

Target Market by Investment – Non-Collectives

Investment firms are required to produce a target market which specifies the type(s) of client the product should be distributed to, along with the investment needs it seeks to meet.

For collective investments such as OEICs, unit trusts, exchange traded funds (ETFs) and investment trusts, the investment firm or third party investment product provider defines a target market and suggested method of purchase. This information is in fund factsheets which you can access by clicking on the relevant icon in our investment funds list on Transact Online. Clients will not be able to instruct a purchase directly where there is no target market available.

This document is designed to provide general target market details for investments which do not have a target market established by an investment firm or third party investment product provider. Further information on the investment risk associated with the product classes can be found in the Transact Guide to Investment Risk on Transact Online.

General Target Market tables

The terms used in the two tables below are explained in the key on the next page.

	Equity – Shares	Exchange Traded Commodities and Notes	Convertible Products (Bonds and Shares)
Type of Client	Retail	Retail	Retail
Expertise Required	Basic	Informed	Expert
Financial Situation Including Ability to Bear Losses	Up to total investment	Up to total investment	Up to total investment
Role in Portfolio	Component	Component	Component
Return Profile	Growth & Income	Speculation	Growth & Income
Potential Risk Tolerance	Medium to High	High	High
Typical Method of Purchase	Execution only	Product by product	Advised only

	Simple Bonds	Index Linked Bonds	Government Bonds	Term Deposits
Type of Client	Retail	Retail	Retail	Retail
Expertise Required	Basic	Informed	Basic	Basic
Financial Situation Including Ability to Bear Losses	Up to total investment	Up to total investment	Up to total investment	No capital loss, but will tie up money for full term
Role in Portfolio	Component	Component	Component	Component
Return Profile	Income	Income	Income	Income
Potential Risk Tolerance	Low to High	Medium	Low to Medium	Low
Typical Method of Purchase	Execution only	Execution with appropriateness	Execution only	Advised only

Key

	Terms	Explanation
Type of Client	Retail	Any individual, small business, trust or other entity which has not been categorised as a professional investor by an authorised firm.
	Professional	Authorised firms, or individuals categorised as a professional investor by an authorised firm. Includes investment professionals who trade frequently.
Expertise Required	Basic	No expertise required, just an understanding of the generic nature and risk of the investment either through self education, or with the assistance of an investment professional.
	Informed	Ability to understand the specific factors/risks associated with an investment in order to make an informed investment decision with or without the assistance of an investment professional.
	Expert	Professional expertise required, or at least extensive knowledge and experience that enables the understanding of complex risks such as counterparty risk.
Financial Situation Including Ability to Bear Losses	No capital loss	Product is designed to protect 100% of the capital.
	Limited capital loss	Capital loss is limited to a level specified by the product.
	Up to total investment	Possible to lose the total amount invested.
	Tie up money for full term	Capital is locked up until the end of the period specified by the product.
Role in Portfolio	Component	Usually purchased as part of a diversified portfolio, rather than as a total investment solution.
	Single solution	Could be the sole means for meeting a client's investment objectives.
Return Profile	Growth	Main objective is to appreciate in value.
	Income	Main objective is to provide a cash income.
	Speculation	Designed to enhance the risk and return of the underlying investments, such as a commodities, shares or indices.
	Hedging	Designed to reduce the risk and return of the underlying investments, such as a commodities, shares or indices.
Potential Risk Tolerance	Low	Zero or very low chance of any capital loss, under-performance against expectations or price volatility. Cash is an example.
	Medium	Low to average chance of any capital loss, under-performance against expectations or price volatility.
	High	Large chance of significant capital loss, under-performance against expectations or price volatility.
Typical Method Of Purchase	Execution only	Clients can instruct Transact to purchase these products directly. No personalised assessment is required to decide whether the client meets target market criteria.
	Execution with appropriateness	Clients can instruct purchases directly, but Transact will assess whether their knowledge and experience is appropriate by reference to that required for the product.
	Advised only	Transact will only accept purchase instructions from an adviser or discretionary investment manager, who will have assessed whether the target market criteria are met.
	Product by product	The distribution strategy applied will be one of the above three options on a product by product basis, applying automatically when we receive the instruction.

Transact is an investment platform designed for clients in receipt of advice. This document is for general guidance only and should not be viewed as a recommendation. It does not, and is not intended to, constitute or substitute for professional advice. Where possible consistent use of investment terms has been made across all Transact documents. However, there may be instances where this is not possible, for example, where a certain investment term has a particular technical meaning depending upon the context in which it is used. Transact is not responsible, in such instances, for any loss suffered as a result of inconsistent use of investment terms.

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