

Target Market Determination

For the QSuper Transition to Retirement Income account

Product issuer: Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) as trustee for Australian Retirement Trust (ABN 60 905 115 063).

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Effective - 5 October 2023

1. About this document

This Target Market Determination (TMD) seeks to provide consumers, Australian Retirement Trust staff and distributors with an understanding of the class of consumers for which this product has been designed (the target market), having regard to their likely objectives, financial situation and needs.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Product Disclosure Statement (PDS) and any supplementary documents when making a decision about this product, and to seek financial advice if appropriate.

Product Disclosure Statement to which this Target Market Determination applies

This TMD applies to the QSuper Transition to Retirement Income account referred to in the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#).

2. Target market for the QSuper Transition to Retirement Income account

The following table describes the overall class of consumers this product is designed for.

Consumer Class	Transitioning to retirement
Age range	From preservation age ¹ to age 65
Employment status	Employed
Likely objectives	<ul style="list-style-type: none">Access superannuation while still working to supplement income whilst reducing working hours in the lead up to retirement.Looking to maximise tax effective salary sacrifice contributions while working.
Likely financial situation	<ul style="list-style-type: none">At least \$30,000 in superannuation and is between preservation age and age 65, and wishes to access super to supplement income needs.
Likely needs (one or more may apply)	<ul style="list-style-type: none">Ability to receive regular income payments to their bank account with flexible payment options and amounts.Ability to invest retirement savings in a tax-effective environment.Ability to select from a wide range of investment options to suit personal risk/return profile and objectives.
Excluded consumers	<p>This product is not designed for consumers who:</p> <ul style="list-style-type: none">Do not have a superannuation balance of at least \$30,000.Have not met preservation age.Are permanently retired (including members who have turned age 65).Want to make lump sum withdrawals.

¹ "Preservation age" is the Government-specified age at which an individual can access superannuation benefits, provided they have permanently retired from the workforce, or take a transition to retirement income stream. Preservation age varies between 59 and 60 according to date of birth.

3. Product description

A QSuper Transition to Retirement Income account allows consumers to access between 4% and 10% of their account balance per year as regular income payments while transitioning into retirement.

Product eligibility criteria

- Consumers must have reached their preservation age and be aged under 65.
- Eligible to open a QSuper Accumulation account (refer to the Target Market Determination for the QSuper Accumulation account).
- Have a superannuation balance of at least \$30,000 at commencement.
- This product is designed for consumers within Australia in accordance with Australian laws and regulations. Applications from outside Australia may not be accepted. Eligibility for certain product features could be impacted if residing overseas. This product is not available to current or former temporary residents (who are not now a citizen or permanent resident of Australia or a citizen of New Zealand).

Product key features and attributes

This product offers the following key features and attributes

- Income payments are concessional tax for those under 60 and tax-free from age 60.
- Member Online website and mobile app access to check super balance, update details or manage income payments and investments.
- Access to educational webinars, seminars, calculators and tools.
- Access to savings upon meeting a condition of release.
- The ability to invest in the range of investment options.
- Ability to nominate beneficiaries for death benefits under a binding death benefit nomination.
- Simple financial advice about the product¹.

Investment options

Consumers can choose a mix of investment options that include diversified and single sector options. Consumers have the ability to apply an investment strategy for their current account balance, and a different investment strategy for future contributions.

The Trustee recommends consumers seek financial advice when making any investment decision. Read additional information on each investment option in the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#).

Risks of our investment options

We use the Standard Risk Measure (SRM) to describe the risk that applies to each investment option. The SRM is based on industry guidance. It allows consumers to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. Each option is assigned a risk band and a risk label based on the likely number of negative annual returns you can expect over any 20-year period. They are outlined in the following table.

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

For more information on the Standard Risk Measure calculation refer to our [website](#).

¹ Employees in the Australian Retirement Trust group provide advice to members and employers as representatives of QInvest Limited (ABN 35 063 511 580, AFSL 238274) that is wholly owned by the Trustee as an asset of Australian Retirement Trust. QInvest Limited is a separate legal entity responsible for the financial services it provides. Eligibility conditions apply. Refer to the Financial Services Guide at [qsuper.qld.gov.au/guides](#) for more information.

4. Investment option target markets

Each investment option and their relevant target markets is described in the tables below. Consumers can refer to the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) for information on Investing and risk. The [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) also includes information on each investment option objective, investment timeframe, risk and asset allocation.

Diversified options				
Likely investment needs	For those consumers who want to invest in a diversified portfolio of asset classes based on an investment strategy determined by QSuper. These options can be held on their own or selected as part of a mixed portfolio.			
Investment Option	Investment objective ¹	Investment timeframe	Risk label ²	Who this option may be suitable for:
Moderate	CPI + 1.5% p.a.	More than 3 years	Low to Medium	<ul style="list-style-type: none"> Suitable if you want short to medium – term stability but some exposure to assets that will potentially give you higher returns. You can tolerate the low to medium level of risk. You need to be prepared to accept that in return for shorter-term stability you may be sacrificing the potential for higher long-term returns.
Balanced (default)	CPI + 3.5% p.a.	More than 5 years	Medium to High	<ul style="list-style-type: none"> Suitable if you're a medium-to long-term investor and want exposure to assets that will potentially give you higher returns. You can tolerate the medium to high level of risk. You need to be prepared to accept that this option could experience negative returns over the short term. If you do not make an investment choice, your account will be invested in the Balanced investment option.
Aggressive	CPI + 4% p.a.	More than 10 years	High	<ul style="list-style-type: none"> Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns. You can tolerate the high level of risk. You need to be prepared to accept that this option could experience negative returns over the short- to medium-term.
Socially Responsible	CPI + 3.5% p.a.	More than 5 years	High	<ul style="list-style-type: none"> Suitable if you're a medium- to long-term investor and want your investments made in line with an extended set of environmental, social and governance principles. You can tolerate the high level of risk. You need to be prepared to accept that this option could experience negative returns over the short to medium-term.

Note the QSuper Socially Responsible option failed the annual superannuation performance test conducted by the Australian Prudential Regulation Authority (APRA) at 30 June 2023. Learn more [here](#).

¹ For the Diversified options above, the investment objectives are the targeted investment returns after investment fees and costs, transaction costs and investment taxes measured over rolling 10-year periods. Refer to the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) for more information on the investment characteristics of the investment options.

² This is the risk label associated with the investment strategy based on the Standard Risk Measure (SRM) outlined in the previous section of this Target Market Determination. Each option has a risk band and risk label which corresponds to the likely number of negative annual returns you can expect over any 20-year period. The SRM isn't a complete assessment of all forms of investment risk.

Single Sector options				
Likely investment needs	For those consumers who want to build their own investment portfolio to suit their personal risk/return objectives from a range of options and asset classes with various investment styles. Single sector options are not suitable for members who are uncomfortable with taking on responsibility for developing and managing their own individual investment strategy.			
Investment Option	Investment objective ¹	Investment timeframe	Risk label ²	Who this option may be suitable for:
Cash	To match the return of the Bloomberg AusBond Bank Bill Index, after investment fees and costs, transaction costs and investment taxes.	Less than 1 year	Very low	<ul style="list-style-type: none"> • Suitable if you're a short-term investor who wants to protect the value of your investment. • You can accept that there will be little short-term real growth. • You are willing to tolerate a very low level of risk.
Diversified Bonds	To match the return of a 40% Australian and 60% international diversified bonds index (hedged in AUD), after investment fees and costs, transaction costs and investment taxes.	More than 3 years	Low to medium	<ul style="list-style-type: none"> • Suitable if you're a short-to medium-term investor who wants steady returns. • You should be prepared for the value of your investment to have some small movements over the short term. • You can tolerate the low to medium level of risk.
International Shares	To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index (hedged in AUD), after investment fees and costs, transaction costs and investment taxes.	More than 10 years	Very high	<ul style="list-style-type: none"> • Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns. • You can tolerate the very high level of risk. • You should be prepared to accept that this option is more likely to experience negative returns over the short-to medium term than an option with a lower risk.
Australian Shares	To match the return of the S&P/ASX 200 Accumulation Index, after investment fees and costs, transaction costs and investment taxes.	More than 10 years	Very high	<ul style="list-style-type: none"> • Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns. • You can tolerate the very high level of risk. • You should be prepared to accept that this option could experience negative returns over the short to medium term.

Note we reserve the right to temporarily suspend unit prices if extreme market volatility or circumstances outside of our control mean we can't calculate a unit price. If we need to suspend a unit price for any or all of our options, we may stop processing transactions until a unit price is available. If we need to suspend unit prices we will inform consumers via our [website](#).

¹Refer to the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) for more information on the investment characteristics of the investment options.

² This is the risk label associated with the investment strategy based on the Standard Risk Measure (SRM) outlined in the previous section of this Target Market Determination. Each option has a risk band and risk label which corresponds to the likely number of negative annual returns you can expect over any 20-year period. The SRM isn't a complete assessment of all forms of investment risk.

5. Consistency between target market and the product

Australian Retirement Trust regularly monitors the consumers acquiring the product for consistency with the target market, and has assessed whether the product is likely to be suitable for the target market. We consider that the product is likely to be consistent with the likely objectives, financial situation or needs of the target market, on the basis that the product offers the following key features and attributes:

Product features or attributes	Target Markets' likely objectives, financial situation or needs
Offers the ability to invest retirement savings in a tax-effective environment.	This is consistent with the likely objective of the target market to access superannuation to support income needs while remaining invested in a tax effective environment.
Provides income payments to members bank account as an income stream with flexible payment options and amounts that total between 4% and 10% of the account balance per financial year.	These features are consistent with the likely objective and needs of the target market who are seeking flexible options to access their superannuation to support their income needs.
Offers a range of diversified and single asset class investment options, with risk ranging range from very low to very high.	This is consistent with meeting the need of the target market to have access to select from a range of investment options to suit personal risk/return profile and investment objectives.

6. How this product is to be distributed

Distribution means 'retail product distribution conduct' in relation to a consumer. Distribution includes:

- Dealing in the financial product
- Giving a disclosure document in relation to offering a financial product
- Providing a Product Disclosure Statement (PDS)
- Providing financial product advice.

A distributor is a regulated person who issues or sells a product, as an AFS licensee or their authorised representative.

Product distribution channels, conditions and restrictions

Product distribution channel	Product distribution condition	Product distribution restriction
Direct Applying via the online application or paper application form at the back of the PDS.	<ul style="list-style-type: none"> • Consumers are provided with a Product Disclosure Statement. • Transition to Retirement Income account applications must only be completed by an individual who has met the eligibility criteria and has read and accepts the conditions set out in the relevant PDS. 	<ul style="list-style-type: none"> • This product is restricted to individuals who meet the eligibility requirements set out in the section 3 (product description) of this TMD. • Consumer eligibility criteria is validated via the paper-based and online application channels.
Financial Adviser Applying through a licensed Financial Adviser	<ul style="list-style-type: none"> • Consumers are provided with a Product Disclosure Statement by the licensed Financial Adviser. • Transition to Retirement Income account applications must be completed with the eligible consumer consent via a licensed Financial Adviser under a personal financial product advice arrangement. 	<ul style="list-style-type: none"> • Consumer eligibility criteria is validated via the paper-based, online or phone channels. • The product should not be distributed to a consumer who is not in the target market unless there is a personal financial product advice arrangement where the consumer's personal objectives, financial situation and needs have been considered by the Financial Adviser, and where the best interest duty applies.

Adequacy of distribution conditions and restrictions

The Trustee has determined the distribution conditions for this product to be appropriate. The distribution conditions and restrictions identified for this product are aimed at ensuring that consumers who acquire the product are likely to be in the target market for this product. This is due to:

- An application form (either paper-based or online) is to be completed for all members from both direct and Financial Adviser channels. Consumer eligibility criteria (such as age and account balance) is validated by Australian Retirement Trust for all applications received before a consumer can open an account. This includes validation personal identification in adherence to our compliance requirements (such as know your customer, anti-money-laundering and counter terrorism funding).
- The product's eligibility criteria are aligned to target market characteristics, this makes it likely that the product will be distributed to consumers in the target market for which this product is designed. All consumers are provided with a Product Disclosure Statement, enabling them to also assess and determine whether a product is suitable for their requirements and situation.
- Distribution of the product to a consumer outside the target market for this product under a personal financial product advice arrangement is permitted as the Financial Adviser is required to take into account the personal objectives, financial situation and needs of the consumer.

7. Reporting and monitoring this Target Market Determination

All distributors who are regulated people must report complaints and significant dealings to us. A significant dealing includes:

- High proportion of consumers who have acquired the product but are not in the target market. This includes those consumers who are specifically excluded from the target market.
- Identifying potential/actual harm to consumers outside of the target market acquiring the product.
- Distribution which is inconsistent with this TMD, which is significant in nature and extent.
- High proportion of transfers into the product from consumers outside the target market.
- A significant number of consumers outside the target market acquiring the product over an extended time-period.

Complaints and significant dealings information outlined the table below should be sent to us at DDOReporting@art.com.au

Complaints	Distributors must report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis. Reporting is required as soon as practicable, but within 10 business days of the end of a calendar quarter. The type of data required for a complaint: <ul style="list-style-type: none">• Product• Complaint ID• Date complaint received• Complaint issue• Complaint content• Complaint status• Compensation• Who made the complaint• AFCA status and reference
Significant dealings	Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days. The type of data required for a significant dealing: <ul style="list-style-type: none">• Product• Date of significant dealing• Client• Description• Why it is significant• How it was identified• Financial impact to member (if any)• Steps to rectify.

8. Reviewing this Target Market Determination

This Target Market Determination is effective from 5 October 2023. We will review this Target Market Determination in accordance with the periods or events below:

Last review	5 October 2023
Periodic reviews	Within 12 months of the last review
Review trigger or events	<p>There are several events/circumstances that could arise and would suggest that the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none">• A material change to the design of the product, including key features and investment options, which affects the class of consumers targeted by this product.• Findings from the annual Member Outcomes Assessment and/or Business Performance Review indicating that a review of the TMD is necessary.• Change to regulation or interpretation of regulation which has a material impact on the product.• Distribution conditions do not make it likely that consumers who acquire the product are in the target market.• Occurrence of a significant dealing as defined in this TMD.• Identification of significant detriment to consumers if TMD was not reviewed.• External events such as adverse media coverage or regulatory attention indicating that a review of the TMD is necessary.• Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act 2001) about the product or distribution of the product.• Material or unexpectedly high number of members exiting the product.• Poor performance of the product relative to its investment objectives, appropriate benchmarks and other similar products.• Significant losses suffered by members, and events and circumstances occur to suggest that the product is unlikely to achieve its investment objective over time.• A change has occurred that suggests the product is no longer consistent with the likely goals and needs of the target market.
Where a review trigger has occurred, this Target Market Determination will be reviewed within 10 business days.	
Review triggers are subject to ongoing monitoring and quarterly assessment unless required earlier.	

Important Dates

Date from which this target market determination is effective	5 October 2023
Date when this target market determination was last reviewed	5 October 2023
Date when this target market determination will be next reviewed	5 October 2024

Important Information about the indices we reference

Bloomberg AusBond Bank Bill Index

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MSCI World ex Australia Net Investable Market Index (IMI) in \$A

Source: MSCI. The MSCI data comprises a custom index calculated by MSCI for, and as requested by, QSuper Limited⁷. The MSCI data is for internal use only and may not be redistributed or used in connection with creation or offering any securities, financial products, or indices. Neither MSCI nor any other third party involved in or related to compiling or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability, or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) even if notified of the possibility of such damages.

S&P/ASX 200 Accumulation Index

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⁷ QSuper Limited (ABN 50 125 248 286 AFSL 334546) has been appointed by the Trustee as an investment manager to provide investment services.

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