasonably priced administration and trustee service, where ETSL performs regulatory and compliance obligations in respect of the EQT SAF;
- offers an extensive range of standard assets for investment, including managed investment schemes, term deposits and Australian listed securities;
- may, subject to ETSL's approval, also invest in non-standard assets such as private unit trusts (related and non-g geared), private companies, art and collectables, and commercial and residential real property;
- is operated on a pooled basis (i.e. a single cash account and investment strategy that is implemented through the chosen investments) applicable to all members, unless exceptional circumstances apply and ETSL's approval is obtained;
- provides online access to account details, with consolidated reporting that is simple, fast and accurate;
- is a service that can be tailored to meet the needs and financial objectives of the members by Advisers;
- provides advised clients with an online service where all investment transactions are made by an Adviser who has been given authority by the members to make the trades on their behalf; and
- offers access to life insurance cover with premiums paid from the EQT SAF.

### Investment attributes

Clients can collectively choose between 5 investment strategies for the EQT SAF depending on their investment objective(s), appetite(s) for risk and return, and investment timeframe(s). The types of clients for whom the different categories of investment options are intended for are broadly described below.

Clients, however, should have regard to the information provided in the EQT SAF PDS before making a collective investment strategy selection for their EQT SAF. The clients may choose to invest in multiple assets (with different characteristics) to implement the single investment strategy for their EQT SAF. Clients should speak to their Adviser to determine which strategy and assets best suit their collective needs.

It is important to note that the following table is not intended to indicate whether an investment strategy is consistent with the target market. It is designed to indicate whether a strategy is suitable for the clients' investment objective(s), appetite(s) for risk and return and investment timeframe(s).

The Adviser needs to consider which single strategy best covers the combined needs of all members of the EQT SAF.

ETSL is the trustee of the EQT SAF.

The information in this TMD is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making a decision based on this information, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs.

### Investment Objective Key



Yes



Potentially



No

### Standard risk measure

1 = Very low

2 = Low

3 = Low to Medium

4 = Medium

5 = Medium to High

6 = High

7 = Very High

INVESTMENT STRATEGY	MINIMUM TIME HORIZON	INVESTMENT OBJECTIVE		STANDARD RISK MEASURE <sup>2</sup>
		TO GENERATE CAPITAL GROWTH	TO PRESERVE CAPITAL	
Cautious	Short-Medium Term 1-3+ Years			3
Conservative	Medium Term 3-5+ Years			4
Balanced	Medium – Long Term 5+ Years			5
Growth	Medium – Long Term 5-7+ Years			6
High Growth	Long Term 7-10+ Years			6

### Insurance attributes

The EQT SAF product allows clients to obtain life insurance cover under retail life insurance policies. If a client obtains insurance through their EQT SAF, ETSL (as trustee) will be the policy owner and the member will be the life insured.

### Appropriateness of the Target Market

An EQT SAF should be consistent with the likely objectives, financial situation and needs of the class of clients in the target market because:

- the range of accessible investments and insurance policies approved by ETSL from time-to-time;
- the cost of the product; and
- the key product attributes (see above),

are consistent with a product that has a minimum aggregate initial investment of \$350,000 and requires the engagement of an Adviser; except in limited circumstances with ETSL's consent.

### Distribution Channels

An EQT SAF can primarily be distributed through Advisers. Direct retail clients can only join an EQT SAF if they have an Adviser, unless exceptional circumstances apply and ETSL's approval is obtained.



Direct retail



Financial adviser

### Distribution Conditions

An EQT SAF can only be distributed upon receipt of:

- a completed application form that meets all of the eligibility criteria set out in the form;
- a certification from the Adviser that the EQT SAF is appropriate for the client(s).

<sup>2</sup> The Standard Risk Measure is a guide to the likely number of negative annual returns expected over any 20-year period.

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## Appropriateness of Distribution Conditions

The distribution conditions and restrictions will make it likely that clients who purchase an EQT SAF are in the class of clients for which the EQT SAF product has been designed, given that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## Review Period and Triggers

REVIEW PERIOD	
Effective date	1 June 2024
Periodic review	At least every 3 years and 3 months from the effective date

REVIEW TRIGGERS
<p>The following events and circumstances would reasonably suggest the TMD is no longer appropriate:</p> <ul style="list-style-type: none"><li>• material changes to key product attributes and to the terms and conditions of the EQT SAF product;</li><li>• a significant number of SAFs or members leaving the EQT SAF product;</li><li>• significant dealings outside the TMD;</li><li>• a materially or unexpectedly high number of complaints about the EQT SAF product;</li><li>• the use of 'product intervention powers', under which the regulator issues orders or directions that affect the EQT SAF product; and</li><li>• regulatory changes that have a significant impact on the attributes of the EQT SAF product.</li></ul>

## Distributor Reporting

### Reporting of significant dealings

Distributors are required to notify ETSL if they become aware of a significant dealing in the EQT SAF product that is not consistent with the TMD.

To meet its obligation to report significant dealings to ASIC, ETSL will rely on notifications of significant dealings to monitor and review the EQT SAF, this TMD, and its distribution strategy.

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 EQT SAF product; or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the client (or class of client).

In each case, the distributor should have regard to:

- the actual or potential harm to a client;
- the nature and extent of the inconsistency of distribution with the TMD, including an explanation of why the dealings occurred outside the target market;
- the date range of when the significant dealing occurred;
- the number of clients impacted by the significant dealing (i.e. the number of clients who are not in the target market, or who have been excluded from the target market, as a proportion of all clients who have acquired an EQT SAF); and
- the time period in which these acquisitions outside the target market occurred.

Distributors are required to notify ETSL as soon as practicable but no later than 10 business days after becoming aware of the significant dealing.

### Complaints reporting

The distributor will provide details of the number and nature of complaints relating to the EQT SAF product (including design, product availability and distribution).

The distributor should provide details as soon as practicable but no later than 10 business days following the end of the half-years ended 30 September and 31 March.

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