



## Target Market Determination (TMD) Finexia Crypto Collective

**27 May 2022**

This TMD relates to the deferred purchase agreement product referred to as **Finexia Crypto Collective** offered under the Product Disclosure Statement dated 27 May 2022 (the "PDS"). This product is issued by Strategic Investment Portfolios Pty Ltd (ACN 632 644 609) ("the Issuer") and arranged by Finexia Securities Limited (ACN 608 667 778, AFSL 485760) ("the Arranger") pursuant to Section 911A(2)(b) of the Corporations Act. Pursuant to Section 911A(2)(b). The Issuer will issue the Units in accordance with the offer made by the Arranger.

<b>Issuer</b>	Strategic Investment Portfolios Pty Ltd (ACN 632 644 609) The Issuer does not hold an AFSL and relies on the arranger exemption in s911A(2)(b) of the Corporations Act.
<b>Arranger</b>	Finexia Securities Limited (ACN 608 667 778, AFSL 485760)
<b>Product</b>	<b>Finexia Crypto Collective</b> is a deferred purchase agreement, which is a type of structured investment. It is issued in the legal form of Units in a Deferred Purchase Agreement ("DPA"). The Units are offered under the PDS dated 27 May 2022.
<b>Date of TMD</b>	27 May 2022
<b>Overview of this document</b>	This document is a target market determination for the purposes of section 994B of the Corporations Act 2001 (Cth) (Corporations Act) in respect of DPAs issued by us.  This document is not a product disclosure statement (PDS) and does not take into account any particular investor's objective, financial situation or needs. You should refer to our PDS at <a href="https://www.finexia.com.au/">https://www.finexia.com.au/</a> and consider obtaining independent financial product advice before deciding to invest in DPAs.

# Target Market for Finexia Crypto Collective

## Notes relating to Target Market

The investor attributes for which the product is likely to be considered appropriate have been assessed using a **Green**, **Amber** and **Red** rating methodology with appropriate colour coding:

In Target Market	Potentially in Target Market	Not Considered in Target Market
------------------	------------------------------	---------------------------------

In the tables below, Column 1, Investor Attributes, indicates a description of the likely objectives, financial situation and needs of the class of investors that are considering this product. Column 2, TMD indicator, indicates whether an investor meeting the attribute in Column 1 is likely to be in the target market for this product. Column 3 outlines the key Product Attributes.

**Generally, an investor is unlikely to be in the target market for the product if one or more their Investor Attributes are a Red rating or three or more of their Investor Attributes are an Amber rating.**

An investor (or class of investors) may intend to hold an investment in the Finexia Crypto Collective as part of a diversified portfolio. In such circumstances, the Finexia Crypto Collective should be assessed against the investor's attributes **for the relevant portion of the portfolio**, rather than the investor's portfolio as a whole. For example, an investor may seek to construct a conservative portfolio with a small allocation to growth assets. In this case, it may be likely that a product with a High Risk/Return profile such as the Finexia Crypto Collective is consistent with the investor's objectives for that allocation notwithstanding that the risk/return profile of the investor as a whole is Low or Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

### Investor's objectives for product

[1] Investment Attribute	[2] TMD Indicator	[3] Key Product Attributes
<b>Objective</b>	<b>Consistency with target market</b>	The <i>Finexia Crypto Collective</i> provides exposure to a basket of cryptocurrencies for a period of 3 years. The basket will be comprised of 50% allocated between Bitcoin and Ethereum, and the remaining 50% allocated between four additional Cryptocurrencies as determined by the Issuer. Allocations for each Cryptocurrency are based on a proprietary methodology used by the Issuer and will be rebalanced on the first business day of each month. Bitcoin and Ethereum will together always comprise 50% of the Reference Basket however there is no guarantee that any other particular Cryptocurrency will be included in the Reference Basket. Please refer to the PDS for more information. The product is likely to be suitable for investors who are seeking capital growth.
Capital Growth	In Target Market	
Capital Preservation	Not Considered in Target Market	
Capital Guaranteed	Not Considered in Target Market	
Regular Income	Not Considered in Target Market	

## Investor's intended use of product

[1] Investment Attribute	[2] TMD Indicator	[3] Key Product Attributes
<b>Product Use (% of Investible Assets)</b>	<b>Consistency</b>	Given the high risks associated with cryptocurrency investments, it's expected the <i>Finexia Crypto Collective Units</i> would be used as a Very Small allocation (<10%) within a broader portfolio strategy.
Solution/Standalone (75-100%)	Not Considered in Target Market	
Core Component (25-75%)	Not Considered in Target Market	
Satellite/Small (10-25%)	Not Considered in Target Market	
Very Small (<10%)	In Target Market	

[1] Investment Attribute	[2] TMD Indicator	[3] Key Product Attributes
<b>Investment Timeframe of investor</b>	<b>Consistency</b>	<p><i>Finexia Crypto Collective</i> provides is designed to be held until maturity and therefore the timeframe for holding the investment is 3 years. This product is not suitable for investors who have a Very Short (0-1 years) Timeframe and potentially suitable for investors who have a Short (1-2 years) Timeframe.</p> <p>Note: This section looks at an investor's objectives for the overall length of time the investor wishes to continue investing their portfolio, rather than the length of any one particular investment. For example, a medium or long term investor may wish to acquire this investment with a view to reinvesting any returns on the investment into another product at the end of the 3 year investment term.</p>
Very Short (0-1 years)	Not Considered in Target market	
Short (1-2 years)	Potentially in the Target Market	
Medium (2-6 years)	In target market	
Long (6+ years)	In target market	

[1] Investment Attribute	[2] TMD Indicator	[3] Key Product Attributes
<b>Investor's intended Risk/Return tradeoff</b>	<b>Consistency</b>	<p><i>Finexia Crypto Collective</i> provides exposure to a basket of cryptocurrencies as described in the PDS for a period of 3 years. This product should therefore be considered a Very High Risk investment with potential to generate a Very High Return, but also to generate very high losses.</p> <p><b>Note:</b> This section looks at an investor's objectives for the relevant portion of their portfolio only, rather than the investor's portfolio as a whole. For example, a product with a Very High Risk/Return profile may be consistent with the investor's objectives for a growth allocation as part of Very</p>
Very High Risk & Return	In Target Market	
High Risk & Return	Not Considered in Target Market	
Medium Risk & Return	Not Considered in Target Market	
Low Risk & Return	Not Considered in Target Market	

Small portfolio allocation (<10%), notwithstanding that the risk/return profile of the investor's portfolio as a whole may be low or medium

[1] Investment Attribute	[2] TMD Indicator	[3] Key Product Attributes
<b>Investor's need to withdraw money</b>	<b>Consistency</b>	The <i>Finexia Crypto Collective</i> is designed to be held until maturity. Monthly buy-backs are offered however the Issuer does not recommend that investors rely on this feature for withdrawing their investment prior to maturity.
Daily	Not Considered in Target Market	
Weekly	Not Considered in Target Market	
Monthly	Not Considered in Target Market	
Quarterly	Not Considered in Target Market	
Annually or longer	In Target Market	

Please refer to the Appendix for Definitions of Terms

## Explanation of why investments in *Finexia Crypto Collective* are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))

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 investors in the target market as described above, as the key features of this product in Column 3 of the table above are likely to be suitable for investors with the attributes identified with a green TMD Indicator in Column 2.

## Retail clients for whom *Finexia Crypto Collective* is unsuitable

An investment in *Finexia Crypto Collective* will generally not be suitable for retail clients outside the target market. This also includes Retail clients who do not understand the risks of structured investments and the risks of cryptocurrencies and retail clients who cannot bear the consequences of potential losses without material impact on their standard of living. Distributors have to receive a satisfactory response to the questionnaire contained in the application form before distributing the product to a retail investor

## Distribution Conditions (s994B(5)(c))

No third party is permitted to distribute *Finexia Crypto Collective* issued by Strategic Investment Portfolios Pty Ltd (SIP) without a Distribution Agreement entered into between SIP and the Distributor.

All Distributors who have entered into a Distribution Agreement with SIP and wish to distribute the product must do so in accordance with any additional relevant procedures specified by SIP to the Distributor. . Distributors have to receive a satisfactory response to the questionnaire contained in the application form before distributing the product to a retail investor

Distributors must consider and understand the PDS dated 27May 2022 when distributing Finexia Crypto Collective to retail clients who fall within the target market.

## Review Triggers (s994B(5)(d))

The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:

- We become aware of a significant issuance of the product to retail clients outside the target market;
- Material changes to law affecting DPAs, cryptocurrencies or other relevant regulatory changes;
- We become aware of a significant volume of complaints related to the TMD from retail clients;

## Review Periods (s994B(5)(e), (f))

Review period	Maximum period for review
Initial review	6 months
Subsequent / periodic reviews	1.5 years

## Distributor Reporting Requirements (s994B(5)(g), (h))

The following information must be provided to us by distributors who engage in retail product distribution conduct in relation to this product:

Type of information	Description	Reporting period
Complaints	Number and nature of complaints	As soon as practicable, and in any case within 10 business days after becoming aware
Significant dealing(s) outside the target market	Date range of the significant dealing(s) and description of the extent and nature of the significant dealing	As soon as practicable, and in any case within 10 business days after becoming aware

# Overview of Finexia Crypto Collective

The *Finexia Crypto Collective* is a structured investment. A structured investment is a pre-packaged investment strategy that provides exposure to underlying assets which may include a single stock, a basket of stocks, indices, commodities, debt securities, listed futures contracts, exchange traded funds, managed funds, foreign currencies or cryptocurrencies. Structured investments include predefined terms and conditions which are fixed at the commencement of the investment. The predefined terms and conditions will always include a fixed maturity date at the end of an investment term, typically anywhere from 3 months up to even 10 years. Most structured investments offered by Strategic Investment Portfolios Pty Ltd cover an investment term of between 1-3 years.

Structured investments can be used as an alternative to a direct investment, as part of the asset allocation process to increase diversification or reduce risk exposure of a portfolio, or to obtain exposure to a current market trend or investment theme.

## Deferred Purchase Agreement

The DPA is the underlying legal instrument that an investor will invest into when investing into the *Finexia Crypto Collective*. A deferred purchase agreement, or DPA, is a financial instrument which derives its value from the value of another reference asset such as an index, stock, commodity, or cryptocurrency. The DPA instrument allows for flexibility in defining the different terms and conditions of an investment, thereby allowing for a very broad range structured investments to be issued under a DPA.

The DPA is a financial contract between two parties where one party undertakes to deliver to the other some pre-determined delivery assets, rather than cash or other assets at the Maturity of the DPA. In other words, when you apply for a DPA, you agree to buy the delivery assets which will be delivered to you on the maturity date of the contract. The number of delivery assets that will be delivered will be determined by how the underlying reference asset performs during the investment term and the final value calculation of the DPA. However, if an investor does not wish to hold the Delivery Asset at the Maturity of the DPA they may elect to use the Agency Sale Option whereby the investor appoints the Issuer as agent to sell the shares on behalf of the investor and the investor will receive cash, Bitcoin or Ethereum instead of shares at Maturity. Please refer to the PDS for further details on the Agency Sale Option.

In addition to the "delivery asset" feature, there are other conditions specified in the DPA contract. Please refer to the PDS for more information.

The Units in DPAs are "Securities" for the purposes of Chapter 7 of the Corporations Act.

## Key Risks

Key risks include:

- Risk of up to 100% loss in relation to the Total Investment Amount;
- Any Final Value at Maturity is determined by reference to the performance of the Reference Basket Value during the Investment Term. Whether or not there is an increase in the Reference Basket Value depends on the performance of the cryptocurrencies comprising the Reference Basket, as such, investors are exposed to all risks affecting the relevant cryptocurrencies;
- There is no guarantee that the Units will generate returns in excess of the Total Investment Amount during the Investment Term;
- In the event of an Investor requested Issuer Buy-Back or Early Maturity Event, you will not receive a refund of any fees. The amount received will depend on the market value of the Units. Investors should be aware the Units are designed to be held to Maturity and are not designed to be held as a trading instrument;
- Investors are subject to counterparty credit risk with respect to the Issuer. The Issuer's obligations under the DPA are unsecured obligations of the Issuer; and
- the Units may mature early following an Early Maturity Event, including an Adjustment Event, or if the Issuer accepts your request for an Issuer Buy-Back.

Please refer to the PDS for more information on the risks applicable to the Units.

# Appendix

## Definitions

Term	Definition
<b>Objective</b>	
Capital Growth	The investor seeks to invest in a product designed to generate capital return. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The investor seeks to invest in a product to reduce volatility and minimise loss in a market down-turn. The investor 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 investor seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The investor would likely understand the complexities, conditions and risks that are associated with such products.
Regular Income	The investor seeks to invest in a product designed to distribute regular and/or tax-effective income. The investor prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
<b>Product Use (% of Investible Assets)</b>	
Solution/Standalone (75-100%)	The investor intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investible assets</i> (see definition below). The investor typically prefers exposure to a product with at least High portfolio diversification.
Core Component (25-75%)	The investor intends to hold the investment as a major component, up to 75%, of their total <i>investible assets</i> (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification.
Satellite (10-25%)	The investor 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>investible assets</i> (see definition below). The investor is likely to be comfortable with exposure to a product with Low portfolio diversification.
Very Small (<10%)	The investor intends to hold the investment as a very small part of their total portfolio, as an indication it would be suitable for up to 10% of the total <i>investible assets</i> (see definition below). The investor is likely to be comfortable with exposure to a product with Low portfolio diversification.
Investible Assets	Those assets that the investor has available for investment, excluding the residential home.

---

Investor is generally less tolerant to market ups and down and would prefer low to very low risk assets.

### Investment Timeframe of Investor

Very Short (0-1 years)	The investor has a very short investment timeframe and may wish to redeem in less than 1 year and therefore could be less tolerant to the markets ups and downs.
Short (1-2 years)	The investor has a short investment timeframe and may wish to redeem within 1-2 years and therefore could be less tolerant to the markets ups and downs.
Medium (2-6 years)	The investor has a medium investment timeframe and is unlikely to redeem within two years and therefore could be more tolerant to the markets ups and downs.
Long (6+ years)	The investor has a long investment timeframe and is unlikely to redeem within six years and therefore could be the most tolerant to the market ups and downs.

### Investor's Intended Risk/Return Trade-off

A Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the *Standard Risk Measure Guidance Paper For Trustees*. 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 or that a positive return could still be less than an investor requires to meet their investment objectives/needs. It also does not consider all risks such as concentration risk or liquidity risks which are explained in more detail in the product disclosure statement.

An investor's desired product return profile would generally consider the impact of fees, costs and taxes.

Very high risk & return	The investor 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). Investor typically prefers growth assets such as shares, property and alternative assets.
High risk & return	The investor 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. Investor 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.
Medium risk & return	The investor is moderate or medium risk in nature, seeking to minimize 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.

---

Investor typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.

---

Low risk & return

The investor is conservative or low risk in nature, seeks to minimize 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. Investor typically prefers defensive assets such as cash and fixed income.

---

## 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 investor (or class of investor).

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 an investor (which may be indicated by the value of the investor'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.
- 

# FINEXIA

Finexia Securities Limited  
ACN 608 667 778 | AFSL 485 760  
[www.finexia.com.au](http://www.finexia.com.au)