

TARGET MARKET DETERMINATION

BETASHARES MARTIN CURRIE EQUITY INCOME FUND (MANAGED FUND)

ASX: EINC

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 BetaShares 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 BetaShares Martin Currie Equity Income Fund (managed fund) 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 at www.betashares.com.au or by calling 1300 487 577.

TARGET MARKET SUMMARY

The Fund is likely to be appropriate for a consumer seeking regular income distributions and capital growth by providing exposure to an actively managed portfolio of income-oriented listed Australian shares, to be used as a small allocation to Australian shares, where the consumer has a medium to long investment timeframe (3+ years), high risk/return profile and needs daily access to capital.

The Fund is an exchange-traded product and is generally only available to consumers through the ASX.

FUND AND ISSUER IDENTIFIERS

Issuer	BetaShares Capital Limited
Issuer ABN	78 139 566 868
Issuer AFSL	341181
Fund	BetaShares Martin Currie Equity Income Fund (managed fund)
ARSN	621 856 406
ISIN Code	AU0000000648
Market Identifier Code	XASX
Product Exchange code	ASX: EINC
Date TMD approved	01 December 2021
TMD Version	2
TMD Status	Available

DESCRIPTION OF TARGET MARKET

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

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	Potentially in Target Market	Not considered 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.

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, or
- ▶ **three or more** of their Consumer Attributes correspond to an **amber** rating.

INVESTMENT PRODUCTS AND DIVERSIFICATION

A consumer (or class of consumer) 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 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 conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a High or Very High risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is Low or 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	In target market	The Fund invests in an actively managed portfolio of income-oriented Australian shares that aims to generate an after-tax yield higher than that produced by the S&P/ASX 200 Index, and to grow that income above the rate of inflation. The Fund is managed by Franklin Templeton's specialist investment manager, Martin Currie. The Fund intends to pay distributions on a quarterly basis.
Capital Preservation	Not considered in target market	
Capital Guaranteed	Not considered in target market	
Income Distribution	In target market	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Not considered in target market	The Fund may be used as small allocation to income-oriented Australian equities. The Fund itself has low portfolio diversification.
Core Component (25-75%)	Potentially in target market	
Satellite/small allocation (<25%)	In target market	

INVESTMENT PRODUCTS AND DIVERSIFICATION

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment timeframe		
Short (≤ 2 years)	Potentially in target market	A minimum investment timeframe of three years or more is suggested. The Fund may also potentially be considered for a tactical allocation for a short investment timeframe.
Medium (> 2 years)	In target market	
Long (> 8 years)	In target market	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not considered in target market	The Fund targets lower volatility than the S&P/ASX 200 Index. An investment in the Fund is high risk in nature (SRM 6). Reminder: This section looks at an investor's objectives for the relevant portion of their portfolio only, rather than the investor's portfolio as a whole. For example, a product with a high or very high risk/return profile may be consistent with the investor's objectives for a growth allocation as part of a broader portfolio, notwithstanding that the risk/return profile of the investor as a whole may be low or medium.
Medium	Not considered in target market	
High	In target market	
Very High	Potentially in target market	

INVESTMENT PRODUCTS AND DIVERSIFICATION

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's need to withdraw money		
Daily	In target market	As the Fund is exchange traded, under normal circumstances investors are able to buy and sell units in the Fund during ASX trading hours according to a T+2 settlement cycle.
Weekly	In target market	
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

APPROPRIATENESS

Note: This section is required under RG 274.64–66.

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

DISTRIBUTION CONDITIONS/RESTRICTIONS

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

Distribution Condition	Distribution Condition Rationale	Applicable
There are no distribution conditions.	Not Applicable	✓

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 (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.

DISTRIBUTION CONDITIONS/RESTRICTIONS

Mandatory review periods

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

Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

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 product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 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
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, & whether acquisition occurred under personal advice.	Within 10 business days following end of calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to BetaShares by sending reports by email to DDO.Reporting@betashares.com.au or as otherwise agreed.

DEFINITIONS

TERM	DEFINITION
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. 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 to reduce volatility and minimise loss in a market down-turn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Solution/Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least High portfolio diversification (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium portfolio diversification (see definitions below).
Satellite (<25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below).
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)	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords"
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).

DEFINITIONS

TERM	DEFINITION
Consumer's intended investment timeframe	
Short (≤ 2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Medium (> 2 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two years.
Long (> 8 years)	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
Consumer's Risk (ability to bear loss) and Return profile	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees. 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 or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, 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>The consumer is conservative or low risk in nature, seeks to minimise 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> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.</p> <p>Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>

DEFINITIONS

TERM	DEFINITION
Consumer's intended investment timeframe	
<p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. 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 completing this section.</p>	
Daily / Weekly / Monthly / Quarterly / Annually or longer	The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
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 period, ▶ the consumer's intended product use is Solution / Standalone, or ▶ the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low.

IMPORTANT NOTICE

The information contained in this document is general information only and does not constitute personal financial advice. It does not take into account any person's financial objectives, situation or needs. The information is not a recommendation to make any investment or adopt any investment strategy. Investments in any BetaShares Fund are subject to investment risk and investors may not get back the full amount originally invested. Any person wishing to invest in a BetaShares Fund should obtain a copy of the relevant PDS from www.betashares.com.au and obtain financial advice in light of their individual circumstances. To the extent permitted by law BetaShares accepts no liability for any loss from reliance on this information.

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