

Falcon Capital Limited

Target Market Determination – Funds Management



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 Falcon Capital 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 First Guardian Defensive Strategies Class 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 can be obtained by contacting client services on 03 9988 7753 or by emailing customercare@firstguardiancapital.com and requesting a copy of the PDS.

Target Market Summary

The likely objectives, financial situation and needs of a typical consumer in the target market for this product would be an investor who:

- is seeking to establish a defensive investment portfolio by holding assets that aim to preserve capital whilst generating income;
- is seeking to invest through a diversified investment option;
- has an investment timeframe of more than 1 year;
- does not require frequent access to capital;
- has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)); and
- is comfortable with a moderate target return risk profile.

Fund and Issuer identifiers

Issuer	Falcon Capital Limited
Issuer ABN	78 119 204 554
Issuer AFSL	302538
Fund	First Guardian Master Fund – First Guardian Defensive Strategies Class (Class)
TMD Contact Details	Customer Care Team
ARSN	635 429 113
APIR Code	FCL9177AU
ISIN Code	AU60FCL91776
TMD Issue Date	13/10/2023
TMD Version	4
Distribution Status of Fund	Available

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/amber/green rating methodology with appropriate colour coding:

In target market	Not considered in target market
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In the table 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.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating.

Appropriateness

Falcon Capital Limited 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* or *core component*). 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).

Consumer Attributes	TMD Indicator	Product Description including key attributes
Consumer's investment objective		
Capital Growth	Not in target market	The First Guardian Defensive Strategies Class (Class) aims to provide exposure to an actively managed portfolio of predominantly income assets, with some potential for capital growth.
Capital Preservation	In target market	
Capital Guaranteed	Not in target market	The First Guardian Defensive Strategies Class will provide investors with an opportunity to access returns through a diversified portfolio of predominantly income assets, such as fixed income and alternative assets along with Australian shares and Australian property. This Class holds interests in Australian, unregistered open-ended unit trusts which invests in the assets described above. Falcon Capital is the trustee of the underlying unit trusts. The composition of the underlying investments are selected with a specific performance objective, which we aim to achieve consistently over time. Typical investors of this product may be retirees or investors seeking to preserve their capital by investing in diversified income generating assets.
Income Distribution	In target market	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	In target market	The Class can serve as the core or a satellite component of an investor's portfolio. It is designed to benefit from its diversification across a broad variety of asset classes and exposure to different sectors. As the product invests in a range of predominantly lower volatility investment assets such as fixed income, and property, the Class is diversified and positioned to provide appealing returns to investors. Given the risk profile of the asset,
Major allocation (up to 75%)	In target market	
Core Component (up to 50%)	In target market	
Minor allocation (up to 25%)	Not in target market	

Consumer Attributes	TMD Indicator	Product Description including key attributes
Satellite allocation (up to 10%)	Not in target market	this class may be used as the standalone investment or a satellite component of an investment portfolio.
Consumer's investment timeframe		
Minimum investment timeframe		The Class is a medium-term investment, with a recommended investment period of more than 1 year. This is due to in part to the illiquid nature of some components of the underlying assets that the Class intends to invest in, including real property development projects amongst others.
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not in target market	The First Guardian Defensive Strategies Class aims to outperform the trailing 3-year average rate of Australia's Consumer Price Index (CPI) by at least 2% p.a. over rolling 3 to 5 year periods
Medium	In target market	
High	Not in target market	
Very high	Not in target market	
Extremely high	Not in target market	
Consumer's need to access capital		
Within one week of request	Not in target market	The Class provides a daily* withdrawal facility to holders of First Guardian Defensive Strategies Class Units ("Unitholders"). Once accepted by the trustee, withdrawals are processed in 30 days.
Within one month of request	Not in target market	
Within three months of request	Not in target market	
Within one year of request	In target market	*Business Day, being a day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne
Within five years of request	In target market	
Within 10 years of request	In target market	
10 years or more	In target market	
At issuer discretion	In target market	

Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale	<i>applicable</i>
Only suitable for distribution to consumers who have received personal advice	As this strategy is designed to serve as a core component of a diversified portfolio, consumers should seek advice on its weight and appropriateness in the context of their overall investment portfolio.	<input checked="" type="checkbox"/>

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 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 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	
Review period	Maximum period for review
Initial review	N/A – initial review has already occurred
Subsequent review	3 Years

Distributor reporting requirements		
Reporting requirement	Reporting period	Which distributors this requirement applies to

Complaints 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. 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

Distributors must report to Falcon Capital Limited by emailing compliance@firstguardiancapital.com.

Definitions

Term	Definition
Consumer's investment objective	
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 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>investible 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.
Investable Assets	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.	
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).

Term	Definition
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 Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i> (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a conservative or low risk appetite, • seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and • is comfortable with a low target return profile. <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
Medium	For the relevant part of the consumer's portfolio, the consumer:

Term	Definition
	<ul style="list-style-type: none"> • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
High	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). <p>The consumer typically prefers growth assets (for example, shares and property).</p>
Very high	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>
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</p>	

Term	Definition
	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.
Distributor Reporting	
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> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • 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). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • 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 or amber ratings attributed to the consumer). <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"> • it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the reporting quarter, • the consumer’s intended product use is <i>solution / standalone</i>, • the consumer’s intended product use is <i>core component</i> or higher and the consumer’s risk (ability to bear loss) and return profile is <i>low</i>, or • the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return.