

# Target Market Determination – ACT-S Capital Fund

## Introduction

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) 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. This document 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 Product, being units in the ACT-S Capital Fund ARSN 677 329 207 (**Fund**). Persons interested should carefully read the PDS for the Product which can be obtained by [www.vascofm.com](http://www.vascofm.com) 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.

<b>Target Market Summary</b>	<b>This Product is likely to be appropriate for a consumer (being an investor in the Fund (Investor)) with a diversified portfolio seeking to make a Satellite/Small Allocation investment into a Capital Growth product with a Very High to Extremely High risk/return profile for that portion of their investment portfolio. The Product is likely to be consistent with the financial situation and needs of a consumer with a medium-long investment timeframe and is unlikely to be suitable for a consumer who needs access to capital before a period of at least 36 months.</b>
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## Fund and Issuer Identifiers

<b>Issuer</b>	Vasco Trustees Limited
<b>Issuer ABN</b>	AFSL 344486
<b>Issuer AFSL</b>	ABN 71 138 715 009
<b>Fund Name</b>	ACT-S Capital Fund
<b>ARSN</b>	677 329 207

<b>APIR Code</b>	N/A
<b>ISIN Code</b>	N/A
<b>TMD Issue Date</b>	23 July 2024
<b>TMD Version</b>	1.0
<b>TMD Status</b>	Active

## 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 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.

### 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 the features of this Product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

### Investment Products and Diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of *minor allocation*). 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a *High* risk/return profile may be consistent with the consumer's objectives for that *minor allocation* notwithstanding that the risk/return profile of the consumer as a whole is *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

The Financial Services Council (**FSC**) has provided more detailed guidance on how to take this *portfolio view* for diversification, available on the [FSC website](#). This guidance only applies where a product is held as part of a diversified portfolio.

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital Growth	In target market	<p>The core investment strategy of the Fund is to primarily invest in property development projects, that take into account ESG considerations where it would be a benefit to the final revenue and value of the Fund. The Fund may also own some passive income generating real estate, listed REITs and deposit products for cash flow and liquidity purposes.</p> <p>The Investment Manager is targeting a return to Investors of 11% pre-tax (after fees and expenses) per annum after the third year of the Fund based on a rolling 3-year average. Investors should note that this is a target only and is not a forecast or guaranteed return and actual returns may be lower than the target return.</p> <p>There are not expected to be any distributions in the initial period of 3 years.</p> <p>As a result, the Product is considered suitable for Investors seeking to make an investment into a capital growth asset that will not produce regular (or potentially any) income distributions.</p>
Capital Preservation	Not in target market	
Income Distribution	Not in target market	
<b>Consumer's intended product use (% of investable assets)</b>		
Solution/Standalone (up to 100%)	Not in target market	<p>The Fund intends to predominantly invest in a small number of property developments on a build and sell or build and lease strategy. It is anticipated that the portfolio of the Fund will mostly consist of developed properties which will either be sold upon completion of each project or retained for rental income.</p> <p>The Fund has a Very Low portfolio diversification, therefore Investors should apply prudent diversification principles and seek independent financial advice, to spread the risks of investing in the Product across a broad portfolio of other investments. The Product is deemed most suitable for an Investor looking to allocate up to 10% of their portfolio, seeks concentrated exposure to property development-based investment in respect of that component of their portfolio, and has a high conviction to the Product's strategy.</p>
Major Allocation (up to 75%)	Not in target market	
Core Component (up to 50%)	Not in target market	
Minor Allocation (up to 25%)	Not in target market	
Satellite/Small Allocation (up to 10%)	In target market	
<b>Consumer's investment timeframe</b>		
Short ( $\leq 3$ years)	Not in target market	<p>The Fund will be illiquid and the minimum term of the Product is 3 years.</p> <p>The Issuer intends to make Withdrawal Offers in accordance with the Act on an annual basis, commencing from the third anniversary of the first issue of units in the Fund, subject</p>
Medium ( $\geq 3$ years)	Potentially in target market	

		to available liquid funds.
Long ( $\geq 5$ years)	<b>In target market</b>	<p>The Fund is suitable for Investors seeking to invest in the Fund for the long term (5-7 years) and in the medium term (3 plus years) but the ability to exit the Fund prior to the end of these terms is subject to available liquid funds and the discretion of the Responsible Entity. Under the Constitution the Responsible Entity is not obliged to make a withdrawal offer or to honour any Withdrawal Request.</p> <p>Investors seeking a short-term investment of less than 3 years are outside the target market.</p>
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	<b>Not in target market</b>	<p>The target market for the Product is consumers who have a Very High to Extremely High-risk profile in relation to the Product, whether as a stand-alone investment or as a component of a diversified portfolio.</p> <p>The key risks of investing in the Fund are highlighted in the Fund's PDS. Some specific risks relevant to an Investor include the following:</p> <ul style="list-style-type: none"> <li>• Risks generally associated with property development which include, delays in securing relevant approvals, delays in completing construction and construction cost over-runs.</li> <li>• Risks associated with tenants relating to their seeking of rental assistance, defaulting of rental payments, abandoning leases or not renewing leases on expiry.</li> <li>• The Fund may not make regular distributions, or at all.</li> <li>• The Fund is a new fund with no prior track record, and therefore the investment strategy is unproven.</li> </ul> <p>Investors with a High risk/return profile may be within the target market if they intend to invest as part of a diversified portfolio with a Satellite/Small Allocation. It is strongly recommended that all Investors, particularly those with a High risk/return profile seeking to allocate capital to the Fund as part of their investment portfolio, seek independent financial advice.</p>
Medium	<b>Not in target market</b>	
High	<b>Potentially in target market</b>	
Very High	<b>In target market</b>	
Extremely High	<b>In target market</b>	

<b>Consumer's need to access money</b>		
Weekly	<b>Not in target market</b>	This Fund should be generally considered as an illiquid investment.  Investors who require access to their capital prior to the expiry of the Minimum Term of 3 years are not within the target market. Investors seeking to withdraw more frequently than annually after the expiry of the Minimum Term are also not within the target market. See also the discussion of 'Consumer's investment timeframe' above for further information.
Monthly	<b>Not in target market</b>	
Quarterly	<b>Not in target market</b>	
Annually	<b>Not in target market</b>	
5 years	<b>Potentially in target market</b>	Where there are insufficient funds to satisfy all Withdrawal Requests pursuant to any Withdrawal Offer, they will be satisfied on a pro-rata basis and carried over to subsequent Withdrawal Offers.  The Responsible Entity intends to offer Investors the opportunity to withdraw (in respect of Units they have held for the relevant 3-year Minimum Term) annually, at the end of the financial year. The Responsible Entity retains the discretion to allow Investors to participate in withdrawal offers prior to the end of their Minimum Term. The amount available to meet Withdrawal Requests for the year will be up to 2.5% of the net asset value of the Fund, as calculated in accordance with the Constitution as at the last Business Day before the withdrawals are processed.
10 years	<b>In target market</b>	
10 years or more	<b>In target market</b>	

## DISTRIBUTION AND REVIEW

This Product can only be offered and/or issued in accordance with the Product's terms and conditions outlined in the PDS (as amended from time to time). The Issuer considers that the distribution conditions/restrictions below will make it likely that the Investors who acquire the Product are in the target market because of the following:

- The Fund's advertisements and website content is directed towards consumers in the Product's target market.
- The online and paper application forms for the Fund include filtering questions and alerts.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.
- Any other relevant information about a distributor, about which the Issuer is aware.

Distribution Conditions/restrictions	
Distribution channel	Condition/rationale
Direct	<p>Direct Investors who are wholesale or sophisticated clients can invest in the Fund.</p> <p>Direct Investors who are retail clients are asked to complete a series of questions in the application form in order for the Issuer to understand whether the Investor is likely to be within the target market. The Issuer will review the information provided in response to the questions, assess those answers against the Fund's key attributes (set out above), and assess whether it is likely the Investor is in the target market and an investment in the Fund would likely be consistent with the likely objectives, financial situation and needs of the Investor. Where the Issuer concludes the Investor is not likely to be within the target market, the Issuer may reject the application or seek further information from the Investor.</p>
Adviser (personal advice)	<p>Investor to confirm through the application form as to whether that they are financially advised.</p> <p>Financial adviser to provide details of AFS licence, including their adviser number from the Moneysmart website, and confirm they have reviewed and considered the TMD in providing personal advice to the Investor.</p>

Review triggers	
<ol style="list-style-type: none"> <li>1) Any material change to key attributes, Fund investment objective and/or fees which may reasonably suggest the TMD is no longer appropriate.</li> <li>2) Any event (s) or circumstances which is likely to cause a material deviation from target performance.</li> <li>3) The key attributes have not performed as disclosed by a material degree and for a material period.</li> <li>4) Any significant increase in Fund outflow or losses suffered by unitholders which reasonably suggests the Product is not going to achieve its investment objective over a certain time.</li> <li>5) The liquidity of the Product has changed, reasonably suggesting that this TMD is no longer appropriate.</li> <li>6) Determination by the Issuer of a Significant Dealing to be reported to ASIC which reasonably suggests that TMD is no longer appropriate.</li> <li>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.</li> <li>8) The receipt of a Product Intervention Power order from ASIC.</li> <li>9) The receipt of regulatory orders or directions that affects the Product.</li> <li>10) Any inquiry, surveillance, direction, notice, investigation or enforceable instrument by or from ASIC about or relating to the Product's features, target market or distribution strategy.</li> </ol>	

Mandatory TMD review periods	
Review period	Maximum period for review
Initial Review	1 year from the date of this TMD.
Subsequent review	At least once every year since the date of the last review of this TMD (for whatever reason).

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.	As soon as practicable but within 10 business days after end of calendar quarter.	All distributors
Significant dealing outside of target market, under s994F(6) of the Act. See 'Definitions' below for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing that is outside of target market.	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	As soon as practicable but within 10 business days after end of calendar quarter.	All distributors

whether acquisition occurred under personal advice.		
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If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Vasco Trustees Limited using the email address [info@vascofm.com](mailto:info@vascofm.com) or the method specified at [www.vascofm.com](http://www.vascofm.com). This link also provides contact details relating to this TMD for Vasco Trustees Limited.



## DEFINITIONS

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. 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 designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments.
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification
Major Allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification
Minor Allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification
Satellite/Small Allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
Investable Assets	Those assets that the consumer has available for investment, excluding the residential home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
Very Low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, a portfolio of real property assets or fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).

High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very High	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors <u>and</u> geographic markets with limited correlation to each other.
<b>Consumer's intended investment timeframe</b>	
Short (≤ 3 years)	The consumer has a short investment timeframe and may wish to redeem within three years.
Medium (> 3 years)	The consumer has a medium investment timeframe and is unlikely to redeem within five years.
Long (> 5 years)	The consumer has a long investment timeframe and is likely to redeem within a term longer than five years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>The Issuer has adopted the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <i><b>Standard Risk Measure Guidance Paper For Trustees</b></i> (note the bands in the SRM guidance differ from the bands used in this TMD). However, 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 (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The Issuer has supplemented the SRM methodology by other risk factors. For example, the potential impact of liquidity or withdrawal limitations, valuation risks or risks of capital loss, which have been 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>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a conservative or low risk appetite,</li> <li>• seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and</li> <li>• is comfortable with a low target return profile.</li> </ul> <p>The consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite,</li> <li>• seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <p>The 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>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a high-risk appetite,</li> <li>• can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The 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>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high-risk appetite,</li> <li>• can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets such as shares, property and alternative assets.</p>
Extremely High	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high-risk appetite,</li> <li>• can accept significant volatility and losses, and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>

**Consumer’s need to access capital**

This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. The Issuer should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. 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 aligning the product to the consumer’s need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product and likely realisable value on market should be considered, including in times of market stress.

**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. Section 994G of the Act requires the Issuer to notify ASIC if it becomes 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 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> <p>The distributor should have regard to:</p> <ul style="list-style-type: none"><li>• the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes),</li><li>• 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</li><li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer).</li></ul> <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"><li>• the consumer’s intended product use is <i>solution/standalone</i>,</li><li>• the consumer’s intended product use is <i>core component</i> or higher and the consumer’s risk/return profile is <i>low</i>, or the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return.</li></ul>
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## DISCLAIMER

This document is issued by Vasco Trustees Limited (ABN 71 138 715 009) (AFSL 344486) (**Issuer**) as responsible entity of the ACT-S Capital Fund ARSN 67 329 207 (**Fund**). ACT-S Management Pty Ltd (ACN 674 792 244) is the investment manager of the Fund (**Investment Manager**).

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You should obtain and carefully consider the Product Disclosure Statement (**PDS**) for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund. Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS, continuous disclosure notices and relevant application form may be obtained from [www.vascofm.com](http://www.vascofm.com).