

Target Market Determination – Tanggram Investment Fund

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**The Act**). It sets out a class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. The TMD additionally outlines distribution conditions and information related to review and monitoring as well as certain other information. It forms part of the Issuer’s design and distribution arrangements for the Tanggram Investment Fund (**Product**) and relevant Investment Options for the Product, including Tanggram Seed, Tanggram Spark, Tanggram Green Investing and Tanggram Tech Future.

This document is **not** a product disclosure statement and **not** a summary of the product features or terms of the Product. This document provides general information only and does not take into account any person’s individual objectives, financial situation or needs. Persons interested should carefully read the Product Disclosure Statement (PDS) for the Product and any relevant Supplementary Product Disclosure Statement (SPDS) for the Product before making a decision whether to buy this Product.

Target Market Summary	<p>This Product is a registered managed investment scheme with target market dependent on the Unit Class or Investment Option chosen. Each sub-target market is outlined.</p> <p>Sub-market one: Tanggram Seed and Tanggram Spark Investment Options are likely to be appropriate for consumers seeking capital preservation and income distribution to be used as a satellite/small allocation within a portfolio whether the consumer has a medium investment timeframe, medium risk/return profile and needs monthly access to capital (following a 3-month or 6-month minimum investment term, dependent on unit class). Differences in target market’s for both unit classes are highlighted in this TMD.</p> <p>Sub-market two: The Tanggram Green Investing Unit Class is likely to be appropriate for consumers seeking capital growth to be used as a satellite/small allocation within a portfolio whether the consumer has a long investment time frame, high risk/return profile and needs weekly access to capital.</p> <p>Sub-market three: The Tanggram Tech Future Unit Class is likely to be appropriate for consumers seeking capital growth to be used as a satellite/small allocation within a portfolio whether the consumer has a long investment time frame, very high risk/return profile and needs weekly access to capital.</p>
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Fund	Tanggram Investment Fund	Issuer	Vasco Trustees Limited
ARSN	ARSN 632 672 336	Issuer ABN	ACN 138 715 009
APIR Code	N/A	Issuer AFSL	AFSL 344486
Date TMD approved	30/09/2021	TMD Status	Current
TMD Version	1.0		

DESCRIPTION OF TARGET MARKET

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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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.

Definitions of terms are in the attachment or otherwise in the PDS.

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).

Sub-Market One: Those investing in Seed and/or Spark Unit Classes

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		Tanggram Seed and Tanggram Spark will each invest in a diversified portfolio of assets selected by the Investment Manager with a view to generating a steady stream of income and preserving Investor capital. The Fund invests mainly in mortgage funds. The target return for Tanggram Seed is 4.20% per annum and for Tanggram Spark is 5.05% per annum, but these are not forecasts or guaranteed returns.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
Consumer's intended product use (% of investable assets)		
Solution/standalone (75-100%)		Tanggram Seed and Tanggram Spark primarily invest in other unlisted mortgage schemes. Initially, Tanggram Seed and Tanggram Spark will make investments in the Trilogy Monthly Income Trust and LaTrobe Australian Credit Fund in different proportions (dependent on unit class chosen).
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer's investment timeframe		
Short (≤ 2 years)		Tanggram Seed is subject to a Minimum Term of 3 months. Tanggram Spark is subject to a Minimum Term of 6 months.
Medium (≤ 6 years)		
Long (> 6 years)		
Consumer's Risk (ability to bear loss) and Return profile		
Very high		The Fund is in the medium risk band. Tanggram Seed and Tanggram Spark primarily invest in managed investment funds which predominantly invest in secured loans. The underlying funds have a history of capital stability in a wide range of economic conditions, and can deliver reliable returns which consistently beat their credit-related investment benchmarks. Although all investments carry a degree of risk, including the potential for loss of income or capital or a less than expected rate of return or a delay in payment, the underlying assets have shown relatively low risk. Risks are further outlined in the PDS, Tanggram Seed SPDS and Tanggram Spark SPDS.
High		
Medium		
Low		
Consumer's need to withdraw money		
Daily		Investors can generally withdraw from the Fund as at the end of each month subject to providing a valid Withdrawal Request. The Fund's Constitution provides for redemption payments to be made within 12 months of the date it receives a withdrawal request.
Weekly		
Monthly		
Quarterly		
Annually or longer		

Sub-Market Two: Those investing in Tanggram Green Investing

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		Tanggram Green Investing aims to provide long-term capital growth by selecting ETFs with high ESG scores based on MSCI ESG Fund Ratings. Tanggram Green Investing may not achieve its investment objective. Returns are not guaranteed as it is expected that Income will comprise a material percentage of the total return.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
Consumer's intended product use (% of investable assets)		
Solution/standalone (75-100%)		The Tanggram Green Investing portfolio targets an allocation of 80% growth assets (Australian and international shares) and 20% defensive assets (Australian and international bonds). The diversification is at a low or medium level, with exposure to diversified portfolios of global and Australian stocks and defensive assets via different ETFs. The initial asset allocation is further detailed in Section 2.1 of the Green SPDS.
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer's investment timeframe		
Short (≤ 2 years)		The suggested investment period is at least 7 years for Tanggram Green Investing. There is no mandatory minimum investment period.
Medium (≤ 6 years)		
Long (> 6 years)		
Consumer's Risk (ability to bear loss) and Return profile		
Very high		Tanggram Green Investing is in the high-risk band. Tanggram Green Investing will invest in 80% growth assets and 20% defensive assets. There are no withdrawal limitations provided that Tanggram Green Investing is liquid. Underlying funds may not fully hedge risk and returns are not guaranteed. Risks further are outlined in the Fund PDS and Tanggram Green Investing SPDS.
High		
Medium		
Low		
Consumer's need to withdraw money		
Daily		Tanggram Green Investing has no minimum investment period. While Tanggram Green Investing remains liquid, investors may withdraw weekly subject to providing a valid Withdrawal Request.
Weekly		
Monthly		
Quarterly		

Sub-Market Three: Those investing in Tanggram Tech Future

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		The objective of Tangram Tech Future provide long-term capital growth by allocating funds among selected ETFs which invest in listed technology companies, with the aim to outperform the benchmark MSCI World Index over rolling three-year periods after fees and taxes. Tanggram Tech Future may not achieve its investment objective. Returns are not guaranteed.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
Consumer's intended product use (% of investable assets)		
Solution/standalone (75-100%)		Tanggram Tech Future has a low level of portfolio diversification. It will invest in ETFs and actively managed investment companies with underlying investments in predominantly technology companies. The Fund therefore has associated diversification risk. The ETFs invested in will be listed on the Australian Securities Exchange and provide access to technology share markets in Australia, US and Asia. The initial asset allocation is further detailed in Section 2.1 of the Tanggram Tech Future SPDS.
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer's investment timeframe		
Short (≤ 2 years)		The suggested minimum investment period is at least 7 years for Tanggram Tech Future. There is no mandatory minimum investment period.
Medium (≤ 6 years)		
Long (> 6 years)		
Consumer's Risk (ability to bear loss) and Return profile		
Very high		The Tanggram Tech Future Unit class is in the very-high or high-risk band. Tanggram Tech Future is suitable for investors who have a high-risk tolerance associated with share market volatility and concentration on a particular industry. Risks are further outlined in the Fund PDS and Tanggram Tech Future SPDS.
High		
Medium		
Low		
Consumer's need to withdraw money		
Daily		Tanggram Tech Future has no minimum investment period. While Tanggram Tech Future remains liquid, investors may withdraw weekly subject to providing a valid Withdrawal Request.
Weekly		
Monthly		
Quarterly		

APPROPRIATENESS

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 AND REVIEW

This product can only be offered and/or issued in accordance with the relevant product terms and conditions outlined in the Product Disclosure Statement (as amended from time to time).

The product can be distributed via the following methods:

- Directly via the Tanggram Website (<https://www.tanggram.com>) or via the Tanggram Mobile App, downloadable via Google Play and Apple Store.

Distribution Conditions/restrictions	
Condition	Rationale
There are no distribution conditions	Not applicable
Review triggers	
<ol style="list-style-type: none">1) Any material change to key attributes, fund investment objective and/or fees which may reasonably suggest the TMD is no longer appropriate.2) Any material deviation from benchmark / objective over sustained period.3) The key attributes have not performed as disclosed by a material degree and for a material period.4) Any significant increase in fund outflow or losses suffered by unit holders which reasonably suggests the product is not going to achieve its investment objective over a certain time.5) The liquidity of the product has changed, reasonably suggesting that this TMD is no longer appropriate.6) Determination by the Issuer of a Significant Dealing to be reported to ASIC which reasonably suggests that TMD is no longer appropriate.7) The receipt of a Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) from consumers who have acquired this product, regarding the product design, features, availability and distribution condition that would reasonably suggest the TMD is no longer appropriate.8) The receipt of a Product Intervention Power order from ASIC9) The receipt of regulatory orders or directions that affects the product.	
Mandatory review periods	
Review period	Maximum period for review
Initial Review	1 Year
Subsequent review	3 Years

Distributor reporting requirements		
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 of dealings outside the target market these should be reported to the issuer, 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

This document provides general information only and does not take into account a person's individual objectives, financial situation or needs. Before making an investment decision a person should critically assess whether this product is appropriate and obtain financial advice tailored to the person having regard to personal objectives and circumstances. This document 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.

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 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	
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 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 <i>investable assets</i> (see definition below). Consumer typically prefers exposure to a product with at least Medium portfolio diversification (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 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	Low Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	Medium 1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	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 Risk (ability to bear loss) and Return profile	
Short (≤ 2 years)	Short (≤ 2 years) The consumer has a short investment timeframe and may wish to redeem within two years.

Medium (> 2 years)	Medium (> 2 years) The consumer has a medium investment timeframe and is unlikely to redeem within two years.
Long (> 8 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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC strongly recommends adoption of the Standard Risk Measure (<i>SRM</i>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <u><i>Standard Risk Measure Guidance Paper For Trustees</i></u>. 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. 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>	
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>
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>
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>
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>
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	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.
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), ● 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>.