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Spaceship Universe Portfolio Target Market Determination

27 September 2021

Important information

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 Spaceship Universe Portfolio, 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 Spaceship Capital Limited'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 your individual objectives, financial situation or needs. You should carefully read the Product Disclosure Statement (**PDS**) and Reference Guide for the Spaceship Earth Portfolio before making a decision whether to acquire this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by visiting www.spaceship.com.au.

Target Market Summary

This product is likely to be appropriate for a consumer seeking capital growth to be used as a solution or core component within a portfolio where the consumer has a long-term investment timeframe, very high risk/return profile (ability to bear loss), and needs daily access to capital. It is likely appropriate for consumers seeking a digital customer experience with micro-investing features such as the ability to make smaller investments on a regular or frequent basis.

Fund and Issuer identifiers

Issuer	Spaceship Capital Limited
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Issuer ABN	67 621 011 649
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Issuer AFSL	501605
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Fund	Spaceship Universe Portfolio
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ARSN	623 321 022
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Date TMD approved	27 September 2021
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TMD Version	1
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TMD Status	Current
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Description of Target Market

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red (x), amber (o) and green (✓) rating methodology with appropriate colour coding:

- ✓ In target market
 ○ Potentially in target market
 ✗ 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 (x)** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber (o)** rating.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). In such circumstances, 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. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
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. The Spaceship Universe Portfolio primarily invests in listed equities with a small allowance for cash. It typically distributes income annually.
Capital Preservation	✗	
Capital Guaranteed	✗	
Income Distribution	✗	
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 (greater than 75%) 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). The Spaceship Universe Portfolio holds 70 to 100 equities listed in Australia and on international stock exchanges. It is likely appropriate as a solution or core component for micro-investing consumers with limited capacity for investment above their daily living expenses. It is likely appropriate as a core component for consumers with more available investable assets.
Core Component (25-75%)	✓	
Satellite/small allocation (<25%)	✓	

Consumer's investment timeframe		
Short (≤ 2 years)	✗	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
Medium (> 2 years)	○	The capital growth investment strategy of the Spaceship Universe Portfolio is appropriate for customers with longer-term investment horizons who can accept volatility.
Long (> 8 years)	✓	The micro-investing features of the product that enable smaller, regular investments over time with no transaction costs may make it suitable to achieving investment goals with shorter time horizons.
Consumer's Risk (ability to bear loss) and Return profile		
Low	✗	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)).
Medium	○	Consumer typically prefers growth assets such as shares, property and alternative assets.
High	✓	The Spaceship Universe Portfolio has a very high risk profile due to its allocation to growth assets. It is a simple managed investment scheme that only invests in listed assets and does not engage in higher risk activities such as leverage and securities lending. Risk is managed through portfolio construction including investing in a diversified portfolio of equally weighted companies within each asset class, limits on the maximum exposure to any one company and market capitalisation requirements.
Very High	✓	
Consumer's need to withdraw money		
Daily (payment usually within five business days)	✓	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.
Weekly	✓	The Spaceship Universe Portfolio typically processes redemption requests each business day and are usually paid within five business days.
Monthly	✓	
Quarterly	✓	
Annually or longer	✓	

Appropriatenes

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

Distribution Condition	Distribution Condition Rationale
Only available for distribution through direct issue by Spaceship Capital Limited.	The Spaceship Universe Portfolio is designed for non-intermediated distribution through the mobile and web applications provided by Spaceship Capital Limited.

Review triggers

Material change to key product attributes, fund investment objective and/or fees.

Material deviation from benchmark / objective over sustained period.

Key product 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

Review period	Maximum period for review
Initial review	12 months from 5 October 2021
Subsequent review	36 months

Distributor reporting requirements

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, dealings outside the target market, 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

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 downturn. 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 <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	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 - 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

Low	<p>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.</p> <p>Consumer typically prefers 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>
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>
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>


Consumer's need to withdraw money

Daily/Weekly/Monthly/Quarterly/Annually or longer	<p>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.</p>
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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, • 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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