

# TARGET MARKET DETERMINATION

## Pension Product

5 October 2021

Media Super Limited ABN 30 059 502 948, AFS Licence No. 230254  
as trustee of Media Super ABN 42 574 421 650

**Review Frequency:** Initial annual review, then triennially  
**Drafter/Reviewer:** Mercer Consulting (Australia) Pty Ltd/ Trustee  
**Trustee Approver:** Trustee

## 1. INTRODUCTION

### 1.1 Background

A **Target Market Determination (TMD)** is required under section 994B of the Corporations Act. It sets out the target market for the product, triggers to review the target market and certain other information. It forms a key part of the Trustee's design and distribution obligations.

### 1.2 Purpose

This TMD seeks to offer consumers, distributors and service providers with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

### 1.3 Scope

This TMD is prepared for the **Media Super Pension product**, which is a choice product in Media Super (**the Fund**). The Fund is a public offer fund.

### 1.4 Disclaimer

This TMD document is not a Product Disclosure Statement, is not a summary of the product features or terms of the product and is not intended to provide financial advice. 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 for Media Super before making a decision whether to acquire this product.

## 2. TARGET MARKET DETERMINATION - ACCOUNT BASED PENSION

Name of product	Media Super Pension Product
Date of TMD	5 October 2021
Product description	This is a product designed for individual consumers who wish to have their accumulated superannuation savings held and managed by a fund that provides income during their retirement phase.  This product is not a self-managed super fund.
Associated disclosure material	This TMD applies to the Media Super Pension and Transition to Retirement pension (TTR) divisions and is referred to in the Pensions Guide disclosure documents at <a href="http://www.mediasuper.com.au/pds">www.mediasuper.com.au/pds</a> .

<b>Key product attributes</b>	<ul style="list-style-type: none"> <li>• This product is designed to facilitate a consumer to draw down on their accumulated superannuation savings for a retirement income.</li> <li>• This product is open to existing Media Super members who meet the requirements for a payment of a cash lump sum benefit and/or transition to retirement income stream under the superannuation preservation legislation.</li> <li>• The product is also open to any member of the public who meets the requirements for a payment of a cash lump sum benefit and/or transition to retirement income stream under the superannuation preservation legislation.</li> <li>• The consumer has: <ul style="list-style-type: none"> <li>• a wide range of investment choices in this product;</li> <li>• a minimum investment amount;</li> <li>• a maximum investment amount which is subject to Government limits.</li> </ul> </li> <li>• The product offers flexible pension payment options.</li> <li>• This product offers an online account maintenance and transacting facility, unit pricing, general advice offering, and the option for personal financial advice.</li> </ul>
<b>Version</b>	V 0.1

## Target Market

The Target Market is a class of persons who are the type of customer set out below, who have the needs and objectives set out below and are in the financial situation set out below.

### 2.1 Needs and objectives of customer

The information below summarises the overall class of consumers that fall within the target market for the Media Super Pension Product, based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet.

This product has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes).

#### A customer with any of the following short term or long term objectives:

- to hold superannuation savings during retirement
- to provide a source of income during retirement
- to provide an environment for concessional taxation of savings

Customers' desired level of decision making	Consistency with target market
Fully self-managed, including fund administration (SMSF)	Not considered in the target market as self-managed products are not offered within this product.
Investments chosen by customer from an investment menu, with administration provided by the fund	The product provides members with multiple choice investment options which include single and pre-mixed asset class options, and a Direct Investment option. Investments need to be nominated upon onboarding and can be switched throughout the lifecycle of the product.
Default investment strategy applied where no investments selection is made with administration provided by the Fund	The product provides a default Balanced Investment option for those members who do not make an investment choice.

Customers' desired type of products on investment menu	Consistency with target market
Sector specific options	<p>There are 6 sector specific/single asset class investment options available within this product:</p> <ul style="list-style-type: none"> <li>• Cash;</li> <li>• Fixed Interest;</li> <li>• Property;</li> <li>• Australian Shares;</li> <li>• Overseas Shares; and</li> <li>• Sustainable Future Shares.</li> </ul> <p>The <b>Cash</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking capital stability and security;</li> <li>• aiming to achieve low stable returns over a 1 year time frame;</li> <li>• are comfortable with a very low level of investment risk; and</li> <li>• have a short, less than 1 year investment time horizon.</li> </ul> <p>The <b>Fixed Interest</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking a conservative investment option delivering an income-based return;</li> <li>• aiming to achieve lower returns over a 1 to 5 year time frame;</li> <li>• are comfortable with a medium to high level of investment risk; and</li> <li>• have a 1 to 5 year investment time horizon.</li> </ul> <p>The <b>Property</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking a growth investment option predominantly invested in property;</li> <li>• aiming to achieve moderate returns over a 5 to 10 year time frame;</li> <li>• are comfortable with a high level of investment risk; and</li> <li>• have a 5 to 10 year investment time horizon.</li> </ul> <p>The <b>Australian Shares</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking a high growth investment option predominantly invested in Australian shares;</li> <li>• aiming to achieve higher returns over a 10 year time frame;</li> <li>• are comfortable with a very high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The <b>Overseas Shares</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking a high growth investment option predominantly invested in Overseas shares;</li> <li>• aiming to achieve higher returns over a 10 year time frame;</li> <li>• are comfortable with a very high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The <b>Sustainable Future Shares</b> sector investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking an investment option with significant exposure to socially responsible Australian shares;</li> <li>• aiming to achieve higher returns over a 10 year time frame;</li> <li>• are comfortable with a very high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>These options and their objectives are outlined in the Investment Guide under <a href="http://www.mediasuper.com.au/pds">www.mediasuper.com.au/pds</a>.</p>

Customers' desired type of products on investment menu	Consistency with target market
<p>Pre-mixed asset class/ or sub-sector specific options</p>	<p>There are 6 sub-sector or pre-mixed asset class investment options available:</p> <ul style="list-style-type: none"> <li>• Balanced;</li> <li>• Indexed Balanced;</li> <li>• High Growth;</li> <li>• Growth;</li> <li>• Moderate Growth;</li> <li>• Stable.</li> </ul> <p>The <b>Balanced</b> investment option is primarily for members who are:</p> <ul style="list-style-type: none"> <li>• seeking an investment option with a higher exposure to growth assets and lower exposure to defensive assets;</li> <li>• aiming to achieve moderate returns over a 10 year time frame;</li> <li>• are comfortable with a high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The Balanced investment option is also the default investment option for those members who do not make an investment choice.</p> <p>The <b>Indexed Balanced</b> option is suitable for members:</p> <ul style="list-style-type: none"> <li>• seeking an investment option with a higher exposure to growth assets and lower exposure to defensive assets;</li> <li>• aiming to achieve moderate returns over a 10 year time frame;</li> <li>• are comfortable with a high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The <b>High Growth</b> option is suitable for members:</p> <ul style="list-style-type: none"> <li>• seeking to be significantly invested in growth assets with minimal exposure to defensive assets;</li> <li>• aiming to achieve moderately higher returns over a 10 year time frame;</li> <li>• are comfortable with a high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The <b>Growth</b> option is suitable for members:</p> <ul style="list-style-type: none"> <li>• seeking to be mainly invested in growth assets with lower exposure to defensive assets;</li> <li>• aiming to achieve moderately higher returns over a 10 year time frame;</li> <li>• are comfortable with a high level of investment risk; and</li> <li>• have a 10 year plus investment time horizon.</li> </ul> <p>The <b>Moderate Growth</b> option is suitable for members:</p> <ul style="list-style-type: none"> <li>• seeking to be invested in growth assets and defensive assets across most asset classes;</li> <li>• prepared to accept lower more stable returns over a 5 to 10 year time frame;</li> <li>• are comfortable with a medium level of investment risk; and</li> <li>• have a 5 to 10 year investment time horizon.</li> </ul> <p>The <b>Stable</b> option is suitable for members:</p> <ul style="list-style-type: none"> <li>• seeking to be invested in primarily in defensive assets;</li> <li>• prepared to accept lower more stable returns over a 3 to 5 year time frame;</li> <li>• are comfortable with a medium level of investment risk; and</li> <li>• have a 3 to 5 year investment time horizon.</li> </ul> <p>These options and their objectives are outlined in the Investment Guide under <a href="http://www.mediasuper.com.au/pds">www.mediasuper.com.au/pds</a>.</p>

Customers' desired type of products on investment menu	Consistency with target market
Direct Investment options subject to specific range of availability	<p>There are 3 classes of Direct Investment options available:</p> <ul style="list-style-type: none"> <li>• Shares of ASX 300-listed companies</li> <li>• Exchange Traded Funds</li> <li>• Term deposits</li> </ul> <p>The Direct Investment option allows members the choice and flexibility to manage their investments. It is intended for members who wish to have greater control and management of their investments.</p> <p>The Direct Investment asset range is capable of supporting a range of risk and return objectives and the consumer can set a risk and return objective appropriate to their own situation.</p> <p>These options and their objectives are outlined in the Investment Guide and Direct Investment Guide under <a href="http://www.mediasuper.com.au/pds">www.mediasuper.com.au/pds</a>.</p>

Customers' desired access to multiple investment options/strategies	Consistency with target market
<b>Low</b> – no more than 1 pre-mixed investment option	This strategy consisting of only one investment option per member represents the majority of the Pension product members and is the target strategy for inexperienced investors.
<b>Medium</b> – between 2 and 4 pre-investment option with no Direct Investments.	This investment strategy consisting of multiple, choice investment options is targeted for members who have an understanding of investment risk or for members who have or are receiving personal financial advice.
<b>High</b> – more than 4 investment options which may include a Direct Investment.	This investment strategy consisting of multiple, choice investment options is targeted for members who are experienced investors, who have an understanding of investment risk, or for investors who have a tailored advice strategy.

## 2.2 Financial situation of customer

Life stage of customer	Consistency with target market
Child (under 18)	Not considered in target market
Student	Not considered in target market
Accumulation (under 75)	Not considered in target market
Pre-retirement (55 to 65)	Secondary target market (only members eligible for TTR considered as in target market)
Retired (pension draw down phase)	Primary target market

Intended investment amount	Consistency with target market
Less than \$10,000	Not considered in target market due to minimum balance requirements of the product.
\$10,001 to \$100,000	Considered in target market however not the primary target market
\$100,001 to \$1.7 million	Primary target market due to the minimum balance requirements of the product and the retirement income purpose of the product
Over \$1.7 million	Not considered in target market as it exceeds Government limits on amounts which can be invested in Pension products.

## 2.3 Consistency between target market and product

Type of customer	Consistency with target market								
Individual	<p>The below table represents our current member demographic and high level target market for Media Super's pension options.</p> <table border="1"> <tbody> <tr> <td>Pension option</td> <td>Pension / TTR</td> </tr> <tr> <td>Average age</td> <td>70 / 62</td> </tr> <tr> <td>Average balance</td> <td>\$306,000 / \$180,000</td> </tr> <tr> <td>Objectives</td> <td> <p>To hold capital/wealth in a concessionally taxed environment for retirement; and</p> <p>To provide a source of income during retirement</p> </td> </tr> </tbody> </table>	Pension option	Pension / TTR	Average age	70 / 62	Average balance	\$306,000 / \$180,000	Objectives	<p>To hold capital/wealth in a concessionally taxed environment for retirement; and</p> <p>To provide a source of income during retirement</p>
Pension option	Pension / TTR								
Average age	70 / 62								
Average balance	\$306,000 / \$180,000								
Objectives	<p>To hold capital/wealth in a concessionally taxed environment for retirement; and</p> <p>To provide a source of income during retirement</p>								

Media Super Limited has reviewed the manner in which existing customers are using the product as at the date of this TMD. This review of customer data and behaviour confirms that the key product attributes set out in section 2 are consistent with customer needs and objectives.

## 3. DISTRIBUTION CONDITIONS

Distribution conditions/restrictions	Consistency
Direct retail	Considered within target market as this product can be distributed by a licenced financial planner or dealer group however this is not the primary or common distribution channel
Through personal advice	Considered within target market as distributed by independent, external advice practices under a member referral arrangement for tailored personal advice
Through authorised representatives by general/intra-fund advice	Considered within target market as distributed by representatives of Media Super who are authorised representatives of Media Super Limited, Industry Fund Services Limited or Mercer Financial Advice (Australia) Pty Ltd for general/intra-fund advice
Online advice	Not considered in target market as this is not currently available

## 4. REVIEW TRIGGERS

Review periods	Maximum period for review
Initial review	Within 1 year, 3 months from the date the TMD is effective from
Subsequent review	At least 3 years, 3 months from the date the TMD is effective from
Ad hoc	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited):</p> <ul style="list-style-type: none"> <li>• a material change to the design or distribution of the product, including related documentation;</li> <li>• occurrence of a significant dealing;</li> <li>• distribution conditions found to be inadequate;</li> <li>• external events such as adverse media coverage or regulatory attention; and</li> <li>• significant changes in metrics, including complaints and complaint trends.</li> </ul>

## 5. DISTRIBUTOR REPORTING

All Distributors must report to Media Super Limited.

Reporting required	Description
Complaints	Complaints (as defined in section 994A(1) of the Act) where the nature of the complaints relate to the product design, product availability and distribution conditions.
Significant dealings	Significant dealings outside of the target market under s994F(6) of the Act.
Dealings outside the target market	To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including the reason why it is outside the target market, and whether acquisition occurred under personal advice.

Significant dealings reporting is due as soon as practicable but no later than 10 business days after the distributor becomes aware of a significant dealing.

All other reporting is due quarterly.

## 6. TERMS USED IN THIS TMD

### Material change

A material change is a change to the product attributes, fees charges, terms & conditions or the manner of distribution that may cause the TMD to no longer be appropriate.

### Online advice

A self-guided online wealth management service that provides automated investment advice at low costs and low account minimums, employing portfolio management algorithm. Also known as Digital Advice. Online advice is not currently offered to members.

### Significant dealing

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.

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.

Dealings outside this TMD may be significant because:

- 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).

In each case, the distributor should have regard to:

- 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.

### Customer investment risk and return profile: Level of investment risk

#### Standard Risk Measure

The Standard Risk Measure (SRM) is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives.

Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

#### 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.

**Medium**

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.

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 (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.

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 (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).

Consumer typically prefers growth assets such as shares, property and alternative assets.

**CONTACT US**

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