



# Monthly Income Fund (Product) ARSN 602 609 638

## Target Market Determination

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is not a product disclosure statement (**PDS**) and is **not** a complete 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 PDS for the product before making a decision whether to invest in this product.

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 product's PDS, unless otherwise defined. The PDS can be obtained by contacting CFMG Capital on 1800 155 526 or at [investorrelations@cfmgcapital.com.au](mailto:investorrelations@cfmgcapital.com.au) or the PDS can be obtained from [www.cfmcapital.com.au](http://www.cfmcapital.com.au).

# Target Market Summary

This product is intended to be used as a minor allocation for a consumer who is seeking income yield, is comfortable with no capital growth and has a high risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a short to medium investment timeframe, who needs limited access to capital.

## Fund and Issuer identifiers

Issuer	CFMG Equity and Income Funds Limited
Issuer ABN	12 112 753 876
Issuer AFSL	291390
TMD contact details	investorrelations@cfmgcapital.com.au
Fund name	CFMG Monthly Income Fund
ARSN	602 609 638
TMD issue date	10 April 2024
TMD Version	1
Distribution status of fund	Available

## 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 and green rating methodology:

In Target Market

Not Considered in Target Market

### Instructions

In the tables to follow, 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.

### 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 the features of this product in Column 3 of the table are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a High risk/return profile may be consistent with the consumer's objectives for that minor allocation notwithstanding that the risk/return profile of the consumer as a whole is Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes <i>A description of the likely objectives, financial situation and needs of the class of consumers in the target market</i>	TMD indicator	Product description including key attributes
<b>CONSUMER'S INVESTMENT OBJECTIVE</b>		
Capital Growth	Not Considered in Target Market	The Product is designed to provide investors with regular income distributions from loan investments secured by a registered first mortgage over real property development sites in Australia. The Product is a pooled mortgage scheme which means that the investment is distributed among a portfolio of real property development site loan investments.
Capital Preservation	In Target Market	Distributions to investors will be variable and will be paid monthly in arrears. The monthly income distributions will primarily depend on the net returns received by the Product from income from the loans combined with income from cash holdings. In addition some distributions may be paid from loan funds retained and not advanced to the relevant borrower.  The Product does not provide for capital growth. Issuer does not guarantee the payment, frequency or the amount of distributions, or the return of any amount invested in the Product.
Income Distribution	In Target Market	It is intended that investors will receive all of their capital upon redemption, although as noted above this is not guaranteed.  The Issuer aims to mitigate this risk of capital loss by strictly applying its investment credit and due diligence assessments and actively monitoring its loan investments.  The capital preservation attribute aligns with an investor with a high Risk (ability to bear loss) and Return profile (refer to section below called 'Risk Profile (ability to bear loss) and Return Profile').
<b>CONSUMER'S INTENDED PRODUCT USE (% OF INVESTABLE ASSETS)</b>		
Solution/Standalone (up to 100%)	Not Considered in Target Market	The Product is a pooled mortgage scheme.
Major allocation (up to 75%)	Not Considered in Target Market	The Product invests directly in a portfolio of residential real property development sites loan investments secured by first mortgages.
Core component (up to 50%)	In Target Market	Accordingly, the Product's portfolio diversification is Low (see diversification definitions below). The investor intends to hold their investment through the Product, at a maximum, as a core component of their broader portfolio of investments.
Minor allocation (up to 25%)	In Target Market	
Satellite allocation (up to 10%)	In Target Market	This Product is not appropriate as the sole investment held by an investor.
<b>CONSUMER'S INVESTMENT TIMEFRAME</b>		
Minimum investment timeframe	24 months	An investor's investment is subject to a minimum holding period of 12 months. An investor will have a right to withdraw their investment funds after the minimum holding period of 12 months, however the Product's constitution provides a maximum of 365 days within which the Issuer must meet valid withdrawal requests. Therefore the suggested minimum investment timeframe is 24 months.  See below 'Consumer's need to access capital' for information on the Product's withdrawal mechanics.
<b>CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE</b>		
Low	Not Considered in Target Market	Due to the nature of the Product's underlying assets being loan investments secured over residential real property development sites, the level of investment risk is high. The Product does not guarantee return of capital but will hold from the initial loan amount advanced to each borrower the monthly income distributions.
Medium	Not Considered in Target Market	
High	In Target Market	Whilst investor funds are held in an Australian deposit taking institution until they are advanced to a borrower and as advanced, the Fund restricts loans secured by a first registered mortgage to a maximum loan to valuation (LVR) ratio of 70% of the 'as is' value, there is no guarantee return of capital.
Very high	Not Considered in Target Market	
Extremely high	Not Considered in Target Market	Therefore, this Product is not appropriate for consumers who have a low to medium risk and return profile (i.e. little or no ability to bear loss).

Consumer Attributes <i>A description of the likely objectives, financial situation and needs of the class of consumers in the target market</i>	TMD indicator	Product description including key attributes
CONSUMER'S NEED TO ACCESS CAPITAL		
Within one week of request	Not Considered in Target Market	<p>Investors will have the right to request to withdraw their investment in the Product only after holding their Units for at least 12 months (<b>Eligible Investor</b>). Investors will not be eligible within the first 12 months of an investor investing in the Product (ie. an investor must hold a Unit for at least 12 months before making a request to redeem that Unit).</p> <p>An Eligible Investor may make a withdrawal request 7 business days prior to the last calendar day of the month. The Issuer will then aim, under ordinary circumstances, to process the withdrawal request on the 1st calendar day of the following month and pay the withdrawal proceeds within 20 calendar days after that or the next business day if that day is not a business day. This notice period is in addition to the minimum 12 month holding period noted above.</p> <p>Whilst the Product is operated as a liquid trust, it should be noted that the underlying loan assets are not necessarily liquid in nature and under the terms of the Product's constitution the Issuer has 365 days to satisfy any valid withdrawal request by an Eligible Investor.</p>
Within one month of request (after holding Units for at least 12 months)	In Target Market	
Within three months of request (after holding Units for at least 12 months)	In Target Market	
Within one year of request (after holding Units for at least 12 months)	In Target Market	
Within 5 years of request	Not Considered in Target Market	
Within 10 years of request	Not Considered in Target Market	
10 years or more	Not Considered in Target Market	

## Distribution conditions/restrictions

The Issuer considers that the distribution conditions will make it more likely that the investors who acquire the Product are in the target market on the basis of:

Distribution conditions	Distribution condition rationale
Distribution is limited to direct distribution only	<p>Investors are generally sourced through marketing, contact networks and through referrals. Third party distributors are not used for this Product.</p> <ul style="list-style-type: none"> <li>The Product's advertisements and website content is directed towards consumers in the Product's target market.</li> <li>The Issuer distributes the PDS for the Product electronically or in hard copy in response to requests made directly to the Issuer from marketing, contact network or referrals.</li> <li>Retail investors are asked to complete an online or paper application form, including filtering questions relating to the TMD.</li> <li>An experienced Issuer representative will ask potential investors a series of questions in order for the Issuer to understand, at a high level, whether the potential investor may be within the target market.</li> </ul> <p>Only selected representatives of the Issuer who have undergone internal training in respect of the Product and the Product's target market and who have demonstrated knowledge, competence and experience in respect of the Product and the Product's target market are able to promote and distribute this Product.</p>

## Review triggers

The following events will give rise to CFMG Capital reviewing its TMD in respect of the Product:

Material change to key attributes, fund investment objective and/or fees.
Material change to the returns paid by the Product.
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 TMD review periods

Review period	Maximum period for review
Initial review	1 year and 3 months.
Subsequent review	1 year and 3 months from the day the prior review has finished.

## Distributor reporting requirements

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All distributors
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 distributor becomes aware of the significant dealing.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to CFMG Capital Equity and Income Funds Limited by calling 1800 155 526 or emailing [investorrelations@cfmgcapital.com.au](mailto:investorrelations@cfmgcapital.com.au).

## Disclaimer

This document is not designed to be a consumer facing document nor is it intended to contain all details of customers who are likely to be in the target market for this product, as that is determined via our application process. Whilst we provide details of who the product is not designed for, the list is not exhaustive.

## Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

Term	Definition
<b>CONSUMER'S INVESTMENT OBJECTIVE</b>	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. 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 designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).

Term	Definition
<b>CONSUMER'S INTENDED PRODUCT USE (% OF INVESTABLE ASSETS)</b>	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.
Satellite allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>PORTFOLIO DIVERSIFICATION (FOR COMPLETING THE KEY PRODUCT ATTRIBUTE SECTION OF CONSUMER'S INTENDED PRODUCT USE)</b> <i>Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.</i>	
Very low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very high	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.
<b>CONSUMER'S INTENDED INVESTMENT TIMEFRAME</b>	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.
<b>CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE</b>	
<p>This TMD uses the Standard Risk Measure (<b>SRM</b>) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <a href="#">Standard Risk Measure Guidance Paper For Trustees</a> (note the bands in the SRM guidance differ from the bands used in this TMD). However, 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 (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; 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.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Term	Definition
Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• Has a conservative or low risk appetite,</li> <li>• Seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and</li> <li>• Is comfortable with a low target return profile.</li> </ul> <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• Has a moderate or medium risk appetite,</li> <li>• Seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and</li> <li>• Is comfortable with a moderate target return profile.</li> </ul> <p>The consumer typically prefers defensive assets (for example, fixed income).</p>

Term	Definition
High	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• Has a high risk appetite,</li> <li>• Can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and</li> <li>• Seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers growth assets (for example, shares and property).</p>
Very high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• Has a very high risk appetite,</li> <li>• Can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and</li> <li>• Seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• Has an extremely high risk appetite,</li> <li>• Can accept significant volatility and losses, and</li> <li>• Seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>
<b>CONSUMER'S NEED TO ACCESS CAPITAL</b>	
<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. 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 aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.</p>	
<b>DISTRIBUTOR REPORTING</b>	
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"> <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 and/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 quarter,</li> <li>• The consumer's intended product use is <i>solution/standalone</i>,</li> <li>• The consumer's intended product use is <i>core component</i> or higher and the consumer's risk/return profile is <i>low</i>, or</li> <li>• The relevant product has a green rating for consumers seeking <i>extremely high risk/return</i>.</li> </ul>



**CFMG**  
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**Real people.**

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