

## Target Market Determination – Funds Management

### 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 the Issuer’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 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 can be obtained at <https://www.corval.com.au/CPF> or by contacting the Issuer on +61 8203 8400 or at [investors@corval.com.au](mailto:investors@corval.com.au)

### Target Market Summary

This product is likely to be appropriate for a consumer seeking Capital Growth and Income Distribution to be used as a Satellite / small allocation or a Core Component not exceeding 50% allocation within a portfolio where the consumer has a Long investment timeframe, Medium risk/return profile and needs limited access to capital.

### Fund and Issuer identifiers

Issuer	CorVal Partners Limited
Issuer ABN	86 130 628 830
Issuer AFSL	326 118
Fund	RF CorVal Property Fund
ARSN	656 171 158
APIR Code	CRV 9885AU
Date TMD approved	17 <sup>th</sup> January 2022
TMD Version	1.0
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	In target market	The Fund aims to provide investors with quarterly income distributions and the potential for long term capital growth by investing in a portfolio of Australian property assets. 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 listed equities or listed REITs in a market downturn.
Capital Preservation	Potentially in target market	
Capital Guaranteed	Not considered in target market	
Income Distribution	In target market	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Not considered in target market	The Fund offers exposure to Australian property assets, diversified across geography, asset class and tenant. The Fund will invest in property both directly or indirectly, such as by investing in other trusts that are managed or operated by RF CorVal, which own direct property. The Fund may also invest a small allocation in A-REITs, mortgage funds, cash or cash equivalent investments to provide an income source on any surplus capital not immediately required for investment in direct or indirect property investments. Therefore, the Fund's portfolio diversification is Low to Medium.
Core Component (25-75%*)	Potentially in target market	
Satellite/small allocation (<25%)	In target market	

Consumer Attributes	TMD Indicator	Product description including key attributes
		<p>Investors should use the Fund as a Satellite / small allocation to reduce investment risk through diversification across an appropriate portfolio of investments.</p> <p>*Investors may also use the Fund as a Core Component of a portfolio where the investment generally does not exceed 50% of the investor's Investable Assets.</p>
<b>Consumer's investment timeframe</b>		
Short ( $\leq 2$ years)	Not considered in target market	<p>The Fund is managed having regard to an investment horizon of no less than seven years. The Issuer intends to offer Periodic Liquidity Events on or around each five-year anniversary of the commencement of the Fund. The first five yearly liquidity event is expected to occur in January 2027.</p>
Medium (2 – 5 years)	Not considered in target market	
Long ( $> 5$ years)	In target market	
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	Not considered in target market	<p>The Fund's objective is to provide quarterly income distributions and the potential for long term capital growth. However, returns from the Fund are not guaranteed and there are risks involved in the Fund as disclosed in the PDS.</p>
Medium	In target market	
High	In target market	<p>It is expected the Fund may experience an estimated 2 to less than 3 negative returns over a 20 year period (SRM 3) (Medium risk).</p>
Very High	In target market	
<b>Consumer's need to withdraw money</b>		
Daily	Not considered in target market	<p>The Fund intends to offer investors the opportunity to withdraw their investment quarterly, on a limited basis via the Capped Withdrawal Facility. The amount available for withdrawal will be subject to available liquidity and capped at 2.5% of the Fund's net asset value. Withdrawals from the Fund may be scaled back, delayed or suspended in certain circumstances. Periodic Liquidity Events are intended to be offered every five years.</p>
Weekly	Not considered in target market	
Monthly	Not considered in target market	
Quarterly	Not considered in target market	
Annually or longer	In target market	

## 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 will make it more likely that the investors who acquire units in the Fund are in the target market on the basis of:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- The online and paper application form 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 channel	Distribution condition and rationale
Direct	<ul style="list-style-type: none"><li>• Direct investors who are wholesale or sophisticated investors can invest in the Fund.</li><li>• Retail investors are asked to complete an online or paper application form, including filtering questions relating to the TMD.</li></ul>
Platform/Wrap	<ul style="list-style-type: none"><li>• Additional steps are not required for advised clients beyond consideration of the issuer's TMD by the adviser.</li><li>• Unadvised clients may not be able to access the Fund unless the platform provider has a process where the client is asked to complete basis filtering questions relating to the TMD.</li></ul>
Adviser	<ul style="list-style-type: none"><li>• Investor to confirm in the online or paper application form that they are financially advised.</li><li>• Financial advisers to provide details of their AFS licence and confirm that they have reviewed and considered the TMD in providing personal advice to the investor.</li></ul>

### 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
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Initial review	Within 12 months of the date this TMD is approved.
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Subsequent review	At least once every year since the date of the last review of the TMD (for whatever reason).
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### 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 the Issuer using the method specified at [www.corval.com.au/CPF](http://www.corval.com.au/CPF). This link also provides contact details relating to this TMD for the Issuer.

## 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 (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 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 <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.
<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 multi-asset product (or global equities).
<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 - 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.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>The Issuer has adopted the <b>Standard Risk Measure (SRM)</b> to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <b><u>Standard Risk Measure Guidance Paper For Trustees</u></b>. 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 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.</p>	

Term	Definition
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)). Consumer typically prefers growth assets such as shares, property and alternative assets.

#### Review triggers and 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 Fund 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.

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 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:

- 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*.