

Target Market Determination

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 Australian Secure Capital Fund 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 the ASCF Premium Capital 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 at ascf.com.au or by calling 07 3506 3690.

Target Market Summary

This product is likely to be appropriate for a consumer seeking Income Distributions as part of a Satellite / Small allocation in a diversified portfolio where the consumer has a Short, Medium or Long investment timeframes, Low to Medium risk / return profile and needs no more than Quarterly access to capital.

Fund and Issuer Identifiers

Issuer	Australian Secure Capital Fund Ltd
Issuer ABN	38 613 497 635
Issuer AFSL & ACL	491201
Fund	ASCF Premium Capital Fund
ARSN	637 973 409
APIR Code	ASE0660AU
Date TMD approved	30 August 2024
TMD Version	5.6
TMD Status	Current

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/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.

Investment Products and Diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). 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 conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *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		
Income Distribution	Green	The Fund is designed to provide investors with monthly Income Distributions by investing in a portfolio of loans to small to medium sized businesses or individuals for business or investment purposes, secured by first ranking mortgages over real property.
Capital Preservation	Amber	
Capital Guaranteed	Red	While the aim is for the unit price of the Fund to remain stable at \$1.00 per unit, capital losses can occur in circumstances where borrower/s were to default. Furthermore, if the value of secured property/s was not sufficient to recover outstanding principal, unpaid interest and recovery costs, and such losses were not able to be absorbed by the Fund itself, then the unit price may decrease and investors may suffer a capital loss. Therefore, while an investment in the Fund could experience capital loss and is higher risk than bank deposits, cash investments or some fixed income securities, the Fund is expected to exhibit lower volatility than direct property, listed REITs and listed equities in a market downturn.
Capital Growth	Red	

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's intended product use (% of Investable Assets)		
Satellite / Small allocation (<25%)	Green	The Fund is designed to provide investors with monthly Income Distributions by investing directly in a portfolio of short-term first mortgages secured by residential and commercial properties. Accordingly, the Funds diversification is Medium (see diversification definitions below). Investors should apply prudent diversification principles and seek professional advice, particularly if considering using the Fund greater than a Satellite / Small Allocation (<25%), to spread the risks of investing in the Fund across a broad portfolio of other investments.
Core Component (25-50%)	Amber	
Major Allocation (50-75%)	Red	
Solution / Standalone (75-100%)	Red	
Consumer's investment timeframe		
Short (≤ 2 years)	Green	The Fund is managed with the intention of generating monthly Income Distributions and is suitable for investors who wish to invest over a Short, Medium or Long Term investment timeframe. Investment Terms are automatically rolled over for the same term unless the prescribed period of notice (i.e., between one month and three months' depending on the Investment Term) to withdraw is given to the Issuer. Please see 'Consumer's need to withdraw money' below for more information.
Medium (2 – 5 years)	Green	
Long (> 5 years)	Green	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Amber	The Fund seeks to deliver monthly Income Distributions for each Investment Term (as published at ascf.com.au), while maintaining a unit price of \$1.00 per unit in a diversified and pooled loan portfolio. However, returns from the Fund are not guaranteed and there are risks involved in the Fund, which may include the following: <ul style="list-style-type: none">If a number of borrowers were to default this may cause a decrease in distributions. Furthermore, if the value of secured property/s was not sufficient to recover outstanding principal, unpaid interest and recovery costs, and such losses were not able to be absorbed by the Fund itself, then the unit price may decrease and investors may suffer a capital loss.Interest rate changes may impact the customer market for the Fund's loans, affecting the Fund's ability to pay Income Distributions.
Medium	Green	
High	Green	
Very High	Green	

Consumer Attributes	TMD Indicator				Product description including key attributes
Consumer's need to withdraw money					
	3 month Term	6 month Term	12 month Term	24 month Term	<p>Investors have no right to withdraw from the Fund until the end of the Investment Term applicable to the class of units they hold. Investors seeking to withdraw must provide the required notice or the investment will automatically roll over for a further investment term of the same duration, and the investor will not have another opportunity to withdraw until the expiration of the additional Investment Term. The Investment Terms and notice periods for the different classes are as follows:</p> <p>Investment term: 3 months (A6 Units)</p> <ul style="list-style-type: none">• Notice: 1 month prior to maturity <p>Investment term: 6 months (A5 Units)</p> <ul style="list-style-type: none">• Notice: 2 months prior to maturity <p>Investment term: 12 months (A4 Units)</p> <ul style="list-style-type: none">• Notice: 3 months prior to maturity <p>Investment term: 24 months (A3 Units)</p> <ul style="list-style-type: none">• Notice: 3 months prior to maturity <p>The Issuer may consider (but is not obliged to grant) Early Withdrawal Requests, including requests to withdraw on maturity after the notice period has passed.</p> <p>If an Early Withdrawal Request is approved, then the investor will be required to pay a fee of 1% of the withdrawal amount. Units can be transferred at any time provided that the transferee meets the Issuer's requirements as an investor and the transfer is approved by the Issuer.</p>
Biennially (every other year)	Green	Green	Green	Green	
Annually	Green	Green	Green	Red	
Six Monthly	Green	Green	Red	Red	
Quarterly	Green	Red	Red	Red	
Monthly	Red	Red	Red	Red	
Weekly	Red	Red	Red	Red	
Daily	Red	Red	Red	Red	

Appropriateness

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 Product Description 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.

The Issuer considers that the distribution conditions below will make it likely that the investors who acquire units in the Fund are in the target market because of the following:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- All marketing, advertising or promotional material is subject to review and approval prior to being issued.
- The online and paper application form for the Fund include filtering questions and alerts.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.

Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale
Direct to Consumer	<p>Investors may apply by:</p> <ul style="list-style-type: none">• Completing an online Application Form via the ASCF website; or• Downloading and completing an Application Form via the ASCF website and either scanning and emailing or posting to ASCF. <p>The online or paper application forms include filtering questions relating to the TMD.</p> <p>Direct investors who are wholesale or sophisticated investors (including institutions and non-profits) can invest in this product.</p>
Third Party Distribution	<p>The Fund may be distributed through third party financial advisers and referrers.</p> <p>Distributors must enter into a distribution agreement with ASCF requiring compliance with ASCF's distribution conditions, including:</p> <ul style="list-style-type: none">• Financial advisors are required to hold an Australian Financial Services Licence acceptable to ASCF;• Confirm they have reviewed and considered the TMD in providing personal or general advice to the investor;• ASCF may restrict or stop distribution in the event of a breach of the distribution agreement or the Act;• Only use marketing, advertising or promotional materials issued or approved by ASCF.

Review triggers
This part is required under section 994B(5)(d) of the Act.
Material change to investment strategy, objectives or key attributes or fees.
Material deviation from published distribution rates for a unit class over a sustained period.
Key attributes have not performed as disclosed by a material degree and for a material period.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
Inability to meet withdrawal requests over a sustained period.
The use of Product Intervention Powers, regulator orders or directions that affects the product.
Determination by the issuer of an ASIC reportable Significant Dealing.
A high number of Investors in the Fund are identified as falling outside of the TMD

Mandatory review periods	
This part is required under section 994B(5)(e), (6) and (7) of the Act.	
Review period	Maximum period for review
Initial review	One year from date TMD approved
Subsequent review	At least once every year from date of last review of the TMD (for whatever reason).

Distributor reporting requirements		
This part is required under section 994B(5)(g), (6) and (7) of the Act.		
Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in s994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all of 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 s994F(6) of the Act. See definitions below 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 dealing is outside of target market, and whether dealing occurred under personal advice.	Within 10 business days following end of calendar quarter.	All Distributors

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 assets that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute 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 (% of Investable Assets)	
Solution / Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Major Allocation (50-75%)	The consumer intends to hold the investment up to 75% of their <i>investable assets</i> (see definitions below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-50%)	The consumer intends to hold the investment, up to 50%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.

Term	Definition
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).

Term	Definition
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 - 5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.
Consumer's risk (ability to bear loss) and return profile	
The Issuer has adopted the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <u>Standard Risk Measure Guidance Paper For Trustees</u> . The assessment has been undertaken assuming likely returns after fees and costs but before taxes. 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.	
Low	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. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	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. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	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. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.
Very High	The consumer has a more aggressive or very high-risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7)). Consumer typically prefers growth assets such as shares, property and alternative assets.

Term	Definition
Review triggers and Distributor reporting	
Significant Dealing	<p>Section 994F(6) of the Act requires distributors to notify the Issuer if they become aware of a significant dealing in the Fund that is not consistent with the TMD. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the Fund that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors and the Issuer have discretion to apply its ordinary meaning. Whether or not a dealing is significant is a matter to be determined in the circumstances of each case and must be determined having regard to ASIC's policy in RG 274.</p> <p>The Issuer will rely on notifications of significant dealings to monitor and review the Fund, 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 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).</p> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • 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). <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"> • the consumer's intended product use is <i>Solution / Standalone</i>, or <i>Major Allocation</i>; or • the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.