

Macquarie Income Opportunities Fund

Target Market Determination – 16 May 2023 (Version 3)

ARSN 102 261 834

APIR code MAQ0277AU

ASX mFund code IOF01



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 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:

- intending to use the Fund as a solution/standalone within a portfolio, and
- have a low risk/return profile.

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	Not considered in target market	The Fund aims to outperform the Bloomberg AusBond Bank Bill Index over the medium term (before fees). It aims to provide higher income returns than traditional cash investments at all stages of interest rate and economic cycles.								
Capital preservation	In target market	The Fund predominantly provides exposure to a wide range of domestic and global investment grade floating and fixed rate instruments, asset-backed securities, and cash. The Fund may also have opportunistic exposure to other fixed income sectors and instruments such as, high yield and emerging markets debt as well as other fixed income instruments.								
Capital guaranteed	Not considered in target market	We will generally seek to distribute any net income on a monthly basis. The Fund has the following key attributes:								
Income distribution	In target market	<ul style="list-style-type: none">Potential for higher returns than traditional cash investments using a defensive, yet flexible, strategy which actively identifies outperforming credit sectors, with a focus on capital preservation.Potential for regular income.								
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	Potentially in target market	The Fund predominantly provides exposure to a wide range of domestic and global investment grade floating and fixed rate instruments, asset-backed securities, and cash. The Fund may also have opportunistic exposure to other fixed income sectors and instruments such as, high yield and emerging markets debt as well as other fixed income instruments. Asset allocation¹ <table><tr><td>Investment grade credit²</td><td>0% – 100%</td></tr><tr><td>High yield</td><td>0% – 25%</td></tr><tr><td>Emerging markets debt³</td><td>0% – 25%</td></tr><tr><td>Cash</td><td>0% – 100%</td></tr></table>	Investment grade credit ²	0% – 100%	High yield	0% – 25%	Emerging markets debt ³	0% – 25%	Cash	0% – 100%
Investment grade credit ²	0% – 100%									
High yield	0% – 25%									
Emerging markets debt ³	0% – 25%									
Cash	0% – 100%									
Core component (25% to 75%) Intends to hold investment as a major part (up to 75%) of total investable assets	In target market	<ul style="list-style-type: none">Investments in these sectors may include but are not limited to: domestic and global fixed and floating rate instruments issued by banks, corporates, governments, asset-backed securities such as residential mortgage backed securities, bank loans and other credit related securities. The Fund may also have some exposure to hybrid securities as well as funds managed by a member of the Macquarie Group or by external managers (including exchange traded funds).Includes Australian and global investment grade credit.May include holdings of sub-investment grade instruments.								
Satellite (Less than 25%) Intends to hold investment as a smaller part (up to 25%) of total investable assets	In target market	As the Fund may invest in the full spectrum of opportunities available in local and global fixed income markets, its portfolio diversification has been assessed as 'High'. Please refer to macquarieim.com/TMD for definitions. The Fund may be suitable as a total portfolio solution for clients looking for a conservative strategy with the potential for regular income. The Fund aims to provide higher returns than traditional cash investments at all stages of interest rate and economic cycles while protecting capital and minimising drawdowns.								
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) 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.		1 Very low	2 Low	3 Low to medium	4 Medium	5 Medium to high	6 High	7 Very high
Low	Potentially in target market	<p>The Fund aims to outperform the Bloomberg AusBond Bank Bill Index over the medium term (before fees).</p> <p>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.</p> <p>As such, the Fund is designed for consumers who:</p> <ul style="list-style-type: none">are seeking a financial product that is moderate or medium risk in natureare seeking to minimise potential losses, andare comfortable with a moderate target return profile. <p>In certain circumstances, the Fund may be suitable for consumers who:</p> <ul style="list-style-type: none">have a conservative or low risk/return profile, andare comfortable with limited exposure to a financial product with a medium risk and return profile.						
Medium	In target market							
High	Not considered in target market							
Very high	Not considered in target market							
Consumer's need to withdraw money								
Daily	In target market	<p>Consumers can generally request to redeem all or part of their investment in the Fund by 12.00pm Sydney time on a Business Day.</p> <p>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.</p>						
Weekly	In target market							
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 mam.clientservice@macquarie.com or visit macquarieim.com/TMD.