



MUTUAL TRUST

Mutual Trust Cash Fund Target Market Determination

5 October 2021

Helping families achieve what matters most.

MTCF Target Market Determination

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Target Market Summary

This product is likely to be appropriate for a retail client of Mutual Trust Pty Ltd (Mutual Trust) seeking:

- Australian cash exposure to be used as a defensive component within a diversified portfolio where the client has at least a 2 year investment timeframe, any risk/return profile applicable to clients of Mutual Trust and needs daily access to capital, and/or
- access to Mutual Trust Family Office, Tax, Accounting and Superannuation, Traditional Trustee and Philanthropic services (MT Services).

Fund and Issuer Identifiers

Issuer	Mutual Capital Ltd
Issuer ABN	68 100 733 695
Issuer AFSL	238314
Fund	Mutual Trust Cash Fund (MTCF)
ARSN	108 504 098
Date TMD Approved	5 October 2021
TMD Version and Status	1 - current

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). It sets out the class of retail clients 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 Mutual Capital Limited's (MCL) 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 the MTCF before making a decision whether to buy this product.

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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 calling Mutual Trust directly on 03 9605 9500 or on the Mutual Trust website at <https://www.mutualtrust.com.au>.

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/yellow/green rating methodology with appropriate colour coding:

In target market Potentially in target market Not considered in target market

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 a **yellow** rating.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio or purely to facilitate the use of MT Services. 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 growth portfolio with an allocation to defensive assets. In this case, it may be likely that this product with a *Low* risk/return profile is consistent with the consumer's overall objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *High*. In making this

assessment, employee distributors of Mutual Trust should consider all features of a product (including its key attributes).

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Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital preservation, Income Distribution, Capital growth, Capital guaranteed		The MTCF aims to provide unit holders with stable income returns, as part of a diversified portfolio and is a convenient vehicle to manage cash flow; it is suitable for clients with a variety of investment objectives
Consumer's intended product use (% of investible Assets)		
Small allocation (< 25%) for investment advisory clients MT Services clients (up to 100%)		The MTCF invests in cash, 11 am accounts and term deposits. MT Services clients use the product as a transaction account and the percentage of their investible assets applies to funds held in the MTCF
Consumer's investment timeframe		
Short (< 5 years), Medium (5-10 years), Long (>10 years)		Recommended timeframe 10 years, noting that the consumer's investment timeframe is dependent on the client's usage of Mutual Trust's services
Consumer's Risk (ability to bear loss) and Return profile		
Low, Medium, High, Very High		The consumer may fit any risk profile as the product is intended to provide a defensive component of a diversified portfolio and to service the requirements of clients who use MT Services
Consumer's need to withdraw money		
Daily, weekly, monthly, quarterly, annually		Units are priced daily. MCL can delay access to your money in some circumstances (although this has never happened in MTCF's 17 year existence): <ul style="list-style-type: none"> - when MCL suspends redemptions in accordance with the constitution, such as where MCL is unable to determine the net asset value of the MTCF; - if the MTCF is not sufficiently liquid as defined in the Corporations Act, then you will only be permitted to withdraw if MCL makes a withdrawal offer to all investors in accordance with the Fund constitution and the Corporations Act.

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Appropriateness

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

MCL 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
The product may only be distributed by employees of Mutual Trust, in particular its advisers registered on the ASIC Financial Advisers Register	The product is only available to clients of Mutual Trust
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 objective over sustained period.	
Key attributes have not performed as disclosed by a material degree and for a material period.	
Determination by MCL 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 by ASIC that affect the product.	

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Mandatory review periods

This part is required under section 994B(5)(e) and (f) of the Act.

Review periods	Maximum period for review
Initial review	12 months
Subsequent review	Every two years

Distributor (advisor) 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 advisor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following end of calendar quarter.	All employee advisors
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 employee advisors
To the extent an advisor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following end of calendar quarter.	All employee advisors
Reports should be lodged with the Complaints Officer at Mutual Trust Pty Ltd via email: legal@mutualtrust.com.au .		

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Our key responsibilities as a product issuer are:

- to create and maintain the TMD for all our products that are covered by DDO, i.e. the MTCF
- to take reasonable steps to ensure that our product is distributed in line with that TMD.

Mutual Capital Limited – Disclaimer

This information has been prepared by Mutual Capital Limited ABN 68 100 733 695, AFSL 238314 (**MCL**). MCL is the responsible entity of the Mutual Trust Cash Fund ARSN 108 504 098.

This information may include general advice which does not take into account your individual objectives, financial situation or needs. The Target Market Determination (TMD) for this financial product includes a description of who our funds are appropriate for. You should read both the relevant Product Disclosure Statement (PDS) and TMD carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. The PDS and TMD can each be obtained from <https://www.mutualtrust.com.au> or by calling 03 9605 9500.

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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 investible 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 <i>investible assets</i> (see definition below). In the context of this product this means a consumer who uses MT Services but not any investment advisory services of Mutual Trust and will therefore have a high proportion of investible assets invested in the MTCF and exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investible assets</i> (see definition below). In the context of this product this means a consumer who uses MT Services but not any investment advisory services of Mutual Trust and will therefore have a high proportion of investible assets invested in the MTCF and exposure to a product with Low <i>portfolio diversification</i> (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 <i>investible assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Medium or High <i>portfolio diversification</i> (see definitions below).
Investible Assets	Those assets that the investor has available for investment, excluding the residential home. For clients who use MT Services only the term investible assets refers to the assets held in the MTCF which enable the clients to make best use of MT Services.

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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. cash and bank deposits.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Australian equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund.
Consumer's intended investment timeframe	
Short (≤ 5 years)	The consumer has a short investment timeframe and may wish to redeem within five years.
Medium (> 5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within five years.
Long (> 10 years)	The consumer has a long investment timeframe and is unlikely to redeem within ten years.
Consumer's Risk (ability to bear loss) and Return profile	
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 Standard Risk Measure Guidance Paper For Trustees. SRM is not a complete assessment of risk and potential loss. For example, it does not detail 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 also consider other risk factors. For example, some products may have liquidity or withdrawal limitations, which should be documented together with the SRM to substantiate the product risk rating. A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	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, typically preferring defensive assets such as cash and fixed income.
Medium	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, typically preferring a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High and Very high	The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 or more negative returns over a 20 year period (SRM 6 and 7)) in order to target a higher target return profile, typically preferring investment in growth assets such as shares and property rather than defensive assets.

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Consumer's need to withdraw money	
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.	
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. MCL 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:</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 or employee of Mutual Trust 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, other than for MT Services only clients, or • the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low, other than for MT Services only clients.



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Mutual Trust acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.