

Target Market Determination

Contact Australian Ex-50 Fund Asset Management (the “Product”)

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 Evolution Trustees Limited (“Responsible Entity” and “Issuer”) 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**) and the associated Reference Guide (**RG**) for the Product before making a decision whether to buy this product, which can be found www.contactam.com.au.

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.

Target Market Summary

This product is likely to be appropriate for a consumer seeking **capital growth** to be used as a **core component** of their portfolio where the consumer has a **Long** investment timeframe and **High** risk/return profile.

Fund and Issuer identifiers

Issuer	Evolution Trustees Limited	ISIN Code	N/A
Issuer ABN	26 611 839 519	Market Identifier Code	N/A
Issuer AFSL	No. 486217	Product Exchange code	N/A
Fund	Contact Australian Ex-50 Fund	Date TMD approved	8 September 2021
ARSN	639 574 708	TMD Version	1



APIR Code	EVO4741AU	TMD Status	Current
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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:

- **Consumer Attributes**, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product.
- **TMD indicator**, indicates whether a consumer meeting the attribute 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	Green	The Contact Australian Ex-50 Fund balances growth and income to provide access to a portfolio of quality Australian companies that sit outside the S&P/ASX 50 Index. The Fund's investment objective is to seek a total return in excess of 10% per annum, after deduction of Management Fees and expenses, through a concentrated portfolio of high quality small to medium sized ASX listed companies.
Capital Preservation	Red	
Capital Guaranteed	Red	
Income Distribution	Green	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Red	At any given time, the Fund targets to hold between 20 and 40 stocks and up to 10% of the Fund's assets in cash.
Core Component (25-75%)	Yellow	The Fund's strategy is to balance growth and income and provide access to a concentrated portfolio of quality mid and small cap Australian equities that sit outside the S&P/ASX 50 Index.
Satellite/small allocation (<25%)	Green	The Fund has Medium portfolio diversification.
Consumer's investment timeframe		
Short (≤ 2 years)	Red	The minimum suggested timeframe for holding investments in the Fund is 7 years (as consistent with the Fund's PDS). This strategy seeks to find long term investments in tomorrow's leaders. Derivatives, short selling and gearing will not be used. The strategy applies Contact's long-term focused investment philosophy.
Medium (> 2 years)	Yellow	
Long (> 8 years)	Green	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Red	The Fund has a risk band of 6 and above (High).
Medium	Yellow	The Fund aim is to seek a total return in excess of 10% per annum, after deduction of Management Fees and expenses, through a concentrated portfolio of high quality small to medium sized ASX listed companies.
High	Green	
Very High	Green	
Consumer's need to withdraw money		
Daily	Green	



Weekly		Investors will normally be able to redeem from the Fund on any Business Day (provided the request is received before 2pm Sydney Time), being a day other than Saturday or Sunday on which banks are open for general banking business in Sydney. It will be processed using the unit price effective for that day. If your request is received after this time, it will be processed the following business day using the unit price calculated on that day.
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 the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator.

The Consumer Target Market for this product will include:

1. **Seeking Capital Growth in the Long Term**

The Consumer Target Market will exclude:

1. **Individuals that will rely solely on this product to generate income to maintain their lifestyle.**

Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions. Contact Asset Management aims to promote the fund by using selected licensed financial advisers, established wrap platforms, fund information is also made available via Contact's website and select direct marketing to wholesale/professional investor types identified by Contact.	Not applicable.



Contact is presently in the process of retaining Walsh Capital Australia Pty Ltd (AFSL 532565) to assist with the marketing of the Ex-50 Fund to a targeted cohort of investors including HNW and family office type clients.

Contact does not propose to actively market or promote the fund to the broader market and will not be advertising via print, media or other forms of electronic type advertisements.

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 fund strategy / 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 (ASIC) 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 6 months
Subsequent review	3 years and 6 months



Distributor reporting requirements <i>This part is required under section 994B(5)(g) and (h) of the Act.</i>		
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 the end of the calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to the Issuer using the method specified on this website: www.fsciml.com.au/reporting. This link also provides contact details relating to this TMD for the Issuer.

The material contained within this TMD has been prepared by Contact Asset Management Pty Limited (ABN 54 614 316 595, AFSL 494045) and Evolution Trustees Limited (ABN 26 611 839 519, AFSL 486217)(Evolution) as Issuer and Responsible Entity of the Fund. Figures referred to in

The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. Neither Evolution nor Contact guarantee repayment of capital or any particular rate of return from the Fund. Neither Evolution nor Contact gives any representation or warranty as to the reliability, completeness or accuracy of the information contained in this TMD. Investors should consult their financial adviser in relation to any material within this document. Past performance is not a reliable indicator of future performance. Investors should consider the PDS and Reference Guide and any other material published by Contact or Evolution in deciding whether to acquire units in the Fund. This information is available at www.contactam.com.au



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 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).
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".



Term	Definition
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 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.
Consumer's Risk (ability to bear loss) and Return profile	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <u>Standard Risk Measure Guidance Paper For Trustees</u>. 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> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</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>
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>



Term	Definition
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.
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.



Term	Definition
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. 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">• 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). <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),• 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">• 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.