

TARGET MARKET DETERMINATION

For Link Mortgage Fund

ARSN 608 870 462

ABOUT THIS DOCUMENT

This Target Market Determination ('TMD') is required under section 994B of the Corporations Act 2001 (Cth) ('the Act'). The TMD seeks to offer consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not a Product Disclosure Statement ('PDS') and does not provide a summary of the product's terms and conditions. It does not take into account any person's individual objectives, financial situation or needs and does not provide financial advice. Persons interested in investing in this product should refer to the PDS for the Link Mortgage Fund and any supplementary documents which provide the relevant terms and conditions for the Link Mortgage Fund before making a decision about this product.

TMD APPLICATION

Fund	Link Mortgage Fund
Fund ARSN	608 870 462
Issuer & Responsible Entity	Huntley Management Limited
Issuer ABN	52 089 240 513
Issuer AFSL	229754
Date Approved	20 October 2021
TMD version	2

TARGET MARKET SUMMARY

This product is likely to be appropriate for a consumer seeking monthly income and capital preservation to be used as a small allocation of their portfolio where the consumer has a medium investment time frame, a medium risk/return profile and needs medium term access to capital.

DESCRIPTION OF TARGET MARKET

Note: This section is required under section 994B(5)(b) of the Act.

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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Consumers are unlikely to be within the target market for this 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.

Consumer Attributes	TMD Indicator	Product Description Including Key Attributes
Consumer's investment objective		
Capital Growth	Not considered in target market	The Fund does not provide for capital growth. Capital losses can occur in circumstances where an asset of the Fund incurs a capital loss. Therefore, it is higher risk and more volatile than cash or fixed income securities.
Capital Preservation	Potentially in target market	The Fund is designed to source loans secured by registered first mortgages held over Australian real estate to generate consistent and regular income returns as well as capital stability where the total amount of interest payable over the duration of the first mortgage is paid upfront.
Capital Guaranteed	Not considered in target market	
Income Distribution	In target market	The Fund aims to provide investors with a monthly distribution based on the net returns from the loans, cash, and any other investments held by the Fund.

Consumer Attributes	TMD Indicator	Product Description Including Key Attributes
Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Not considered in target market	The Fund offers exposure to a portfolio of loans secured by registered first mortgages over real property comprising a mix of office, retail, residential (where the borrower is a company) hotels/pubs, specialist property such as child care, aged care, construction/development, rural and vacant land. At present, the Fund's loans are geographically concentrated in South Australia with a single loan or single borrower may exceed 17% of the Fund's assets. Accordingly, the Fund's portfolio diversification is Low (see diversification definitions below).
Core Component (25-75%)	Not considered in target market	
Satellite/small allocation (<25%)	In target market	
Consumer's investment timeframe		
Short (≤ 2 years)	Not considered in target market	The Fund invests in first mortgages for a maximum term of 24 months. The Fund is considered an illiquid investment within the meaning of the Act. The minimum suggested timeframe for holding an investment in the Fund is two years.
Medium (> 2 years)	In target market	
Long (> 5 years)	In target market	
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not considered in target market	The Fund aims to provide monthly income distributions to investors while maintaining a unit price of \$1.00 per unit. However, the returns from the Fund are not guaranteed and the Fund is illiquid.
Medium	In target market	
High	In target market	
Very High	In target market	

Consumer Attributes	TMD Indicator	Product Description Including Key Attributes
Consumer's need to withdraw money		
Daily	Not considered in target market	Investments in the Fund are illiquid. There is no established external secondary market for the sale of units in the Fund. However, investors may arrange for their own private sale of units with the approval of the Issuer. There is no right for investors to require their units to be purchased either by the Issuer or by any other person, or to have their units redeemed.
Weekly	Not considered in target market	
Monthly	Not considered in target market	
Quarterly	Not considered in target market	
Annually or longer	Potentially in target market	

APPROPRIATENESS

Note: This section is required under RG 274.64–66.

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 table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

DISTRIBUTION CONDITIONS/RESTRICTIONS

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

Distribution Condition	Distribution Condition Rationale
Only suitable for distribution through specified distributor – Link Capital Holdings Pty Ltd	The Issuer considers that the distribution conditions will make it more likely that the investors who acquire the Fund are in the target market.

Review Triggers

Note: This section is required under section 994B(5)(d) of the Act.

Material change to key attributes, fund investment objective and/or fees.
Material deviation from benchmark / objective over sustained period.
Change in the Application Price or, when available. Withdrawal Price for Units from \$1.00 per Unit.
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 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product

Mandatory Review Periods

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

Review Period	Maximum period for review
Initial review	1 year
Subsequent review	At least once every year since the date of the last review of the TMD (for whatever reason).

Distributor Reporting Requirements

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

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following end of calendar quarter.	Link Capital Holdings Pty Ltd
Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	Link Capital Holdings Pty Ltd
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 advice.	Within 10 business days following end of calendar quarter.	Link Capital Holdings Pty Ltd

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 defensive assets (such as cash or fixed income securities) 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,
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).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, 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.
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	
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 and is comfortable with a low target return profile.</p> <p>The 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) and comfortable with a moderate target return profile.</p> <p>The 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 higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period) in order to target a higher target return profile.</p> <p>The 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.</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 and possibly other risk factors, such as leverage).</p> <p>The consumer typically prefers growth assets such as shares, property and alternative assets.</p>
Consumer's need to withdraw money	
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.	
Daily/Weekly/Monthly/Quarterly/Annually or longer	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.

Term	Definition
Distributor Reporting	
Significant dealings	<p>Section 994F(6) of the Act 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> <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>Dealings outside this TMD may be significant because:</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 consumer (or class of consumer). <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"> • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period, • the consumer's intended product use is <i>Solution/Standalone</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 Low.