

Target Market Determination – PIMCO Capital Securities Fund

Introduction

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product’s distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (PDS) and is **not** a complete 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 PDS for the product 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 is available on pimco.com.au or you can also request a copy by calling PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583. A paper copy of the PDS will be provided free of charge on request.

Target Market Summary

This product is intended for use as a satellite or minor allocation for a consumer who is seeking capital growth or income distribution and has a medium risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a minimum investment timeframe of 5 years but may be suitable for investment of a shorter timeframe.

Fund and Issuer identifiers

Issuer	PIMCO Australia Management Limited
Issuer ABN	37 611 709 507
Issuer AFSL	487505
TMD contact details	DDO@au.pimco.com
Fund name	PIMCO Capital Securities Fund
ARSN	607 181 868
APIR Code	ETL0445AU
TMD issue date	18 December 2023

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 and green rating methodology:

In target market	Not 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.

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 the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of *minor allocation*). 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a *High* risk /return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this *portfolio view* for diversification, available on the [FSC website](#).

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		The Fund invests in attractively priced capital securities while also preserving capital, through prudent investment management.
Capital Preservation		The Fund seeks to provide a regular income stream by way of quarterly distributions. Accordingly, the Fund aims to offer capital growth, capital preservation, and regular income. Investment in the Fund does not, however, guarantee a profit or protect against loss.
Income Distribution		
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)		The Fund is comprised of 0-100% fixed income securities and cash, and 0-10% common stock.
Major allocation (up to 75%)		
Core component (up to 50%)		The Fund is not intended to be used as a standalone allocation of a consumer's total investable assets (also refer to the relevant TMD indicators).
Minor allocation (up to 25%)		
Satellite allocation (up to 10%)		
Consumer's investment timeframe		
Minimum investment timeframe	5 years	The minimum suggested timeframe for holding investment in the Fund is 5 years, but may be suitable for investment of shorter timeframes.
Consumer's Risk (ability to bear loss) and Return profile		
Low		The Fund has a risk rating of medium and has the potential to produce medium level returns over the suggested investment timeframe.
Medium		
High		
Very high		
Extremely high		
Consumer's need to access capital		
Within one week of request		

Within one month of request		PIMCO will generally allow investors in the Fund to access their investment within 7 business days of receipt of a withdrawal request, as provided under the Fund's constitution. Applications for withdrawal are processed daily.
Within three months of request		
Within one year of request		
Within 5 years of request		
Within 10 years of request		
10 years or more		
At issuer discretion		

Distribution conditions/restrictions

Distribution conditions	Distribution condition rationale	Distributors this condition applies to
Distribution by accepting direct applications by non-advised consumers where the issuer is satisfied the consumer is within the target market.	<p>Direct distribution to the consumer must only occur if the consumer:</p> <ul style="list-style-type: none"> attests to reading the PDS and understanding the risks and liquidity of the Fund; completes the application form making any required declarations. 	PIMCO Australia Management Limited
This Fund is available through an investor directed portfolio service (IDPS), IDPS-like scheme, nominee or custody service or any other authorised trading platform or distributor.	<p>The platform provider has an arrangement with the issuer governing their relationship with the issuer noting that platform providers, as distributors, are required to take reasonable steps that will, or are likely to, result in distribution of the Fund being consistent with the TMD for the product.</p> <p>In addition, 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.</p>	Operators of investment or super platform or wrap products
This Fund can also be distributed to a consumer if the distributor is reasonably satisfied that distribution is necessary to implement personal advice given to the consumer. Distributors may engage in retail product distribution conduct if:	Distribution must only occur if the dealer group and/or an adviser has satisfied themselves that the Fund, or a portfolio that the Fund would form part of, is suitable for the consumer and personal advice has been provided to the consumer.	Dealer groups and advisers providing personal advice or dealing with a consumer to whom personal advice has been given

Distribution conditions	Distribution condition rationale	Distributors this condition applies to
<ul style="list-style-type: none"> they are providing personal advice in relation to the product; or they are reasonably satisfied that distribution is necessary to implement personal advice given to the consumer. 		Operators of investment or super platform or wrap products dealing with a consumer who has received personal advice
The Fund is made available through the mFund settlement service.	Distribution through mFund can occur via a broker or share trading platform if either: <ul style="list-style-type: none"> the broker or trading platform has provided personal advice to the consumer; or the broker or share trading platform is providing execution-only broking services, in which case consumers are unlikely to be influenced by conduct at this point of distribution and there are limited steps and controls available to the issuer in relation to this conduct. 	Brokers and trading platforms

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 TMD review periods

Review period	Maximum period for review
Initial review	N/A – initial review has already occurred.
Subsequent review	15 months

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. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 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 the issuer. Distributors must report to PIMCO Australia Management Limited via email, to DDO@au.pimco.com. This email address is also the contact for PIMCO Australia Management Limited for any matters relating to this TMD.

Disclaimer

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Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed or expected 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 designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
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 (this may include high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.
Satellite allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
<i>Investable Assets</i>	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	

Term	Definition
Very low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
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).
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 <u>and</u> geographic markets with limited correlation to each other.
Consumer's intended investment timeframe	
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.
Consumer's Risk (ability to bear loss) and Return profile	
<p>This TMD uses the Synthetic Risk and Reward Indicator (<i>SRRI</i>) to assess risk and return profile. This rating is not a measure of risk of capital loss, but a measure of the Fund's price movement over time. This rating:</p> <ul style="list-style-type: none"> - is based on historical data, which may be comparative, and may not be representative of future rating; - as a result, this risk estimation may not be a reliable indicator of future risk and may be subject to change over time; - is classified in the category indicated due to its past behaviour, the lowest category does not mean risk free investment; - is designed to help investors understand the uncertainties both for loss and for growth that may affect their investment; - does not provide its investors with any guarantee on performance, nor on the performance of monies invested in it. 	
Consumer's need to access capital	
<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. 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 aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.</p>	

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 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.

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 represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- 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 and/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:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter,
- the consumer's intended product use is *solution/standalone*,
- the consumer's intended product use is *core component* or higher and the consumer's risk/return profile is *low*, or
- the relevant product has a green rating for consumers seeking *extremely high* risk/return.