

# Target Market Determination



## Ares Diversified Credit Fund - Class I

APIR HOW7354AU

### Introduction

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This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) and is **not** a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product 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 us on 1300 721 637 or on our website at [www.fidante.com.au](http://www.fidante.com.au).

### Target Market Summary

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The Fund, through its exposure to the Underlying Fund, primarily invests in a diversified portfolio of liquid and illiquid asset classes including but not limited to directly originated loans, secured floating and fixed rate syndicated loans, corporate bonds, asset-backed securities, commercial real estate loans and other types of credit instruments. This product is likely to be appropriate for consumers seeking income and to be used as a satellite to minor component of their portfolio where the consumer has a long investment timeframe and a high risk/return profile.

### Fund and Issuer Identifiers

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<b>Issuer</b>	Fidante Partners Limited
<b>Issuer ABN</b>	94002835592
<b>Issuer AFSL</b>	234668
<b>Fund Manager</b>	Ares Australia Management Pty Ltd
<b>TMD Contact Details</b>	customeripp@challenger.com.au
<b>Fund Name</b>	Ares Diversified Credit Fund - Class I
<b>ARSN</b>	644797599
<b>APIR Code</b>	HOW7354AU
<b>ISIN Code</b>	AU60HOW73541
<b>Market Identifier Code</b>	N/A
<b>Product Exchange Code</b>	N/A
<b>TMD Issue Date</b>	25/02/2025
<b>TMD Version</b>	1
<b>*Distribution status of fund</b>	A

\*A = Available ; C = Ceased Distribution

## 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 and green rating methodology:



### 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.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor allocation). 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a High risk/return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this portfolio view for diversification, available on the FSC website.



Consumer Attributes	TMD indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital growth		The Fund aims to provide superior risk adjusted returns across various market cycles by being exposed to a diversified portfolio of liquid and illiquid global credit assets through investing directly into the CION Ares Diversified Credit Fund (Underlying Fund). The Underlying Fund invests in a portfolio with balanced exposures to multiple industry sectors and geographic regions through systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments. Given the nature of the assets the Fund is exposed to, the Fund is only suitable to investors seeking regular income and have a high risk/ return appetite. It is not suitable for investors seeking capital growth and/or capital guarantees.
Capital preservation		
Income distribution		
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (up to 100%)		The Fund has medium diversification and aims to be fully exposed to the global credit market through its investment in the Underlying Fund. The Underlying Fund may use leverage to take advantage of investment opportunities in the market. Given the risk/return profile of the liquid and illiquid global credit assets the Fund is exposed to and the quarterly redemption access, the Fund should only be used as a satellite to minor portion of a diversified portfolio.
Major allocation (up to 75%)		
Core component (up to 50%)		
Minor allocation (up to 25%)		
Satellite allocation (up to 10%)		
<b>Consumer's investment timeframe</b>		
Minimum investment timeframe	5 years	The suggested minimum investment timeframe for the Fund is at least 5 years. The Fund is only suitable for investors who have a long investment timeframe, with a high risk/return profile and do not need access to capital on a regular basis.

## Consumer's Risk (ability to bear loss) and Return profile

Low		The Standard Risk Measure for the Fund is Risk Band 5. A high risk band generally means the Fund may offer the potential for favourable levels of return over the long term but may also exhibit high levels of volatility with the potential for some capital loss over the life of the investment. Please refer to the Fund's PDS for full details on the risks.
Medium		
High		
Very high		
Extremely high		

## Consumer's need to access capital

Within one week of request		The Fund permits quarterly redemptions, in line with the quarterly repurchase offer of the Underlying Fund. The Underlying Fund offers a share repurchase program whereby it makes quarterly offers to repurchase between 5% and 25% of its outstanding shares at NAV. As a consequence, withdrawals from the Fund may be subject to a withdrawal gate. The withdrawal gate allows us to satisfy requests on a pro-rata basis where the aggregate withdrawal amount in a given month exceeds the available liquidity from the Fund and the Underlying Fund. Investors in the Fund must be aware that it may take significantly longer to receive withdrawal proceeds than the generally applicable timeframe specified in the PDS. The Fund is not suitable for investors who need regular access to their capital.
Within one month of request		
Within three months of request		
Within one year of request		
Within 5 years of request		
Within 10 years of request		
10 years or more		

At issuer discretion

N/A

## 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

Distribution Channel	Distribution Condition	Distribution Condition Rationale
Direct (non-advised)		
Platform / Wrap		
Adviser	All channels - Distribution under personal advice only, unless investment is a reinvestment, a regular investment plan, auto-rebalancing, or otherwise is a result of standing instructions.	Due to the nature of the product we consider this Product should only be available to those receiving personal advice unless investment is a reinvestment, a regular investment plan, auto-rebalancing, or otherwise is a result of standing instructions.

## Review Triggers

- 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 that would reasonably suggest the TMD is no longer appropriate.
- 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 TMD review periods

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Review period	Maximum period for review
Initial review	15 Months
Subsequent review	27 Months

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## Distributor reporting requirements

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Reporting Requirement	Reporting Period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under section 994F(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

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If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer via email using [customeripp@challenger.com.au](mailto:customeripp@challenger.com.au).

## Definitions

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In some instances, examples have been provided below. These examples are indicative only and are not exhaustive.

<b>Term</b>	<b>Definition</b>
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. 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 designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with very high portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with at least high portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification.
Minor Allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with at least low portfolio diversification.
Satellite (up to 10%)	The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with very low portfolio diversification. Products classified as extremely high risk are likely to meet this category only.
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) <i>Note: exposure to cash and cash-like instruments may sit outside the diversification framework below.</i>	
Very Low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very High	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.

## Consumer's intended investment timeframe

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**Minimum** The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.

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## 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.

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**Low** For the relevant part of the consumer's portfolio, the consumer:

- has a conservative or low risk appetite,
- seeks to minimise volatility and 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.

The consumer typically prefers stable, defensive assets (such as cash).

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**Medium** For the relevant part of the consumer's portfolio, the consumer:

- has a moderate or medium risk appetite,
- seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and
- is comfortable with a moderate target return profile.

The consumer typically prefers defensive assets (for example, fixed income).

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**High** For the relevant part of the consumer's portfolio, the consumer:

- has a high risk appetite,
- can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and
- seeks high returns (typically over a medium or long timeframe).

The consumer typically prefers growth assets (for example, shares and property).

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**Very high** For the relevant part of the consumer's portfolio, the consumer:

- has a very high risk appetite,
- can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and
- seeks to maximise returns (typically over a medium or long timeframe).

The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).

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**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).

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## Consumer's need to access capital

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**Definition** This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. 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 aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the

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product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.

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## Distributor reporting

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### 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 and/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 half of the distributor's total retail product distribution conduct in relation to the product over the quarter,
  - the consumer's intended product use is solution/standalone,
  - the consumer's intended product use is core component or higher and the consumer's risk/return profile is low, or
  - the relevant product has a green rating for consumers seeking extremely high risk/return.
-