

# Target Market Determination

## ETFS US Quality ETF (BEST)

### Introduction

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 that comprises the target market for the ETFS US Quality ETF (the “**Fund**”) and matters relevant to the Fund’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 the distribution of the Fund 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 complete summary of the product features or terms of the Fund. This document does not take into account any person’s individual objectives, financial situation or needs. Persons interested in acquiring units in the Fund should carefully read the PDS for the Fund before making a decision whether to buy units.

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 calling ETF Shares Management Ltd directly on +61 2 8201 9400 or on the ETF Shares Management Ltd website at [www.etfshares.com.au](http://www.etfshares.com.au).

### Target Market Summary

**This product is suitable for investors seeking capital growth with a high risk/return profile and a minimum investment timeframe of five years. It can serve as a core or satellite or minor allocation within a portfolio, and withdrawal proceeds are typically paid within a week of request.**

The Fund is an exchange traded fund (ETF) and is generally only available to consumers through the Cboe via a counterparty authorised to deal in the Fund’s units.

### Fund and Issuer identifiers

Issuer and Responsible Entity	ETF Shares Management Ltd (ETF Shares)
Issuer and Responsible Entity ABN	77 680 639 963
Issuer and Responsible Entity AFSL	562766
TMD Contact Details	Available at: <a href="mailto:compliance@etfshares.com.au">compliance@etfshares.com.au</a>
Fund	ETFS US Quality ETF (the “ <b>Fund</b> ”)
ARSN	685 149 464
Exchange Code	BEST
TMD issue date	23 April 2025
TMD Version	1.0
Distribution Status of Fund	Available

## 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 with appropriate colour coding:

In target market	Not 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.

### Appropriateness

The Issuer has assessed the product and formed the view that ETFS US Quality ETF, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market, as the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

### 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 balance 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).



Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth	In target market	The Fund aims to provide investment returns that corresponds generally, before fees and expenses, to the performance of the Solactive United States Quality Cash Flow Index (the “ <b>Index</b> ”). The Index measures the performance of 100 large US companies that have superior free cash flow characteristics. US companies with superior free cash flow characteristics are generally considered to be growth assets. The Fund will likely be most suitable for consumers who are seeking capital growth.
Capital Preservation	Not in target market	
Income Distribution	Not in target market	
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)	Not in target market	The Fund holds a portfolio of US companies which demonstrate a stronger ability to generate free cash flow. It invests in 100 companies across any sector and is considered moderately diversified.
Major Allocation (up to 75%)	Not in target market	
Core Component (up to 50%)	In target market	For consumers with an objective of capital growth and a high risk/return profile, the Fund may be suitable for the target market for use as a core, satellite or minor portfolio component.
Minor Allocation (up to 25%)	In target market	
Satellite/small allocation (up to 10%)	In target market	
Consumer's investment timeframe		
Short (< 2 years)	Not in target market	A minimum time frame of five years or more is suggested.
Medium (>2 years<8 years)	In target market	This assessment is based on the historical volatility of indexes similar to the one BEST tracks. We note that the Index has limited live history.
Long (>8 years)	In target market	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not in target market	The Fund is expected to be more volatile than the US share market, as measured by gauges like the S&P 500 index. We would expect 4 – 6 periods of negative returns over a 20-year period. This assessment is made based on historical returns of similar indexes to the one BEST tracks.
Medium	Not in target market	
High	In target market	For more information about the risks associated with BEST, refer to the Product Disclosure Statement.
Very High	In target market	
Extremely High	Not in target market	
Consumer's need to access capital		
Within one week of request	In target market	The units issued by the Fund are highly liquid.
Within one month of request	In target market	Under normal circumstances, unit holders are able to buy and sell units in the Fund on Cboe on any trading day.
Within three months of request	In target market	
Within one year of request	In target market	
Within 5 years of request	In target market	
Within 10 years of request	In target market	
10 years or more	In target market	

## Distribution conditions/Restrictions

Distribution Condition	Distribution Condition Rationale
Retail investors do not transact directly with ETF Shares—only Authorised Participants do. Instead, retail investors buy and sell BEST on Cboe Australia via their broker or execution platform.	This distribution conditions ensures only APs can transact directly with the issuer. And assists with ensuring BEST will only be distributed to consumers within the target market as outlined in this TMD.
ETF Shares has compliance frameworks in place to ensures its marketing and sales communications vis-à-vis BEST align with this TMD.	This mitigates the risk of any distribution of BEST outside the target market as defined in this TMD.

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.
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	
Review period	Maximum period for review
Initial review	1 year and 3 months from date of the TMD
Subsequent review	3 years and 3 months from date of the TMD

## Distributor reporting requirements

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 s.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
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 end of calendar quarter	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to ETF Shares Management Limited using the method specified on [www.etfshares.com.au](http://www.etfshares.com.au).

### ETF Shares Management Limited – Disclaimer

This information has been prepared by ETF Shares Management Limited ABN 77 680 639 963, AFSL 562766 (**ETF Shares**). ETF Shares is the responsible entity of the ETFS US Quality ETF ARSN 685 149 464.

This information may include general advice which does not take into account your individual objectives, financial situation or needs. The Target Market Determinations (TMDs) for our financial products include a description of who our funds are appropriate for. You should read both the relevant Product Disclosure Statement (PDS) and TMD carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. The PDS and TMD can each be obtained from [www.etfshares.com.au](http://www.etfshares.com.au) or by calling us on +61 2 8201 9400. To the extent permitted by law, ETF Shares, its employees, consultants, advisers, officers and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this TMD. This TMD is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This TMD is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
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).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/Standalone (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 at least <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 their 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.

Term	Definition
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**Portfolio diversification (for completing the key product attribute section of consumer's intended product use)**

**Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.**

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 collectables).
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**

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.

Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a conservative or low risk appetite,</li> <li>• 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</li> <li>• is comfortable with a low target return profile.</li> </ul>
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Term	Definition
	The consumer typically prefers stable, defensive assets (such as cash).
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite,</li> <li>• 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</li> <li>• is comfortable with a moderate target return profile.</li> </ul> <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
High	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a high risk appetite,</li> <li>• 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</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>
Very high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite,</li> <li>• 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</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite,</li> <li>• can accept significant volatility and losses, and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>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).</p>

### Consumer's need to access capital

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

### 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.
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Term	Definition
	<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"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• 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).</li> </ul> <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"> <li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer's intended product use is <i>Solution / Standalone</i>,</li> <li>• the consumer's intended product use is <i>Core component or higher</i> and the consumer's risk/return profile is <i>Low</i>, or</li> <li>• the relevant product has a green rating for consumers seeking extremely high risk/return.</li> </ul>