



# Target Market Determination

## 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 or core allocation of their portfolio where the consumer has a medium investment time frame and a medium risk/return profile to a mortgage investment has ever lost any principal or interest.



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## Fund and Issuer identifiers

Issuer and Responsible Entity	Millbrook Asset Management Ltd (ABN 81 123 219 732)
Issuer AFSL and Credit Licence	335501
Fund	Millbrook Credit Fund
ARSN	125 042 480
Date TMD approved	18 July 2023

## 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**

In the tables following, Column one, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column two, TMD indicator, indicates whether a consumer meeting the attribute in column one 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.

In making this assessment, distributors should consider all features of a product (including its key attributes).

### 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.

The PDS can be obtained by contacting Millbrook Asset Management Ltd on (03) 8663 1800 or downloaded from our website at [www.millbrookgroup.com.au/invest/tmd](http://www.millbrookgroup.com.au/invest/tmd).

## Target Market Determination

Consumer Attributes	TMD Indicator	Product Description Including Key Attributes
<b>CONSUMER INVESTMENT OBJECTIVE</b>		
Capital Growth		The Responsible Entity (R/E) invests in first mortgage loans principally against improved residential metropolitan property (but including some commercial and industrial properties, and vacant land). As a contributory mortgage fund each sub-scheme has a different risk profile.
Diversified risk		
Capital Preservation		The Fund pays distributions monthly but said distributions for any particular sub-scheme are dependent on the respective borrower(s) in those sub-schemes making their interest payments to the R/E.
Capital Guarantee		
Income Distribution		Intending investors need to be advised that an investment in a single sub-scheme of the Fund is not a diversified investment.
		<p>A typical investor in the Fund will be seeking a medium term investment (6 months to 3 years – but generally 1 year) with monthly distributions. That investment will be secured by a first mortgage over property for an amount generally of 65% or less of the value of that property, where the investor will know the details of the Select property and related loan that secures their investment.</p> <p>Investors need to understand the strategies and techniques employed by the R/E in minimising the risk to investors. These are set out in the PDS.</p> <p>An investment in the Fund's Select Option is illiquid as repayment of the investor's capital in any sub-scheme is dependent on the respective borrower repaying their loan. An investment in the Fund is not suited to an investor who may need access to all or part of their investment in the Fund prior to the sub-scheme borrower repaying their respective loan. The Fund's Diversified Option is also illiquid but does provide for investors to redeem all or part of their investment, subject to giving notice of same in terms of the conditions set out in the PDS and the Diversified Option having sufficient liquidity to meet all redemption requests.</p> <p>An investment in the Fund is not acceptable for investors who cannot tolerate any loss of capital. The Fund may be suitable for investors with a low, medium or high risk tolerance.</p>
<b>CONSUMER'S INTENDED PRODUCT USE (% OF INVESTIBLE ASSETS)</b>		
Solution/Standalone (75% - 100%)		The Fund has low asset diversification.
Core Component (25% - 75%)		
Satellite/small allocation (<25%)		
<b>CONSUMER'S INVESTMENT TIME FRAME</b>		
Short (<1 years)		Diversified Option: An initial term of 12 months applies. Upon maturity investments will be rolled into a further 12 month term if withdrawal is not requested by written advice to us 60 days prior to maturity.
Medium to long (1 to 3 years)		Select Option: The same term as the loan invested in – which can be 3 months to 3 years. The average term of a Fund loan is approximately 12 months.

Consumer Attributes	TMD Indicator	Product Description Including Key Attributes
<b>CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE</b>		
Low		The Fund is considered low risk.
Medium		Key risks of an investment in the fund include: <ul style="list-style-type: none"> <li>• the inability of the Diversified Option to meet redemption requests</li> <li>• the risk that investors may lose all or some of their capital invested in the Fund.</li> </ul>
High		
Very High		
<b>CONSUMER'S NEED TO WITHDRAW MONEY</b>		
On demand		The Fund is illiquid with no right of redemption until the mortgage securing a loan invested in is repaid by the borrower. The Diversified Option does permit redemption subject to 60 days notice and the Diversified Option having sufficient liquidity plus other conditions disclosed in the PDS
With 60 days notice		
Annually or longer		

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



## Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale
The Product is considered suitable for: Consumers who <b>have</b> received personal financial advice.	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.
Consumers who <b>have not</b> received personal financial advice.	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, the consumer must acknowledge the product's attributes set out in the target market determination and that a record of the acknowledgement is retained.

## Review Triggers

- Material change to key attributes, Fund investment objective and/or fees.
- Any changes to the Fund's PDS.
- Material number of complaints about the product or distribution of the product.
- ASIC orders or directions that affects the product.

## Mandatory Review Periods

Review Period	Maximum Period For Review
Initial review	15 months
Subsequent review	15 months

## Distributor Reporting Requirements

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints 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
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

## Definitions

Term	Definition
<b>CONSUMER'S INVESTMENT OBJECTIVE</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets.
Capital preservation	The consumer seeks to invest in a product to reduce volatility and minimise loss in a economic down-turn. The consumer prefers exposure to defensive 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
Income Distribution	The consumer seeks to invest in a product designed to distribute regular income. The consumer prefers exposure to income-generating assets
<b>CONSUMER'S INTENDED PRODUCT USE (% OF INVESTIBLE ASSETS)</b>	
Solution/Standalone (75% - 100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below).
Core Component (25% - 75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition 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 investable assets (see definition below).
Investible Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>CONSUMER'S INTENDED INVESTMENT TIME FRAME</b>	
Short (<1 years)	The consumer has a short investment time frame and may need access to their funds within 12 months
Medium to long (1 to 3 years)	The consumer has a medium to long investment time frame and is unlikely to need access to their funds within 3 years
<b>CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE</b>	
Low	The consumer is conservative or low risk in nature, seeking to minimise potential losses and typically prefers defensive assets such as cash and bank deposits.
Medium	The consumer is moderate or medium risk in nature and while seeking to minimise potential losses, can accept modest capital losses and are comfortable with fixed income investments secured by property.
High	The consumer is higher risk in nature and can accept higher potential losses in order to target a higher investment return profile. Consumer typically prefers predominantly growth assets such as 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.

Term	Definition
<b>DISTRIBUTOR REPORTING</b>	
Significant dealings	<p>Distributors are required 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.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• 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).</li> </ul> <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"> <li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer's intended product use is Solution / Standalone, or</li> <li>• the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low.</li> </ul>

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