



**TARGET MARKET DETERMINATION FOR
MANAGED DISCRETIONARY ACCOUNT (MDA)
SERVICES**

CAPITAL GUARD AU PTY LTD
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TARGET MARKET DETERMINATION

For Managed Discretionary Account (MDA) Services

Issued by Capital Guard AU Pty Ltd

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TARGET MARKET DETERMINATION

For Managed Discretionary Account (MDA) Services

1. Purpose of the Target Market Determination (TMD)

This Target Market Determination (TMD) is prepared in compliance with ASIC's Design and Distribution Obligations (DDO) under Part 7.8A of the Corporations Act 2001. Its purpose is to:

- Define the class of clients (target market) for whom Capital Guard's Managed Discretionary Account (MDA) Services are suitable.
- Specify the negative target market, identifying clients for whom the service is unsuitable.
- Outline distribution conditions, restrictions, and monitoring mechanisms to ensure compliance and promote fair and efficient service delivery. This TMD seeks to offer clients and distributors an understanding of the class of clients for which the MPS has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not an Investor Agreement or Financial Services Guide and is not a summary of the service's features or terms and conditions. This document does not take into account any person's individual objectives, financial situation or needs. Clients interested in investing through MPS should read the MDA Contract or any other offer documents before making a decision.

The MDA Contract is available from your adviser.

MPS is a managed discretionary account (MDA) service which provides professionally implemented model portfolio capability through select platforms. The MDA structure allows for investment decisions to be made on behalf of clients. Advice does not have to be provided for each decision, so changes can be implemented quickly and efficiently in response to changing market conditions.

MPS is likely to be appropriate for an advised client seeking a diversified investment which can be used as an all-in-one solution within a portfolio where the client has a medium to long term investment timeframe.

2. Overview of MDA Services

2.1 What are MDA Services?

Managed Discretionary Account (MDA) Services allow Capital Guard to manage and make investment decisions on behalf of clients, within an agreed mandate, without requiring prior client approval for each transaction.

2.2 Key Attributes of MDA Services

- **Discretionary Authority:** Capital Guard's advisors manage investments in line with pre-agreed investment objectives, risk tolerance, and strategy.
- **Customisation:** MDA accounts are tailored to individual client goals, considering their financial situation and preferences.
- **Active Management:** Continuous monitoring and rebalancing of portfolios to reflect market changes and client needs.
- **Transparency:** Regular performance reporting and updates to keep clients informed.

2.3 Risks Associated with MDA Services

While MDA Services offer professional management, they are subject to risks, including:

- **Market Risk:** Losses due to fluctuations in market prices.
- **Liquidity Risk:** Difficulty in selling illiquid assets during adverse conditions.
- **Manager Risk:** Variability in portfolio performance based on management decisions

3. Target Market and Negative Target Market

Target market Suitable for clients who:

- want a diversified investment portfolio
- want a range of model portfolios aligned to their adviser determined risk profiles
- are willing to delegate decisions to a professional investment team to manage their investments on their behalf, in line with an agreed investment strategy
- will maintain an ongoing relationship with a financial adviser
- will use a platform to administer their investments

Not suitable for clients who:

- prefer to be actively involved in making decisions about their investments rather than delegate decision making

- do not want to access their investments through a platform
- do not wish to retain a financial adviser
- do not wish to review the service with their adviser on an annual basis
- prefer full visibility of their investments and daily access

3.1 TMD based on Risk

3.1 Target Market

MDA Services are suitable for clients with the following characteristics:

Low Risk MDA Portfolios

- **Financial Objectives:**
 - Capital preservation with minimal risk exposure.
 - Stable income generation.
- **Risk Tolerance:** Low risk tolerance; preference for predictable returns over high growth.
- **Investment Horizon:** Medium to long-term (3–10 years).
- **Example Assets:** Government bonds, investment-grade corporate bonds, cash-equivalents.

Negative Target Market for Low Risk MDA Portfolios:

- Clients seeking aggressive capital growth.
 - Clients with a short-term horizon or requiring high liquidity.
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Moderate Risk MDA Portfolios

- **Financial Objectives:**
 - Balanced growth and income generation.
 - Diversification to manage moderate market volatility.
- **Risk Tolerance:** Moderate risk tolerance; acceptance of some volatility for higher returns.
- **Investment Horizon:** Medium-term (3–7 years).
- **Example Assets:** Balanced allocation across equities, bonds, and ETFs.

Negative Target Market for Moderate Risk MDA Portfolios:

- Highly conservative clients unable to accept any risk of capital loss.
- Clients with very high risk tolerance or aggressive growth objectives.

High Risk MDA Portfolios

- **Financial Objectives:**

- Maximizing returns through capital growth.
- Exposure to high-growth and high-yield investment opportunities.

- **Risk Tolerance:** High risk tolerance; willingness to accept significant market fluctuations and potential capital loss

- **Investment Horizon:** : Long-term (7–10+ years).

- **Example Assets:** : High-yield bonds, emerging market equities, growth-oriented funds, alternative investments.

Negative Target Market for High Risk MDA Portfolios:

- Risk-averse clients prioritizing capital preservation.
- Investors with short-term financial goals or immediate liquidity needs.

3.2 KEY ATTRIBUTES

The key attributes of MDAs are as follows:

- A wide range of diversified model portfolios aligned to the client's risk profile.
- A choice of model portfolios containing equities, managed funds, ETFs, cash or a combination of these.
- Model portfolios that are actively monitored by a specialist investment team.
- Automatic and regular re-balancing to the target portfolio.
- Timely responses to changing market conditions with no advice documentation (SoA/RoA) or client instruction required to implement changes.
- Full visibility of all portfolio investments through reporting and online platform access
- Access to money generally at short notice.

3.3 APPROPRIATENESS OF THE TARGET MARKET

This service is likely to be consistent with the likely objectives, financial situation and needs of the class of clients in the target market who are seeking the attributes described above.

MDAs fulfills a need for advised clients who are looking for a diversified investment which can be used as an all-in-one solution within a portfolio.

4. Key Risks of MDA Services

4.1 Risks to Consider

Risk Type	Explanation	Applicability
Market Risk	Investments may lose value due to broad market fluctuations.	All asset classes, particularly equities.
Liquidity Risk	Difficulty in selling certain assets during adverse conditions.	Illiquid securities, niche markets.
Manager Risk	Performance may vary depending on management decisions or strategies.	All MDA portfolios.
Concentration Risk	Lack of diversification may increase portfolio volatility.	High-risk, undiversified portfolios.

4.2 Risk Mitigation Measures

- Diversified asset allocation to manage exposure.
- Continuous portfolio monitoring and adjustments to align with market changes.
- Transparent communication with clients regarding risks and performance.

5. Distribution Conditions and Restrictions

5.1 Distribution Channels

MDA Services are offered through:

1. **Licensed Financial Advisors:** Advisors assess client suitability and provide tailored MDA solutions.
2. **Direct Engagement:** Clients directly access MDA Services via Capital Guard.
3. **Digital Platforms:** Wholesale clients with eligibility verification access MDA accounts online.

Distribution conditions

- **Client Suitability Assessment:** All clients must complete a Financial Needs Analysis (FNA) to determine alignment with MDA portfolios.
- **Client Agreements:** A signed MDA Client Agreement is required, outlining investment objectives, risk tolerance, and service terms.
- **Retail Clients:** Must receive a Statement of Advice (SoA) and Key Fact Sheet (KFS) before engagement.

- Wholesale Clients: Eligibility must be confirmed under the Corporations Act, including sophisticated investor criteria.
- Only suitable for distribution to consumers who have received personal advice:
- Additionally, clients without personal advice will not be accepted, ensuring adherence to the target market distribution.
- If a client ceases to be an advised client, Capital Guard will remove them from the service.

6. Monitoring and Review

6.1 Review Triggers

This TMD will be reviewed if:

- Material changes occur in MDA product offerings or service delivery.
- Regulatory changes require modifications to the TMD.
- Feedback or complaints suggest misalignment with the target market.

6.2 Review Periods

- **Initial Review:** Within six months of issuance.
- **Ongoing Review:** Annually or sooner if triggered by significant changes. Any event or circumstances that arise that would suggest the TMD is no longer appropriate. This may include (but is not limited) to the following material changes:
 - a. Material changes to key attributes.
 - b. Key attributes have not performed as disclosed by a material degree and for a material period.
 - c. Determination by the issuer of an ASIC reportable Significant Dealing.
 - d. Material or unexpectedly high number of complaints about the service or distribution of the service.
- The use of Product Intervention Powers, regulator orders or directions that affects the service.
- Regulatory changes that have a significant impact on the attributes of the service

6.3 Monitoring Distribution

Capital Guard will:

- Require distributors to report on suitability assessments and client complaints.
- Analyse quarterly sales data to identify any patterns of misaligned distribution.
- Ensure compliance with all reporting obligations under ASIC guidelines.

7. Reporting and Transparency

7.1 Client Reporting

Clients receive:

- **Quarterly Portfolio Reports:** Detailing asset allocation, performance metrics, and adjustments.
- **Annual Reviews:** Comprehensive assessments of portfolio performance against objectives.
- **Real-Time Updates:** Notifications on significant portfolio changes or market events.

7.2 Compliance Reporting

Distributors must:

- Report any deviations from the target market.
- Submit quarterly data on client engagement and feedback.
- Highlight client complaints or emerging risks to compliance teams.

8. Complaints

The Distributor will provide details of the number and nature of complaints relating to the design, availability and distribution of the service, having regard to privacy, as soon as practicable but no later than 10 business days of the end of every calendar quarter.

8.1 Sales outside the target market

To the extent the distributor is aware, dealings outside the target market, including the reason why the investment is outside of target market, and whether the investment occurred under personal advice. The distributor is to provide details as soon as practicable but no later than 10 business days following the end of the calendar quarter.

9. Fees and Costs

MDA Services may involve:

- **Management Fees:** A percentage of the portfolio's value.
- **Performance Fees:** Conditional upon exceeding pre-agreed benchmarks.
- **Transaction Costs:** Fees for buying, selling, or rebalancing assets within the portfolio.


All fees are disclosed upfront in the **Statement of Advice (SoA) and MDA Client Agreement**.


10. Contact Information

For inquiries or support regarding MDA Services, contact:

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 www.CapitalGuard.com.au

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