

Target Market Determination – Funds Management

AB Managed Volatility Equities Fund (Managed Fund) – MVE Class

Legal disclaimer

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 product, 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 the responsible entity of the AB Managed Volatility Equities Fund (Managed Fund) – MVE Class' (**MVE**) 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 in to account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (**PDS**) for MVE before making a decision whether to buy 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 contacting client services on (02) 9255 1299 or at aust_clientservice@alliancebernstein.com or on our website www.alliancebernstein.com.au.

Target Market Summary

This product is likely to be appropriate for an investor seeking capital growth and some regular income, with lower volatility than a typical equity fund and less downside risk in falling equity markets to be used as a satellite component of their portfolio (or a core allocation within the equities component) where the investor has a medium to long-term investment timeframe, and a high risk/return profile.

Fund and Issuer identifiers

Issuer	AllianceBernstein Investment Management Australia Limited	ISIN Code	AU60ACM00065
Issuer ABN	58 007 212 606	Market Identifier Code	AMVE
Issuer AFSL	230 683	Product Exchange code	Not applicable
Fund	AllianceBernstein Managed Volatility Equities Fund (Managed Fund)	Date TMD approved	9 September 2021
Class of Fund	MVE Fund	TMD Version	Version 1.0
ARSN	099 739 447		
APIR Code	ACM0006AU	TMD Status	Final

Description of Target Market

This part is required under section 994B(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	Potentially in target market	Not considered in target market
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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.

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	Green	<p>The AB Managed Volatility Equities Fund (Managed Fund) – MVE Class (MVE) is designed for equity investors seeking:</p> <ul style="list-style-type: none"> • lower volatility than is typical for an equity fund • reduced downside risk in falling equity markets • long-term capital growth and some income, including franked Australian dividend income. <p>MVE aims to achieve returns that exceed the S&P/ASX 300 Accumulation Index after fees over the medium to long term. There is no guarantee that the MVE Class will achieve this objective or produce any positive returns.</p> <p>MVE invests mainly in Australian Securities Exchange (ASX) listed shares but may also invest in global developed market shares and cash.</p> <p>MVE implements a managed volatility equities strategy that aims to reduce volatility by identifying, and investing in, high quality listed equity securities that have reasonable valuations, high quality cash flows and relatively stable share prices. To this end, MVE may be appropriate for consumers seeking capital preservation or income distribution.</p>
Capital Preservation	Yellow	
Capital Guaranteed	Red	
Income Distribution	Yellow	
Consumer's intended product use (% of Investable Assets)		
Solution/standalone (75-100%)	Red	<p>Within an investor's overall investment portfolio, the Fund is designed to fulfill a satellite allocation, alongside investments in other asset classes.</p>
Core component (25-75%)	Red	
Satellite/small allocation (<25%)	Green	
Consumer's investment timeframe		
Short (≤ 2 years)	Red	<p>The Fund is designed for investors with a medium to long-term investment timeframe – generally 5-7 years.</p>
Medium (> 2 years)	Green	
Long (> 8 years)	Green	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Red	<p>The Fund has a risk band of 6 (High).</p> <p>The Fund aims to produce higher returns and therefore carries a higher level of risk than an investment that aims to produce more modest returns.</p>
Medium	Yellow	
High	Green	
Very High	Green	

Consumer's need to withdraw money		
Daily		This Fund is designed for an investor who seeks to invest in a product which permits redemption requests on any business day.
Weekly		If the investor holds units in the MVE Class on the issuer sponsored subregister, they can redeem from the MVE class directly where the MVE Class is "liquid" (as defined in the Corporations Act).
Monthly		An investor's withdrawal proceeds will usually be available with 3 business days following the date of receipt of a valid withdrawal request. However, the Fund's constitution allows us up to 21 days to pay withdrawal requests. In addition, large withdrawal requests of more than 5% of net asset value may be redeemed and paid in separate amounts over a period of up to 30 days.
Quarterly		If the investor holds units on the broker sponsored sub-register, they can offer to sell their units on the Securities Exchange. Generally, an investor will be able to sell their units on the business day in which they offer to sell shares when the Securities Exchange is open. Investors will receive the proceeds of the sale during the usual settlement cycle for securities sole on the Securities Exchange (currently trading days after the sale).
Annually or longer		

Appropriateness

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

This part is required under section 994B(5)(c) of the Act.

Distribution Condition	Distribution Condition Rationale
No distribution conditions	The issuer has not specified any distribution conditions but strongly recommends that investors obtain personal financial advice before making any investment in MVE.

Review triggers
This part is required under section 994B(5)(d) of the Act.
Material change to key attributes, fund investment objective and/or fees.
Material deviation from benchmark / objective over sustained period.
Key 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.
Review income expectations related to capital losses

Mandatory review periods

This part is required under section 994B(5)(e) and (f) of the Act.

Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	2 years

Distributor reporting requirements

This part is required under section 994B(5)(g) and (h) of the Act.

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 the end of the calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to the Issuer using the method specified on this website [www.AllianceBernstein.com.au]. This link also provides contact details relating to this TMD for the Issuer.

Important notice

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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 down-turn. 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 (for completing the key product attribute section of consumer's intended product use)	
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).

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	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the 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 <u>Standard Risk Measure Guidance Paper For Trustees</u>. 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 a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, 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.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
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>



Term	Definition
Consumer's need to withdraw money	
<p>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 investor'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.</p>	
<p>Daily/Weekly/Monthly/Quarterly/Annually or longer</p>	<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>
Distributor Reporting	
<p>Significant dealings</p>	<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>.