

# Target Market Determination

## Airlie Small Companies Fund

### 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 **Magellan Asset Management 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 this product should carefully read the Product Disclosure Statement (PDS) for **Airlie Small Companies Fund** before making a decision whether to invest in 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 by calling +61 2 9235 4888 or by visiting our website at [www.airlifundsmangement.com.au](http://www.airlifundsmangement.com.au)

### Target Market Summary

This product is **likely** to be appropriate for a consumer seeking capital growth and income and can be used within a portfolio where the allocation to the product is up to 10% of investable assets. It is likely to be consistent with the financial situation and needs of a consumer with a minimum investment timeframe of five years, and a high risk/return profile for that portion of their investment portfolio, and where withdrawal proceeds are typically available to the consumer within two business days of a withdrawal request.

### Fund and Issuer identifiers

<b>Issuer</b>	<b>Magellan Asset Management Limited ("Magellan")</b>	<b>ISIN Code</b>	<b>N/A</b>
<b>Issuer ABN</b>	<b>31 120 593 946</b>	<b>Market Identifier Code</b>	<b>N/A</b>
<b>Issuer AFSL</b>	<b>304 301</b>	<b>Product Exchange Code</b>	<b>N/A</b>
<b>Fund</b>	<b>Airlie Small Companies Fund</b>	<b>Date TMD approved</b>	<b>24-10-2023</b>
<b>ARSN</b>	<b>665 882 673</b>	<b>TMD Version</b>	<b>V.3</b>
<b>APIR Code</b>	<b>MGE1188AU</b>	<b>TMD Status</b>	<b>Current</b>

## 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 and green rating methodology:

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.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio. 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
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**Consumer's investment objective**

Capital Growth	In target market	The Fund's primary investment objective is to provide long-term capital growth and income through investment in Australian listed small companies.
Capital Preservation	Not considered in target market	
Income Distribution	Not considered in target market	

**Consumer's intended product use (% of Investable Assets)**

Up to 100% of investable assets	Not considered in target market	<p>The Fund is suited to investors who are looking for:</p> <ul style="list-style-type: none"> <li>Access to a concentrated portfolio of attractive Australian listed companies which, when first acquired, do not rank in the S&amp;P/ASX 100.</li> <li>Access to investment expertise and a professionally managed Australian equities portfolio.</li> </ul> <p><u>Features:</u></p> <ul style="list-style-type: none"> <li>Concentrated portfolio of 20 to 40 Australian listed companies.</li> <li>Assets are typically invested within the following asset allocation ranges:</li> </ul> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Investment Range</th> </tr> </thead> <tbody> <tr> <td>Australian listed securities</td> <td>90%-100%</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>0% - 10%</td> </tr> </tbody> </table>	Asset Class	Investment Range	Australian listed securities	90%-100%	Cash and cash equivalents	0% - 10%
Asset Class	Investment Range							
Australian listed securities	90%-100%							
Cash and cash equivalents	0% - 10%							
Up to 75% of investable assets	Not considered in target market							
Up to 50% of investable assets	Not considered in target market							
Up to 25% of investable assets	Not considered in target market							
Up to 10% of investable assets	In target market							

**Consumer's investment timeframe**

Minimum investment timeframe	5 years	The minimum suggested timeframe for holding the Fund is 5 years.
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**Consumer's Risk (ability to bear loss) and Return profile**

Low	Not considered in target market	<p><u>Risk:</u></p> <ul style="list-style-type: none"> <li>The Fund is suited to investors with a high to very high risk profile.</li> <li>An investment in the Fund is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested.</li> </ul>
Medium	Not considered in target market	

Consumer Attributes	TMD Indicator	Product description including key attributes
High	In target market	<p><u>Return:</u></p> <ul style="list-style-type: none"> <li>The Fund's primary investment objective is to provide long-term capital growth and income through investment in Australian listed small companies.</li> </ul>
Very High	In target market	
Withdrawal request and acceptance frequency		
Daily	In target market	Redemption requests can be made daily. Investors can redeem some or all of their investment at any time, as long as the redemption request is for at least \$5,000.
Weekly	In target market	<p>To make a redemption, an investor must send a correctly completed Withdrawal Form or written notice of redemption to Magellan's Unit Registry. An investor can request a specified dollar amount to be redeemed, a specified number of units to be redeemed, or a full redemption. If a redemption request results in the remaining investment in the Fund falling below \$5,000, Magellan may require the investor to redeem their entire balance. Further details can be found in the Fund's PDS.</p> <p>Note: There may be circumstances, such as a freeze on redemptions or where the Fund is illiquid, where an investor's ability to withdraw from the Fund is restricted and they may have to wait a period of time before they can withdraw some or all of their investment. Further details can be found in the Fund's PDS.</p>
Monthly	In target market	
Quarterly	In target market	
Annually or Longer	In target market	
Payment timing for withdrawal proceeds		
Daily	Not considered in target market	<p>Magellan will endeavour to make payment of redemptions within 7 Business Days of receipt and acceptance of an investors' redemption request, however, this timeframe is not guaranteed and there may be occasions when payment timeframes are significantly longer. Under the Fund's Constitution, Magellan has 21 days to satisfy a redemption request.</p>
Weekly	In target market	
Monthly	In target market	
Quarterly	In target market	
Annually or Longer	In target market	

## Appropriateness

Note: This section is required under RG 274.64–66

Magellan 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.

The product can be distributed:

1. Through the Airlie Small Companies Fund PDS either:
  - a) Direct (and non-advised) – via Airlie’s website and physical application form. New consumers must complete a questionnaire contained in the application form relating to their financial objectives, situation and needs before their application is accepted. If the questionnaire has not been completed with the application form, the consumer will be requested to complete the questionnaire.
  - b) Via financial advisers where consumers have received personal advice.  
For a consumer to access the product directly, they must read and accept the PDS.
2. Through specified distributors or distribution channels such as an investment or superannuation platform or wrap product. The issuer of each platform product has its own obligations as a distributor to take reasonable steps that will or are reasonably likely to result in retail product distribution conduct being consistent with this TMD.

It has been determined that the distribution conditions and restrictions will make it likely that new consumers who purchase the product are in the class of customers for which it has been designed. We consider that the distribution conditions are appropriate for this product and will assist distribution in being directed towards the target market for whom the product has been designed.

### 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 negative 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 Magellan 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	N/A – initial review has already occurred
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

If practicable, distributors should adopt the FSC data standards for reports to Magellan. Distributors must email reports to [ddo@magellangroup.com.au](mailto:ddo@magellangroup.com.au)

### Disclaimer

Issued by Magellan Asset Management Limited AFSL 304 301 (**Magellan**). Magellan is the Responsible Entity and issuer of units in the managed investment scheme referred to in this material. This document does not take into account your investment objectives, financial situation or particular needs. If you are interested in acquiring this product you should carefully read and consider the PDS for the product, and consider obtaining professional investment advice tailored to your specific circumstances before making a decision whether to invest in this product. A copy of the relevant PDS relating to this product may be obtained by calling +61 2 9235 4888 or by visiting [www.airlifundmanagement.com.au](http://www.airlifundmanagement.com.au).

No person guarantees the future performance of the Fund, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Magellan will not be responsible or liable for any losses arising from your use or reliance upon any part of the information contained in this TMD.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return over the investment timeframe. 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.
Income Distribution	The consumer seeks to invest in a product designed or expected 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>	
Up to 100% of investable assets	The consumer may hold the investment up to 100% of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with <i>Very High</i> portfolio diversification (see definitions below).
Up to 75% of investable assets	The consumer may hold the investment up to 75% of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>High</i> portfolio diversification (see definitions below).
Up to 50% of investable assets	The consumer may hold the investment up to 50% of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Medium to High</i> portfolio diversification (see definitions below).
Up to 25% of investable assets	The consumer may hold the investment up to 25% of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Medium</i> portfolio diversification (see definitions below).
Up to 10% of investable assets	The consumer may hold the investment as a satellite part of their total portfolio, up to 10% of the total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least <i>Low</i> portfolio diversification (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	The product provides exposure to a single asset class, single country, with low or moderate holdings of securities - e.g. high conviction Australian equities.
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
Medium to High	The product provides exposure to two or more asset classes, multiple countries or broad exposure within asset class, e.g. Australian equities "All Ords".
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very High	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.

Term	Definition
<b>Consumer's intended investment timeframe</b>	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>Issuers should undertake a comprehensive risk assessment for each product.</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 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 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 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>
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses.</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Consumer's withdrawal request and acceptance frequency</b>	
<p>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.</p>	
Daily/Weekly/Monthly/Quarterly/ Annually or longer	The consumer seeks to invest in a product which permits withdrawal requests and the acceptance of such requests at this frequency under ordinary circumstances.
<b>Consumer's timing for withdrawal proceeds</b>	
Daily/Weekly/Monthly/Quarterly/ Annually or longer	The consumer seeks to invest in a product which facilitates the payment of withdrawal proceeds following a withdrawal request at this frequency under ordinary circumstances.
<b>Distributor Reporting</b>	
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>



Term	Definition
	<p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red ratings attributed to the consumer).</li> </ul> <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"> <li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period.</li> </ul>