



Target Market Determination

Important information about this document

This target market determination (**TMD**) is, and interests in Equity-One Mortgage Fund ARSN 115 289 579 (**Fund**) are, issued by Equity-One Mortgage Fund Ltd ACN 106 720 941 AFSL No. 277318 (**Issuer**) as trustee of the Fund. This TMD is for interests in the Fund which includes its various sub-schemes as established by the Issuer from time to time (**Product**).

This TMD is part of the Issuer's design and distribution framework for the Product and seeks to offer distributors and any interested investors with an understanding of the class of investors for which this Product has been designed. This TMD is based on the general objectives, financial situation and needs of the target market.

This document is not a summary of the product features, the terms of an investment in the Fund, or the Product Disclosure Statement for the Product (**PDS**). It does not (and it is not intended to) describe all of the terms or features of the Product.

The information contained in this TMD is general in nature only. This TMD does not take into consideration the investment objectives, financial situation and/or particular needs of any potential investor and the Issuer makes no representation as to whether the Fund is suitable for any particular investor. Before making any decision in relation to the Fund, investors should obtain and read the PDS.

Product Disclosure Statement

This TMD applies to the Product as described to the Part A of the PDS available at <https://equity-one.com/investors/> as well any sub-schemes described in a corresponding Part B of the PDS.

Target Market Summary

This Product is likely to be appropriate for a consumer seeking regular income returns and is comfortable with no capital growth. The consumer has a short to medium term investment timeframe, low to medium risk/return profile (subject to the consumer's intended product use as described under 'Investment products and diversification') and needs no access to capital during the Product investment term.

Important dates

Date this TMD **approved**

1 December 2022
[Version 2.0]

TMD status	Current
Date when this TMD will be next reviewed	1 December 2023

Product description & Fund structure

1. the Fund is an unlisted managed investment scheme that provides exposure to particular loans secured by a respective mortgage (either first or second ranking), with the aim of providing investors with periodic income distributions;
2. individual loans advanced by the Fund are referred to as individual sub-schemes on a one-to-one basis and in which investors may selectively invest;
3. particular mortgage investments will vary in terms of expected returns, risk, investment horizon and underlying security;
4. investor funds pending deployment to a mortgage investment are held in an interest-earning bank account; and Our No. 3 "Trust Account" (where Members' funds are held prior to and after settlement) earns interest but not for the benefit of members. This account is different to the CMA account, which earns interest for the benefit of members; and
5. investors must invest an initial minimum investment of \$10,000 in any one sub-scheme for a fixed term between a minimum of 1 month to a maximum of 5 years. Investors do not have any access to capital during the fixed investment term.

The objectives, financial situation and needs for the different investor options, distinguished by form of mortgage security, are as follows:

Direct mortgage	Sub-schemes offering direct mortgage investments are designed for investors who: <ul style="list-style-type: none"> • have the financial capacity to invest an amount equal to the entire loan in respect of one sub-scheme; and • are seeking to be the only registered mortgagee over the property.
Contributory mortgage	Sub-schemes offering contributory mortgage investments are designed for investors who: <ul style="list-style-type: none"> • are seeking to limit the extent of their financial input by investing with multiple investors in respect of one sub-scheme; and • are seeking to be joint mortgagees over the property with the other investors of the sub-scheme.
Nominee mortgage	Sub-schemes offering nominee mortgage investments are designed for investors who are not seeking to be the registered mortgagee over the property, but instead have their interest held on trust by the responsible entity of the Fund.

Target market

Objectives, financial situation and needs of the target market

The class of consumers for which the Product is likely to be appropriate are assessed using a red/amber/green rating methodology as set out below.

In target market

Potentially in target market

Not considered in target market

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. Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Terms used are defined underneath the table below.

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 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 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).

Target market (continued)

The tables below indicate a description of the likely objectives, financial situation and needs of the class of consumers that may be considering this product.

Consumer attribute - investment objective	TMD Indicator	Product description including key attributes
Income distribution	In target market	<p>The Fund is designed to provide investors with a regular interest distribution, which will depend on payment from the direct sub-scheme/borrower to which the investor has lent their capital.</p> <p>There is no guarantee of the frequency or volume of interest income and there is a risk of volatility of interest distributions to investors. The interest distribution attribute therefore aligns with an investor with a medium to high Risk (ability to bear loss) and Return profile (refer to section below called "Risk profile (ability to bear loss) and Return profile" for the definitions of low, medium and high Risk (ability to bear loss) and Return profile).</p> <p>Interest distributions will generally be paid monthly within 14 days following the end of each month.</p> <p>We do not guarantee the payment of monthly interest distributions.</p> <p>Refer to the relevant PDS for further information on income distribution risk.</p>
Capital preservation	In target market	<p>It is intended that investors will receive all of their capital from the individual sub-scheme in which they have invested, although it is not guaranteed.</p> <p>Refer to the relevant PDS for further information on capital risk.</p>
Capital guaranteed	Not considered in target market	<p>We do not guarantee repayment of capital.</p> <p>Refer to the relevant PDS for further information on capital risk.</p>
Capital growth	Not considered in target market	<p>Our product does not have the ability to provide capital growth.</p> <p>We do not guarantee repayment of capital.</p> <p>Refer to the relevant PDS for further information on capital risk.</p>

Consumer attribute – intended product use	TMD Indicator	Product description including key attributes
Small allocation (<25%) of investable funds	In target market	Each sub-scheme's loan is secured by a mortgage (senior or subordinated) and by a security agreement over the borrower and its assets. Investors are investing in a specific loan/sub-scheme which may be direct to individual(s) or indirect via a special purpose borrowing entity(ies) with director guarantee(s) (director guarantees are occasionally not provided). Investors should consider the diversification of their entire investment portfolio when considering investing in our Fund and any specific sub-scheme..
Core allocation (>25-50%) of investable funds	Not considered in target market	
Standalone allocation (>50-100%) of investable funds	Not considered in target market	

Consumer attribute - investment timeframe	TMD Indicator	Product description including key attributes
Short (< 2 years)	In target market	An investor's investment is subject to an investment term as set out in the specific Part B PDS in the sub-scheme they consent to invest in. An investor will only be able to withdraw their investment at the end of the specific investment term as set out in the specific Part B PDS. An investor will not have any other right to withdraw their investment during the specific investment term.
Medium (> 2 years - 5 years)	In target market	Investors can invest in more than one sub-scheme and may reinvest funds invested into another sub-scheme upon repayment of the loan. Refer to the relevant PDS for further information on each sub-scheme's investment term.
Long (> 5 years)	Not considered in target market	

Consumer attribute - Risk profile (ability to bear loss) and Return profile	TMD Indicator	Product description including key attributes
Low	Potentially in target market	Investors will vary in their risk appetite from those with a higher risk / return profile to those with a lower risk / return profile. This can be catered within the Fund as different sub-schemes can have higher or lower risk attributes (i.e. Loan to Valuation Ratio, 1st or 2nd mortgage security). Each Part B PDS will detail the specific investment parameters of the loan the subject of that sub-scheme.
Medium	In target market	It is intended that investors will receive the interest income during the term of their sub-scheme investment and all of their capital at the end of the sub-scheme investment term, or repayment by the borrower, although it is not guaranteed. Refer to the relevant PDS for detailed information on how the Issuer manages various risks and investment parameters in relation to this consumer attribute.
High	Potentially in target market (but only for investors using a small allocation of investable funds)	Whilst we do not guarantee the payment of regular interest income or capital repayment, the type of Fund assets align with a consumer who is low to medium risk in nature.
Very high	Not considered in target market	

Consumer attribute - need to withdraw funds	TMD Indicator	Product description including key attributes
During the term of the sub-scheme investment	Not considered in target market	Investors will not have the right to withdraw their investment in the sub-scheme in which they invested during that sub-scheme's investment term which is set out in each Part B PDS.
At the end of the term of the sub-scheme investment	In target market	It is intended that investors will receive the interest income during the term of their investment and all of their capital at the end of the term, or repayment by the borrower, although it is not guaranteed.
Daily/Weekly/Monthly/Quarterly/Annually/>5 years or longer	Not considered in target market	

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 downturn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investment.)
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 income. The consumer prefers exposure to income-generating assets (typically, a balance of defensive assets cash and fixed income and growth assets such as shares and property.)
Consumer's intended product use (% of investable assets)	
Small allocation (<25%) of investable funds	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 investable assets The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification.
Core allocation (>25-50%) of investable funds	The consumer intends to hold the investment as a major component, up to 50%, of their total investable assets. The consumer typically prefers exposure to a product with at least Medium portfolio diversification
Standalone allocation (>50-100%) of investable funds	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets. The consumer typically prefers exposure to a product with at least High portfolio diversification.
Portfolio diversification (for completing the key attribute section of consumer's intended product use	
Investable assets	Those assets the investor has available for investment, excluding the residential home
Low	Single asset class, single country, low or moderate holdings of securities
Medium	1-2 asset classes, single country, broad exposure within asset class.
High	Highly diversified across either asset classes, countries or investment managers.
Consumer's investment timeframe	
Short (< 2 years)	The consumer has a short investment timeframe and may wish to redeem within 2 years
Medium (> 2 - 5 years)	The consumer has a medium investment timeframe and is unlikely to redeem within 2 to 5 years
Long (> 5 years)	The consumer has long investment timeframe and is unlikely to redeem within 5 years
Consumer's Risk (ability to bear loss) and Return profile	
The Standard Risk Measure (SRM) is an investment risk classification system developed by the FSC and ASFA to enable investors to compare investment options against superannuation funds. The SRM contains seven risk levels ranging from 'very low' to 'very high' with each level based on the estimated number of negative annual returns over any 20-year period (for more information, see	

https://www.superannuation.asn.au/ArticleDocuments/359/FSC-ASFA_StandardRiskMeasures_July2011.pdf.aspx?Embed=Y , issued by FSC and ASFA in July 2011). 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	<p>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.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>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.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>The consumer is higher risk in nature and can accept 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 high return profile.</p> <p>Consumer typically prefers predominantly growth assets such as shares, property, and defensive assets with a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Very high	<p>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) and possibly other risk factors, such as leverage). Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
Consumer's need to withdraw funds	
<p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. 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 completing this section.</p>	
Daily/Weekly/Monthly/Quarterly/Annually/>5 years or longer	<p>The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.</p>

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 features of this Product in Column 3 of the 'Target Market' 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 will make it more likely that the investors who acquire units in the Fund and consent to invest in particular sub-schemes are in the target market on the basis of:

- the Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- the Issuer's experienced representatives will ask filtering questions relevant to the distribution conditions.

Distribution conditions / restrictions

The Issuer distributes the PDS for the Fund electronically through its own website [Equity-One Mortgage Fund PDS](#), or in hard copy in response to requests made directly to the Issuer. An experienced Issuer representative (Responsible Manager and Authorised Representatives) will ask potential investors a series of questions in order for the Issuer to understand, at a high level, whether the potential investor may be within the target market.

Only selected representatives (Responsible Manager and Authorised Representatives) of the Issuer that have undergone internal training in respect of the Fund and the Fund's target market and who have demonstrated knowledge, competence and experience in respect of the Fund and the Fund's target market are able to promote and distribute this product.

The Issuer does not provide financial advice. The Issuer ensures that its representatives provide investors with factual information only, and make no recommendation or suggestion that they invest in the Issuer's products or in any other investment, and that any investment should be made on the basis of the PDS and any independent financial advice the investor may seek.

It has been determined that the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for whom it has been designed. We consider that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

Review triggers

The Issuer will monitor and review the outcomes produced by the design and distribution of the Product and consider whether changes are required to the Product, to the way the Product is distributed and to whom it is being sold (**Review**).

The Issuer will conduct a Review

- 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 997A(1) of the Corporations Act 2001 (Cth)) about the Product or distribution of the Product;
- the use of Product Intervention Powers, regulator orders or directions that affects the Product;
- a change in relation to taxation implications of the Product compared to similar products;

Upon becoming aware of a Review Trigger, or a potential Review Trigger, the Managing Director must within 5 Business Days provide to the Issuer's Board all such information necessary for the Board to determine whether this TMD is no longer appropriate.

Periodic review

In addition to any Review conducted as a result of the occurrence of a Review Trigger, the Issuer must conduct an annual review, to finish:

- a) for the first review, on the day which starts 12 months from the date this TMD was initially made; and
- b) for each subsequent Review, on the day which starts 12 months from the day the prior Review was finished.

Review trigger information requirements

Complaints

Complaints received about the Product must be escalated in accordance with the Issuer's internal dispute resolution policy. The Managing Director must, within 10 Business Days following the end of each quarter in a financial year report to the Board (a) whether the Issuer received complaints in relation to the Product during the quarter and (b) the number of complaints (if any). Reporting is still required even if the number of complaints is zero.

Significant dealings outside the target market

Representatives must notify the Managing Director if they become aware of a significant dealing in relation to the Product that is inconsistent with this target market determination as soon as practicable but no later than 10 business days after they become aware of the significant dealing.

A significant dealing includes:

- If 5% of investors have acquired the Product but are not in the target market, including the proportion of investors who are part of a class of investors that have been specifically excluded from the target market, over a 6 month period;
- potential/actual harm to investors, if investors outside the target market acquire the Product;
- inconsistency of distribution conditions with the TMD; and
- repeated occurrences of investor complaints regarding the Product.

