

Macquarie Australian Fixed Interest Fund

Target Market Determination – 20 March 2023 (Version 2.1)

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Issuer: Macquarie Investment Management Australia Limited

ABN 55 092 552 611 AFSL No. 238321

Important note

This Target Market Determination (TMD) sets out the target market for the Fund, along with the distribution conditions, the review triggers and certain other information. It forms part of Macquarie Investment Management Australia Limited's design and distribution framework.

This document is not a product disclosure statement and is not a summary of the Fund's features or terms. This document does not take into account the investment objectives, financial situation or needs of any person. In deciding whether to acquire or continue to hold an investment in the Fund, a consumer should consider the Fund's product disclosure statement, available on our website at macquarieim.com/pds or by contacting us on 1800 814 523. This information is intended for recipients in Australia only.

Important terms used in this TMD are defined in the 'TMD Definitions' available at macquarieim.com/TMD. Capitalised terms have the meaning given to them in the Fund's product disclosure statement, unless otherwise defined. References to **the Act** are to the Corporations Act 2001 (Cth).

Other than Macquarie Bank Limited ABN 46 008 583 542 (**Macquarie Bank**), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group companies. In addition, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested, and (b) none of Macquarie Bank or any other Macquarie Group company guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.

TARGET MARKET SUMMARY

The Fund is designed for consumers who:

- are seeking capital preservation and regular income
- are intending to use the Fund as a core component or satellite within a portfolio
- have a medium to long-term investment timeframe
- have a low or medium risk/return profile, and
- require the ability to have daily access to capital.

In certain limited circumstances described in the 'Description of Fund including key attributes' column in the table below, the Fund is designed for consumers who are seeking capital growth.

TMD indicator key

The consumer attributes for which the Fund is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market

Potentially in target market

Not considered in target market

Investment products and diversification

Some consumers may intend to hold a product as part of a diversified portfolio (typically with an intended product use of 'satellite'/small allocation or 'core component'). In such circumstances, the appropriateness of the product should be assessed in relation to the relevant portion of the portfolio, rather than in relation to the consumer's portfolio as a whole. For example, a consumer may wish to construct a conservative portfolio with a 'satellite'/small allocation to growth assets. In this case, a product with a high or very high risk/return profile may be consistent with the consumer's objectives for that allocation, notwithstanding that the overall risk/return profile of the consumer is low or medium. In making this assessment, distributors should consider all features of a product (including its key attributes) and the size of any proposed allocation to the product (as a proportion of the consumer's overall portfolio).

DESCRIPTION OF TARGET MARKET OF FUND

This part is required under section 994B(5)(b) of the Act.

Consumer attributes Please refer to macquarieim.com/TMD for definitions.	TMD indicator for Fund	Description of Fund including key attributes
Consumer's investment objective		
Capital growth	Potentially in target market	<p>The Fund aims to outperform the Bloomberg AusBond Composite 0+ Yr Index over the medium term (before fees) by using an active investment strategy. It aims to provide regular income and a moderate level of growth.</p> <p>The Fund provides exposure to a diversified portfolio of predominantly Australian fixed interest securities issued by government or corporate entities and asset-backed securities.</p>
Capital preservation	In target market	<p>We will generally seek to distribute any net income on a quarterly basis.</p> <p>The Fund has the following key attributes:</p> <ul style="list-style-type: none"> Provides exposure to a diversified portfolio of predominately Australian fixed interest securities issued by government or corporate entities and asset backed securities. Potential diversification against equities by investing in a portfolio of fixed interest securities such as bonds as bonds have historically had low to negative correlation to equities.
Capital guaranteed	Not considered in target market	<ul style="list-style-type: none"> Potential for some growth. May not be suitable to meet a capital growth objective for investors with a medium, high or very high risk/target return profile unless paired with investments with a higher risk/target return profile. Potential for capital preservation through exposure to high quality Australian fixed interest securities. However, there is no guarantee that the Fund will be able to preserve capital in the future. The Fund has exposure to interest rate risk, which may negatively impact consumers' capital from time to time.
Income distribution	In target market	<ul style="list-style-type: none"> Potential to pay income on a quarterly basis given the Fund's investment universe. However, there is no guarantee that the Fund will be able to pay income in the future in any particular distribution period and the level of any income may vary materially from one distribution period to the next.
Consumer's intended Fund use (as percentage of assets available for investment excluding family home)		
Solution/Standalone (75% to 100%) Intends to hold investment as either a part or the majority (up to 100%) of total investable assets	Not considered in target market	<p>The Fund provides exposure to a diversified portfolio of predominantly Australian fixed interest securities issued by government or corporate entities and asset-backed securities.</p> <p>Asset allocation</p> <p>Australian fixed interest and cash¹ 100%</p>
Core component (25% to 75%) Intends to hold investment as a major part (up to 75%) of total investable assets	In target market	<p>¹ The Fund may invest in cash or cash equivalents in offshore markets and fully hedge back such investments to Australian dollars. This results in similar economic exposure as investing in Australian cash or cash equivalents.</p>
Satellite (Less than 25%) Intends to hold investment as a smaller part (up to 25%) of total investable assets	In target market	<p>As the Fund provides exposure across Australian fixed income markets, its portfolio diversification has been assessed as 'Medium'. Please refer to macquarieim.com/TMD for definitions.</p>
Consumer's investment timeframe		
Short (Less than or equal to two years)	Not considered in target market	Suggested minimum investment timeframe for Fund: Three years
Medium (More than two years and less than or equal to eight years)	In target market	
Long (More than eight years)	In target market	

Consumer's risk (ability to bear loss) and return profile

Standard Risk Measure (SRM)		1	2	3	4	5	6	7
The measure is based on industry guidance and is not a complete assessment of all forms of investment risk. Please refer to the Section 4 of the Fund's product disclosure statement for more information on the risks of an investment in the Fund.		Very low	Low	Low to medium	Medium	Medium to high	High	Very high
Low	In target market	The Fund aims to outperform the Bloomberg AusBond Composite 0+ Yr Index over the medium term (before fees) by using an active investment strategy.						
Medium	In target market	As the Fund is estimated to experience 1 to less than 2 negative annual returns over any given 20-year period, it has been assigned an SRM of 3 or low to medium.						
High	Not considered in target market	As such, the Fund is designed for consumers who:						
Very high	Not considered in target market	<ul style="list-style-type: none"> are seeking a financial product that is moderate or medium risk in nature are seeking to minimise potential losses, and are comfortable with a moderate target return profile. 						

Consumer's need to withdraw money

Daily	In target market	Consumers can generally request to redeem all or part of their investment in the Fund by 12.00pm Sydney time on a Business Day.
Weekly	In target market	However, in some circumstances, such as where there is a suspension of redemptions, consumers may not be able to redeem their investment within the usual period or at all. For example, we may be required to suspend redemptions from the Fund (including indefinitely) where the Fund is no longer 'liquid', as defined in the Corporations Act. While the Fund is not liquid, we may, at our discretion, offer consumers the ability to redeem (wholly or partly) from the Fund but only if there are assets available that are able to be converted to cash to meet redemptions under the offer. Consumers should read the Product Disclosure Statement for the Fund for further information on the potential for non-acceptance or delay of redemptions or a delay between receipt of a redemption request and payment of redemption proceeds.
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

APPROPRIATENESS

Note: This section is expected under RG 274.64–66

The issuer has assessed the Fund and formed the view that the Fund is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above. Among other things, the attributes of the Fund in the 'Description of Fund including key attributes' column of the table above are consistent with the corresponding consumer attributes identified with a green rating (in the 'TMD indicator for Fund' column) or, in the limited circumstances described in the 'Description of Fund including key attributes' column, with an amber rating (in the 'TMD indicator for Fund' column).

DISTRIBUTION CONDITIONS/RESTRICTIONS

This part is required under section 994B(5)(c) of the Act.

Channel	Distribution condition
Platform providers	Only available for distribution through a platform if the platform provider has an arrangement with the issuer governing their relationship with the issuer.
Advisers	Only available for distribution with the assistance of a dealer group and/or an adviser if the dealer group and/or adviser is registered with the issuer and has satisfied themselves that the Fund, or a portfolio that the Fund would form part of, is suitable for the consumer.
Brokers	Only available for distribution through mFund if the broker is registered with the ASX and has satisfied themselves that the Fund, or a portfolio that the Fund would form part of, is suitable for the consumer.
Issuer	Only available for direct distribution if the application includes the results of the consumer's use of the issuer's website filtering system.

APPROPRIATENESS

Note: This section is expected under RG 274.96 and RG 274.100

The issuer has assessed the distribution conditions, in the context of the distribution channels, and formed the view that the conditions are likely to guide the distribution of interests in the Fund towards the class of consumers for whom the Fund has been designed and that it is therefore likely that consumers who acquire interests in the Fund will be within the target market.

REVIEW TRIGGERS

This part is required under section 994B(5)(d) of the Act.

<ul style="list-style-type: none">Material change made to the Fund's key attributes, investment objective and/or fees	<ul style="list-style-type: none">Material deviation from the Fund's benchmark/objective over sustained period
<ul style="list-style-type: none">Fund's key attributes have not performed as disclosed by a material degree and for a material period	<ul style="list-style-type: none">Issuer determines a significant dealing in the Fund outside of the target market has occurred
<ul style="list-style-type: none">Issuer receives a material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the Fund or its distribution	<ul style="list-style-type: none">Use of Product Intervention Powers, regulator orders or directions that affect the Fund

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	Twelve months from date of issue
Subsequent review	Annually

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 Fund's design, availability or distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within ten business days following end of calendar quarter	All distributors
Details of any significant dealing in the Fund outside of the target market (where a significant inconsistent dealing is determined in the same way as for section 994F(6) of the Act). Please refer to macquarieim.com/TMD for further detail.	As soon as practicable but no later than ten business days after distributor becomes aware of the significant dealing outside of the target market	All distributors
To the extent a distributor is aware, dealings in the Fund (whether or not significant) outside of the target market, including reason why dealing was outside of the target market.	Within ten business days following end of calendar quarter	All distributors
Any information the issuer reasonably requires in order to assess the distributor's arrangements for compliance with Part 7.8A of the Act and/or to identify promptly whether a review trigger or other similar event or circumstance has occurred.	Within ten business days after distributor receives notice of the required information	All distributors

Distributors must report required information to Macquarie Investment Management Australia Limited by email to MAMDDO@macquarie.com.

For more information, call us on 1800 814 523, email mim.clientservice@macquarie.com or visit macquarieim.com/TMD.