

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 Russell Investment Management Ltd's 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 into 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 Russell Investments Australian Semi-Government Bond ETF (RSM) (**Fund**) 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 visiting <https://russellinvestments.com/au/disclosures>.

Target Market Summary

This product is intended for use as a core component for a consumer seeking capital preservation and income distribution where the consumer has a medium investment timeframe, medium risk/return profile and needs daily access to capital.

This product is not intended for use by a consumer seeking a whole portfolio solution.

Fund and Issuer identifiers

Issuer	Russell Investment Management Ltd
Issuer ABN	53 068 338 974
Issuer AFSL	247 185
Fund	Russell Investments Australian Semi-Government Bond ETF (RSM)
ARSN	154-588-048
APIR Code	n/a
Market Identifier Code	XASX
Product Exchange code	RSM
Date TMD approved	24 November 2022
TMD Version	2
TMD Status	Available

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.

Definitions of terms are in the attachment or otherwise in the PDS.

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 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).

CONSUMER ATTRIBUTES	TMD INDICATOR	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
Consumer's investment objective	TMD Indicator	Product description including key attributes
Capital Growth	Amber	The Fund aims to provide a total return before costs and tax, in line with the DBIQ 0-5 year Australian Semi- Government Bond Index over the long term.
Capital Preservation	Green	
Income Distribution	Green	
Consumer's intended product use (% of Investable Assets)	TMD Indicator	Product description including key attributes
Whole Portfolio (up to 100%)	Amber	The Fund seeks to track the performance of the DBIQ 0-5 year Australian Semi-Government Bond Index by investing predominantly in Australian Semi-Government fixed income securities. The DBIQ 0-5 year Australian Semi-Government Bond Index filters the largest and most liquid State Government securities and weights them equally upon reconstitution. Derivatives may also be used to a limited extent to obtain or reduce exposure to such securities.
Major Allocation (up to 75%)	Green	
Core component (up to 50%)	Green	
Minor allocation (up to 25%)	Green	
Satellite allocation (up to 10%)	Green	

Consumer's investment timeframe	TMD Indicator	Product description including key attributes
Short (≤ 2 years)	Amber	There is no recommended minimum investment timeframe however Australian bonds tend to be a more appropriate medium term investment.
Medium (> 2 years)	Green	
Long (> 8 years)	Green	
Consumer's Risk (ability to bear loss) and Return profile	TMD Indicator	Product description including key attributes
Low	Amber	The Fund is moderate or medium risk in nature, has a medium SRM (SRM 3 to 5) and represents a moderate target return profile.
Medium	Green	
High	Green	
Very high	Green	
Extremely high	Green	
Consumer's need to withdraw money	TMD Indicator	Product description including key attributes
Daily	Green	As an ETF, the Fund is tradeable on the ASX, under normal circumstances.
Weekly	Green	
Monthly	Green	
Quarterly	Green	
Annually or longer	Green	

Appropriateness

Note: This section is required under RG 274.64–66

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 CONDITIONS	DISTRIBUTION CONDITIONS RATIONALE
There are no distribution conditions.	Not applicable.

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.

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	Initial review has already occurred – 24 November 2022
Subsequent review	3 years and 3 months

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. 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 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.	None

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Russell Investment Management Ltd using the method specified at <https://russellinvestments.com/au/ddoreporting/>. This link also provides contact details relating to this TMD for Russell Investment Management Ltd.

Important Information

This Target Market Determination (**TMD**) is made by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (**RIM**). RIM is the responsible entity and issuer of units in the Fund.

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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.
Income Distribution	The consumer seeks to invest in a product designed to generate 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	
Whole Portfolio (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.
Satellite (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home and superannuation.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Very low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, crypto-assets or collectibles).

Low	The product provides exposure to a small number of holdings (for example, less than 10 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, 10 to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global healthcare equities).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in more than one broad asset class, sector or geographic market (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. The product is likely to provide a similar exposure to a single diversified investment option offered by a superannuation trustee.

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

This TMD starts with the Standard Risk Measure (SRM) to estimate 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** (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 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, 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.

Low	For the relevant part of the consumer's portfolio, 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. The consumer typically prefers defensive assets (such as cash).
Medium	For the relevant part of the consumer's portfolio, 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. The consumer typically prefers defensive assets (such as fixed income).
High	For the relevant part of the consumer's portfolio, 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. The consumer typically prefers growth assets (such as shares and property).
Very high	For the relevant part of the consumer's portfolio, the consumer has a very high risk appetite, seeks to maximise returns and can accept higher volatility and

potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 7)).

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

Consumer's need to withdraw money

This attribute covers 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 determining redemption request frequency.

Daily/Weekly/Monthly/
Quarterly/Annually or longer

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.

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 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 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 *whole portfolio*,
- 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 an amber or green rating for consumers seeking *extremely high* risk / return.