Target Market Determination

Name of Structured Product	Instreet Yield Deferred Purchase Agreements (DPA)
Date published	1 June 2023
Investment Units objective	The DPA Units offer investors a potential fixed income payment and potential exposure to the price movements of either the Lowest Performing Component Share or an 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 Product Disclosure Document for Instreet Yield 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

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

Generally, Instreet considers that 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.

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 performance of the DPA Units is linked to the performance of a basket of shares, Exchange Traded Funds (ETFs) or indices. The DPA units provides Investors with a potential fixed Conditional Payment or Coupon and potential exposure to the performance of the Lowest Performing Component Share of the basket at Maturity. The Units are designed to deliver at the Settlement Date a Delivery Parcel which has a value equivalent to the Final

Value at the Maturity Date. The Final Value will depend on whether a Kick-In Event has occurred or not. The Investment Term is between one to two years.

Instreet issues four (4) different types of Yield DPAs: Twin Opportunity, Snowball, Enhanced Coupon and Fixed Coupon which all have a slightly different pay-off however this TMD applies equally to all Yield DPAs. The product characteristic of Instreet Yield – Twin Opportunity DPA is detailed below.

The Units will pay a Conditional Payment calculated by reference to the Conditional Payment Rate upon the occurrence of an Auto-Call Event. The Conditional Payment Rate is set by the Issuer on the Commencement Date. Investors' entitlement to the Conditional Payment is independent of the performance of the Component Shares.

Conditional Payment calculation:

Conditional Payment = (Conditional Payment Rate / 12) x Number of Months x Issue Price

Where the Number of months is the number of months from Commencement Date to the Auto-Call Event Observation Date.

The Conditional Payment Rate is based on a number of factors. The main factors are interest rates, Component Share price volatility and the correlation between share price movements of the Component Shares.

The Final Value of your Units will depend upon whether a Kick-In Event and Auto-Call Event occurs during the Investment Term. A Kick-In Event occurs if the Closing Price of one or more Component Shares is at or below the Kick-In Price at any time during the Investment Term. An Auto-Call Event occurs if, on any Auto-Call Event Observation Date, the Closing Price of each and every Component Share is greater than the Starting Price for that Component Share.

If an Auto-Call Event occurs, the Final Value per Unit will be $1.00 (regardless of whether a Kick-In Event has occurred or not).

If no Kick-In Event and no Auto-Call Event occurs during the Investment Term, the Final Value of your Units will be equal to the Issue Price plus the absolute Underlying Performance of the Lowest Performing Component Share at Maturity Date. This means that in addition to any positive returns, any negative return on the Lowest Performing Component Share is also paid out as a positive return. The performance of a Component Share is calculated as follows:

(Maturity Price for Component Share – Starting Price for Component Share) / Starting Price for Component Share

If a Kick-In Event occurs during the Investment Term but no Auto-Call Event occurs, you will be exposed to the performance of the Lowest Performing Component Share at Maturity. The return investors receive on their investment is therefore comprised of the Final Value of the Units (the value of which is dependent on whether a Kick-In Event and Auto-Call Event has occurred throughout the Investment Term). The Final Value is calculated as follows:

*Final Value per Unit = $1.00 * (Maturity Price (w) / Starting Price (w))*

The Kick-In Price for each Component Share varies between each Yield Series and is set on the Commencement Date at between 50 to 75% of the Starting Price for that Component Share (i.e. the Closing Price of a Component Share may fall by an amount less than 25 to 50% of its Starting Price throughout the Investment Term before a Kick-In Event occurs with respect to that Component Share). If a Kick-In Event occurs and an Auto-Call Event does not occur, then you will be exposed to the negative performance of the Lowest Performing Component Share at Maturity. This will occur through the calculation of the Final Value of your Units. In these circumstances, instead of the Final Value equalling the Issue Price at Maturity, it will only be a portion of the Issue Price to reflect the negative performance of the Lowest Performing Component Share at Maturity. For example if a Kick-In Event has occurred (and no Auto-Call Event has occurred) and the Closing Price of the Lowest Performing Component Share is 60% lower than its Starting Price at Maturity, the Final Value per Unit at Maturity will only be $0.40. Where a Component Share has fallen 100% between the Commencement Date and the Maturity Date, the Final Value will be zero.

An Auto-Call Event occurs when the prices for all of the Component Shares are equal to or above their Starting Prices on an Auto-Call Observation Date. The Final Value upon the occurrence of an Auto-Call Event will equal the Issue Price. An Auto-Call Event could occur after the occurrence of a Kick-In Event. When an Auto-Call Event occurs you will not participate in any positive performance of the Component Shares above their Starting Price. Hence the Final Value upon an Auto-Call Event will never exceed the Issue Price per Unit. However, you will receive a Conditional Payment.

For a Yield Series with 50% Kick-In Price, investors are not exposed to a fall in the Closing Price of the Component Shares that is less than 50% of the Starting Price for Investors who acquire Units at the Issue Price and hold those Units to Maturity. As such, this Series is designed as a “buy and hold” investment. If you withdraw before Maturity you may incur Break Costs.

In relation to the Instreet Yield – Snowball DPA and Fixed Coupon DPA products, a Kick-In Event would only occur if the Closing Price of one or more Component Shares is at or below the Kick-In Price at Maturity only rather than throughout Investment Term. Further if a Kick-In Event has not occurred on the Maturity Date, the Final Value will be equal to the Issue Price. All other product characteristics remain the same.

In relation to the Instreet Yield – Enhanced Coupon DPA, the Reference Underlying is generally a share index such as the S&P/ASX 200 index rather than a basket of shares. The Kick-In Level is 100% of the Starting Level rather than 25-50% below. This means that at Maturity if the Final Level of the Index is below the Initial Level, instead of the Final Value equalling the Issue Price, it will only be a portion of the Issue Price to reflect the negative performance of the Reference Underlying at Maturity. For example if the Closing Level of the Reference Index is 25% lower than its Starting Level at Maturity, a Kick-In Event will have occurred and the Final Value per Unit at Maturity will only be $0.75. Where the Reference Index has fallen 100% between the Commencement Date and the Maturity Date, the Final Value will be zero.

The Final Value will be satisfied by the physical delivery of the Delivery Parcel. The settlement of the transfer of the ASX listed securities that constitutes the Delivery Asset will occur on the Settlement Date which is the 10th Exchange Business Day after the Maturity Date.

No later than 10 Business Days prior to the Maturity Date, Investors may enter into an arrangement with the Issuer to have the Delivery Parcel sold on their behalf – the Agency Sale Option. Investors will then receive the Sale Monies with a value equivalent to the Final Value less Delivery Costs.

At Maturity, the Issuer intends to deliver a Delivery Parcel equal to the Final Value per Unit containing fully paid ordinary shares in Westpac Banking Corporation (“the Delivery Assets”).

In the event that Westpac Banking Corporation is no longer listed on the ASX or suspended from trading, the Calculation Agent shall either, acting in good faith and in a commercially reasonable manner, select a replacement company listed on the ASX, and included in the S&P/ASX 200 Index.

The Units can mature early if an Early Maturity Event occurs or if an Investor requests an Issuer Buy-Back. Early Maturity Events generally arise in circumstances which prevent the Issuer being able to hedge or deliver on its obligations. Early Maturity Events could include (but are not limited to), for example, where the Hedge is terminated for any reason, certain corporate actions taken by an issuer of a Component Share, any Component Share being suspended from listing, a Change of Law occurs that prevents the normal operation of the Units or results in the Issuer having to pay additional amounts in relation to the Units or if the Issuer's Hedge terminates early for any reason.

If an Early Maturity Event occurs, the Issuer has the discretion to call Early Maturity or to allow the Units to continue. If an Early Maturity Event occurs then the Early Maturity Value or Termination Payment (whichever is applicable) as calculated by the Issuer acting in good faith and in a commercially reasonable manner will take into consideration Break Costs. See below under Buy-Backs and Redemptions for more information on Break Costs which can reduce the value of your Units.

Asset Class

The DPA units provides exposure over Equities through a basket of three to five listed shares, exchange trade funds and/or global indices. The shares may be listed in Australia or internationally.

Investment Style

The Issuer obtains exposure to the individual securities, ETFs, assets or investment markets 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 Conditional Coupon at Final Value is subject to the performance of the Reference Index in accordance with the formula detailed in the relevant PDS.

Portfolio Diversification & Liquidity

The Instreet Yield DPA is linked to the performance of a basket of three to five shares, ETFs or indices.

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 Yield 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 monthly.

The amount you receive for each Unit is determined by the Issuer acting in good faith and in a commercially reasonable manner. This amount will include any Break Costs and may be less than the Issue Price per Unit. Break Costs will depend on the economic value the Issuer achieves on the unwinding of its hedge position (i.e. the amount it achieves on the sale or unwind of the options or other financial instruments that underlie the Units).

The economic value the Issuer achieves will be reliant on several factors including but not limited to market liquidity, volatility, interest rates, market prices, foreign exchange rates, and the time to Maturity. The impact of these factors are largely unknown and are dependent on movements in financial markets.

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)	Not considered 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 (50-75%)	Not considered in Target market
Core Component (25-50%)	Potentially 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 3 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
Objective	
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 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 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.
Product Use	
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 *investible assets (*see definition below). The investor typically prefers exposure to a product with at least High portfolio diversification.
Core Component (50-75%)	The investor intends to hold the investment as a major component, up to 75%, of their total *investible assets* (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification.

Core Component (25-50%)	The investor does not intend to hold the investment as a major component, up to 50%, of their total *investible assets* (see definition below). The investor typically prefers exposure to a product with at least Low to 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 *investible assets* (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.
Investor's Life Stage	
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.
Investment Timeframe of Investor	
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.
Investor's Intended Risk/Return Trade-off	
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 S*tandard 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 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. An investor's desired product return profile would generally consider the impact of fees, costs and taxes.	
Very high risk & return	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). Investor typically prefers growth assets such as shares, property and alternative assets.

High risk & return	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. 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.
Medium risk & return	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. Investor typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
Low risk & return	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.
Normal / usual liquidity requirement of investor	
No 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.
Some liquidity constraints	
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	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. 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. Dealings outside this TMD may be significant because: • 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 investor (or class of investor). In each case, the distributor should have regard to: • 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 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 • the nature and extent of the inconsistency of distribution with the TMD.