

Target Market Determination – OC Micro-Cap Fund

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 Copia Investment Partners Ltd’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 OC Micro-Cap Fund before making a decision whether to buy this product.

Target Market Summary

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

Fund and Issuer identifiers

Issuer	Copia Investment Partners Ltd
Issuer ABN	22 092 872 056
Issuer AFSL	229316
Fund	OC Micro-Cap Fund
ARSN	126 537 424
APIR Code	OPS0004AU
ISIN Code	AU60OPS00040
Market Identifier Code	N/A

Product Exchange code	N/A
Date TMD approved	23 August 2021
TMD Version	1.1
<i>TMD Status</i>	Current

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
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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.

Consumer Attributes [A description of the likely objectives, financial situation and needs of the class of consumers in the target market]	TMD Indicator	Product description including key attributes [A description of the product, including its key attributes, i.e., product terms, features and attributes that affect the TMD]
Consumer's investment objective	TMD Indicator	Product description including key attributes

Capital Growth	In target market	<p>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.</p> <p>The Fund aims to provide a total return (after fees and expenses) of 5% plus in excess of the S&P/ASX Emerging Companies Accumulation Index over a rolling five-year period.</p> <p>Suitable Investors include:</p> <ul style="list-style-type: none"> • Investors seeking capital growth through a diversified exposure to micro-cap companies. • Investors looking to complement their core direct large-cap Australian equities holdings or managed funds. • Investors seeking an active investment approach. • Those with an investment horizon of five years or more.
Capital Preservation	Not considered in target market	
Capital Guaranteed	Not considered in target market	
Income Distribution	Not considered in target market	
Consumer's intended product use	TMD Indicator for product	Product description including key attributes
Solution/Standalone (75-100%)	Potentially in target market	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
Core Component (25-75%)	Potentially in target market	The Fund's investment universe is focussed on companies outside of the S&P/ASX 300 Index (micro-cap companies defined for the purposes of the Fund as companies with a market capitalisation of less than \$500m at the time of the initial acquisition)
Satellite/small allocation (<25%)	In target market	<p>Long-only, benchmark-unaware fund with a target investment universe of securities listed, or about to be listed on the Australian Securities Exchange (ASX) or the New Zealand Stock Exchange.</p> <p>The Fund typically invests within the following guidelines:</p> <ul style="list-style-type: none"> • Australian listed securities 70-100% • Cash 0-20% • S&P/ASX 300 Index 0-20% • Unlisted securities 0-10% • NZ listed securities 0-10%

		The number of stocks held is generally between 25-60.
Consumer's investment timeframe	TMD Indicator	Product description including key attributes
Short (≤ 2 years)	Potentially in target market	Investment time frame – at least 5 years
Medium (> 2 years)	In target market	
Long (> 8 years)	In target market	
Consumer's Risk (ability to bear loss) and Return profile	TMD Indicator	Product description including key attributes
Very high	In target market	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.
High	In target market	
Medium	Potentially in target market	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.
Low	Not considered in target market	The likelihood of an investment in the Fund going down in the short term is relatively high compared to investments in funds investing in other types of assets, such as fixed interest or cash.
Consumer's need to withdraw money	TMD Indicator	Product description including key attributes
Daily	In target market	Permitted withdrawal frequency – daily.
Weekly	In target market	
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

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	<i>applicable</i>
There are no distribution conditions		X

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 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

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Copia Investment Partners Ltd using the method specified on this website: <https://www.ocfunds.com.au/design-and-distribution-obligations/> This link also provides contact details relating to this TMD for Copia Investment Partners Ltd.

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	
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	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).
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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC strongly 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 <u>Standard Risk Measure Guidance Paper For Trustees</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>	
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	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. Consumer typically prefers defensive assets such as cash and fixed income.
Consumer's need to withdraw money	
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.	
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,

	<ul style="list-style-type: none">• 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>.
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