

## Design and Distribution Obligations - Target Market Determination

Name of Structured Product	Instreet Masti Deferred Purchase Agreements (DPA)
Date published	1 June 2023
Investment Units objective	The DPA Units offer investors the opportunity to access potential upside growth of the selected Reference Index.
Version	1.3

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) and *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (Cth). It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of Instreet Structured Investment Pty Limited's design and distribution framework 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, goals or needs. Persons interested in acquiring this product should carefully read the relevant Product Disclosure Document for Instreet Masti DPA before deciding whether to invest in this product. For the latest copy of the Product Disclosure Statement Series currently on offer, please contact: [info@instreet.com.au](mailto:info@instreet.com.au)

### TMD indicator key

In the tables below, Column 1, indicates a description of the likely objectives, financial situation and needs of the class of investors that are considering this product. Column 2, TMD Indicator, indicates whether an investor meeting the attribute in column 1 is likely to be in the target market for this product.

The Investor Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology:

In Target Market	Potentially In Target Market	Not considered in Target Market
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### The Products Characteristics

The Units are interests in Deferred Purchase Agreements issued by Instreet Structured Investment Pty Limited (ACN 140 407 558) and arranged by Instreet Investment Australia Limited (ABN 24 622 827 589) on the terms contained in the Product Disclosure Statement. The Units are designed to pay Coupons during their term and deliver at the Settlement Date Final Assets which have a value equivalent to the Final Value of \$1.00 per Unit at the Maturity Date. An investor receives a beneficial interest in a Portion of the Final Assets which forms part of the Units issued to investors.

The Purchase Price is A\$1.00 per Unit. The payment of the Total Purchase Price by the Investors for the Units it acquires (i.e. the Purchase Price per Unit multiplied by the number of Units issued to the Investor) is deferred for each Period for which the Investor has prepaid the Finance Cost. Investors must prepay the Finance Cost for the relevant Period by the Finance Cost Payment Date to defer the payment of the Total Purchase Price to the Period Start Date for the following Period. By prepaying the Finance Cost on each of the Finance Cost Payment Dates, Investors are able to defer payment of the Total Purchase Price until the Maturity Date.

The Units entitle the Investor to one or more Fixed Coupons, calculated as a percentage of the Purchase Price per Unit and payable annually by the Issuer on the relevant Coupon Payment Date(s), and a Final Coupon (if any), uncapped and conditional on the positive performance of the Reference Index over the Investment Term (subject to averaging and any foreign exchange risk) in excess of the Fixed Coupon(s) already paid.

If a Volatility Target overlay applies, the performance of the Reference Index will be affected by the level of exposure that the Units have to the Underlying Index, a level determined by the Participation Rate. The Participation Rate operates by varying the exposure that the Units will have to the Underlying Index according to the observed volatility of the Underlying Index. The higher the volatility of the Underlying Index, the lower the Participation Rate and vice versa. Throughout the Investment Term, the Participation Rates will vary and will range from a minimum of 0% to a maximum of 150%, depending on the volatility of the Underlying Index over the previous 100 Calculation Dates. If a Volatility Target overlay does not apply, the Reference Index and the Underlying Index are the same indices for the purposes of calculating the Final Coupon.

Investors may elect for a Fixed Coupon payable in respect of a Period to be set-off against a Finance Cost Payment due in respect of the immediately following Period, and only pay the difference (if any) on the respective Finance Cost Payment Date.

Where the Investor pays the Total Purchase Price on or before the Maturity Date as required, they will be entitled to receipt of the Final Value (plus the proceeds of sale of the Investor's Beneficial Interest). The Final Value per Unit, like the Purchase Price per Unit, will be \$1.00.

Unless the Investor validly elects physical settlement to apply, the Issuer will pay the Final Value, plus any Final Coupon, on the Settlement Date (or as soon as possible thereafter).

Physical settlement of the Units will apply where the Investor has returned to the Issuer at least 10 Business Days prior to the Maturity Date a validly completed Notice of Maturity which clearly specifies an election to physically settle their Units, and paid the Total Purchase Price in full before the Maturity Date. Where the Investor validly elects physical settlement, they will receive Final Assets with a value equal to the Final Value. The Issuer (or its nominee) will arrange for the Final Assets, plus the payment of any Final Coupon, to be transferred to the Investor on the Settlement Date (or as soon as possible thereafter).

Unless substituted by the Issuer in accordance with the Terms, the Final Assets will be a basket comprised of equal proportions (by value) of ordinary shares in each of the following companies: BHP Billiton Limited, Commonwealth Bank of Australia, Wesfarmers Limited, Westpac Banking Corporation, and Woolworths Limited.

The significant features of each Series will be described in the Product Disclosure Statement which includes:

- (i) the Underlying Index
- (ii) whether a Volatility Target is applicable
- (iii) the Reference Index
- (iv) whether Purchase Price Election, and a Service Fee, is applicable
- (v) the Finance Cost Payments, if any (as a percentage of the Purchase Price per Unit)
- (vi) the Fixed Coupon(s) (as a percentage of the Purchase Price per Unit)
- (vii) whether the Final Coupon will be subject to any foreign exchange risk, and
- (viii) the Investment Term, ranging between 2 and 5 years.

The Underlying Index to which the Investor's Units will provide exposure over the Investment Term will be any one or more of the following:

- i) Australian and international equity index
- ii) Any exchange traded fund quoted and/or listed in Australia or overseas exchange
- iii) Any unlisted fund; or
- iv) Any other basket of equities, exchange traded funds or indices

#### **Asset Class**

The DPA units provides notional exposure over multi-asset classes including fixed income, equities and alternatives such as commodities, ESG, absolute return and hedge funds.

#### **Investment Style**

The Issuer obtains exposure to the individual securities, ETFs, assets or investment markets (Reference Index) through the use of derivatives rather than a direct investment in the individual securities, ETFs, assets or investment markets itself. Such derivatives may include swap agreements, certain types of deferred purchase agreements, options, futures, forward rate agreements and forward foreign exchange contracts. Payment of the Final Coupon at maturity is subject to the performance of the Reference Index in accordance with the formula detailed in the relevant PDS.

#### **Portfolio Diversification & Liquidity**

The Instreet Masti DPA provides investors with notional exposure to various assets and markets both Australian and international which range from low to high growth markets.

It is the investor's responsibility to consider the likely investment risks based on their own risk tolerance and investment timeframe when choosing a suitable Masti Series and desired risk outcome. We recommend that each investor refers to their own financial adviser for further personal advice that best suits their own individual circumstances.

#### **Liquidity Risk**

Subject to any adverse market conditions, all DPA units can be liquidated in less than 3 days. However risks associated with using a derivative include the value of the derivative failing to move in line with the underlying asset, potential illiquidity, and counterparty risk. Counterparty risk is where the counterparty to the derivative contract cannot meet its obligations under the contract. Any such risk occurring is likely to adversely impact the value of your Units.

#### **Buy-Backs and Redemptions**

Buy-backs and redemptions are processed either monthly or quarterly depending on the terms of the PDS.

#### **Investor's objectives for product**

Objective	Consistency with target market
Capital Growth	In Target Market
Capital Preservation	Not considered in Target Market
Capital Guaranteed	Not considered in Target Market

Regular Income	Not considered in Target Market
Alternative Investment (Commodities / Sustainable / Ethical / ESG)	In Target Market

#### Investor's intended use of product

Product Use	Consistency
Solution/Standalone (75-100% of total investible assets)	Not considered in Target Market
Core Component (25-75%)	Not considered in Target Market
Satellite (<25%)	In Target Market

#### Financial situation of investor

Investor's life stage	Consistency
Accumulation	In Target Market
Pre-retirement	In Target Market
Retired	In Target Market

Investment Timeframe of investor	Consistency
Short (0-3 years)	In Target Market
Medium (3-6 years)	Not considered in Target Market
Long (6+ years)	Not considered in Target Market

Investor's intended risk/return tradeoff	Consistency
Very high risk & return	In Target Market
High risk & return	Not considered in Target Market
Medium risk & return	Not considered in Target Market
Low risk & return	Not considered in Target Market

Normal/usual liquidity requirement of investor	Consistency
No liquidity constraints	Not considered in Target Market
Some liquidity constraints	Not considered in Target Market
Moderate liquidity constraints	Not considered in Target Market
Ability to bear short to medium term liquidity constraints	In Target Market
Ability to bear longer term liquidity constraints	In Target Market

## Distribution of product

Distributors should:

- Consider TMD in distribution of this product;
- Consider the relevant DPA Product Disclosure Statement in distribution of this product;
- Any other conditions specifically set by the Issuer for the nominated Distributor

## Distributor Reporting Requirements

Requirement	Period
Report on each acquisition that is outside of target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice	Quarterly
Complaints (as defined in section 994A(1) of the Act) relating to the platform and products offered on the platform, where the nature of the complaints relate to product design, insurance claims, product availability and distribution conditions. The distributor should provide all the content of the complaint, having regard to privacy.	Quarterly
Significant dealing outside of target market, under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing

## Review triggers – all apply

The issuer of the product has determined that if any of the following occurs this Target Market Determination will be reviewed:

- Material change to key product features and/or fees;
- Significant dealing outside TMD;
- Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product; and
- The use of Product Intervention Powers, regulator orders or directions that affects the product.

## Mandatory review periods

Review periods	Maximum period for review
Subsequent review	2 years, 3 months

## Definitions

Term	Definition
<b>Objective</b>	
Capital Growth	The investor seeks to invest in a product designed to generate capital return. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The investor seeks to invest in a product to reduce volatility and minimise loss in a market down-turn. The investor 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 investor seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The investor would likely understand the complexities, conditions and risks that are associated with such products.
Regular Income	The investor seeks to invest in a product designed to distribute regular and/or tax-effective income. The investor prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
Alternate investment (Commodities / Sustainable / Ethical / ESG)	The investor seeks to invest in a product which contains exposure to alternate market/s that aligns to the investor's own social/environmental/ responsible investing preferences.
<b>Product Use</b>	
Solution/Standalone (75-100% of total investible assets)	The investor 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). The investor typically prefers exposure to a product with at least High portfolio diversification.
Core Component (25-75%)	The investor intends to hold the investment as a major component, up to 75%, of their total <i>investible assets</i> (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification.
Satellite (<25%)	The investor 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 investor is likely to be comfortable with exposure to a product with Low portfolio diversification.
Investible Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>Investor's Life Stage</b>	
Accumulation	Investor that is not close to retirement and earning a regular income, is likely to be more tolerant and have more time to withstand the ups and downs of the market, which potentially have higher returns.
Pre-retirement	Investor that is close to transitioning to retirement, and may still be earning a regular income, or near the end of their working life and is less tolerant to the markets ups and downs and therefore may be likely to prefer allocations to more defensive / less risky assets.
Retired	Investor that has reached the preservation age as defined by Superannuation legislation and have ceased gainful employment. The

	investor is generally less tolerant to market ups and down and would prefer low to very low risk assets.
<b>Investment Timeframe of Investor</b>	
Short (0-3 years)	The investor has a short investment timeframe and may wish to redeem within three years and therefore could be less tolerant to the markets ups and downs.
Medium (3-6 years)	The investor has a medium investment timeframe and is unlikely to redeem within three years and therefore could be more tolerant to the markets ups and downs.
Long (6+ years)	The investor has a long investment timeframe and is unlikely to redeem within six years and therefore could be the most tolerant to the market ups and downs.
<b>Investor's Intended Risk/Return Trade-off</b>	
<p>A 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 <i>Standard Risk Measure Guidance Paper For Trustees</i>. 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 an investor requires to meet their investment objectives/needs. It also does not consider all risks such as concentration risk or liquidity risks which are explained in more detail in the product disclosure statement.</p> <p>An investor's desired product return profile would generally consider the impact of fees, costs and taxes.</p>	
Very high risk & return	<p>The investor 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>Investor typically prefers growth assets such as shares, property and alternative assets.</p>
High risk & return	<p>The investor 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>Investor 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>
Medium risk & return	<p>The investor 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>Investor typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
Low risk & return	<p>The investor 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. Investor typically prefers defensive assets such as cash and fixed income.</p>
<b>Normal / usual liquidity requirement of investor</b>	
No liquidity constraints	

Some liquidity constraints	The investor seeks to invest in a product which permits trading requests to meet liquidity needs of investors under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
Moderate liquidity constraints	
Ability to bear short to medium term liquidity constraints	
Ability to bear longer term liquidity constraints	
Distribution conditions/restrictions	
General advice	Advice that do not consider the needs and financial situation of the investor.
Personal advice	Advice/recommendation that considers the needs and financial situation of the investor.
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"><li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li><li>• they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the investor (or class of investor).</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 an investor (which may be indicated by the value of the investor’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.</li></ul>