

# Centuria

## Centuria LifeGoals Investment Bond

### Target Market Determination

December 2023 | [centuria.com.au](http://centuria.com.au)



A Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth). It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of Centuria Life Limited's design and distribution framework 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 consider any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Document for **Centuria LifeGoals** before deciding whether to invest in this product.

Name of product	Centuria LifeGoals Investment Bond
APIR code	OVS0760AU
Date TMD approved	7 December 2023
TMD version	2.0
TMD status	Current
Product description	<b>This product is suitable for a broad range of investors seeking to achieve one or more of the objectives noted below. The product enables investment both up front and by additional investment to accumulate an investment balance in a tax paid structure and provides investors with a range of underlying investment options with different risk and return profiles.</b>
Key product attributes	<p>This product is a tax paid (capped at the life insurance rate of 30% less allowable deductions) investment that:</p> <ul style="list-style-type: none"><li>• has a range of investment choices for a customer across different asset classes and active managers including low-cost index funds; and</li><li>• If the investor withdraws within 10 years, they will declare the earnings less 1/3 in year 9 and 2/3s in year 10 in their personal tax and receive a 30% tax rebate;</li><li>• has no personal tax to declare after 10 years;</li><li>• no contribution caps in the initial year of investment;</li><li>• allows for additional annual contributions (subject to the 125% rule);</li><li>• allows the policy owner to nominate a life insured;</li><li>• allows the policy owner to nominate beneficiaries;</li><li>• allows beneficiaries to be paid directly by Centuria Life outside an investor's estate in the event of the death of the life insured to provide certainty for estate planning;</li><li>• allows investors to establish a long-term regular investment plan, helping them reach a savings goal for a key life event;</li><li>• can be assigned to new owner at any time.</li></ul>

Issuer	Centuria Life Limited
Issuer AFSL	230 867
Issuer ABN	79 087 649 054

## 1. Target market

The Target Market is the 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. Needs and objectives of customer

Note: This section relates to the requirements of s994B(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
- See Issuers instructions
- Not considered in target market

### 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.

## 3. Type of customer

The customer can be an individual, joint owner, company or trust.

The customer is seeking to benefit from any of the above-mentioned product attributes.

This product is not considered in the target market for superannuation funds as both superannuation and investment bonds are tax paid, with superannuation at a lower rate of 15%.

## 4. Customer objectives

This product is suitable for customers seeking any one or more of the following objectives to invest in a tax paid (capped at the life insurance rate of 30% less allowable deductions) investment that:

- has no additional tax after 10 years (with investors benefiting from a 30% rebate where earnings are withdrawn within 10 years);
- no contribution caps in the initial year of investment;
- enables the achievement of investment returns without increasing your assessable income or impacting your entitlement to social securities benefits.
- allows for additional contributions (subject to the 125% rule);
- allows beneficiaries to be nominated outside an investor's estate to provide certainty for estate planning;
- allows investors to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key event or as supplement to superannuation with the benefit of accessibility pre-retirement;




Investors in this product will get certain tax benefits if the product is held for the long term (10 years) and investors should have a medium to long term investment horizon unless the bond is taken out for the following objectives:

- Tax deferral – holding their investments in the tax effective structure whilst they are on a higher tax bracket and redeeming (with the 30% tax offset) when in a lower tax bracket;
- Investing for a specific life event, the timing of which may be shorter;
- Estate planning;
- Social security planning;
- To establish savings discipline;
- Comfortable with utilising the tax neutrality established by the way of the 30% tax offset on investment earnings if the Bond withdrawn early.




**This product is not suitable for:**

- Investment Bonds products are not considered to be in the target market for superannuation funds which pay tax at 15%.
- Investment bonds reinvest the distribution rather than paying them as a regular income to investors and are therefore not considered to be in the target market for investors seeking a product that calculates and pays a regular distribution.
- Investors that are paying no tax or are in the lowest marginal tax rate bracket are generally not considered to be in the target market for this product unless there is a non-tax related outcome (e.g. estate planning, child plan or maximising social security benefits). This is because tax is paid within the product at a higher tax rate of 30% and investors may not benefit from the tax benefits under the investment bond structure.










## 5. Level of decision making

CUSTOMER'S DESIRED LEVEL OF DECISION MAKING	PRODUCT CONSISTENCY WITH TARGET MARKET	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
Investments chosen by customer from extensive investment menu, with administration provided by the fund	 In target market	This product is for investors who are comfortable with choosing their own investment option(s) and matching this to their investment objectives, appetite and tolerance for risk. Investors can construct a portfolio of one or more investment options from the 34 options currently available and is therefore suitable for any investor who is not seeking a default strategy. The product has 34 investment options, each investing with underlying specialist investment manager and with different investment strategies, objectives and risk profiles.
Investments chosen by customer from limited investment menu, with administration provided by the fund	 In target market	
Default investment strategy applied where no investments selection is made. Administration is provided by the fund.	 Not in target market	

## 6. Product investment menu




CUSTOMER'S DESIRED TYPE OF PRODUCTS ON INVESTMENT MENU	PRODUCT CONSISTENCY WITH TARGET MARKET
Sector specific options	 In target market
Sub-sector specific options	 In target market
Alternative investment options	 In target market

**CUSTOMER'S DESIRED TYPE OF PRODUCTS ON INVESTMENT MENU****PRODUCT CONSISTENCY WITH TARGET MARKET**







Active investment options – No manager choice	 In target market
Active investment options – Some manager choice	 In target market
Active investment options – Wide manager choice	 In target market
Passive investment options, such as passive Exchange traded fund	 In target market
Ready-made diversified portfolio options	 In target market
Capital guaranteed options	 Not in target market
Direct share ownership	 Not in target market
Annuity funds	 Not in target market
Superannuation funds	 Not in target market
ESG investment options	 In target market

## 7. Desired number of investment holdings





**CUSTOMER'S DESIRED TYPE OF PRODUCTS ON INVESTMENT MENU****PRODUCT CONSISTENCY**

Low – customer wishes to hold no more than 5 investment options	 In target market
Medium – customer wishes to hold between 5 and 15 investment options	 In target market
High – customer wishes to hold more than 15 investment options	 In target market






## 8. Life stage of customer

LIFE STAGE OF CUSTOMER	PRODUCT CONSISTENCY WITH TARGET MARKET	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
Child (0-16)	 Not in target market	Children cannot take out an investment bond in their own right and it is not suitable for children investing in their own right. However, an investment bond can be taken out by an adult as a guardian on behalf of a child. Or the child can be nominated as a beneficiary.
Early adulthood (16-40)	 In target market	
Middle adulthood (40-70)	 In target market	
Early retirement (71-80)	 In target market	
Later retirement (80+)	 In target market	
Student	 In target market	

## 9. Intended size of investment

CUSTOMER'S INTENDED INVESTMENT AMOUNT	PRODUCT CONSISTENCY WITH TARGET MARKET	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
\$0 to \$499	 Not in target market	Minimum investment is \$500
\$500 to \$249,999	 In target market	
\$250,000.01 to \$499,999	 In target market	
Over \$500,000	 In target market	

## 10. Investment timeframe

CUSTOMER'S INTENDED INVESTMENT TIMEFRAME	PRODUCT CONSISTENCY WITH TARGET MARKET	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
Less than 1 year	 Not in target market	An investment bond is suitable for a consumer with a medium to long term investment timeframe.
1 to 3 years	 In target market	Investors seeking the benefit of the 10-year taxation treatment of the bond, upon which the bond balance can be withdrawn with no further personal tax implication should have a minimum of a 10-year investment timeframe.
3 to 8 years	 In target market	Whilst the taxation benefits may be maximised for some investors if the bond is held for 10 years, the investment can be accessed at any time with taxation offset able to be applied to the investors tax return and therefore the product is suitable for any investment time frame. Refer to the Customer selected investment options below for the minimum recommended investment.
8 to 10 years	 In target market	
Greater than 10 years	 In target market	

## 11. Access to capital

Investors may redeem their investment at any time (subject to a minimum withdrawal of \$500).

Under normal market conditions withdrawals are processed within 14 days of receiving a withdrawal request.

For withdrawals made within the first 10 years, the investment earnings of the bond will be taxed at the investors marginal rate, however, a tax offset of 30% can be claimed against this income (effectively neutralising the tax position).

## 12. Customer selected investment options

This section of the TMD is relevant to customers who chose one or more investment options when entering the product (that is, customers that do not rely on the default investment option).

This product is consistent with a target market of investors that wish to choose their own tolerance for risk.

The risk levels of each investment option are disclosed in the PDS and on the investment bond platform. They are also available as an Appendix to this TMD. These risk levels correspond to the standard risk measure (SRM) jointly developed by the Financial Services Council (FSC) Association of Superannuation Funds of Australia (ASFA). The available investment options cover all SRM risk levels.































## 13. Investment diversification

Investors have 34 investment options to select from many of which provide investors with access to a diversified portfolio of assets that they would not be able to access in their own right. Where the investor has selected a diversified investment option(s) further diversification might not be required.

Where an investor invests in a sector specific fund, investor should consider diversifying their investment across multiple investment choices within the LifeGoals menu or otherwise across their investable assets outside of superannuation.

For all funds with that have a high to extremely high risk and return profile, investors also should consider diversifying across multiple investment options within the product investment menu or otherwise across their investable assets outside of superannuation.

The underlying investment options are suitable for a range of risk and return profile for the investment bond allocation of funds. 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.

CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE	CASH AND FIXED INTEREST FUNDS	DIVERSIFIED BALANCED FUNDS	DIVERSIFIED GROWTH FUNDS	AUSTRALIAN SHARE FUNDS	INTERNATIONAL SHARE FUNDS	PROPERTY AND INFRASTRUCTURE FUNDS
Low	 In target market	 Not in target market	 Not in target market	 Not in target market	 Not in target market	 Not in target market
Medium	 In target market	 In target market	 Possibly in target market*	 Not in target market	 Not in target market	 Not in target market
High	 In target market	 In target market	 In target market	 In target market	 In target market	 In target market
Very high	 In target market	 In target market	 In target market	 In target market	 In target market	 In target market
Extremely high	 In target market	 In target market	 In target market	 In target market	 In target market	 In target market

\* Centuria Investment Bond Schroder Real Return Fund is rated 'medium to high' risk as the Fund has a higher asset allocation to defensive assets (e.g. fixed income investments) compared to other diversified growth funds on LifeGoals and maybe in target market for consumers with a medium risk profile.

## 14. Other elements of TMD

### Appropriateness requirements

#### Explanation of consistency of key attributes with TMD

This product is suitable for a broad range of investors seeking to achieve one or more of the objectives noted in the investment section. The product enables investment both up front and by additional investment to accumulate an investment balance in a tax paid structure and provides investors with a range of underlying investment options with different risk and return profiles.

Tax is paid within the bond structure, capped at the life insurance rate of 30% less allowable deductions. There is not additional tax in the hands of the investor if withdrawn after 10 years, however there is a 30% tax offset that is applicable should the investor wish to withdraw within the 10 year period effectively neutralizing the tax position should the investor require early access.

There is no restriction on access to the investment. Investors may make additional contributions of up to 125%, however there is no obligation to do so it is suitable for investors who wish to make a single contribution or multiple contributions over time.

Note: This section relates to RG 274.64–66

## 15. Distribution conditions/restrictions

DISTRIBUTION CONDITION	DISTRIBUTION CONDITION RATIONALE
Financial advised customers	Financial Advisers are to have reviewed and considered this TMD as part of their processes for providing advice to their clients.
Platforms	Not currently offered on platforms
Robo advised	Not currently offered through robo advice
Direct investors	<ul style="list-style-type: none"><li>Filtering questions have been added to the application forms, which are designed to assist the Issuer in determining whether it is likely the Investor is within the target market prior to applying.</li><li>Investors completing an online and paper-based application forms must complete the filtering questions.</li><li>Investors completing an online application will receive additional information gateways at the point of their investment choice selection.</li><li>Investors completing a paper-based application will be required to confirm that they have read and understood the risks, strategy and features of each investment option and that they are comfortable with selecting their own portfolio.</li></ul>

Note: This section relates to the requirements of s994B(5)(c) of the Act.

## 16. Review triggers

Where the Issuer of the TMD has determined that any of the following has occurred:

- ASIC reportable significant dealing outside of TMD.
- Significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or any distribution condition where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- Material change to key product attributes, terms and/or conditions where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- A significant breach event relating to the design or distribution of this product where the product issuer considers this would reasonably suggest that (i) this product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate.
- A change in taxation laws as it applies to investment bonds.

## 17. Maximum period for reviews

REVIEW PERIODS	MAXIMUM PERIOD FOR REVIEW
Initial review	-
Subsequent review	3 years and 3 months

The review period allows for the collection of data for 1 year/3 years, plus three months for the completion of the review.

Note: This section relates to the requirements of s994B(5)(e) and (f) of the Act.



## 18. Distributor information reporting requirements

REGULATED PERSON(S)	REQUIREMENT	REPORTING DEADLINE
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.	Quarterly*
All distributors	Complaints (as defined in section 994A(1) of the Act) where the nature of the complaints relate to product design, product availability and distribution conditions. The distributor should provide all the content of the complaint, having regard to privacy	Quarterly*
All distributors	Significant dealing outside of target market under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

\* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.

If practicable, distributors should adopt the FSC data standards for reporting to the issuer. The reporting templates are available on the DDO resource page of our secure Adviser site [centuria.com.au/adviser-login](https://centuria.com.au/adviser-login) (registration required).

For all distributor reporting send to [DDO@centuria.com.au](mailto:DDO@centuria.com.au).

Note: This section relates to the requirements of s994B(5)(g) and (h) of the Act.

## 19. Definitions

TERM	DEFINITION
<b>Consumer's intended product use (% of investable assets)</b>	
Solution/ standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (75 to 100%) of their total investable assets (see definitions below). The consumer typically prefers exposure to a product with at least High portfolio diversification (see definitions below).
Core component (25-75%)	The consumers intends to hold the investment as a major component (25-75%), of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium portfolio diversification (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 investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below).
Investable assets	Those assets that are investor 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>	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Australian equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Australian equities, 'All Ordinaries Index'
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)

**TERM**

**DEFINITION**

**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**

This TMD uses 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 *standard risk measure Guidance Paper For Trustees* (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 SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; 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.

A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.

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.

Extremely high For the relevant part of the consumer's portfolio, the consumer has an extremely high risk appetite, can accept significant volatility and losses, and seeks to obtain accelerated returns (potentially in a short timeframe). 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).

**TERM****DEFINITION****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 consumer'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

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 (which may be indicated by the number of red or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than a third of the distributor's total retail product distribution conduct in relation to the product over the reporting period,
- the consumer has 3 or more criteria that are not in target market (red)