



TARGET MARKET DETERMINATION FOR PORTFOLIO MANAGEMENT SERVICES

CAPITAL GUARD AU PTY LTD
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TARGET MARKET DETERMINATION

For Portfolio Management Services

Issued by Capital Guard AU Pty Ltd

ACN 168 216 742

ABN 48 168 216 742

ASFL 498434

Website www.CapitalGuard.com.au

24/7 Hotline 1300 712 528

Office Landlines +61 280 754 782

Address Level 36, 1 Macquarie Place, Sydney NSW 2000 AUSTRALIA

TARGET MARKET DETERMINATION

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1. Purpose of the Target Market Determination (TMD)

This TMD defines the class of clients for whom **Capital Guard's Portfolio Management Services** are suitable, aligning with ASIC's **Design and Distribution Obligations (DDO)** under Part 7.8A of the **Corporations Act 2001**. It also identifies clients for whom the service is unsuitable (negative target market), ensuring compliance and ethical distribution practices.

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 MPS Investor Agreement (MDA Contract) or any other offer documents before making a decision.

2. Portfolio Management Services Overview

2.1 What are Portfolio Management Services?

Portfolio Management Services involve the professional oversight and management of investment portfolios, tailored to individual client objectives, risk tolerance, and financial circumstances. These services include:

1. Discretionary Portfolio Management: Capital Guard makes all investment decisions on behalf of the client.

2. Non-Discretionary Portfolio Management: The client retains decision-making authority based on advisor recommendations.

3. Target Market and Negative Target Market

The target market and negative target market for Portfolio Management Services are defined by risk tolerance levels: **Low Risk**, **Moderate Risk**, and **High Risk**. Each level is aligned with specific client characteristics and exclusions.

3.1 Low Risk Portfolio Management

Target Market: Clients in this category prioritize capital preservation and low volatility, often sacrificing higher returns for greater stability.

- **Financial Objectives:**

- Steady and predictable income generation (e.g., retirees).
- Preservation of capital with minimal exposure to market fluctuations.
- want a diversified investment portfolio
- want a range of model portfolios aligned to their adviser determined risk profiles

- **Risk Tolerance:** Low tolerance for risk and aversion to potential capital loss.
- **Investment Horizon:** Medium to long-term (1–10+ years), allowing returns to accrue steadily.
- **Example Assets:** Government bonds, AAA-rated corporate bonds, and cash equivalents.

Negative Target Market: This service is not suitable for:

- Clients seeking high returns or capital growth as a primary objective.
 - Investors willing to accept significant risk for potentially higher returns.
 - Short-term investors requiring high liquidity.
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3.2 Moderate Risk Portfolio Management

Target Market: Clients in this category seek a balanced approach, aiming to achieve moderate returns with measured exposure to market volatility.

- **Financial Objectives:**

- Income generation combined with moderate capital appreciation.
- Diversification across multiple asset classes to manage risk.

- **Risk Tolerance:** Moderate tolerance for market fluctuations and potential capital loss.
- **Investment Horizon:** Medium-term (3–7 years) or longer, providing flexibility for growth.

- **Example Assets:** Investment-grade corporate bonds, blue-chip equities, and ETFs

Negative Target Market:

This service is not suitable for:

- Highly conservative investors unable to accept any risk of capital loss.
- High-risk investors prioritizing capital growth over stability.
- Clients requiring immediate liquidity or unwilling to commit to a medium-term strategy.

3.3 High Risk Portfolio Management

Target Market: Clients in this category are focused on **capital growth** and willing to accept significant risks, including market volatility and potential loss of capital, to achieve higher returns.

● **Financial Objectives:**

- Maximizing returns through exposure to high-growth or high-yield assets.
- Achieving long-term wealth accumulation.

- **Risk Tolerance:** High tolerance for fluctuations in portfolio value and potential losses.

- **Investment Horizon:** Long-term (7–10+ years), allowing for recovery during market downturns.

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

Negative Target Market:

This service is not suitable for:

- Conservative investors or those with low risk tolerance.
- Clients requiring stable and predictable income.
- Investors with short-term goals or immediate liquidity needs.

3.4 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.

4. Distribution Conditions and Restrictions

4.1 Distribution Channels

Portfolio Management Services are distributed via:

1. **Licensed Financial Advisors:** Conduct suitability assessments and provide tailored advice.

2. Direct Engagement: Clients access discretionary or non-discretionary services through Capital Guard.

3. Digital Platforms: For wholesale and sophisticated investors with eligibility checks.

4.2 Distribution Restrictions

To ensure alignment with the target market, the following restrictions apply:

- **Suitability Assessments:** Advisors must conduct detailed financial assessments to match the client's objectives and risk tolerance with the appropriate portfolio strategy.
- **Agreements:** Clients must sign a Portfolio Management Agreement, outlining risk levels, objectives, and fees.
- **Wholesale Clients:** Must provide documentation confirming their eligibility as sophisticated or professional investors.

5. Monitoring and Review

5.1 Review Triggers

This TMD will be reviewed if:

- Significant changes occur to portfolio management strategies, fees, or market conditions.
- Client complaints indicate unsuitability of services.
- Distribution data reveals patterns of inappropriate offerings.

5.2 Review Schedule

- **Initial Review:** Within twelve months of issuance.
- **Ongoing Review:** Annually or as required by market or regulatory changes.

5.3 Monitoring Distribution

Distributors must report the following:

- Instances of distribution outside the target market.
 - Client feedback and complaints.
 - Quarterly data on portfolio management uptake and performance.
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6. Key Risks and Mitigations Measures

6.1 Risks

- **Market Risk:** Broad market downturns affect portfolio value.

- **Credit Risk:** Default risk on fixed-income instruments.
- **Liquidity Risk:** Difficulty selling certain assets during adverse conditions.
- **Manager Risk:** Variability in portfolio performance due to management decisions.

6.2 Mitigation Measures

- Diversified asset allocation to spread risk.
- Active portfolio monitoring and adjustments.
- Clear communication with clients on risk exposure.

7. Reporting and Transparency

7.1 Client Reporting

Clients will receive:

- **Quarterly Reports:** Detailing asset allocation, performance, and risk analysis.
 - **Annual Reviews:** Comprehensive assessment of portfolio alignment with client goals.
 - **Ad Hoc Updates:** Alerts during significant portfolio adjustments.
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8. Fees and Costs

Portfolio Management Services may involve:

- **Management Fees:** Charged as a percentage of assets under management.
 - **Performance Fees:** Tied to exceeding specific benchmarks.
 - **Transaction Costs:** For buying or selling securities within the portfolio.
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9. Contact Information

For inquiries or support regarding Portfolio Management Services, contact:

✉ support@capitalguard.com.au

🌐 www.CapitalGuard.com.au

☎ +61 280 7540782 (landline)

☎ 1300 712 528 (24/7 hotline)