

TARGET MARKET DETERMINATION

For AIA Investment Growth Bond issued by
AIA Australia Limited (ABN 79 004 837 861)



October 2021

1. About this document

When to use this target market determination

This target market determination (TMD) provides customers, distributors, and staff an understanding of the class of customers this product has been designed for, having regard to the likely objectives, financial situation and needs of the target market. Further, it sets out how the product is distributed, review periods and triggers relating to the TMD, and reporting and monitoring of the TMD.

This document is not a summary of the product's terms and conditions and is not intended to provide financial advice. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) and any applicable Supplementary Product Disclosure Statement(s) which outline the relevant terms and conditions before making a decision whether to buy this product.

PDS to which this target market determination applies

This TMD applies to the Investment Growth Bond product referred to in the following PDS:

- [AIA Investment Growth Bond](#).

Effective date

5 October 2021.

2. Class of customers that fall within this target market

The information below summarises the class of customers that fall within the target market for this product, and the likely objectives, financial situation and needs that each investment option has been designed to meet.

Class of customers

This product is designed for a class of customers that includes individuals, companies and trusts that want one or more of the following:

- a simple tax-effective investment;
- looking to save for a child's future as a family;
- to invest for retirement as an alternative to superannuation; and/or
- seek certainty in estate planning and for the distribution of wealth.

Excluded class of customers

This product is not designed for individuals that:

- are not residing in Australia at the time of application;
- want to invest with superannuation monies;

- are under the age of 16 years or those aged between 10 to 16 that do not have a parental or guardian consent (unless a Child Advancement Policy is obtained);
- want to invest less than \$1,000; and
- want to keep the policy past the age of 99 years (for the last surviving life insured).

Likely needs and objectives

The product offers all eligible customers a choice of nine investment options, five single sector investment options and four multi-sector investment options, based on a mix of asset classes. Customers will need to consider the time horizon of their investment, their risk tolerance and level of return as per specific investment options below.

The product has been designed for those that can afford to pay any agreed adviser service fees, applicable fees for the chosen option(s) and are comfortable with the investment risks. **Refer to the PDS for specific terms and limitations.**

	Likely needs and objectives	Financial situation / Investment horizon
Single sector investment options		
Cash	This investment option has been designed for those who want a high degree of security.	This investment option has been designed for those who want more flexibility with their investment and do not want a minimum investment time period.
Global Fixed Income	This investment option has been designed for those who want a reasonable level of security and are seeking the potential to obtain higher returns compared to cash options.	This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of three years .
Global Property Securities	This investment option has been designed for those who are seeking potential of high long-term growth with some volatility over shorter time periods.	This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of seven years .
Australian Share	This investment option has been designed for those seeking high returns and are prepared to accept volatility of returns.	
Global Share		
Multi sector investment options		
Conservative	This investment option has been designed for those seeking returns that are less volatile than from options with a greater bias to growth investments.	This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of three years .
Diversified	This investment option has been designed for those seeking long-term growth and who are prepared to accept some volatility of returns.	This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of five years .
Managed		This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of six years .
Growth	This investment option has been designed for those seeking high returns and who are prepared to accept volatility of returns.	This investment option has been designed for those who are comfortable to invest for the recommended minimum investment period of seven years .

Appropriateness explanation

Broadly, the target market comprises those wanting a simple tax effective investment, saving for a future goal (such as families saving for children or investing for retirement) or distribution of wealth. As the product pays tax on earnings at the company tax rate of 30 per cent, offers an option to invest for children, allows access to capital at any time and flexibility in the nomination of beneficiaries; it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

3. Product design description

Investment Growth Bonds combine the features of a managed fund and a life insurance policy, offering security and tax-effective investing and has been designed to suit a range of customer needs.

Key product attributes

- Tax on earnings is paid by AIA at the company tax rate of 30 per cent.
- Has no additional tax after 10 years (with policyholders benefiting from a 30 per cent rebate where earnings are withdrawn within 10 years).
- No contribution caps in the initial year of investment and allows for additional annual contributions (subject to the 125% rule).
- Access to capital at any time.
- Offers a choice of investment options.
- Allows beneficiaries to be nominated outside a policyholder's estate to provide certainty for estate planning.
- Offers a Death Benefit and Investment Option Guarantees to protect capital from market risk (subject to terms and conditions).

4. How this product is to be distributed

Distribution channels

This product is designed to be distributed through the following channels:

- **Distribution under a personal advice model** – Australian Financial Services Licence (AFSL) holders authorised by AIA to distribute the product has provided the consumer with personal advice in relation to the product.
- **Distribution directly by AIA** – through completion of an application form.

Distribution conditions

This product must only be distributed under the following circumstances.

Distribution under Personal Advice:

Distributors must ensure:

- the product is distributed under an appropriate AFSL and authorised by AIA to distribute the product per the terms of a Distribution Agreement,
- to provide the customer personal financial advice in relation to the product,
- to provide the customer a copy of the current PDS prior to making a decision to purchase the product, and
- the customer meets the product's age, residency and eligibility requirements.

Customers that obtain personal advice are more likely to be in the target market for this product because advisers have a duty to act in their best interest when providing personal advice.

Distribution directly by AIA:

- to customers who meet the age, residency, identity and other eligibility requirements; and
- to customers that have been provided with the PDS, completed the application and tax file number declaration forms in full, and other items outlined in the application checklist.

Customers are more likely to be in the target market if they have completed the items outlined in the application checklist and as part of the application process the Issuer has checked that they are not an excluded class of customer.

5. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	12 months after the effective date by 5 October 2022
Periodic reviews	At least every three years from the initial review.
Review triggers or events	<p>Review Trigger 1: The commencement of a significant change in law that materially affects the product design and/or distribution of the product or class of products that includes this product.</p> <p>Review Trigger 2: Product performance is materially inconsistent with the product issuer's expectations of the appropriateness of the product to consumers having regard to:</p> <ul style="list-style-type: none"> a) The number of policies sold b) Policy lapse or cancellation rates c) Percentage of applications not accepted <p>Review Trigger 3: The use of Product Intervention Powers in relation to the distribution or design of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p> <p>Review Trigger 4: Significant or unexpectedly high number of complaints regarding product design, product availability, guarantee claims, and distribution condition that would reasonably suggest that the TMD is no longer appropriate.</p> <p>Review Trigger 5: The product issuer determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.</p>
Information needed for review triggers or events	<p>Issuer:</p> <p>Review Trigger 1: Relevant regulation, legislation and/or ASIC instruments relating to the change in law.</p> <p>Review Trigger 2: During the review period, the expected and actual number of:</p> <ul style="list-style-type: none"> a) The number of policies sold b) Policy lapse or cancellation rates c) Percentage of applications not accepted <p>Review Trigger 3: Relevant Product Intervention order.</p> <p>Review Trigger 4: Complaint data and the nature of the complaints regarding product design, product availability, claims and distribution conditions.</p> <p>Review Trigger 5: The product governance/incident management process determines that a significant dealing has occurred.</p> <p>All Distributors:</p> <p>Review Trigger 4: Reports of complaints and the nature of complaints regarding product design, product availability, claims and distribution conditions.</p> <p>Review Trigger 5: Reports of significant dealings to the issuer.</p>

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

6. Reporting and monitoring this target market determination

We may collect the following information:

Complaints	We will receive reports from the distributors on all complaints in relation to this financial product half-yearly (within 10 business days of the end of the calendar half-year). This will include the nature of the complaints regarding product design, claims and distribution conditions, the date on which the complaint was received, whether the distributor received complaints in relation to the product during the reporting period and if so, the number of complaints received. AIA may request additional information from the distributor to further understand the underlying complaint issue.
Significant dealings	We will receive reports if our distributors become aware of a significant dealing in the product that is inconsistent with the TMD within 10 business days.