



Target Market Determination

CopyPortfolio

Issuer:	eToro AUS Capital Limited ACN 612 791 803, AFSL 491139
Product:	CopyPortfolio
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1. 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 CopyPortfolio™ issued by eToro Aus Capital Ltd ACN 612 791 803 AFSL 491139 (“**eToro**”). This document applies to retail clients only (“**Clients**”). This TMD should be read in conjunction with the TMD eToro has prepared for Contracts for Difference (“**CFDs**”). This document is not a product disclosure statement (“**PDS**”) and Clients should read the relevant PDS to ensure they fully understand the risks involved, and consider seeking independent advice before deciding to invest in this Product.

This TMD is to assist staff of eToro and distributors in understanding the class of Clients for which this product i.e. CFDs held within a CopyPortfolio has 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.

2. About CopyPortfolio

eToro’s portfolios (“CopyPortfolios”) group assets or investors together based on a predetermined theme or strategy, such as 5G, cloud computing and renewable energy. Some portfolios utilize advanced algorithms, machine learning and AI to build investment strategies and curate assets to form particular CopyPortfolios based on market conditions. There are two types of Portfolios:

- (i) Top Trader Portfolios – these select Popular Investors, the best and most consistent traders on eToro, using artificial intelligence and machine learning technology and build portfolios around their trading activity; and
- (ii) Thematic Portfolios - these invest in assets according to a specific investment trend such as renewable energy, e-commerce, cryptoassets or driverless cars.

CopyPortfolios provide Clients with a simple and cost efficient way to gain investment exposure to asset categories they wish to invest in. CopyPortfolios suits Clients seeking to use social trading to try to better their circumstances i.e. those seeking to use “crowd-wisdom” to generate returns.

Note that CopyPortfolio managers are not licensed by ASIC.

A full description of the service is shown here:

<https://www.etoro.com/investing/portfolios/>

3. Target market for CopyPortfolio

Given the diverse nature of CopyPortfolio and different strategies that may be associated with copying other traders' portfolios, we consider that the target market for CopyPortfolio is a Client that falls within one (or more) of the below categories, noting there may also be some overlap between categories:

- **Knowledgeable Investors** – Clients who understand the risks associated with copying others to generate a return.
- **Clients with medium to high risk tolerances** – social trading is generally considered to be a medium to high risk investment strategy, albeit Clients can follow (or copy) a particular portfolio which matches their own risk appetite, be it aggressive or conservative.
- **Time Poor Investors** – Clients that lack the time or inclination to use traditional methods of online trading i.e. manually following other clients, calculating the details for their own orders and then placing the orders to follow the transactions of the client being followed.
- **Clients with good investment knowledge** - This includes Clients who have relevant industry experience, an academic degree in a financial related field, or have attended suitable trading courses.
- **Clients with prior trading experience** - Clients with prior experience in financial markets and experience in trading leveraged financial products, and who pass eToro's Trading Knowledge Assessment.
- **Appropriateness test** - Clients who pass the eToro Appropriateness test.

4. Likely objectives, financial situation and needs of Clients in target market

Overall, CopyPortfolio suits the following Client characteristics:

Objectives:

- Clients seeking to grow capital over the short to long term, whilst accepting the risks associated with trading.

Financial situation:

- Clients who have disposable income or capital to invest. There is a risk of Clients losing some or all of their capital when copying (or following) others.

Needs:

- Clients who want a sophisticated and proprietary trading platform with a variety of ways to benefit from other people's knowledge and share their own i.e. a trading platform that enables social trading.
- Clients who want a sophisticated and proprietary trading platform with the ability to trade multi assets on the one platform, a trading platform that is easy to use, gives access to fair market rates and immediate execution of trades and gives Clients the ability to trade at their convenience and at their own discretion, giving them the ability to generate profits from both rising and falling markets, with user-friendly reports provided in a timely manner.

5. Why CopyPortfolio is likely to be consistent with the likely objectives, financial situation and needs of the target market

There are many reasons why Clients may use CopyPortfolio offered by eToro. Some of these include the following (and for many Clients more than one of the following will apply):

1. Social trading - Clients seeking to benefit from other people's perspectives, and share their own i.e. Clients seek community-based tools in order to give them additional information needed for making investment and trading decisions.
2. Time saving - Clients that lack the time to commit to full-time investing and wish to leverage from the experience of others.
3. Diversification – Clients seeking to diversify their investments and allocate a percentage of their available capital to following other investors' portfolios.
4. Trading strategy – Clients who wish to follow the overall trading or investment strategy of a CopyPortfolio that suits their liking.

5.1 Excluded classes of Clients

Many categories of Clients will be outside the target market for CopyPortfolio. Likely categories of such Clients may include certain of the following criteria:

1. any person under 18 years of age;
2. Clients whose purpose for investing is to save for a home residence or for future planning;
3. Clients who cannot afford to lose the amount of money deposited without a material impact on their standard of living;
4. Clients who have a low risk tolerance; or
5. Clients who have not passed eToro's Appropriateness test.

* We note that our determination to assess whether you fall into our negative market is based upon a combination of your answers to our Appropriateness test and not an assessment of each category listed above in isolation.

5.2 Clients for which CopyPortfolio may not be suitable

eToro recognises that social trading including CopyPortfolio is **not suitable for everyone**. At the same time, eToro does not want to preclude Clients from using CopyPortfolio where they fit into its target market (as set out above).

The categories of Clients that eToro considers CopyPortfolio may not be suitable for includes:

1. Clients who do not like aspects of social trading nor want to include leveraged products (such as CFDs) in their portfolio;

2. Clients who cannot afford to lose the amount of money deposited without a material impact on their standard of living;
3. Clients who have borrowed money to transact;
4. Clients who do not understand the risks of trading in CFDs;
5. Clients who require capital preservation;
6. Clients who have a low risk tolerance; or
7. Clients that have indicated to eToro that they may not be of sound mind or judgement or that they are suffering from an addiction or impairment that could prevent their clear comprehension of the risks associated with trading.

6. How this product is to be distributed

eToro generally both issues and distributes the financial products and services it offers.

Any person wanting to use the financial services and financial products offered by eToro must be a direct Client. Although eToro may market or promote its financial products through distributors, ultimately the issuer is eToro and any prospective Client must satisfy eToro's suitability criteria before that Client will be permitted to access CopyPortfolio.

6.1 Promotion and distribution channels

This product is designed to be promoted or distributed through the following means:

1. Intermediaries

Including introducing brokers and referrers who have engaged with eToro and are promoting our products and services.

2. Online Sales

Products promoted through websites, online financial channels and appropriate social media.

3. Print Media

Products promoted through print media such as magazines, newspapers, radio, television, various kinds of software and the Internet.

4. Public Relations

Products or services promoted via PR channel providing content or running targeted events.

6.2 Distribution conditions

Distribution and promotion of CopyPortfolio can only take place where the distribution criteria have been overlaid to be reasonably likely to only reach Clients in the target market.

In any event, CopyPortfolio should only be distributed to a Client where they meet the eligibility requirements determined by eToro and the Client is reasonably likely to fall within the target market.

6.3 Adequacy of distribution conditions and restrictions

eToro has internal processes in place to assess the eligibility criteria of clients from different distribution channels. The distribution criteria ensure that only clients who fall within the target market of this TMD can access the financial products and services offered. Distribution conditions are reviewed regularly to ensure their adequacy.

7. Reviewing this target market determination

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

Initial review	Within the 12 months of the effective date.
Periodic reviews	At least each year from the initial review.
Review triggers or events	<p>The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:</p> <ul style="list-style-type: none">● eToro becomes aware of a significant issuance of CopyPortfolio to Clients outside the target market;● Material changes to CopyPortfolio as a result of new or amended functionality, whereby the key attributes are no longer consistent with the likely objectives, financial situation and needs of Clients in the target market;● material changes to the business of eToro;● material changes to law or regulation affecting CopyPortfolio;● eToro becomes aware of a significant volume of complaints from Clients using CopyPortfolio;● eToro becomes aware of significant losses by Clients using CopyPortfolio where it has caused a distress or material impact to their standards of living;● eToro becomes aware of an occurrence of a significant dealing; or● any other event or circumstance that would materially change a factor taken into account in making this TMD for CopyPortfolio.

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

8. Reporting and monitoring this target market determination

The following information must be provided to eToro by distributors who engage in retail product distribution conduct in relation to CopyPortfolio

Complaints	Distributors will report all complaints in relation to the product(s) covered by this TMD on a <i>quarterly</i> basis. This includes the number and substance of complaints, including all details about the complaint, excluding personally identifiable information.
Significant dealings	Distributors will report if they become aware of a significant dealing in relation to this TMD within 10 business days. This includes the date or date range of the significant dealing(s) and a description of the significant dealing (e.g. why it is not consistent with the TMD). Whether or not a dealing is significant is a matter to be determined in the circumstances of each case.