

Target Market Determination

Product/Fund: Perpetual Income Opportunities Fund

Effective Date: 15 March 2023

TMD Version: 4

Issuer name: Perpetual Investment Management Limited

Issuer ABN: 18 000 866 535

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About this document

This Target Market Determination is required under section 994B of the *Corporations Act 2001 (Cth)*. It outlines the class of consumers for which this product has been designed and is intended to assist distributors in understanding who the product is intended to be distributed to. The document forms part of the design and distribution arrangements for the product and outlines distribution conditions and restrictions as well as reporting requirements for distributors.

This document is not a Product Disclosure Statement (PDS) and does not provide a full 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.

People interested in acquiring this product should carefully read the PDS before making a decision whether to buy this product. The PDS is available at www.perpetual.com.au.

Target market statement

The Perpetual Income Opportunities Fund (Fund) is designed for consumers who:

- are seeking regular income,
- are intending to use the Fund as minor or satellite allocation within a portfolio,
- have a medium to long-term investment timeframe,
- have a medium to high risk and return profile,
- are seeking to invest in an illiquid scheme with the ability to make quarterly withdrawal requests and
- are seeking withdrawal proceeds to be **paid** quarterly within 21 days from the last calendar day of the month to which the quarterly withdrawal offer relates to, subject to the offer being made.

Description of target market

Consumer attributes		Key product attributes															
Investment goals	TMD indicator	Investment objective and key attributes															
Capital growth	Not considered in Target Market	Investment Objective Aims to provide investors with income generated predominantly from corporate and asset backed debt strategies and other investments consistent with the Fund's investment approach. It aims to outperform the Bloomberg AusBond Bank Bill Index other rolling three-year periods by 2% per annum. The Fund is a non-liquid managed investment scheme. Key attributes The Fund has the following key attributes: <ul style="list-style-type: none">Potential to pay income on a Quarterly basis given the Fund's investment universe. However, there is no guarantee that the Fund will be able to pay income in the future in any particular distribution period and the level of any income may vary materially from one distribution period to next.Portfolio of Australian and international opportunistic income investments that have a low correlation to traditional fixed income markets.															
Capital preservation	Not considered in Target Market																
Income distribution	In Target Market																
Intended product use (% of investable assets)	TMD indicator	Portfolio diversification															
Whole Portfolio (up to 100%)	Not considered in target market	The Fund is comprised of the following asset types: <table><tr><th>Asset class</th><th>Min</th><th>Max</th></tr><tr><td>Corporate Strategies</td><td>50%</td><td>100%</td></tr><tr><td>Asset Backed Strategies</td><td>10%</td><td>40%</td></tr><tr><td>Oher defensive alternatives</td><td>0%</td><td>20%</td></tr><tr><td>Cash</td><td>0%</td><td>100%</td></tr></table> As the Fund invests in a diverse mix of assets either directly or indirectly via underlying managed funds, its portfolio diversification has been assessed as 'high'. The Fund is an illiquid scheme and is most suitable for up to 25% of the consumer's investable assets.	Asset class	Min	Max	Corporate Strategies	50%	100%	Asset Backed Strategies	10%	40%	Oher defensive alternatives	0%	20%	Cash	0%	100%
Asset class	Min		Max														
Corporate Strategies	50%		100%														
Asset Backed Strategies	10%		40%														
Oher defensive alternatives	0%		20%														
Cash	0%		100%														
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%)	In target market																
Satellite / small allocation (up to 10%)	In target market																
Intended investment timeframe	TMD indicator	Suggested length of investment															
Short (≤ 2 years)	Not considered in target market	This Fund is designed for consumers who seek to invest their capital for a minimum period of three years years.															
Short to Medium (> 2 years and < 5 years)	Potentially in target market																
Medium to Long (≥ 5 years and < 7 years)	In target market																
Long (≥ 7 years)	In target market																

Consumer attributes		Key product attributes
Risk (ability to bear loss) and return profile	TMD indicator	Risk level
Low	Not considered in target market	<p>The Fund's standard risk measure (SRM) is medium to high, which is reflected in the PDS. The SRM is based on industry guidance and is not a complete assessment of all forms of investment risk.</p> <p>Derivatives may be used in the management of the Fund.</p> <p>Specific risks associated with this Fund include:</p> <ul style="list-style-type: none"> • Liquidity risk: Given the nature of the Fund's investments (which, with the exception of cash, are generally not liquid), the Funds will be operated as non-liquid schemes (as defined in the Corporations Act), which means there is a risk you will have difficulty withdrawing your investment. • Prime broker risk: When the Fund borrows securities or cash, we engage a prime broker (refer to 'Key service providers' for details) to provide stock for the borrowing and lending of securities. Any assets taken by the prime broker as collateral from the Fund may potentially be used by the prime broker for its own purposes (including lending those assets to third parties) for the period that the Fund retains the relevant liability. Therefore, there is a risk that if the prime broker becomes insolvent whilst the Fund remains indebted to the prime broker, the investment assets of the Fund may not be returned in full.
Medium	In target market	
High	Potentially in target market	
Very high	Not considered in target market	<ul style="list-style-type: none"> • Gearing risk: <ul style="list-style-type: none"> - With gearing, the investment manager borrows money from a lender to increase the amount the fund can invest. While this can result in larger investment gains in a rising market, it is also likely to magnify losses in a falling market. - Gearing increases the volatility of a fund's investment returns. Consequently, a geared fund is considered to have a higher investment risk than a comparable fund that is ungeared. • Short-position risk: <ul style="list-style-type: none"> - establishing a short position in a security involves a higher level of risk than investing in a security. This is because when you invest in a security, the maximum loss is generally limited to the amount invested. With short positions there is no limit on the maximum loss because there is no upper limit on the security's price. - A further risk is that the securities lender may recall a borrowed security, so the Fund will have to find another securities lender willing to lend the security or may have to buy the security quickly at an unfavourable price. • Valuation risk: Unlike listed investments where share prices are determined daily on the share markets, unlisted investments are typically valued less frequently. As a consequence, there may be greater fluctuations in the value of the investments in the Funds at these valuation times, which in turn

		<p>may affect the value of your investment in the Funds.</p> <ul style="list-style-type: none"> • Differential performance risk: In the early years of private equity, opportunistic property or infrastructure investments, higher initial upfront costs can result in lower performance for the first one to two years with returns beginning to converge to the longer-term targets in subsequent years. <p>For more information on risks and other features of the Fund please refer to the PDS.</p> <p>The Fund is most suitable for consumers who have a medium risk and return profile and:</p> <ul style="list-style-type: none"> • can accept potential losses to their capital, • are comfortable with the specific risks associated with the Fund as disclosed in the PDS. <p>The Fund is invested into a diversified portfolio of assets, therefore may be potentially be in target market for consumers who have a high risk and return profile.</p>
Withdrawal request and acceptance frequency	TMD Indicator	Withdrawal request frequency
Daily	Not considered in target market	<p>Subject to Perpetual making a withdrawal offer, withdrawal requests can be made <u>quarterly</u>, and must be received, verified and accepted by the Fund's unit registry prior to 3pm (Sydney time) on a withdrawal offer closing date to be processed using the exit price calculated for the last calendar day of the month to which the quarterly withdrawal offer relates.</p> <p>We have the right to cancel a quarterly withdrawal offer at any time before the closing date and must do so if we believe that's in the best interests of investors. In this case, any withdrawal requests received for that quarter, whether before or after the cancellation date, will not be accepted.</p> <p>We will seek to offer 5% of the total net asset value of the Fund for redemption each quarter. However, the nature of the underlying assets held by the Fund will determine the amount of cash available from quarter to quarter.</p>
Weekly	Not considered in target market	
Monthly	Not considered in target market	
Quarterly	In target market	
Annually or longer	In target market	
Payment timing for withdrawal proceeds	TMD indicator	Withdrawal payment timing
Daily	Not considered in target market	<p>Withdrawals from the Fund can only be made subject to a withdrawal offer being made according to the Corporations Act while the Fund is non liquid. We generally expect to make withdrawal offers quarterly, subject to available cash.</p> <p>Unless the quarterly withdrawal offer is cancelled, if the withdrawal requested is received during the withdrawal offer period, it will be processed within 21 days from the last calendar day of the month to which the quarterly withdrawal offer relates.</p> <p>If the value of all withdrawal requests received exceeds the amount offered for withdrawal in a particular quarter, all requests received will be met on a pro rata basis.</p> <p>Any unpaid amounts will not be carried over to the next quarter and you would need to lodge another withdrawal request for that quarter if you still wish to</p>
Weekly	Not considered in target market	
Monthly	Not considered in target market	
Quarterly	In target market	

		withdraw an unpaid amount from a previous quarter.
		For further information on withdrawals, refer to the 'Withdrawals' section in the PDS.
Annually or longer	In target market	

Distribution information

Distribution conditions / restrictions

This product can be distributed:

1. Through the Perpetual Income and Growth Opportunities Funds PDS, either:

- Directly (and non-advised) – via the issuer's website perpetual.com.au to access the physical application form.
- Via financial advisers where consumers have received personal advice

For a consumer to access the product directly, they must read and accept the PDS.

2. Through specified distributors or distribution channels such as an investment or superannuation platform or wrap product. The issuer of each platform product has its own obligations as a distributor to take reasonable steps that will or are reasonably likely to result in retail product distribution conduct being consistent with this TMD.

It has been determined that the distribution conditions and restrictions will make it likely that customers who purchase the product are in the class of customers for which it has been designed. We consider that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

Distributor reporting requirements

Distributors required to report	Reporting requirement	Reporting period	Method of reporting (using FSC data standards where practicable)
All distributors	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 the end of a calendar quarter.	Information to be sent to DDOmail@perpetual.com.au
All distributors	Significant dealings outside the target market determination.	As soon as practicable but no later than 10 business days after becoming aware of a significant dealing.	Information to be sent to DDOmail@perpetual.com.au
All distributors	To the extent a distributor is aware of dealings outside the target market, these should be reported to the issuer, including the reason the acquisition is outside the target market, and whether the acquisition occurred under personal advice.	Within 10 business days following the end of a calendar quarter.	Information to be sent to DDOmail@perpetual.com.au

Review period and triggers

We will review this target market determination as outlined below.

Mandatory review periods	
Review period	Maximum period for review
Initial review	1 year and 3 months (Complete)
Subsequent / periodic reviews	2 years and 3 months (June 2025)

Review triggers
The issuer has determined that a significant dealing outside the target market determination has occurred.
Material deviation in actual performance of the product (compared to investment objective / benchmark) over a sustained period.
Material change to fund liquidity which may cause consumer harm.
Material change to investment objective, key product features or fees.
Material or unexpectedly high number of complaints about the product (or distribution of the product) which indicate a systemic issue has occurred.
Significant regulatory action which indicates that the target market determination is no longer appropriate.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days

Instructions

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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In the tables in this TMD, 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

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.
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)	
Whole Portfolio (up to 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).
Major allocation (up to 75%)	The consumer intends to hold the investment as either a part or the majority (up to 75%) 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 (up to 50%)	The consumer intends to hold the investment as a core component, up to 50%, 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).
Minor allocation (up to 25%)	The consumer intends to hold the investment as a minor 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).
Satellite component (up to 10%)	The consumer intends to hold the investment as a satellite part of their total portfolio, as an indication it would be suitable for up to 10% of the total investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification and very high risk (see definitions below).
Investable Assets	Those assets that the consumer 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 Australian shares.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Australian shares "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 shares).
Consumer's intended investment timeframe	
Short (≤ 2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Short to Medium (>2 years and < 5 years)	The consumer has a short investment timeframe and is unlikely to redeem within two years.
Medium to Long (≥ 5 years and <7 years)	The consumer has a medium investment timeframe and is unlikely to redeem within five years.
Long (≥ 7 years)	The consumer has a long investment timeframe and is unlikely to redeem within seven years.

Term	Definition
Consumer's Risk (ability to bear loss) and Return profile	
<p>This TMD assesses risk using the Standard Risk Measure (SRM) and, if applicable, other risk factors that are specific to a product.</p> <p>The SRM estimates the likely number of negative annual returns over a 20-year period (note the bands in the SRM guidance differ from the bands used in this TMD). However, the 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.</p> <p>Some products may have other risk factors which result from, for example, the use of leverage, derivatives or short selling, liquidity or withdrawal limitations, or a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>The Key Product Attributes section supplements the SRM methodology by also considering other risk factors.</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>
Consumer's withdrawal request frequency	
Daily / Weekly / Monthly / Quarterly / Annually or longer	The consumer seeks to invest in a product which permits withdrawal requests and the acceptance of such requests at this frequency under ordinary circumstances.
Consumer's timing for withdrawal proceeds	
Daily / Weekly / Monthly / Quarterly / Annually or longer	<p>The consumer seeks to invest in a product which facilitates the payment of withdrawal proceeds following a withdrawal request under ordinary circumstances.</p> <p>The issuer is typically able to meet that request within a reasonable period having regard to the following factors:</p> <ul style="list-style-type: none"> time taken to realise the underlying assets of the product in normal market conditions; the issuer's typical withdrawal process for the product in normal operating conditions, and the nature of the product as a managed investment scheme

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).
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The PDS for the relevant fund, issued by Perpetual Investment Management Limited, should be considered before deciding whether to acquire or hold units in that fund. The PDS can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

More information

Contact your financial adviser or call:

Adviser Service: Australia 1800 062 725 or New Zealand 0800 441 656

Consumer Service: Australia 1800 022 033 or New Zealand 0800 442 261

Email: investments@perpetual.com.au

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