

## Target Market Determination eToro Service

Issuer:	eToro Asset Management Limited ABN 51 122 005 396, AFSL 319738
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### **About this document**

This document is a target market determination ("TMD") for the purposes of section 994B of the Corporations Act 2001 (Cth) ("Corporations Act") in respect of the eToro Service issued by eToro Asset Management Limited ABN 51 122 005 396, AFSL 319738 ("eToro AM").

This document applies to retail clients only ("Clients"). This document is not a product disclosure statement ("PDS") and Clients should read the relevant PDS and Terms and Conditions to ensure they fully understand the risks involved, and consider seeking independent advice before deciding to invest in this Product.

This TMD is designed to assist staff of eToro and any distributors to understand how eToro CFDs have been designed, having regard to the objectives, financial situation and needs of the target market. This document is not a client disclosure document and is not intended to provide financial product advice.

### **About the eToro Service**

The eToro Service is a registered managed investment scheme ("Scheme") that gives members access to the eToro trading platform ("Platform"), and a range of assets for purchase, hold and sale. eToro AM is the Responsible Entity of the Scheme.

Each member of the Scheme has a separate account, through which Clients can provide eToro AM with instructions to invest in shares and exchange-traded funds ("ETFs").

Investments which may be held in an account through the Scheme include:

- Shares: Clients may deal in shares through the Platform. The shares are held by eToro AM's Custodian on each Clients' behalf.
- Exchange-Traded Funds (ETFs): This is a financial product comprising several assets grouped together to serve as one tradable financial product. The ETFs are held by eToro AM's Custodian on each Client's behalf.

- Fractional investing is also available in selected investments through the Scheme. This enables Clients to access portions of such investments, rather than entire shares.

Importantly, an entity in the eToro group of companies sets the prices of all securities (including Shares and units in ETFs) which can be traded on the Platform, meaning that the quotes given may be different from the prices provided by third party brokers, the market price, and the current prices on any exchanges or other trading platforms.

**eToro’s Target Market for the eToro Service**

The eToro Service is likely to be appropriate for consumers wanting an account service for investing through the Platform and who are willing to take some risk in order to seek higher returns than those available under risk-free investments over the medium to long term. It offers a variety of underlying investments from low to high risk, noting that Clients seeking access to the platform may have different risk-appetites and would be able to decide what level of risk they are comfortable with when selecting underlying investments.

Likely objectives, financial situation and needs

**Likely Objectives**

The eToro Service is generally best suited to clients seeking capital growth and dividend income over the medium to long term through investments held beneficially for them.

A full explanation of risks is detailed in the PDS and our Terms and Conditions.

**Likely Situation**

Clients investing in the eToro Service are likely to:

- have sufficient funds available to make the investments
- are capable of withstanding short term market movements without suffering financial hardship as a result

We assess a client’s likely situation during onboarding by asking questions about their income, net wealth and cash equivalent assets.

**Likely Needs**

Clients investing in the eToro Service are likely:

- to require or desire a higher return than that available from risk-free investments while accepting the returns are not guaranteed
- to diversify their portfolio with a range of underlying investments including domestic and international equities, ETFs and fractional shares.

	We assess a client's likely needs during onboarding by asking questions in relation to their planned investments and time horizon.	
Excluded classes of client	The following clients will not be appropriate for CFD trading: <ul style="list-style-type: none"> <li>• any person under 18 years of age</li> <li>• clients who <ul style="list-style-type: none"> <li>○ do not have sufficient relevant experience in trading</li> <li>○ clients with very low risk tolerance</li> <li>○ clients with a very short term investment horizon</li> <li>○ clients who do not understand the risks of trading in equities markets.</li> </ul> </li> </ul>	
Key attributes of the CFD product	Risk level	This is a low to medium risk product. Equities markets can be complex and clients should educate themselves before investing.
	Underlying asset	A range of investments are available on the Platform and the value assets changes in real time when the markets are open.
	Leverage	Leverage is available under our CFD product. Please refer to the <a href="#">TMD</a> for CFDs.
	Term	There is no defined term for an equity investment, and a client's duration for a holding will depend on the purpose of trading, market movements and other factors.
	Possible negative outcomes	There is a low risk that a client may lose all of their investment.
Distribution	eToro has a range of distribution channels, including direct and indirect (any third party distribution is subject to tight controls). We operate an execution only model which means we don't give personal advice or take into account a client's specific objectives, financial situation and needs. Instead, we design and offer products that meet the objectives, financial situation and needs of particular groups of clients. When our representatives speak with clients, it is on a general advice basis only. This means we can speak about the features of our products, but not provide any personalised advice.	
Promotion	eToro's marketing strategy is one of brand awareness. We do not promote specific assets or trading strategies. We create content for existing clients, for search engine optimisation and affiliate advertisers. We also hold events from time to time.	

	<p>Distribution and promotion of the eToro Service can only take place where the distribution criteria have been overlaid to be reasonably likely to only reach Clients in the target market. Our onboarding criteria will assist in preventing unsuitable clients from accessing the eToro Service.</p>
<p>Review Triggers</p>	<ul style="list-style-type: none"> <li>• Within the 6 months of the effective date, and at least bi-annually thereafter.</li> <li>• eToro becomes aware of an occurrence of a significant dealing outside the target market;</li> <li>• eToro becomes aware of a significant increase in the number of complaints from Clients using the eToro Service;</li> <li>• Material changes to the eToro Service as a result of new or amended functionality;</li> <li>• material changes to the business of eToro;</li> <li>• material changes to law or regulation affecting the eToro Service;</li> <li>• any other event or circumstance that would materially change a factor taken into account in making this TMD for the eToro Service; and</li> <li>• any other significant matter is identified during a regular review performed in accordance with the Design and Distribution Policy.</li> </ul> <p>Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.</p>
<p>Reporting and monitoring</p>	<p>While our systems have been designed to prevent a significant dealing, we continuously monitor complaints and expressions of vulnerability and analyse these on at least a quarterly basis. We perform a detailed analysis of client outcomes in accordance with the Design and Distribution Policy and procedures at least bi-annually.</p>