



# 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 HMC Capital Investments 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 the HMC Capital Partners Retail Fund 1 (the **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 on the Fund's website at <https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/>

## Target Market Summary

**This product is intended for use as a satellite allocation of a customer's Investable Assets and is appropriate for a consumer seeking capital growth (but not income), with a very high risk and return profile, who does not require access to their money in less than a year and has a minimum investment timeframe of 5 years. This product is unlikely to be suitable for a consumer seeking income capital preservation or a standalone solution. It is also unlikely to be suitable for a consumer with a low tolerance for risk or, a short investment timeframe.**



## Fund and Issuer identifiers

<b>Issuer</b>	HMC Capital Investments Limited
<b>Issuer ABN</b>	34 606 555 480
<b>Issuer AFSL</b>	478061
<b>TMD contact details</b>	Contact name: Victoria Hardie (Head of Private Equity) Contact number: 1300 466 326 Email: <a href="mailto:invest@hmccapital.com.au">invest@hmccapital.com.au</a>
<b>Fund</b>	<b>HMC Capital Partners Retail Fund 1</b>
<b>ARSN</b>	666 525 677
<b>APIR Code</b>	HMC0622AU
<b>ISIN Code</b>	AU60HMC06224
<b>TMD issue date</b>	25 September 2024
<b>TMD Version</b>	4.0
<b>Distribution status of fund</b>	Available
<b>TMD Status</b>	Current

## 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 green rating methodology with appropriate colour coding:

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

**Appropriateness**

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 below, 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**

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital Growth	In target market	The Fund will (via indirect investments) pursue a high-conviction strategy, taking a small number of interests in predominantly listed underlying companies, but where the percentage interest in each underlying company is expected to be higher than would be the case in a typical diversified equity fund. The strategy is focussed on generating capital return above the current inflation rate over a 5 year holding period.
Capital Preservation	Not considered in target market	
Income Distribution	Not considered in target market	
Consumer Attributes	TMD Indicator	Product description including key attributes

<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (up to 100%)	Not considered in target market	The Fund's investment strategy is to invest in a concentrated portfolio of investments in Australian and New Zealand companies. The Fund has low portfolio diversification and a very high-risk profile and it should therefore represent a satellite allocation of investable assets.
Major allocation (up to 75%)	Not considered in target market	
Core component (up to 50%)	Not considered in target market	
Minor allocation (up to 25%)	Not considered in target market	
Satellite (up to 10%)	In target market	
<b>Consumer's investment timeframe</b>		
Minimum Investment Timeframe	5 years	The minimum suggested timeframe for holding investments in the Fund is 5 years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	Not considered in target market	The Fund has a risk band of 7 (very high)  There is a risk that investors lose some or all of their initial investment. Higher risk investments tend to fluctuate in the short term but may produce higher returns than lower risk investments over the long term.
Medium	Not considered in target market	
High	Not considered in target market	
Very High	In target market	
Extremely High	Not considered in target market	
<b>Consumer Attributes</b>	<b>TMD Indicator</b>	<b>Product description including key attributes</b>

Consumer's need to access capital		
Within one week of request	Not considered in target market	Investors may apply to withdraw/redeem Units from the Fund at the end of each calendar quarter with 90 days prior notice. There are a number of limitations in respect of redemptions / withdrawals at the Fund and the Underlying Fund including redemptions being limited to 5% of the Underlying Fund units per calendar quarter and the ability of the Trustee at the Fund / Underlying Fund to reject redemption requests and impose a discount of up to 5% for redemptions processed prior to 31 August 2024. Withdrawal proceeds will normally be paid within 15 business days after the end of the calendar quarter in which the withdrawal request has been processed however the Fund Constitution provides that the Manager may take up to 180 days to redeem investments.
Within one month of request	Not considered in target market	
Within three months of request	Not considered in target market	
Within one year of request	Not considered in target market	
Within 5 years of request	In target market	If the 5% redemption / withdrawal limitations were applied and all investors sought to redeem / withdraw, it could take up to 5 years for all withdrawal / redemption requests to be satisfied.
Within 10 years of request	In target market	
10 years or more	In target market	
At issuer discretion	In target market	Under normal market conditions and assuming aggregate redemption requests are less than the 5% limit, withdrawal proceeds would typically be paid within six months of an application being submitted. However, the Issuer has an absolute discretion to accept or reject any redemption request. The Issuer has up to 180 days after the date on which the withdrawal request has been received in which to accept or reject the withdrawal request. The Issuer will (subject to the withdrawal limits and discretions noted above) normally process withdrawal requests using the withdrawal price as at the end of the following calendar quarter and pay withdrawal proceeds within 15 Business Days after the end of that following calendar quarter.



## Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale	Distributors this condition applies to
For direct distribution via the Issuer, the client must provide to the Issuer evidence satisfactory to the Issuer that the client has received <b>personal financial advice</b> in respect of acquiring the product.	The Issuer considers that the personal financial advice distribution condition is appropriate because it will make it likely that clients who acquire the product are in the target market.	Issuer
For distribution via platforms the client must provide to the platform operator evidence satisfactory to the platform operator that the client has received <b>personal financial advice</b> in respect of acquiring the product.	The Issuer considers that the personal financial advice distribution condition is appropriate because it will make it likely that customers who acquire the product are in the target market.	Platform operators

Review triggers
Material change to key attributes, fund investment objective and/or fees.
Reissue of the PDS in respect of the product.
Material deviation from target return / 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.

Mandatory review periods
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Review period	Maximum period for review
Initial review	N/A – initial review has already occurred
Subsequent review	12 months from previous review

Distributor reporting requirements		
Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) 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, 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, and 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 HMC Capital Investments Limited by email to [compliance@hmccapital.com.au](mailto:compliance@hmccapital.com.au).

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed or expected 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 (typically, high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
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>investable 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. Products classified as <i>extremely high</i> risk are likely to meet this category only.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.



Term	Definition
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
Very Low	This product provides exposure to a single asset class (for example, a commercial property or concentrated Aussie Equities) or a niche asset class (for example, minor commodities, crypto-assets or collectables)
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities such as high conviction Aussies equities) or a narrow asset class, sector or geographic market (for example, a single major commodity (eg. 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 or Aussie equities "All Ords").
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 or Australian multi-manager balanced fund or global multi-asset product).
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.
<b>Consumer's intended investment timeframe</b>	
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.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>This TMD uses the Standard Risk Measure (<i>SRM</i>) to estimate the likely number of negative annual returns 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>	

Term	Definition
<p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
<p>Low</p>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or low risk appetite,</li> <li>• 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</li> <li>• is comfortable with a low target return profile.</li> </ul> <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
<p>Medium</p>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite,</li> <li>• 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</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
<p>High</p>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a high risk appetite,</li> <li>• 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</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>
<p>Very high</p>	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite,</li> <li>• 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</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul>

Term	Definition
	The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds and alternative investments).
Extremely high	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite,</li> <li>• can accept significant volatility and losses, and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <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>
<b>Consumer’s need to access capital</b>	
<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 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.</p>	
<b>Distributor Reporting</b>	
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"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> </ul>

Term	Definition
	<ul style="list-style-type: none"> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red ratings attributed to the consumer).</li> </ul> <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"> <li>• it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer’s intended product use is <i>solution / standalone</i>,</li> <li>• the consumer’s intended product use is <i>core component</i> and the consumer’s risk (ability to bear loss) and return profile is <i>low</i>, or</li> <li>• the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return</li> </ul>