Target Market Determination

Snapshot

The Baker Steel Electrum Fund (the **Fund**) is a professionally managed specialist investment fund intended to be suitable for both retail and institutional investors looking to diversify their portfolio with exposure to a geographically diversified portfolio of globally listed mining equities. The focus is on specialty, precious and future facing metals equities. It may be suitable for investors who have a minimum investment timeframe of 5 years and a higher risk tolerance.

Sanlam Investments (Australia) Pty Ltd ABN 72 160 042 222 (**Sanlam**, the **Fund Manager**) has been appointed as the manager of the Fund, but it is the sub investment manager Baker Steel Capital Managers LLP ARBN 107 539 711 (**Baker Steel**, the **Sub-Investment Manager**) appointed by Sanlam who manages the underlying portfolio on a daily basis.

The Fund's objectives, over rolling 5 year periods, are to:

- ⇨ provide capital growth by being exposed to a portfolio consisting principally of globally listed specialty and precious metal equities and their related instruments, and
- ⇨ outperform the EMIX Global Mining Index expressed in AUD and after Management Fees and Usual Expenses.

Investment exposure is principally through the ES Baker Steel Electrum Fund (the **UK OEIC**) and the BAKERSTEEL Global Funds - Electrum Fund (the **Luxembourg UCITS**) (together the **Electrum UCITS and OEIC Funds**), to a broad range of investments and markets which individual investors may not be able to access directly themselves.

The Electrum UCITS Funds target a minimum exposure of two thirds of its assets to equities of specialty mining and other precious metals companies globally. It can, at times, reduce its exposure to equities markets and increase exposure to instruments that track the values of precious metals. The Electrum UCITS Funds are generally fully invested.

The Electrum UCITS Funds may also hold investments of companies and commodities within the wider mining sector from time to time. The Electrum UCITS Funds may also hold investments in other transferable securities such as fixed or variable rate short-term debt instruments if Baker Steel considers this appropriate for risk reduction. It can also gain exposure to other listed equities globally, as well as to unlisted equities (up to 10% of the net asset value of each of the Electrum UCITS Funds, measured at the time the investment is made), which will be related primarily to the specialty, precious and future facing metal sectors. The Electrum UCITS Funds are diversified by country but there are no specific allocation limits to location.

Read the Fund's product disclosure statement. Speak to your professional adviser. The Fund is designed for investors investing with professional advice as well as those investing without, both directly and through platforms.

What to read

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 (and the particular investment options available under the product), including the key attributes of the product would likely be consistent with their likely objectives, financial situation and needs. Any reference to product in this TMD includes a reference to the particular investment options or choices offered under it and the TMD has been prepared on that basis. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (**MSC**) and Sanlam's design and distribution arrangements for the product.

It is recommended that you read this and consider, with professional advice as needed, whether the Fund is the type of fund that may suit you. This document is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product and the particular investment options offered under it. 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 and Information Booklet (collectively, **PDS**) for Baker Steel Electrum Fund before making a decision whether to purchase this product. The PDS can be obtained by visiting the Sanlam website at https://sanlamprivatewealth.com.au/.

Each of the documents mentioned above is important. You must certainly read the PDS carefully. You are encouraged to read this TMD.

Know who is who

This document has been prepared by Baker Steel and Sanlam, and issued by Melbourne Securities Corporation Limited ACN 160 326 545, AFSL 428 289, the 'responsible entity', or trustee, of the Fund (**Responsible Entity**, **MSC**).

Generally

This TMD is for general information only. It does not take into account your particular objectives, financial situation or needs, and is not a recommendation to invest. It is not a product disclosure statement and is not a summary of the product features or terms of the product. If you are unsure about what to do, then speak to your professional adviser before making any investment decision. They will look at your particular objectives, financial situation and needs, and can help you make sure this investment is the right one for you.

Some terms are defined in the Definitions section. Otherwise, terms have the meaning given in the PDS unless otherwise defined.

Summary

The Fund is a professionally managed specialist investment fund intended to be suitable for both retail and institutional investors looking to diversify their portfolio with exposure to a geographically diversified portfolio of globally listed mining equities. The focus is on specialty, precious and future facing metals equities. It may be suitable for investors who have a minimum investment timeframe of 5 years and a higher risk tolerance.

The Fund could smooth an investor's overall portfolio returns, and be used to balance risk, return and volatility over time, but it is unlikely to sensibly make up the whole or majority of an investor's investment portfolio.

Volatility – the speed at which Fund value rises and falls – will vary. Baker Steel expects unit prices in this Fund to at times be high in volatility.

This is a higher risk investment. Remember that investing involves risk, and you can lose as well as make money. There are no guarantees. Investment in this fund is better seen for the longer term – 5 years or more.

Read the product disclosure statement. Speak to your professional adviser.

Who's involved

Issuer	Melbourne Securities Corporation Limited	**ISIN Code**	n/a
Issuer ACN	160 326 545	**Market Identifier Code**	n/a
Issuer AFSL	428 289	**Product Exchange code**	n/a
Manager	Sanlam Investments (Australia) Pty Ltd	**ACN**	160 042 222
Fund	Baker Steel Electrum Fund	**Date TMD approved**	9 September 2022
ARSN	661 387 926	**TMD Version**	1
APIR Code	Retail MSC2103AU | Institutional EVO5929AU	**TMD Status**	Current

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

Conclusions

Consumer attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth		The Fund is designed for investors investing with professional advice as well as those investing without, both directly and through platforms. The Fund is designed to give investors exposure to a geographically diversified portfolio of globally listed mining equities - the focus is on specialty, precious and future facing metals equities. Investment exposure is principally through the Electrum UCITS and OEIC Funds. The Fund's objectives, over rolling 5 year periods, are to provide capital growth by being exposed to a portfolio consisting principally of globally listed specialty and precious metal equities and their related instruments, and outperform the EMIX Global Mining Index expressed in AUD and after Management Fees and Usual Expenses. Read the product disclosure statement. Speak to your professional adviser.
Capital Preservation		
Capital Guaranteed		
Income Distribution		
Consumer's intended product use % of Investable Assets		
Solution/Standalone 75-100%		The Fund is designed to give investors exposure to a geographically diversified portfolio of globally listed mining equities - the focus is on specialty, precious and future facing metals equities. Baker Steel considers this a higher risk investment, but one which potentially reduces overall portfolio risk and smooths investment returns when included appropriately in an investor's investment portfolio. It is unlikely however that the Fund would sensibly make up the whole or majority of an investor's investment portfolio.
Core Component 25-75%		
Satellite/small allocation <25%		
Consumer's investment timeframe		
Short ≤ 2 years		The minimum suggested timeframe for holding investments in the Fund is 5 years+.
Medium > 2 years – 5+ recommended		
Long > 8 years		
Consumer's Risk (ability to bear loss) and Return profile		
Low		The Portfolio Manager considers that the "standard risk measure" for this Fund is a high risk rating, which means that the estimated number of negative annual returns over any 20 year period is 3 to less than 4. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 6. The Fund's objectives, over rolling 5 year periods, are to: ⇨ provide capital growth by being exposed to a portfolio consisting principally of globally listed specialty and precious metal equities and their related instruments, and ⇨ outperform the EMIX Global Mining Index expressed in AUD and after Management Fees and Usual Expenses
Medium		
High		
Very High		
Consumer's need to withdraw money		
Daily		Applications are generally processed each Sydney business day.
Weekly		
Monthly		
Quarterly		
Annually or longer		

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 is table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator.

Distribution conditions

There are no distribution conditions.

Review

MSC will review this TMD where there is:

- ☑ 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, or
- ☑ the use of product intervention powers, regulator orders or directions that affects the product.

Frequency

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

Reporting

Reporting requirement	Reporting period
Complaints	Within 10 business days following end of calendar quarter
Significant dealing outside of target market	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.
To the extent a distributor is aware, dealings outside the target market	Within 10 business days following the end of the calendar quarter.

Distributors must report to **MSC** using the quarterly compliance report or other method specified by Issuer or by email to trustee@msc.group using the subject line 'DDO Reporting – Baker Steel Electrum Fund'. **MSC** can also be contacted in relation to this TMD on 1300 798 790.

This TMD is issued by Melbourne Securities Corporation Limited ACN 160 326 545, AFSL No. 428289 (**Issuer**). The Issuer is the responsible entity and issuer of the interests in the managed investment scheme referred to in this TMD. This TMD includes general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and read the product disclosure statement for the product. The PDS can be obtained by visiting the Sanlam website at Sanlam Private Wealth. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

This TMD does not constitute a financial product recommendation or an offer or solicitation with respect to the purchase or sale of the product in any jurisdiction. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

Definitions

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 *investable assets (*see definition below). The consumer typically prefers exposure to a product with at least High *portfolio diversification*.
Core Component 25-75%	The consumer intends to hold the investment as a major component, up to 75%, of their total *investable assets* (see definition below). The consumer typically prefers exposure to a product with at least Medium *portfolio diversification*.
Satellite/small allocation <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 *investable assets* (see definition below). The consumer is likely to be comfortable with exposure to a product with Low *portfolio diversification*.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification	
Low	Single asset class, single country, low or moderate holdings of securities - eg high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, eg Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, eg 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	
Low	The consumer is conservative or low risk in nature, seeks to minimise potential losses (eg 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.
Medium	The consumer is moderate or medium risk in nature, seeking to minimise potential losses (eg 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. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	The consumer is higher risk in nature and can accept higher potential losses (eg 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. 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.
Very high	The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (eg 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). Consumer typically prefers growth assets such as shares, property and alternative assets.

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 (eg 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.

Reporting

Significant dealings	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'. We apply its ordinary meaning.