



TARGET MARKET DETERMINATION

5th September 2022 | Version 1.0

IJ DEBT INVESTMENT FUND

Issuer: IJ Financial Services Limited ACN 162530449 AFSL 443031

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 Issuer'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 Product 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. Capitalized terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at <https://ijcapital.com.au/> or by calling 07 3188 8018.

TARGET MARKET SUMMARY

This product is likely to be appropriate for **a consumer seeking income distributions**. To be used **as a satellite allocation** within a portfolio where the consumer has **a short, medium or long investment timeframe, medium to high risk/return profile** and generally needs **annual access to capital** except investment terms on offer for less than 12 months and subject to adequate funds to satisfy all Withdrawal Requests.

FUND AND ISSUER IDENTIFIERS

| | | | |
|--------------------|--------------------------------------|--------------------------|--------------------------------|
| Issuer | IJ Financial Services Limited | APIR Code | IJF6672AU |
| Issuer ABN | 31 162 530 449 | Date TMD approved | 5 th September 2022 |
| Issuer AFSL | 443031 | ISIN | AU60IJF66720 |
| Fund | IJ Debt Investment Fund | TMD Version | 1.0 |
| ARSN | 646 396 269 | TMD Status | Current |

DESCRIPTION OF TARGET MARKET

This part 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 |
|------------------|------------------------------|---------------------------------|

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.

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 | | |
| Capital Growth | | The objective of the Fund is to provide investors with regular and consistent investment returns whilst maintaining a relatively low level of capital volatility by investing in a range of loan offerings. |
| Capital Preservation | | The Responsible Entity actively manages the Fund and invests in short to medium term Loans secured by real property, capital equipment, and accounts receivable. |
| Capital Guaranteed | | Our aim is to provide you with monthly income. Investors should be aware that distribution payments are not guaranteed and neither is the return of your capital. Distributions may fluctuate depending on the performance of the Fund. There is a risk that investors do not receive any income distributions. |
| Income Distribution | | Our aim is to provide you with monthly income. Investors should be aware that distribution payments are not guaranteed and neither is the return of your capital. Distributions may fluctuate depending on the performance of the Fund. There is a risk that investors do not receive any income distributions. |
| Consumer's intended product use (% of Investable Assets) | | |
| Solution/Standalone (75-100%) | | Class A Units: The Fund invests predominantly in loans that will be provided for the purposes of property settlement, construction funding for development, or refinancing. Income is derived from the interest paid by borrowers under loan agreements. The property will typically be located in the metropolitan region of Australia's mainland capital cities, and major regional centres. |
| Core Component (25-75%) | | Class B Units: The funds received from each investor in Class B Units will be pooled together and collectively invested in loans provided to renewable energy companies for the purpose of asset acquisition or providing working capital for a business operation. Income from Class B Units is derived from interest paid from borrowers under loan agreements and interest accrued on money invested in other related liquid investments. |
| Satellite/small allocation (<25%) | | Class C Units: The funds received from each investor in Class C Units will be pooled together and collectively invested in loans made to "buy now, pay later" companies to fund their commercial operations, and will be secured by a security interest over the borrower's account receivables. |

| | | |
|--|--|--|
| | | <p>Income from Class C Units is derived from interest paid from borrowers under loan agreements, and interest accrued on money invested in other related liquid investments.</p> <p>You may hold this investment as part of a more diversified portfolio.</p> <p>The portfolio diversification of the Fund assets is Low.</p> |
| Consumer's investment timeframe | | |
| Short (≤ 2 years) | | The Fund is managed with the intention of generating monthly income distributions and is suitable for all investment timeframes (Short, Medium or Long Term) depending on the investor's preference. |
| Medium (> 2 years) | | <p>Class A units offer investment options that investors may invest in one or more terms from 3 months to 12 months. Class B units offer investment options that investors may invest in one or more terms for 12 months. Class C units offer investment options that investors may invest in more or more from 6 months to 12 months. At the expiration of the Investment Term, the investment will automatically roll over for the same term at the then prevailing distribution rate offered by the relevant Fund at the time. Each subsequent investment term runs for the same period of time, starting from the date the preceding Investment Term expires. Withdrawal rights are detailed in the PDS, the investor must lodge a Withdrawal Request with the Responsible Entity within the time frames for each Investment Term.</p> |
| Long (> 8 years) | | |
| Consumer's Risk (ability to bear loss) and Return profile | | |
| Low | | The Fund has no prior history, the Fund's main purpose is to provide monthly returns to investors. The consumer is moderate or medium risk in nature, seeking to minimize 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. |
| Medium | | |

| | | |
|--|--|---|
| High | | However, the distribution payments and returns from the Fund are not guaranteed and there are risks involved in the Fund that are detailed in the PDS that you should consider before deciding whether to acquire, or to continue to hold, the product. |
| Very High | | |
| Consumer's need to withdraw money | | |
| Daily | | The Fund is expected to be 'liquid' within the meaning of the Corporations Act. |
| Weekly | | Each period of an Investor's investment in the Funds is referred to as an Investment Term. Despite the liquidity of assets held by the Fund, Investors will only be able to withdraw from the fund at the end of the Investment Term for the relevant class of Unit. 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. |
| Monthly | | |
| Quarterly | | |
| Annually or longer | | Only Quarterly Class A Units can be withdrawn after 3 months subject to investors providing the required notice and subject to adequate funds to satisfy all Withdrawal Requests. |
| | | The Responsible Entity may in certain circumstances decline to give effect to any Withdrawal Request such as, if it does not have adequate funds to satisfy all Withdrawal Requests received. |

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.

| REQUIREMENT S 994B(8) | EXPLANATION |
|--|--|
| <i>Target market and Product</i> RG 274.68(c) | <p>The Issuer considers that the Fund, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of investors in the target market on the basis of:</p> <ul style="list-style-type: none">• the relationship between the key attributes of the Fund and the target market as set out in this TMD• the terms of issue of units in the Fund• the investment mandate of the Fund• the investment capability of the manager of the Fund• the Issuer's assessment of the risks and benefits of the Fund• the Issuer's assessment of the likely investor outcomes of the Fund based on:• the Fund's historical performance and financial modelling of the Fund's target performance based on the assets in the Portfolio• analysis of performance data in respect of the Issuer's products that are comparable to the Fund, and• results of stress testing and scenario analysis of the liquidity risk, market and investment risk, operational risk, strategic risk, governance risk of the Fund and comparable funds operated by the Issuer |
| <i>Target market and distribution</i> | <p>The Issuer considers that the distribution conditions will make it more likely that the investors who acquire the Fund are in the target market on the basis of:</p> |

conditions and restrictions
RG 274.100

- the Fund's advertisements and website content is directed towards consumers in the Fund's target market
- the online and paper application forms for the Fund include specific questions and alerts relating to this TMD and relevant to the distribution conditions
- where applicable, the restrictions imposed by, and level of supervision required under, the terms of any distribution agreements entered into by the Issuer and the distributors of the Fund
- the distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware, and
- any other relevant information about a distributor, about which the Issuer is aware.

DISTRIBUTION CONDITIONS/RESTRICTIONS

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

| Distribution Condition | Distribution Condition Rationale |
|---|--|
| There are no distribution conditions. | Not applicable. |
| The Product is considered suitable for: <ul style="list-style-type: none">• Consumers who have received personal financial advice• Consumers who have not received personal financial advice. | <ul style="list-style-type: none">• Where a consumer is a client of a distributor and has received personal financial advice the distributor may rely on the excluded conduct provisions set out at section 994E(3) of the Corporations Act 2001.• Where a consumer is a client of a distributor and has not received personal financial advice from them, the distributor must ensure the client has been reviewed by the distributor and deemed to be within the TMD.• Where a consumer is making an application for the product directly with the issuer, as part of the investment application process, and in addition to confirming that the PDS has been read, that the consumer has acknowledged the product's attributes set out in the target market determination and that a record of the acknowledgement is retained. |

REVIEW TRIGGERS

This part 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.

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.

Inability to meet withdrawal requests over a sustained period.

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) and (f) of the Act.

| Review period | Maximum period for review |
|---------------|---------------------------|
|---------------|---------------------------|

| | |
|----------------|---------------------|
| Initial review | 1 year and 3 months |
|----------------|---------------------|

| | |
|-------------------|----------------------|
| Subsequent review | 3 years and 3 months |
|-------------------|----------------------|

DISTRIBUTOR REPORTING REQUIREMENTS

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

There are no distributor reporting requirements for the Fund because the Issuer is the sole distributor of the Fund.

| 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 | All distributors |
| 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. | All distributors other than execution-only brokers |
| 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 the end of the calendar quarter. | All distributors other than execution-only brokers |

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer using the method specified at <https://ijcapital.com.au/>. This link also provides contact details relating to this TMD for the Issuer.

DISCLAIMER:

This Target Market Determination (TMD) has been produced by **IJ Financial Services Limited** ABN 31162530449 AFSL 443031 (**Issuer**) identified in this document solely for the purpose of meeting the requirements under section 994B of the Corporations Act 2001 (Cth). This TMD sets out the class of consumers for which this product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. It also outlines the distribution conditions and restrictions imposed on distribution of the product, as well as reporting requirements for distributors. The Issuer has elected to adopt the TMD template established through the Financial Services Council (FSC). If you have any queries regarding the contents of the TMD or would like to request a copy of a prior version, please contact the Issuer investors@ijcapital.com.au or call us at 07 3188 8018. This document is not a Product Disclosure Statement and does not provide a full summary of the product features or terms of the product. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Corporations Act 2001 (Cth). To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This document is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider whether the information is suitable for your circumstances. Before making any investment decision in respect of the product, you should consider obtaining financial advice. The Product Disclosure Statement (PDS) for the product should be considered before deciding whether to acquire, or to continue to hold, the product. To obtain a copy of the PDS please visit our website <https://ijcapital.com.au/> or by calling 07 3188 8018

DEFINITIONS

| TERM | DEFINITION |
|---|--|
| Consumer's investment objectives | |
| 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 minimize 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, 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). |
| 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). |

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).

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 years.

Long (> 5 years)

The consumer has a long investment timeframe and is unlikely to redeem within eight years.

Consumer's Risk (ability to bear loss) and Return profile

Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of 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 *Standard Risk Measure Guidance Paper For Trustees*. 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. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.

A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.

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) and possibly other risk factors, such as leverage).

Consumer typically prefers growth assets such as shares, property and alternative assets.

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.

Significant dealings

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.

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.

Dealings outside this TMD may be significant because:

- 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).

In each case, the distributor should have regard to:

- 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).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- 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 *Solution / Standalone*, or
 - the consumer's intended product use is *Core component* and the consumer's risk (ability to bear loss) and return profile is *Low*.
-