



# **Target Market Determination For KeyInvest Life Events Bond**

# Target Market Determination For KeyInvest Life Events Bond (LEB)

A Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth). It sets out the description, key attributes and target market for the product, distribution conditions, reporting obligations and triggers to review the target market. It forms part of KeyInvest's design and distribution framework for the product.

This document is **not** designed to provide financial advice. It is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product. This document does **not** consider any person's individual objectives, financial situation or needs.

Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) and any applicable supplementary PDS for KeyInvest Life Events Bond (LEB), available at [keyinvest.com.au](https://keyinvest.com.au) and consider obtaining financial advice before deciding on whether to acquire this product.

Product Name:	<b>Life Events Bond</b>
Product Issuer:	KeyInvest Ltd
AFSL Number:	240667
ABN:	74 087 649 474
APIR Code:	IOF9743AU
Applicable PDS:	Life Events Bond
TMD Date:	5 October 2021
TMD Version:	1.0

## Product description

The KeyInvest Life Events Bond is a flexible and tax-effective investment product designed to assist retail and wholesale clients who want to plan for life's major events in a tax-friendly and compliant investment structure.

## Product key attributes

The key attributes of this product that make it likely to be consistent with the likely needs, objectives and financial situation of the target market described above, include:

Key Attribute	Appropriate for
<b>Eligibility Criteria</b>	Retail clients that are: <ul style="list-style-type: none"> <li>– individuals (aged 10 or older), joint owners (maximum of three) sole traders and/or companies and trusts; and</li> <li>– have a minimum \$500 to invest; and</li> <li>– seek to invest their capital for a minimum suggested timeframe.</li> </ul>
<b>Access to investment</b>	Retail clients who may want: <ul style="list-style-type: none"> <li>– to access their funds at any time; or</li> <li>– establish a regular withdrawal plan which may be used as a pre or early retirement income stream, or as a supplementary source of income for retirement.</li> </ul>
<b>Regular Savings Plan (RSP)</b>	Retail clients who may want: <ul style="list-style-type: none"> <li>– to build an investment via an RSP; and</li> <li>– be able to amend or cease an RSP at any time.</li> </ul>
<b>Auto-rebalance</b>	Retail clients who may want the ability to auto-rebalance and maintain the original portfolio weightings such that the investment strategy and asset allocations remain aligned with the intended risk profile.
<b>Progressive Investing (Dollar Cost Averaging)</b>	Retail clients who may want to capitalise on the highs and lows of market fluctuations throughout the year by automatically switching a nominated dollar amount monthly to another selected Investment Option for dollar cost averaging *. <p>* The minimum initial and subsequent contribution to use this feature is \$20,000.</p>
<b>Taxation Benefits</b>	Retail clients who may want: <ul style="list-style-type: none"> <li>– to simplify tax returns by not having to report investment earnings in their annual tax return;</li> <li>– to have their investment earnings taxed at a maximum notional rate of 30% (paid by KeyInvest) which may be further reduced by tax credits;</li> <li>– to achieve full tax paid status after 10 years;</li> <li>– to receive a 30% tax offset from the ATO, reducing tax payable on withdrawals made during the 10 year period;</li> <li>– to switch between Investment Options within the LEB without triggering any personal capital gains tax implications;</li> <li>– to increase contributions by up to 125% per year and still maintain eligibility for the 10 year tax paid rule.</li> </ul>
<b>Estate Planning &amp; Wealth Transfer</b>	Retail clients who may want a tax-free transfer of investment to nominated beneficiaries <sup>1</sup> regardless of the time for which the investment has been held.
<b>Flexible choice of Investment Options</b>	Retail clients who may want to invest in one or a combination of investment options that sit within the investment categories mentioned in the table on the following page.

<sup>1</sup> Beneficiaries can be individuals (aged 10 or older), joint owners (maximum of three), sole traders, companies and trusts. If beneficiaries are not nominated, the LEB proceeds will be paid to the estate.

## Investment categories

Investment Category	Investment Objective <sup>2</sup>	Standard Risk Measure <sup>3</sup>	Minimum Suggested Timeframe <sup>4</sup>
<b>Conservative (multi-sector)</b>	To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth oriented assets.	Medium 3-5	3-5 years
<b>Balanced (multi-sector)</b>	To provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth oriented assets and some defensive assets.	Medium to High 5-6	5 years
<b>Growth (multi-sector)</b>	To provide capital growth over the long term consistent with a portfolio focusing on growth assets, while accepting fluctuations in capital values in the short term.	High 6	5 years
<b>High Growth (multi-sector)</b>	To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term.	High 6	5 years
<b>Cash</b>	Generally, to earn a return that at least matches the Reserve Bank of Australia (RBA) cash rate through investments in term deposits and money market funds.	Very Low 1	None
<b>Fixed Interest</b>	Generally, to earn returns that at least meet or exceed the Bloomberg AusBond Composite Bond Index (All Maturities) on average through portfolios investing predominantly in domestic fixed interest securities including government, corporate and structured investments.	Low to Medium 2-4	3 years
<b>Diversified Fixed Interest</b>	Generally, to earn returns that exceed a combination of a global bond index such as the Barclays Global Aggregate through portfolios investing predominantly in global fixed interest securities and a domestic bond index such as the Bloomberg AusBond Composite zero plus year Index. Investments may include government, corporate and structured investments.	Low-Medium 3	3 years
<b>Infrastructure</b>	To achieve attractive risk adjusted returns in excess of the S&P Global Infrastructure Index hedged in Australian dollars over the medium to long term, while reducing the risk of permanent capital loss. Invest predominantly in global property / infrastructure assets.	Medium to High 5-6	5 years
<b>Property</b>	Generally, to earn returns that at least meet or exceed relative ASX Property Accumulation Index through investing predominantly in listed Australian property.	High 6	5 years

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Investment Category	Investment Objective <sup>2</sup>	Standard Risk Measure <sup>3</sup>	Minimum Suggested Timeframe <sup>4</sup>
Australian Equities	Generally, to earn returns that at least meet or exceed the S&P/ASX 300 Accumulation Index through investing predominantly in Australian shares.	Very High 7	7 years
Global (International) Equities	Generally, to earn returns that at least meet or exceed the MSCI World ex-Australia Index through investing predominantly in global shares.	Very High 7	7 years

- The risk levels and investment objective of each investment option are disclosed in the PDS. These risk levels correspond to the Standard Risk Measure (SRM) developed by the Association of Superannuation Funds of Australia. The available investment options cover all SRM risk levels. Risk and return objectives for each investment option may vary from their associated investment category objectives.
- The Standard Risk Measure is a 1-7 scale based on the estimated number of negative annual returns over any 20-year period.
- The minimum suggested timeframe is an estimate of how long you should expect to hold your capital in an investment option within this category in order to achieve its expected investment return outcome.

## Appropriateness of target market

The KeyInvest Life Event Bond (including its key attributes) is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market. This has been determined based on an analysis of the KeyInvest Life Events Bond including its key terms, features and attributes and a conclusion that these are consistent with the identified class of consumers.

Individual customers will need to consider whether the KeyInvest Life Events Bond meets their specific objectives, financial situation and needs.

## Distribution channels and conditions

Distribution channel	Distribution conditions/Restrictions
Direct retail (in person, KI website or email contact) through KeyInvest's client services team via a paper application form.	Sale is permitted under general advice only.
Through financial advisers via an online portal or paper application form.	The financial adviser must be registered with KeyInvest through a financial services licensee that has agreed to and signed a KeyInvest Service Agreement.

Irrespective of the channel of distribution, this product can only be offered and/or issued in accordance with the relevant product terms and conditions outlined in the PDS (as amended from time to time).

KeyInvest considers that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed. This has been determined based on a detailed assessment of the distribution conditions and the target market.

## Review triggers

Where KeyInvest determines that one of the below review triggers has occurred, KeyInvest must cease all retail product distribution conduct (except for “excluded conduct”) in relation to the product within 10 days and undertake a review of this TMD:

- Occurrence of a significant dealing(s) outside of the TMD that would reasonably suggest that this TMD is no longer appropriate;
- A significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act) regarding product design, product availability or any distribution conditions from distributors and customers, where KeyInvest considers this reasonably suggests that this TMD is no longer appropriate;
- Material changes to key product attributes, terms and/or conditions and product performance where KeyInvest considers this reasonably suggests that this TMD is no longer appropriate;
- The use of Product Intervention Powers, orders or directions concerning the distribution of this product from ASIC;
- Distribution conditions found to be inadequate in ensuring that the product is issued to a retail client who are likely to be in the target market;
- Significant breach event relating to the design or distribution of this product where KeyInvest considers that this would reasonably suggest that (i) the product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate; and
- Changes to legislation have come into effect, which materially impacts upon the design or distribution of the product and reasonably suggests that this TMD is no longer appropriate.

## Periodic review schedule

Review periods	Maximum period for review
Initial review (post 5 Oct 2021)	1 year and 3 months*
Subsequent review (post initial review)	3 years and 3 months*

\* The review period allows for the collection of data for 1 year/3 years, plus three months for the completion of the review.

## Distributor information reporting and monitoring

KeyInvest third party distributors who are regulated persons are required to collect, keep and report to KeyInvest on the following information concerning this TMD:

Information		Provider	Reporting frequency
<b>Customer Complaints</b>	Written details of Customer Complaints (as defined in section 994A (1) of the Act) where the nature of the complaints relates to product design, product availability and distribution conditions. The distributor should provide all the content as well as the substance of the complaint, having regard to privacy laws. KeyInvest may request additional information from the distributor to further understand the underlying complaint issue.	All Distributors	Quarterly *
<b>Significant dealing</b>	Written details of significant dealings relating to the product that is inconsistent with the TMD under s994F (6) of the Act including the date (or range of dates) on which significant dealing occurred, the reason why the distributor considers the dealing to be significant (including why it is inconsistent with the TMD) and how the dealing was identified.	All Distributors	As soon as practicable, but no later than 10 business days after the distributor becomes aware of the significant dealing.
<b>Dealings outside the target market</b>	To the extent a distributor is aware of dealings outside the target market, these should be reported to KeyInvest, including reason why acquisition is outside of the target market, and whether the acquisition occurred under personal advice.	All Distributors	Quarterly *

\* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.



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