

OAK CAPITAL

MORTGAGE FUND

TARGET MARKET DETERMINATION

Target Market Determination

A Target Market Determination is a document which describes a typical group of retail investors (the target market) for whom our product is likely to be appropriate or consistent with their likely objectives, financial situation and needs. It is important that you read this document in conjunction with the Product Disclosure Document (PDS) before you make a decision to invest.

This Target Market Determination (TMD) is required under section 994B of the Corporations ACT2001 (Cth) (the Act). It sets out the class of Investors for whom the product, its key features and attributes, would likely be consistent with the investor's likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market, distribution limitations and compliance governance requirements in the ongoing management of internal and external distributors of the TMD. This forms part of the design and distribution arrangements for the Fund, issued, and distributed by Oak Capital Mortgage Fund Ltd. This document is not a product disclosure statement and is not a summary of the Fund features, attributes or terms of the Fund. It does not take into account your personal individual objectives, financial situation or needs. Should you be interested in acquiring an interest in our Fund you should carefully read the Product Disclosure Statement (PDS) for the Fund before making a decision whether to invest. The PDS can be obtained on our website www.oakcapital.com.au A table of important terms used in this TMD is included as a supplement to this TMD.

TARGET MARKET SUMMARY

This Fund is likely to be appropriate for an Investor seeking steady income return. It is potentially suitable to be used as a component satellite allocation investment within a portfolio where the consumer has short or medium investment timeframe, lower risk/return profile and needs annual access. The Fund has a very high risk/return profile in that it does not have daily access to capital.

FUND AND ISSUER IDENTIFIERS	
Issuer	Oak Capital Mortgage Fund Ltd
Issuer ABN	51 161 407 058
Issuer AFSL	438659
Fund	Oak Capital Mortgage Fund
ARSN	166 411 463
Date TMD Approved	5 October 2021
TMD Version	v1.1
TMD Status	Current



Description of Target Market

TMD INDICATOR KEY

The Investor Attributes for which the Fund 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, Investor Attributes, indicates a description of the likely objectives, financial situation and needs of the class of Investors that are considering this Fund. Column 2, TMD indicator, indicates whether an Investors meeting the attribute in column 1 is likely to be

in the target market for this Fund.

Generally, an Investor is unlikely to be in the target market for the Fund 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. Please refer glossary for definition of terms.

INVESTMENT PRODUCTS AND DIVERSIFICATION

An Investor (or class of Investor) may intend to hold the Fund as part of a diversified portfolio. In such circumstances, the Fund should be assessed against the Investor's attributes for the relevant portion of the portfolio, rather than the Investor's portfolio as a whole. For example, an Investor may seek to construct a conservative portfolio with a satellite allocation within a portfolio towards income earning assets.

INVESTORS ATTRIBUTES	TMD INDICATOR FOR FUND	FUND DESCRIPTION INCLUDING KEY ATTRIBUTES
Investor's investment objective		
Capital Growth	Not considered in target market	The Fund is a Contributory Mortgage Fund which invests in first mortgages individually as apposed to a pool of mortgages. These mortgages return income at a fixed rate of return. The Fund can invest in first mortgages up to a Loan to Value Ratio (LVR) of 80%. Investors in this Fund require a monthly fixed rate of return with no capital fluctuations.
Capital Preservation	In target market	
Capital Guaranteed	Not considered in target market	
Income Distribution	In target market	
Investor's intended Fund use (of investable assets)		
Solution/Standalone (75-100%)	Not considered in target market	Investors dependent on their income needs will invest in the Fund at various levels. Investors are able to invest in single or numerous stand-alone mortgages.
Core Component (25-75%)	In target market	
Satellite/small allocation (<25%)	In target market	
Investor's investment timeline		
Short (≤ 2 years)	In target market	The Fund is designed for investors with a short to long term investment time horizon, who wish to benefit from regular income returns. Investments in mortgages are generally for a period of up to 12 months but because Investors can reinvest returned investment funds into further mortgages, this Fund may suit Investors with short to long term monthly fixed income needs.
Medium (> 2 years)	In target market	
Long (> 8 years)	In target market	
Investor's Risk (ability to bear loss) and Return profile		
Low	In target market	The Fund is likely to be appropriate to a range of investors, seeking income only where investors have a low to medium tolerance for risk.
Medium	In target market	
High	Potentially in target market	
Very High	Not considered in target market	
Investor's need to withdrawn money		
Daily	Not considered in target market	The Fund does not offer withdrawals during the term of the investment. Investments are usually for a period of 12 months.
Weekly	Not considered in target market	
Monthly	Not considered in target market	
Quarterly	Not considered in target market	
Annually or longer	In target market	

Appropriateness

Oak Capital Mortgage Fund Ltd has assessed the Fund and formed the view 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 as described above and the attributes of this Fund in column 3 in 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

DISTRIBUTION CONDITION
There are no distribution conditions.

REVIEW TRIGGERS
Material changes 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 high number of complaints (as defined in section 994A(1) of the Act) about the Fund or distribution of the Fund.
The use of Product Intervention Powers, regulator orders or directions that affects the Fund.

MANDATORY REVIEW PERIODS	
Review Period	Maximum Period for Review
Initial review	1 year - The initial review will occur by 5th October 2022.
Subsequent review	3 years - We will review this document every three years from the effective date to ensure it remains appropriate, or earlier if other circumstances occur which trigger the need to review the Target Market Determination on or before 5 October 2025.

DISTRIBUTION CONDITION		
Reporting Requirement	Reporting Period	Which distributors this requirement applies to
Complaints (as defined in section 994A (1) of the Act) relating to the Fund design, Fund availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following the 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 calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Oak Capital Mortgage Fund Ltd using the agreed methodology. Contact details relating to this TMD for Oak Capital Mortgage Fund unless otherwise agreed are:

Oak Capital Mortgage Fund Limited

Investor Relations Team
 investors@oakcapital.com.au
 (03) 9621 1399



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 Fund, 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 Oak Capital Mortgage Fund Ltd's Investment Management's design and distribution arrangements for the Fund.

This document is not a product disclosure statement and is not a summary of the Fund features or terms of the Fund. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring an interest in this Fund should carefully read the Product Disclosure Document for Oak Capital Mortgage Fund before making a decision whether to invest in this Fund.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the Fund's PDS, unless otherwise defined. The PDS can be obtained by visiting www.oakcapital.com.au

Issued by Oak Capital Mortgage Fund Ltd ABN 51 161 407 058, AFSL438659 (Issuer). Oak Capital Mortgage Fund Ltd is the responsible entity and issuer of units in the managed investment scheme referred to in this material. This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This material 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 regulations.



Definitions

TERM	DEFINITION
Investor's Investment Objective	
Capital Growth	The Investor 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 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 securities/mortgages) 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.
Income Distribution	The Investor seeks to invest in a product designed to distribute regular and/or tax-effective income. The Investor prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities/mortgages and money market instruments).
Investor's intended product use (% of Investable Assets)	
Solution/Standalone (75-100%)	The Investor intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below). The Investor typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The Investor intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The Investor typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<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 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 Investor's intended product use)	
Short (<2 years)	The Investor has a short investment timeframe and may wish to redeem within two years.
Medium (> 2 years)	The Investor has a medium investment timeframe and is unlikely to redeem within two years.
Long (> 8 years)	The Investor 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 outlines in Standard Risk Measure Guidance Paper for Trustees. SRM is a 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 the Investor 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 use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have complex structure or increased investment risks, which should be documented together with the SRM to substantiate product risk rating.	
An Investors desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	The Investor 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. Investor typically prefers defensive assets such as cash and fixed income.
Medium	The Investor 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. 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 up to 6 negative returns over a 20-year period (SRM 6)) 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 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	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.
Distributor Reporting	<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 Investor (or class of Investor).
Significant dealings	<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 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 or amber ratings attributed to the Investor). <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 Investor's intended product use is Solution / Standalone, or • the Investor's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low.



How can we help?

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