



Target Market Determination

Issuer Nucleus Wealth Pty Ltd
ABN 54 614 386 266 **AFSL** 515 796
Fund **Nucleus Wealth Tactical Income**

Date approved 24 October 2023 / **Target Market Determination version 3**

Summary

This product is **likely** to be appropriate for a consumer who has a very low risk tolerance and a short to medium investment timeframe with an income focus for returns.
This product is **unlikely** to be appropriate for a consumer looking for growth investments or with a very short investment timeframe.

This Target Market Determination is issued in accordance with section 994B of the *Corporations Act 2001* (Cth). It sets out:

- a description of the likely objectives, financial situation and needs of consumers in the target market (**Consumer Objectives**),
- a description of the product, including its key attributes, and
- an explanation of why the product, including its key attributes, is likely to be consistent with the Consumer Objectives.

This document is not a product disclosure statement and is not a complete 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. Any potential investor should consider the latest product disclosure statement and obtain personal financial advice before deciding whether to acquire, or continue to hold, an investment in any Nucleus Wealth fund.

Instructions

Nucleus Wealth has assessed the product and described the Consumer Objectives for which the product is likely to be appropriate using a **red/amber/green** rating system. A **green** rating means that the product's features and key attributes are likely to meet the corresponding Consumer Objective.

Generally, Nucleus Wealth considers that a consumer is *unlikely* to be in the target market for the product if:

- **one or more** of their Consumer Objectives correspond to a **red** rating, or
- **three or more** of their Consumer Objectives correspond to an **amber** rating.

Important terms used in this Target Market Determination are explained in the Target Market Determination Glossary which supplements this document. Capitalised terms have the meaning given to them in the product disclosure statement, unless otherwise defined. The product disclosure statement can be obtained by creating a login at <https://portal.nucleuswealth.com/register> and previewing an account. In some instances, the product disclosure statement is also available by contacting the Nucleus Wealth Client Services Centre on 1300 623 863.

Consumer Objectives	Target Market Determination Indicator	Product description (including key attributes)
Investment objective		
Capital growth	Amber	This is a conservative asset allocation strategy aiming to generate returns 2.5% above Australian inflation over rolling 3-year periods. It is designed for conservative investors looking to maintain a higher level of income and takes minor tactical tilts to different asset classes based on valuation.
Capital preservation	Green	
Income distribution	Green	
Intended product use (% of Investable Assets)		
Solution / standalone (75-100%)	Green	The Nucleus Tactical Income model invests in a combination of Australian and international equities but is heavily weighted towards cash and fixed interest. The portfolio takes minor tactical tilts to different asset classes based on valuation. Stocks are chosen with a value and quality bias.
Core component (25-75%)	Green	
Satellite / small allocation (0-25%)	Green	
Minimum investment timeframe		
Very Short (≤ 1 years)	Red	The minimum suggested timeframe for holding investments in the model is 3 years.
Short (1 - 3 years)	Amber	
Medium (3 - 5 years)	Green	
Long (> 5 years)	Green	

Risk (ability to bear loss) and return profile

Low	Green	The model has a risk band of 2 (Low) – refer table below – Page 6 Glossary
Medium	Green	
High	Amber	
Very High	Amber	

Need to withdraw money

Daily	Amber	Withdrawal requests may be made on any Business Day. Requests will generally be processed within a business day, trade the following market day and money generally returned within 7 business days.
Weekly	Green	
Monthly	Green	
Quarterly	Green	
Annually or longer	Green	

Distribution conditions/restrictions

Distribution condition	Rationale
None	N/A

Review triggers

- Material change to the product description including key attributes.
- Material deviation from benchmark / objective over sustained period.
- Product has not performed as disclosed by a material degree and for a material period.

Determination by the issuer of an ASIC reportable 'significant dealing'.		
Material number of complaints (as defined in section 994A(1) of the Act) about the product.		
The use of Product Intervention Powers, regulator orders or directions that materially affects the product.		
Mandatory review periods		
Review period	Maximum period for review	
Initial review	12 months	
Subsequent review	18 months	
Distributor reporting requirements		
Reporting requirement	Reporting period	Applicable distributor(s)
Complaints (as defined in section 994A(1) of the Act) about the product, including their nature, number and outcome. The distributor should provide all the content of the complaint, having regard to privacy constraints.	Within 10 business days following the end of the calendar quarter.	All
Each 'significant dealing' outside of target market, under s994F(6) of the Act. See <i>Target Market Determination Glossary</i> for information about significant dealings.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All
If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors can report to Nucleus Wealth by email at: contact@nucleuswealth.com		

IMPORTANT INFORMATION

Nucleus Wealth Management (ABN 54 614 386 266) is a Corporate Authorised Representative of Nucleus Advice Pty Ltd - AFSL 515796

This information is current as at the date of this document and provided as a guideline only, it may be subject to change. No recommendation or advice has been given as to whether any investment or strategy may be suitable for you. This Target Market Determination contains general information only and is not intended to represent specific investment or professional advice. The information does not take into account an individual's personal financial circumstances. You should consider the offer document before making an investment decision to acquire or to continue to hold the investment. To the extent permitted by law, Nucleus Wealth, its employees, consultants, advisers, officers and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this Target Market Determination. This Target Market Determination is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This Target Market Determination is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Nucleus Wealth and its representatives believe that the information in this document is correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors or omissions (including responsibility to any person due to negligence) is accepted by Nucleus Wealth. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Nucleus Wealth. No part of this

material may be reproduced or distributed in any manner without the prior written permission of Nucleus Wealth. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested.

Target Market Determination Glossary

Term	Definition
Investment objective	
Capital growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets 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).
Intended product use	
Solution / standalone (75-100%)	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).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, 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).
Satellite / small allocation (0-25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below).
Investable Assets	Those assets that the investor 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 equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Diversified Australian equities.
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product.
Investment timeframe	
Very Short (≤ 1 years)	The consumer has a short investment timeframe and may wish to redeem within one year.
Short (≤ 2 years)	The consumer has a short investment timeframe and may wish to redeem within one to three years.
Medium (2-5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within three to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.
Risk (ability to bear loss) and return profile	
<p>Nucleus Wealth considers the risk of each product on a scale of 1 (very low) to 7 (very high). This risk rating is based on the volatility of the returns (generally taking into account past performance and assessed using standard deviation) and provides an indication of the overall risk profile of the product.</p> <p>The risk band is calculated using historical data and may not be a reliable indication of the future risk profile of the product. The risk band shown is not guaranteed and may change over time. The lowest band does not mean risk free.</p>	
Low risk	<p>The consumer is conservative or low risk in nature, seeks to minimise potential losses and is comfortable with a low target return profile (risk band 1 or 2).</p> <p>The consumer seeks exposure to 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 and comfortable with a moderate target return profile (risk band 3 to 5).</p> <p>The consumer seeks exposure to 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 in order to target a higher target return profile (risk band 6).</p> <p>The consumer seeks exposure to predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate exposure to 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 (risk band 7).</p> <p>The consumer seeks exposure to growth assets such as shares, property and alternative assets.</p>

Need to withdraw money

Daily/Weekly/Monthly/Quarterly/
Annually or longer

The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.

Significant dealings

Section 994F(6) of the Act requires distributors to notify Nucleus Wealth if they become aware of a significant dealing in the product that is not consistent with the Target Market Determination. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

Nucleus Wealth will rely on notifications of significant dealings to monitor and review the product, this Target Market Determination, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC. Dealings outside this Target Market Determination may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in respect of 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).

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 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 Target Market Determination (which may be indicated by the number of red or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing outside the Target Market Determination to be significant if:

- it constitutes more than half of their total distribution conduct in relation to the product over the reporting period,
- the consumer's intended product use is *Solution / standalone*, or
- the consumer's intended product use is *Core component* and the consumer's risk (ability to bear loss) and return profile is *Low*.

