

Target Market Determination

Financial Product details

Financial Product	Initial Membership of the Fund
Fund	<i>Kremnizer Mortgage Fund</i> ARSN 101 518 067
Issuer	Baccus Investments Limited ABN 87 095 832 072; AFSL 220647
Maker of TMD	Issuer
Date of this TMD	2 May 2023

Important notice:

- Please read the statements on page 9.
- This is not a TMD for any specific Mortgage Investment made through the Fund.
- A dictionary of terms used is on pages 6 – 8.

Target Market Summary

This product is likely to be appropriate for an investor seeking **regular income** to be used as a **small-to-standard** allocation of their investment portfolio where the investor has a **short** investment timeframe and **low** risk/return profile.

TMD details

Likely objectives, financial situation and needs of customers (investors) in the target market section 994B(5)(b)	Considered in/ not in target market	Product description including key attributes RG 274.68(b)
Investment Objective		
Investors seeking to achieve one or more of the following investment objectives:		The Fund is a contributory mortgage scheme that aims to provide investors with regular income and capital stability from Mortgage Investments secured by a registered mortgage over legal interests in real property in Australia.
<ul style="list-style-type: none"> ▪ Regular Income 	In target market	After becoming a Member of the Fund, persons may apply to become a Syndicate Member in a Mortgage Investment.
<ul style="list-style-type: none"> ▪ Capital Growth 	Not in target market	The Fund offers Mortgage Investments for the following loan types:
<ul style="list-style-type: none"> ▪ Capital Preservation 	In target market	<ul style="list-style-type: none"> <input type="checkbox"/> returns to investors of up to 8.0% per annum, after fees and before tax <input type="checkbox"/> returns to investors of more than 8.0% per annum after fees and before tax

Likely objectives, financial situation and needs of customers (investors) in the target market section 994B(5)(b)	Considered in/ not in target market	Product description including key attributes
<ul style="list-style-type: none"> Capital Guaranteed 	Not in target market	RG 274.68(b)
<ul style="list-style-type: none"> Tax Deferred Income 	Not in target market	<p>Each of the above loan types has its own TMD.</p> <p>Interest received in a Mortgage Investment is distributed as provided in the Syndicate SPDS and is either pre-paid for the full or part of the term of the loan, or paid monthly in arrears or if in arrears, on an irregular basis, within 5 business days after it is received from the borrower.</p> <p>The Fund restricts loans secured by a first registered mortgage to a maximum loan to valuation (LVR) ratio of 80.0% of the 'as is' value and (when aggregated with prior or equal ranking mortgages) 80.0% if a second mortgage is given over the property. The LVR of a particular mortgage is set out in the relevant Syndicate SPDS. Details of the type, nature and location of the security property are also set out in the relevant Syndicate SPDS.</p>
Investors' intended Product use (% of total investment portfolio)		
Large allocation (80-100%)	Not in target market	Members of the Fund have the opportunity to become a Syndicate Member in a number of Syndicates each offered through a Syndicate SPDS. This enables investors who are members of the Fund to create a diversified investment portfolio on the security of registered mortgages. A Member should hold their investments through the Fund as a small to standard allocation of their total investment portfolio. In either case these may be spread over several separate mortgage loans with different characteristics and different risk profiles and covered by this TMD or the other TMD referred to above.
Standard allocation (25-80%)	In target market	
Small allocation (less than 25%)	In target market	
Investment timeframe		
Short - Less than 2 years	In target market	A Member of the Fund may access their funds at any time before they are committed to an investment in their selected Mortgage Investment. <i>Once their funds are so committed and the Syndicate is formed and the loan is made, they have no right to withdraw until the loan has been repaid. The term of the loan will usually be 12 or 24 months and may be up to 3 years. The term of a particular mortgage is as specified in the relevant Syndicate SPDS. The term of an investment in a Mortgage Investment is for the life of that Investment unless the investor transfers its interests in the Mortgage Investment at an earlier date.</i>
Medium - 2 or more years	Not in target market	
Long - 5 or more years	Not in target market	

Likely objectives, financial situation and needs of customers (investors) in the target market section 994B(5)(b)	Considered in/ not in target market	Product description including key attributes RG 274.68(b)
Risk (ability to bear loss) and return		
Low	In target market	An Investor's funds are held in an Australian deposit taking institution until they are advanced to the borrower.
Medium	Not in target market	<i>When advanced, the Fund restricts loans secured by a first registered mortgage to a maximum loan to valuation (LVR) ratio of 80.0% of the 'as is' value and (when aggregated with prior or equal ranking mortgages) 80.0% if a second mortgage is given over the property. The LVR of a particular mortgage is set out in the relevant Syndicate SPDS.</i>
High	Not in target market	
Very High	Not in target market	
Liquidity – access to money		
Daily/ weekly/monthly/quarterly	In target market	A Member of the Fund may access their funds at any time before they are committed to an investment in their selected Mortgage Investment. <i>Once an investor's funds are committed to the selected Mortgage Investment, the Syndicate is formed and the loan is made, they have no right to withdraw until the loan has been repaid.</i>
Annually or longer	Not in target market	

Appropriateness

This assessment has been undertaken in accordance with section 994B(8) of the Act.

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 investors in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for investors with the attributes identified with a **green** TMD Indicator in Column 2.

Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

Distribution method	Distribution conditions/restrictions	Rationale
Direct	An Investor is only admitted to membership of the Fund on completion of certain filtering questions in the application form for membership.	The Product is only offered to Investors who respond appropriately to the filtering questions. The application may be rejected if one or more of the attributes of the Investor is not in the target market. The Issuer will monitor this.

Financial adviser	An Investor who has received personal financial product advice is only admitted to membership of the Fund on completion by the financial adviser of certain filtering questions in the application form for membership. The 'Direct' conditions also apply.	The Product is only offered to Investors whose financial adviser has declared that: <ul style="list-style-type: none"> the Investor has been provided with personal financial product advice in respect of the Product; and the adviser has reviewed and considered the TMD. The Issuer will monitor this.
Authorised representative	The Issuer does not distribute through any authorised representative.	Not applicable
Platform	The Issuer does not distribute the Product via any platform	Not applicable

Appropriateness

The Issuer has assessed whether any distributions condition or restriction is appropriate to make it more likely that the investors who acquire the Product are in the target market on the basis of factors such as: the Issuer does not distribute the Product via any platform or by way of distribution agreements between the Issuer and a distributor; the PDS is not actively marketed apart from being available on Baccus' website; and most if not all investors are either long-term investors or those persons referred to the Fund by other investors or referred by advisers who are aware of and have dealt with the Fund for more than 10 years.

Review Triggers and Review Periods

This part is required under section 994B(5)(d)(e) and (f) of the Act.

Nature of review	Event or timing
Ongoing TMD	
Review triggers <i>section 994B(5)(d)</i>	<p>The following events and circumstances are considered likely to indicate that this TMD may no longer be appropriate:</p> <ul style="list-style-type: none"> where the Issuer considers that there has been a material change to the investment strategy, Product description (including its key attributes), risk profile or liquidity profile of the Fund or taxation consequences on investors in the Fund a significant number, or an unexpectedly high number, of complaints about the Product or its distribution a significant number of withdrawal requests a significant dealing in this Product in relation to retail clients that is inconsistent with this TMD material changes to the fees or other costs of the Product that may affect the return of the Product the issue of any new or replacement PDS for the Product any inquiry, surveillance, direction, notice, investigation, or enforceable instrument by or from ASIC about or relating to the Product's features, target market or distribution strategy.

Nature of review	Event or timing
Mandatory review periods	
First review period section 944B(5)(e)	By 30 April 2024.
Subsequent review periods section 994B(5)(f)	At least once every 13 months since the date of the last review of the TMD (for whatever reason).

Distributor reporting requirements

This part is required under section 994B(5)(g) and (h) of the Act.

Reporting requirement	Reporting period	Distributors to which applies
Complaints		
Complaints (as defined in section 994A(1) of the Act) relating to the Product: <ul style="list-style-type: none"> design availability distribution. The distributor should provide all the content of the complaint, having regard to privacy. section 994B(5)(g)	Where there are a significant number of complaints in the first 6 months from the date of this TMD, then: <ul style="list-style-type: none"> within 10 business days following end of the 6 months; and thereafter, within 10 business days following end of calendar quarter. 	All distributors
	Where there are no significant number of complaints in the first 3 months from the date of this TMD, within 10 business days following end of calendar quarter.	All distributors
Dealing outside of target market		
Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after the 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	Within 10 business days following the end of the calendar quarter.	All distributors

Reporting requirement	Reporting period	Distributors to which applies
advice.		
Reporting specified information to the Issuer		
section 994B(5)(h) *Note: s 994F(5) states that the distributor must provide this information (or the fact that there is no such information) as soon as practicable and in any event within 10 business days at the end of the relevant reporting period.	Distributors must report the specified information to the Issuer which is collected during the specified reporting period as soon as practicable and in any event within 10 business days at the end of the relevant reporting period*:	All distributors
If the distributor received complaints in relation to the Product in the reporting period, the number of such complaints. section 994F(4).	See above complaints reporting period.	
Information about the substance of complaints received by the distributor about the Product or its distribution from retail clients. RG 274.118	See above complaints reporting period.	
General feedback relating to the Product and its performance. RG 274.118	Each calendar quarter commencing on the date of this TMD.	
Particulars of any dealing outside the target market, including the reasons by the dealing is outside the target market and whether such dealings occurred in the context of the giving of personal advice in relation to the Product.	Each calendar quarter commencing on the date of this TMD.	
Samples of recorded sales calls.	Each 12 month period commencing on the first anniversary of the date of this TMD.	
Particulars of requests for additional information from retail clients in relation to the Product.	Each 12 month period commencing on the first anniversary of the date of this TMD.	
Specified user data collected in respect of websites usage (e.g. click data and website paths).	Each 12 month period commencing on the first anniversary of the date of this TMD.	

Dictionary

Capitalised terms have the meaning given to them in the PDS, unless otherwise defined.

Term	Definition
Investors' investment objective	
Income Distribution	The investor seeks to invest in a product designed to distribute regular income. The investor prefers exposure to income-generating assets (one of which are mortgage investments).
Capital Growth	The investor seeks to invest in a product designed to generate capital return. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The investor seeks to invest in a product to reduce volatility and minimise loss in a market down-turn. The investor prefers exposure to defensive assets (such as cash or fixed income or mortgage investments) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The investor seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The investor would likely understand the complexities, conditions and risks that are associated with such products.
Investors' intended product use as %age of investable assets	
Large allocation (80-100%)	The investor intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets. The investor typically prefers exposure to a product with at least High portfolio diversification (see definitions below).
Standard allocation (25-80%)	The investor intends to hold the investment as a major component, up to 80%, of their total investable assets (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification (see definitions below).
Small allocation (less than 25%)	The investor 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 (see definition below). The investor is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of investor's intended product use)	
Low	Single asset class, low or moderate holdings of securities.
Medium	1-2 asset classes, broad exposure within asset class, e.g. Australian equities "All Ords". In the case of the Fund, this includes diversity over different mortgage loans possibly with similar characteristics and risk profiles.
High	Highly diversified across either asset classes or investment managers. In the case of the Fund, this includes diversity over different mortgage loans possibly with different characteristics and different risk profiles.
Investors' intended investment timeframe	
Short (less than 2 years)	The investor has a short investment timeframe and may wish to redeem within 2 years.
Medium (2 to 5 years)	The investor has a medium investment timeframe and is unlikely to redeem within 2 years.
Long (more than 5 years)	The investor has a long investment timeframe and is unlikely to redeem within 5 years.
Investors' Risk (ability to bear loss) and Return profile	
Low	The investor is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear a capital loss from a Mortgage Investment up to once over a 20-year period) and is comfortable with a low target return profile. Investor typically prefers defensive assets such as cash and fixed income.

Term	Definition
Medium	The investor is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear a capital loss from a Mortgage Investment up to 3 - 4 times over a 20-year period) and comfortable with a moderate target return profile. Investor 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 investor is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear a capital loss from a Mortgage Investment up to 6 times over a 20-year period) in order to target a higher target return profile. Investor 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 investor 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 a capital loss from a Mortgage Investment 6 or more times over a 20 year period and possibly other risk factors, such as leverage). Investor typically prefers growth assets such as shares, property and alternative assets.
Investors' need to withdraw money	
Daily/Weekly/Monthly/Quarterly/Annually or longer	The investor 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.
Distributor reporting	
Significant dealings section 994F(6) of the <i>Corporations Act 2001</i> 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.	<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><i>Dealings outside this TMD may be significant because:</i></p> <ul style="list-style-type: none"> · they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or · they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the investor (or class of investor). <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 an investor (which may be indicated by the value of the investor'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 ratings attributed to the investor).

Important information about this document

This target market determination (**TMD**) is made by Baccus Investments Limited ABN 87 095 832 072; AFSL 220647 (**Issuer** or **Baccus**) pursuant to section 994B of the *Corporations Act 2001*. The Issuer is the responsible entity of the *Kremnizer Mortgage Fund* (**Fund**) and the issuer of the membership of the Fund (**Product**). This document is also not a TMD for an interest in any particular Syndicate.

This TMD:

- sets out the class of investors for whom the Product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs
- outlines the triggers to review the target market and certain other information
- forms part of Baccus' design and distribution arrangements for the Product.

This document:

- is not a product disclosure statement for the Product
- is not a summary of the Fund or the Product
- does not set out (and is not intended to set out) a summary of the Product features or terms of the Product
- provides general information only and does not take into account any person's individual objectives, financial situation, needs or circumstances
- does not constitute a representation as to whether or not the Fund or the Product is suitable for any particular person or a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction
- 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.

Persons interested in participating in the Fund should carefully read the current Product Disclosure Statement (**PDS**) before deciding whether to apply to become a Member of the Fund. The PDS can be obtained at Baccus' website www.baccus.com.au or by contacting Baccus on (02) 9327 7911.

An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

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Target Market Determination – Membership of the *Kremnizer Mortgage Fund*