

Morgans Financial Limited Target Market Determination

Managed Discretionary Accounts, 5 October 2022

*This document has been prepared to ensure Morgans Financial Limited (**Morgans**) comply with the Design and Distribution Obligations (**DDO**) set out under the Corporations Act 2001 (Cth) (**Corporations Act**) in respect of a Target Market Determination (**TMD**) for Morgans Managed Discretionary Accounts (**MDAs**). This document does not purport to address all obligations on product issuers under the DDO regime.*

Issuer	Morgans Financial Limited ABN 49 010 669 726 - AFSL 235410
Product	Morgans Managed Discretionary Accounts ("MDA")
Date of TMD	October 2022
Next review due	5 October 2024
Overview of this document	<p>This document is a target market determination for the purposes of section 994B of the Corporations Act 2001 (Cth) (Corporations Act) in respect of the MDA service offered by Morgans.</p> <p>This document is not a Product Disclosure Statement or an Investment Program and is not a summary of the MDA features or terms of our MDA service and does not consider any particular investor's objectives, financial situation, or needs. You should refer to our Managed Discretionary Account Agreement which is available from your Morgans financial adviser to ensure you fully understand the risk involved and consider seeking independent financial advice before applying to use our MDA service.</p>
Overview of MDAs	<p>A MDA is a facility, other than a registered managed investment scheme or an interest in a registered scheme, with the following features:</p> <ul style="list-style-type: none"> a person (MDA client) makes contributions; the client portfolio assets are managed on an individual basis by another person (Morgans through its financial adviser) at Morgans discretion, in accordance with an agreed Investment Program; and the client and Morgans intend that Morgans will use the client portfolio assets to generate a financial return or other benefit for the client. <p>Morgans and its advisers are obligated to comply with the Corporations Act and ASIC Market Integrity Rules with respect to providing personal advice to retail clients. Consequently, all of the rules and regulations with respect to providing advice to retail clients (level of service, investment strategy, investment objectives, SoA (Statement of Advice), RoA (Record of Advice), etc) will apply to our MDA service.</p> <p>A client using our MDA service must enter into a Managed Discretionary Account Agreement with Morgans which will contain an investment program which is tailored to the specific objectives, financial situation, and needs of the client (Investment Program). This gives all parties a clear guideline for investment and MDA operational purposes.</p>

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Morgans, Board of Directors

Compliance, monitoring and review:
Head of Compliance

Next review date:
September 2024

	<p>All investments, other than those required to be held for operational purposes in a specific custody facility e.g. OTC bonds and international equities, will be held directly in the client's name via their Morgans account.</p> <p>Reports are provided to the client or their nominated person on a monthly, quarterly and annual basis to assist with tax preparation, and visibility/transparency of portfolio holdings.</p>
Clients for whom MDAs are unsuitable	<p>MDAs will generally not be suitable for clients outside the target market. Potential categories would include clients who:</p> <ul style="list-style-type: none"> • Have an investment portfolio of less than \$500,000 (Australian resident clients) or \$250,000 (overseas based clients); or • Have been a client of Morgans for less than one year; or • Wish to use exchange-traded options (ETOs) on a discretionary basis; or • Are novice or inexperienced investors; or • Have a low tolerance for risk or short-term investment volatility; or • Seek passive or index investment management; or • Have a short investment timeframe; or • Want to participate in the decision-making process of selecting the appropriate investments; or • Want to be actively involved in the ongoing management of the investment portfolio; or • Only seek capital guaranteed or capital stable investments.
Target Market for MDAs (s994B(5)(b))	<p>A MDA is likely to be appropriate for a client wishing to have active management of their investment portfolio, but who is unable to have total control over the selection of the underlying assets or their weightings to the various investment sectors due to contact issues during market hours, or other specific requirements as outlined below.</p> <p>Having a MDA speeds up the investment process and allows Morgans to take part in opportunities that present themselves suddenly on behalf of the client. It is important that a MDA client understands that a MDA is used as a means to make investment decisions about your portfolio without any reference to you beforehand.</p> <p><i>Client Eligibility Requirements</i></p> <ul style="list-style-type: none"> • You must receive initial and ongoing financial advice from a Morgans licenced financial adviser that confirms the suitability of our MDA service to you. • You must be approved by the Morgans board of directors (Board) to access our MDA service. • You must be over 18. <p><i>Key attributes of our MDA service</i></p> <ul style="list-style-type: none"> • Our MDA service is an integrated wealth management service that combines investment management on a discretionary basis, and portfolio administration. • Our MDA service is strictly limited to clients the Morgans Board has approved to use our MDA service. The Morgans Board has placed restrictions on the types of clients that may use our MDA service as outlined in this TMD. • Our MDA service provides access to an actively managed portfolio of growth and defensive assets tailored to the client's individual needs and objectives, as outlined in the Investment Program • The only assets that cannot be utilised as part of our MDA service is ETOs, qualified or unlisted opportunities.

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	<p>Class of Clients</p> <p>Our MDA service is designed for clients whose likely needs, objectives, and financial situation (as set out below) are aligned with it and its key attributes. It is for those who:</p> <ul style="list-style-type: none"> • Wish to access a professional investment adviser to actively manage their investments on a discretionary basis in accordance with an agreed Investment Program. • Unless the Morgans Board provides an exception due to family groups or special circumstances, have an investment portfolio value of at least \$500,000 (Australian resident clients) or \$250,000 (overseas based clients). • Require consolidated administrative reporting of their investments whilst being professionally managed. • Have been a Morgans client for at least one year. • Seek investment opportunities consistent with their documented asset allocation as agreed under their Investment Program over the duration of their engagement with Morgans. • Is unable to provide investment instructions in a timely manner due to being non-contactable or difficult to contact during market hours and wishes to be removed from the day-to-day decision-making obligations that would otherwise go with managing their investments. • Due to their job role / position, is not able to make direct investment decisions due to the potential for a conflict of interest.
Likely objectives, financial situation and needs of retail clients in the target market	<p><u>Likely needs, objectives, and financial situation:</u></p> <p>Our MDA service is designed for clients who:</p> <ul style="list-style-type: none"> • Seek long-term capital growth or are an income only focussed investor. • Are comfortable to invest over the suggested minimum investment timeframe of between 2 and 7 years, depending on the exposure to growth assets as documented in their individually tailored Investment Program. • Have investable assets of at least \$500,000 (for Australian resident clients) and \$250,000 (for overseas resident clients); or are likely to be the future beneficiary of a substantial capital lump sum. • Have capacity to bear financial loss in the short term. • Want exposure to a professionally managed portfolio on a discretionary basis due to not being contactable to discuss investment opportunities during market hours or other specified circumstances.
Explanation of why MDAs are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))	<p>MDA's meets the client's likely objectives, financial situation and needs due to the following attributes of our MDA service:</p> <ul style="list-style-type: none"> • Fewer decisions - the professional adviser makes day-to-day investment decisions on behalf of the client. This means fewer decisions for the client to make and less paperwork to review. • Transparency – our MDA service allows the client to view all the assets they own in their account, the fees and charges, and investment performance at any time via the Morgans Wealth+ administrative platform. • Ease in transacting – securities can be bought or sold quickly to respond to market conditions.

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Distribution Conditions (s994B(5)(c))	<p>The Morgans MDA product cannot be distributed or offered through third parties.</p> <p>This specific product and its capabilities are only available through Morgans. Only our financial advisers are permitted to discuss, advise, or recommend participation in the Morgans MDA.</p> <p>The client must be:</p> <ul style="list-style-type: none">• CHESS sponsored with Morgans and have a linked CMA.• Have Board approval to use our MDA service.• Utilise the Morgans Wealth+ Managed Portfolio Administration service for reporting purposes.												
Review Triggers (s994B(5)(d))	<p>Review triggers include:</p> <ul style="list-style-type: none">• Material change to key attributes of MDA.• A change in Morgans Managed Discretionary Account Policy.• Material or unexpectedly high number of complaints (more than 5 complaints per quarter) about our MDA service or distribution of our MDA service.• Occurrence of a significant dealing outside of the TM.• Formal notification of a significant concern from the regulator.												
Review Periods (s994B(5)(e), (f))	<p>This TMD must be reviewed at least every 2 years, and more frequently if a review trigger occurs.</p> <p>Reviews of the TMD must be complete by 5 October on a 2 yearly basis, or more frequently should a trigger event occur.</p>												
Distributor Reporting Requirements (s994B(5)(g), (h))	<p>Morgans will collect the following information in relation to this TMD from our distributors (i.e. Morgans financial advisers).</p> <table><tr><th>Instance</th><th>Description</th><th>Frequency</th></tr><tr><td>Complaints</td><td>Advisers will report all complaints about our MDA service including written details of the complaints</td><td>Monthly</td></tr><tr><td>Significant dealings</td><td>Advisers will report if they become aware of a significant dealing that is inconsistent with this TMD including written details of the significant inconsistent dealing</td><td>Within 14 business days</td></tr><tr><td>Acquisition outside the TM</td><td>Advisers will report if they become aware of an acquisition outside of the TM</td><td>Within 14 business days</td></tr></table>	Instance	Description	Frequency	Complaints	Advisers will report all complaints about our MDA service including written details of the complaints	Monthly	Significant dealings	Advisers will report if they become aware of a significant dealing that is inconsistent with this TMD including written details of the significant inconsistent dealing	Within 14 business days	Acquisition outside the TM	Advisers will report if they become aware of an acquisition outside of the TM	Within 14 business days
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