



# Paul Melling Retirement Planning

## TARGET MARKET

## DETERMINATION

### Melling Managed Portfolio Service

This Target Market Determination (TMD) is a publicly available document required under section 994B of the Corporations Act 2001 (Cth). It sets out the target market for the product, distribution conditions, reporting obligations and triggers to review the target market. It forms part of Paul Melling & Associates design and distribution framework for the product.

This document is not a Product Disclosure Statement (PDS) 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 first obtain financial advice (including a Statement of Advice) from Paul Melling & Associates. That financial advice should discuss the costs and benefits of entering into a Managed Portfolio Service Agreement and Investment Program under the Melling Managed Portfolio Service.

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Product name: Melling Managed Portfolio Service  
Product issuer: Paul Melling & Associates Pty Limited  
(PMRP, we, us or our)  
Start date: Initial date 5 October 2021,  
Reviewed on 1 October 2023



# **Paul Melling** **Retirement Planning** **Managed Portfolio Service**

## **Product description**

The Melling Managed Portfolio Service is an investment service offering the following key features:

- The ability for an investor to select (with a financial adviser) a level of portfolio security which suits their particular circumstances (based on the investors income needs, financial resources, investment goals and personal comfort level).
- The investors chosen portfolio is then actively managed by Paul Melling & Associates under an Investment Program, utilising a wide range of available managed investment options on the Colonial First Choice FirstChoice investment platform (which includes a range of over 130 investment options, including specialist fund managers and low-fee index funds).
- Each portfolio is rebalanced at a frequency of no less than annually, and more frequently when deemed appropriate by Paul Melling & Associates.
- Available in three tax/product structures - superannuation, account-based pension and non-super unit trust.
- Access to an online member portal (provided by Colonial First State) for account updates, reporting and transactions.

# Target Market

## Objectives, financial situation and needs of the Target Market

This product is targeted at the following class of customer:

- Investors (individual, joint, trust or company) who want:
  - to invest in a managed portfolio for the long-term benefit of themselves and/or their estate.
  - to receive a regular income stream using their savings in either superannuation, pension or unit trust.
  - the flexibility to change their income level as their monetary needs change and the ability to make lump sum withdrawals (where legally permitted) to fund their larger expenditure needs;
  - to invest in a concessional tax environment (super/pension);
  - to invest via a pooled investment arrangement;
  - to have their portfolios actively managed by Paul Melling & Associates using managed funds (not direct equities); and
  - to invest in one, or a combination of, the investment options that sit within the following investment categories:

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Cash and deposits	Generally, to earn a return that at least matches the Reserve Bank of Australia (RBA) cash rate through investments in term deposits and money market funds.	Very low (1)	None
Enhanced cash	Generally, to earn a return exceeding the Bloomberg AusBond Bank Bill Index plus 0.5% - 1% through portfolios investing predominantly in money market funds and some fixed interest securities.	Very low (1)	At least 1 year
Australian fixed interest	Generally, to earn returns that exceed the Bloomberg AusBond Composite Bond Index (All Maturities) on average through portfolios investing predominantly in domestic fixed interest securities including government, corporate and structured investments.	Medium to high (5)	At least 3 years

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Diversified fixed interest	Generally, to earn returns that exceed a global bond index such as Citigroup World Government Bond Index (hedged into \$A) or the Barclays Global Aggregate (hedged to \$A) through portfolios investing predominantly in global fixed interest securities (or a combination of global and domestic) including government, corporate and structured investments.	Medium to high (5)	At least 3 years
Short duration fixed interest	Generally, to earn returns that exceed the Bloomberg AusBond Bank Bill Index plus 1-2% through portfolios investing predominantly in domestic and/or global fixed interest securities with an absolute return focus, lower risk and minimal duration, typically investing to a cash plus 1-2% target.	Medium (4)	At least 3 years
Alternative income	Generally, to earn returns that exceed the Bloomberg AusBond Bank Bill Index plus 2-5% on average through portfolios looking to generate a higher level of income, predominantly through investment in domestic and/or global fixed interest securities but also through certain income producing equities and alternatives, typically with an absolute return target with higher risk and expected return than Short duration fixed interest.	Medium to high (5)	At least 3 years

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Defensive	Generally, to earn returns that exceed an appropriate benchmark return through the allocation of 80-100% of funds to defensive assets. Defensive assets such as cash and fixed interest provide relatively stable returns with lower risk of impact from market volatility.	Low to Medium (3)	At least 3 years
Conservative	Generally, to earn returns that exceed an appropriate benchmark return through the allocation of 60-79% of funds to defensive assets. Defensive assets such as cash and fixed interest provide relatively stable returns with lower risk of impact from market volatility. The remaining assets are allocated to growth assets such as Australian and Global shares which aim to provide higher returns but have a higher risk of impact from short-term market fluctuations.	Medium (4)	At least 3 years
Moderate	Generally, to earn returns that exceed an appropriate benchmark return through a mixed allocation of 41-60% of funds to growth assets and the remaining funds to defensive assets. This portfolio seeks to earn greater returns through growth assets such as Australian and Global shares balanced against defensive assets such as cash and fixed interest.	Medium to high (5)	At least 5 years

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Growth	Generally, to earn returns that exceed an appropriate benchmark return through the allocation of 61-80% of funds to growth assets. The allocation will include a mix of Australian and Global shares and property and infrastructure assets which seek higher returns in the long term with greater risk. The remaining assets are allocated to defensive assets such as fixed interest and cash which provide relatively stable returns with lower risk of impact from market volatility.	High (6)	At least 5 years
High growth	Generally, to earn returns that exceed an appropriate benchmark return through the allocation of 81-100% of funds to growth assets. The allocation will include a mix of Australian and Global shares and property and infrastructure assets which seek higher returns in the long term with greater risk. The remaining assets are allocated to defensive assets such as fixed interest and cash which provide relatively stable returns with lower risk of impact from market volatility.	High (6)	At least 7 years
Diversified real return	Generally, to earn returns that exceed an appropriate benchmark return through portfolios with a flexible allocation to growth assets and typically with an absolute return target.	High (6)	At least 5 years

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Australian share	Generally, to earn returns that exceed the S&P/ASX 300 Accumulation Index through investing predominantly in Australian shares.	Very high (7)	At least 7 years
Australian share – small companies	Generally, to earn returns exceed the S&P/ASX Small Ordinaries Accumulation Index through investing predominantly in Australian small companies.	Very high (7)	At least 7 years
Global share	Generally, to earn returns that exceed the MSCI World ex-Australia Index through investing predominantly in global shares.	Very high (7)	At least 7 years
Global share – emerging markets	Generally, to earn returns that exceed an emerging market global share index such as the MSCI Emerging Markets Index or the MSCI Asia ex Japan index through portfolios investing predominantly in emerging markets.	Very high (7)	At least 7 years
Specialist share	Generally, to earn returns that exceed an appropriate sector component index through investing predominantly in specific sectors or regions, global small companies or long/short strategies.	Very high (7)	At least 7 years

Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Lower volatility share	Generally, to earn returns that exceed the S&P/ASX 300 Accumulation Index or the MSCI World ex-Australia Index through portfolios predominantly managed with a low volatility objective relative to shares, using quantitative techniques, equities option overlays or variable allocations to cash.	High (6)	At least 7 years
Geared funds	Generally, to earn returns that exceed the S&P/ASX 300 Accumulation Index or the MSCI World ex-Australia Index through portfolios predominantly invested in Australian or global shares whilst using gearing.	Very high (7)	At least 7 years
Australian property and infrastructure	Generally, to earn returns that exceed the S&P/ASX Property Accumulation Index or an appropriate relevant infrastructure index through portfolios investing predominantly in Australian property and/or infrastructure.	Very high (7)	At least 7 years
Global property and infrastructure	Generally, to earn returns that exceed the FTSE EPRA/NAREIT Developed Index (hedged to \$A) or FTSE Global Core Infrastructure 50/50 Index (hedged to \$A) through portfolios investing predominantly into global property and/or infrastructure.	High to Very high (6 to 7)	At least 7 years



Investment category	Investment objective <sup>1</sup>	Standard Risk Measure <sup>2</sup>	Minimum suggested investment timeframe <sup>3</sup>
Alternatives	Generally, to deliver consistent medium term returns on average with low correlation to broad equity and fixed income markets by investing in both traditional and non-traditional asset classes through portfolios including, but are not limited to, absolute return funds, diversified hedge funds, global macro funds, commodity trading and currency funds.	Medium to High, to Very high (5 to 7)	At least 5 years

- Individuals that acknowledge and accept that an investment in the product involves a risk/return trade-off;
- Individuals that acknowledge and accept that the income they receive from the product will cease upon the depletion of their account balance;

### The MPS is not suitable for some investors

The Melling Managed Portfolio Service is not targeted at the follow broad categorisations of investor (not exhaustive), who are NOT likely to be suited to the MPS.

- Investors who do not want to have a professional adviser manage their portfolio.
- Investors who do not want to have their portfolio invested via managed funds.
- Investors who do not understand the relation between risk and reward in investing.
- Investors who are simply seeking to minimise fees, and thus who do not seek an actively managed portfolio.

<sup>1</sup> Refer to the FirstChoice Investment Options Menu for a detailed description of the investment objective for each individual investment option. Risk and return objectives for each investment option may vary from their associated investment category objective.

Once you have obtained financial advice, refer to your Statement of Advice, MPS Agreement and Investment Program for detail on risk in your particular portfolio.

<sup>2</sup> The standard risk measure is a 1 – 7 scale based on the estimated number of negative annual returns over any 20-year period.

<sup>3</sup> The minimum suggested timeframe is an estimate of how long you should expect to hold your capital in an investment option within this category in order to achieve its expected investment return outcome.

**The eligibility criteria of this product includes that customers must be:**

- An individual, individuals, trusts or companies
- Normally present in Australia.

**Appropriateness of the target market:**

This product is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of customers.

## Distribution conditions

This product (Melling Managed Portfolio Service) is only offered via the Colonial First State FirstChoice Platform and is therefore subject to the conditions outlined in the Colonial First State FirstChoice PDS (super/pension and unit trust) as amended from time to time).

This product (Melling Managed Portfolio Service) is distributed exclusively by Paul Melling & Associates Pty Limited and its employed registered financial advisers as part of an ongoing financial advisory service.

*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.*

## Review triggers

Where Paul Melling & Associates determines that one of the below review triggers has occurred, we must undertake a review of this TMD:

1. Receipt of a Product Intervention Power order from ASIC requiring CFS to cease retail distribution of the FirstChoice products.
2. Receipt of a significant or unexpectedly high number of complaints from customers who have acquired this product, regarding the product design, features, availability and any distribution condition that would reasonably suggest that this TMD is no longer appropriate.
3. Occurrence of a significant dealing(s) outside of the TMD that would reasonably suggest that this TMD is no longer appropriate.
4. Material change to key product features, investment objectives, terms and conditions that would reasonably suggest that this TMD is no longer appropriate.
5. The Target Market and product attributes described in this TMD is found to include materially incorrect or misleading information that reasonably suggests that this TMD is no longer appropriate.
6. A significant number of investment options (excluding fixed term investments) have become illiquid and are no longer able to offer withdrawals, which reasonably suggests that this TMD is no longer appropriate.
7. The trustee of the FirstChoice product makes a determination for purposes of s52(9) of Superannuation Industry (Supervision) Act 1993 (Member Outcomes Assessment) that the financial interests of the customers who hold this product are not being promoted.
8. Changes to legislation have come into effect which materially impact upon the design or distribution of the product and reasonably suggests that this TMD is no longer appropriate.
9. Paul Melling & Associates receives notice from Colonial First State to cease distribution or use of one or more of the FirstChoice products.

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Next review date: By 1 October 2025

Review period (ongoing): Every 24 months from the start date of this Target Market Determination

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# Review trigger information requirements

Information	Provider	Reporting frequency
Complaints	Distributor	Quarterly
Dealings outside the target market	Distributor	At the time the product application is submitted.
Significant dealing outside the target market	Distributor	As soon as practicable, but no later than 10 business days after the distributor becomes aware of the significant dealing.

