

Target Market Determination: Ellerston JAADE Australian Private Assets Fund (Retail)

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (**the Act**). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Ellerston Capital's design and distribution arrangements 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 or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) for the **Ellerston JAADE Australian Private Assets Fund (Retail)** (the "Fund") before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting Ellerston Investor Relations on +61 2 9021 7701 or on our website at www.ellerstoncapital.com.

Target Market Summary

This product is likely to be appropriate for a consumer seeking **capital growth** to be used as a **satellite/small allocation** within a portfolio where the consumer has a **long term** investment timeframe, **high or very high** risk/return profile and needs **annually or longer** access to capital.

Fund and Issuer identifiers

| | | | |
|-------------|---|------------------------|------------------|
| Issuer | Ellerston Capital Limited | ISIN Code | AU60ECL27070 |
| Issuer ABN | 34 110 397 674 | Market Identifier Code | N/A |
| Issuer AFSL | 283 000 | Product Exchange code | N/A |
| Fund | Ellerston JAADE Australian Private Assets Fund (Retail) | Date TMD approved | 15 February 2022 |
| ARSN | 634 091 875 | TMD Version | 1.2 |
| APIR Code | ECL2707AU | TMD Status | Available |

Description of Target Market

This part is required under section 994B(5)(b) of the Act.

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 |
|------------------|------------------------------|---------------------------------|

Instructions

In the tables below, 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, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|--|---------------|---|
| Consumer's investment objective | | |
| Capital Growth | | The Fund provides investors with exposure to capital growth through a private equity portfolio of approximately 6 to 10 Investee companies at any one time, however, the portfolio may comprise up to 12 Investee companies where the Manager acting reasonably intends to realise an Investee company or identifies a compelling investment opportunity. The Fund may hold up to 20% of the Ellerston JAADE Australian Private Assets Fund (Wholesale) ("Underlying Fund") net asset value. The Product targets a return of 20% per annum on the Product's Invested Capital (net of fees and expenses) by investing in the Underlying Fund. |
| Capital Preservation | | |
| Capital Guaranteed | | |
| Income Distribution | | |

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|---|---------------|--|
| | | The Fund is not expected to pay regular distributions. The distribution policy is to distribute income (when available) as soon as practicable after 30 June (or as otherwise determined). |
| Consumer's intended product use (% of Investable Assets) | | |
| Solution/Standalone (75-100%) | | The Fund comprises of a portfolio of approximately 6 to 10 Investee companies at any one time, however, the portfolio may comprise up to 12 Investee companies where the Manager acting reasonably intends to realise an Investee company or identifies a compelling investment opportunity. |
| Core Component (25-75%) | | |
| Satellite/small allocation (<25%) | | |
| | | The Fund offers low portfolio diversification and may be suitable as part of a diversified portfolio. |
| Consumer's investment timeframe | | |
| Short (≤ 2 years) | | The Fund has a suggested investment timeframe of at least five years, however, the Fund should be considered illiquid. It is the intention of the Manager to provide a limited Redemption Offer on a quarterly basis, subject to liquidity constraints (see below section titled "Consumer's need to withdraw money" for further details). |
| Medium (> 2 years) | | |
| Long (> 8 years) | | |
| Consumer's Risk (ability to bear loss) and Return profile | | |
| Low | | The Fund's concentrated asset allocation towards growth assets reflects a high risk and return profile. The Fund is high risk in nature with a Standard Risk Measure of 6 (high). |
| Medium | | |
| High | | |
| Very High | | |
| Consumer's need to withdraw money | | |
| Daily | | The Fund is suitable for an investor that expects a limited redemption capacity. |
| Weekly | | |
| Monthly | | There is a two year lock up period ending September 2021 ("Initial Holding Period") where there will be no opportunities to redeem from the Fund. As such, this Product should be considered illiquid. It is the intention of the Manager to provide a limited Redemption Offer in the following Quarter subject to liquidity constraints. However, these will be made subject to the Fund having sufficient liquidity and there is no guarantee that an investor will be able to fully liquidate their investment in the product. |
| Quarterly | | |
| Annually or longer | | |
| | | The Manager will aim to maintain limited liquidity to fund redemptions under Redemption Offers and other operational purposes by: <ul style="list-style-type: none">Targeting cash on hand in the Underlying Fund at 10-20% of the Underlying Fund's net asset value;Realising investments in the Underlying Fund;Each portfolio investment is intended to be held for a period of 2-4 years (although there is a risk that investments may be held longer) and will seek to include key terms which are structured to |

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|---------------------|---------------|---|
| | | <p>ensure the Underlying Fund is best able to achieve a realisation event within the target holding period;</p> <ul style="list-style-type: none"> • Issuing new Units within the Fund pursuant to Applications; • Limiting net redemptions at 5% of the Underlying Fund's Net Asset Value per Quarter; and • Once the Underlying Fund is fully invested, it may borrow up to 30% of its assets to provide liquidity for redemptions. <p>If an investor invests indirectly in the Product through an Investor Directed Portfolio Service or otherwise, the investor may not hold units in the Product and has none of the rights of a unitholder. Under these circumstances, different liquidity provisions may apply.</p> |

Appropriateness

Note: This section is required under RG 274.64–66.

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

| Distribution Condition | Distribution Condition Rationale |
|--------------------------------------|----------------------------------|
| There are no distribution conditions | N/A |

| Review triggers |
|---|
| This part is required under section 994B(5)(d) of the Act. |
| Material change to key attributes, Fund investment objective and/or fees. |
| Material deviation from benchmark / objective over sustained period. |
| Key attributes have not performed as disclosed by a material degree and for a material period. |
| Determination by the issuer of an ASIC reportable Significant Dealing. |
| Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product. |
| The use of Product Intervention Powers, regulator orders or directions that affects the product. |

Mandatory review periods

This part is required under section 994B(5)(e) and (f) of the Act.

| Review period | Maximum period for review |
|-------------------|---------------------------|
| Initial review | 1 year and 3 months |
| Subsequent review | 3 years and 3 months |

Distributor reporting requirements

This part is required under section 994B(5)(g) and (h) of the Act.

| Reporting requirement | Reporting period | Which distributors this requirement applies to |
|---|--|--|
| 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 end of calendar quarter. | All distributors |
| Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail. | As soon as practicable, but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors |
| To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice. | Within 10 business days following end of calendar quarter. | All distributors |

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Ellerston Capital Limited using the method specified on this website: www.ellerstoncapital.com/ddoreporting. This link also provides contact details relating to this TMD for Ellerston Capital Limited.

Important Information

This Target Market Determination (TMD) is made by Ellerston Capital Limited ABN 34 110 397 674, AFS Licence 283 000 (ECL). ECL is the responsible entity and issuer of units in the Fund.

The material provided here has been prepared by Ellerston Capital Limited without taking account of the objectives, financial situation or needs of investors. Before making an investment decision about any Fund persons should obtain advice from an appropriate financial adviser, consider their own individual circumstances and obtain a copy of the relevant Product Disclosure Statement for the Fund which is available on this website. This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this website and disclaims all liability that may arise due to any information contained in this website being inaccurate, unreliable or incomplete.

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. |
| Capital Guaranteed | The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products. |
| 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) | |
| Solution/Standalone (75-100%) | The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below). |
| Core Component (25-75%) | The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below). |
| Satellite (<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 <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (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 Aussie equities. |
| Medium | 1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "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 equities). |
| Consumer's intended investment timeframe | |
| Short (≤ 2 years) | The consumer has a short investment timeframe and may wish to redeem within two years. |
| Medium (> 2 years) | The consumer has a medium investment timeframe and is unlikely to redeem within two years. |
| Long (> 8 years) | The consumer has a long investment timeframe and is unlikely to redeem within eight years. |
| Consumer's Risk (ability to bear loss) and Return profile | |
| Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the 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 a | |

| Term | Definition |
|--|---|
| <p>consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</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 need to withdraw money | |
| <p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in completing this section.</p> | |
| Daily/Weekly/Monthly/Quarterly/Annually or longer | <p>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.</p> |
| 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"> • 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), |

| Term | Definition |
|------|---|
| | <ul style="list-style-type: none"> 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). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period, the consumer's intended product use is <i>Solution / Standalone</i>, or the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>. |