

BURRELL

Target Market Determination

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 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 Burrell Securities 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 the product should carefully read the respective Product Disclosure Statement (PDS) for the Burrell Australian Equities Trust available at www.burrell.com.au/baet before making a decision whether to buy the product.

Target Market Summary

The product is likely to be appropriate for a consumer seeking capital growth and exposure to an Australian equities asset allocation. The product can be used as a core Australian equities allocation within a portfolio, and where the consumer has a long term investment timeframe, a high or 100% equities risk/return profile and requires liquidity. The product may be suitable as a standalone investment where an investor is seeking Australian equity exposure only.

The product is unlikely to be suitable for a consumer seeking capital preservation or a capital guarantee and a low risk/return profile.

Fund and Issuer identifiers

Issuer	Burrell Securities Limited
Issuer ABN	92 083 535 031
Issuer AFSL	381667
Funds	Burrell Australian Equities Trust
ARSNs	635 684 123

APIR Code	BUR5070AU
ISIN Code	AU60BUR50705
Date TMD approved	1 January 2023
TMD Version	3
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.

Definitions of terms are in the attachment or otherwise in the PDS.

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 consider 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	TMD Indicator	Product description including key attributes
Capital Growth		The Fund seeks to achieve a return comparable to or in excess of the S&P/ASX 200 Accumulation Index, in Australian dollar currency, each year, net of fees and expenses.
Capital Preservation		
Capital Guaranteed		
Regular Income		
Consumer's intended product use	TMD Indicator	Product description including key attributes
Solution/Standalone (75-100%)		The Fund is an Australian registered managed investment scheme that invests in companies, entities, trusts, managed funds, exchange traded indexes and exchange traded funds that have a domestic focus. The Fund aims to provide investors with exposure to an underlying diversified portfolio of quality Australian focused investments. The Fund has a weighting towards larger-cap Australian listed securities, but may invest in smaller-cap securities, and international securities that have sufficient exposure to the Australian market. The Fund takes a portfolio approach to investing which reduces concentration risk through diversification. An active management style aims to add value. The Fund comprises 20 to 60 direct security holdings plus selected managed funds, trusts, exchange traded indexes and exchange traded funds. Derivatives may be used by the Fund to gain exposure to an investment market or protect against changes in the values of investments.
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer's investment timeframe	TMD Indicator	Product description including key attributes
Short (≤ 2 years)		The suggested minimum investment timeframe is 5+ Years. An investment in the Fund is expected to see returns in the long-term, as large to mid-cap, dynamic companies generally implement plans over the course of a decade.
Medium (≤ 6 years)		
Long (> 6 years)		

Consumer's Risk (ability to bear loss) and Return profile	TMD Indicator	Product description including key attributes
Very high		The risk profile of the Fund is High/100% Equities. This risk level is aimed at investors who are prepared to take more risk in exchange for potentially higher returns on their investment over the longer term. High/100% Equities investors are comfortable with volatility and with the possibility of negative returns. The likelihood of the value of an investor's investment going down over the short term may be high compared to investments in funds investing in other types of assets such as fixed interest or cash. However, the Fund has potential to produce higher returns over the longer term.
High		
Medium		
Low		
Consumer's need to withdraw money	TMD Indicator	Product description including key attributes
Daily		The Fund in an unlisted managed investment scheme. While units can be redeemed, an investment in the Fund may not be appropriate for investors who need regular liquidity. The Fund generally offers withdrawals on a weekly basis. Withdrawals will generally be paid within 14 days of the Redemption Date, being the date on which the withdrawal request is processed. The minimum withdrawal from the Fund is \$2,000. Partial withdrawals are subject to the investor maintaining a minimum balance of \$5,000. A sell spread of 0.55% applies to withdrawals.
Weekly		
Monthly		
Quarterly		
Annually or longer		

Appropriateness

Note: This section is required under RG 274.64–66

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	Permitted distribution channel	Distribution Condition Rationale
Direct (non-advised) retail	Yes	Direct non-advised consumers must complete suitability questions on application.
Licensed financial adviser	Yes	The consumer has been provided with personal advice in relation to this product; or Where the consumer is a non-advised client, or they are not advised regarding the specific investment in the fund, they must complete suitability questions on application.

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.

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
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 Burrell Securities Limited by emailing info@burrell.com.au.

Important Information

This Target Market Determination (**TMD**) is made by Burrell Securities Limited ABN 92 083 535 031, AFSL 381667 (**BSL**). BSL is the responsible entity and issuer of units in the Fund.

The material provided here is for general information only and does not take account of any investor's personal financial situation or needs. The information in this material is thus not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed may change as subsequent conditions vary. To the extent permitted by law, neither of BSL nor any of its respective related bodies corporate, associates and employees, shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of the material or otherwise in connection with this TMD.

Any views expressed are the views of BSL and do not constitute investment advice. To the extent this material constitutes general financial product advice, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to the investor's objective, financial situation and needs. Before making any investment decision, an investor should obtain financial advice that takes into consideration their personal circumstances.

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Neither BSL nor any of its related bodies corporate guarantee the performance of the Fund, any particular rate of return or return of capital. An investment in the Fund is not a deposit with, nor another liability of BSL nor any of its related bodies corporate, associates or employees. An investment in the Fund is subject to investment risks, including possible delays in repayment and loss of income and capital invested. Past performance is not a reliable indicator of future performance. Fluctuations in currency may affect the value of investments.

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 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.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth.
Regular Income	The consumer seeks to invest in a product designed to generate regular investor income. The consumer prefers income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use	
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).
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).
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).
Investable Assets	Those assets that the investor has available for investment, excluding the family home.

Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Very low	Single asset class, single country, low holdings of securities - e.g. high conviction Aussie Equities.
Low	Single Asset Class, Single Country, Moderate number of holdings, e.g. Aussie Equities Fund.
Medium	1-2 Asset Classes, Single Country, Broad exposure within asset class, e.g. Aussie Equities All Ords.
Medium High	Greater diversification across either asset classes or countries, e.g. global equities or Australian multi-asset.
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or Global Equities extending beyond benchmark.
Very high	Diversified across asset classes AND across countries e.g. global multi-asset product.
Consumer's Risk (ability to bear loss) and Return profile	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC strongly recommends adoption of 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>. 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 or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, 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>	
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) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</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>
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>
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>

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).

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,
- the consumer’s intended product use is Solution / Standalone, or
- the consumer’s intended product use is Core component and the consumer’s risk (ability to bear loss) and return profile is Low.