

# Target Market Determination



## 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 the 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 CrowdProperty Retail Investment Trust 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. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at [www.crowdproperty.com.au](http://www.crowdproperty.com.au) or by calling 02 7227 7377 or at [hello@crowdproperty.com.au](mailto:hello@crowdproperty.com.au).

## Target Market Summary

**This product is likely to be appropriate for a consumer seeking Income Distributions to be used as a Satellite / small allocation within a portfolio where the consumer has a Short investment timeframe, Higher risk/return profile and does not need to access their invested funds for up to 18 months.**

## Fund and Issuer identifiers

<b>Issuer</b>	Quay Fund Services Limited
<b>Issuer ABN</b>	84 616 465 671
<b>Issuer AFSL</b>	494886
<b>Fund</b>	<b>CrowdProperty Retail Investment Trust</b>
<b>ARSN</b>	660 999 575
<b>Date TMD approved</b>	<b>10 February 2023</b>
<b>TMD Version</b>	1.0
<b>TMD Status</b>	<i>Current</i>

## 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
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### Instructions

In the tables below, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. The TMD Indicator, indicates whether a consumer meeting the Consumer Attribute 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)
	Loan Interests	Cash Interests	
<b>Consumer's investment objective</b>			
Capital Growth	Not considered in target market	Not considered in target market	The Fund is designed to distribute income by offering exposure to income-generating assets, being loans to specifically selected, small scale property developments, known as Project Loans. The Fund provides Investors the opportunity to indirectly invest in different Project Loans by investing in the Loan Interests referable to the Project Loan. The Loan Interest for each Project Loan will be a separate Class.
Capital Preservation	Potentially in target market	In target market	Any income, known as the Target Income Return, earned on a Project Loan (less fees and costs) will be paid to Investors that hold a Loan Interest referable to that Project Loan after repayment of the Project Loan by the Borrower, being a small scale property developer.
Capital Guaranteed	Not considered in target market	Not considered in target market	Prior to the loan being made available to a borrower via a Project Loan, an Investor's money is held in a separate Class known as Cash Interests and will not generate any returns for Investors.
Income Distribution	In target market	Not considered in target market	Investors seeking capital preservation may be potentially in the target market because the capital value of the Fund is expected to remain constant because of the first mortgage securities taken on the Project Loans and the arrears and default management procedures adopted by CrowdProperty, the Investment Manager. However, capital losses can occur in circumstances where a Project Loan incurs a capital loss. Therefore, while an investment in the Fund could experience capital loss and is higher risk and more volatile than cash or other fixed income securities, the Fund is expected to exhibit lower volatility than listed equities or listed Real Estate Investment Trusts in a market downturn.
<b>Consumer's intended product use (% of Investable Assets)</b>			
Solution/Standalone (75-100%)	Not considered in target market	Not considered in target market	The Fund has Low to Medium portfolio diversification. The assets, liabilities and returns of each Loan Interest referable to a Project Loan will be separate from each other Loan Interest and therefore investment in a Class offers exposure to a loan to a single property development project in Australia.
Core Component (25-75%)	Not considered in target market	Not considered in target market	The Fund offers Investors the ability to invest across a number of selected Project Loans which may increase an Investor's diversification overall providing broader exposure to different borrowers, types of property developments, geographic locations and investment/loan periods (generally from 6 to 18 month terms).
Satellite/small allocation (<25%)	In target market	In target market	Accordingly, the Fund is suitable to be used as a Satellite / small allocation of an Investor's total portfolio, spreading the risks of investing in the Fund across a broad portfolio of investments.

Consumer Attributes	TMD Indicator		Product Description (including key attributes)
	Loan Interests	Cash Interests	
<b>Consumer's investment timeframe</b>			
Short ( $\leq 2$ years)	In target market	In target market	The term for all Project Loans is between 6 to 18 months, and the average Project Loan term is around 14 months.
Medium (2 – 5 years)	Potentially in target market	Not considered in target market	Therefore, generally, the minimum suggested timeframe for holding an investment in the Fund is 6 months and the maximum is up to 18 months. However, the Fund may be suitable for Investors with shorter or longer investment timeframes. For example, for some Project Loans, Investors may be offered an opportunity to invest in the final three-month funding phase of a six-phase project development. In addition, upon the expiry of a Project Loan term, the Fund offers Investors the option of reinvesting capital and income into new Project Loans which will be continuously added to the Platform.
Long ( $> 5$ years)	Potentially in target market	Not considered in target market	
<b>Consumer's Risk (ability to bear loss) and Return profile</b>			
Low	Not considered in target market	Not considered in target market	The Fund aims to provide distributions of capital and income to Investors after repayment of a Project Loan by the Borrower.
Medium	Potentially in target market	Potentially in target market	However, the returns from the Fund are not guaranteed and there are risks involved in the Fund, which are detailed in the Fund's product disclosure statement and include the following: <ul style="list-style-type: none"> <li>• There is a risk that a Borrower may not be able to meet its financial obligations under the Loan Agreement.</li> <li>• There is no guarantee that the security provided in support of a Project Loan will be sufficient or effective to cover any losses incurred as a result of a default by a Borrower.</li> <li>• Investments in the Fund will be lent to a Borrower for use in property construction projects and there are specific risks associated with these types of projects.</li> </ul>
High	In target market	In target market	The Fund has a moderate target return profile and is Medium to High risk in nature, seeking to minimise potential losses (e.g., estimated to experience up to 4 negative returns over a 20 year period (SRM 3 to 5). An Investor with a Medium risk/return profile may be potentially in the target market if they seek to construct a conservative portfolio with a satellite/small allocation to assets such as this product.
Very High	In target market	In target market	

Consumer Attributes	TMD Indicator		Product Description (including key attributes)
	Loan Interests	Cash Interests	
<b>Consumer's need to withdraw money</b>			
Daily	Not considered in target market	Not considered in target market	<p>There is no ability to withdraw Loan Interests.</p> <p>CrowdProperty makes Project Loans available to borrowers on a drawdown basis i.e. when it is needed to fund a phase of the development project. This means that the term of the Project Loan may be shorter depending on when the loan is drawn down.</p> <p>Project Loans are generally up to a maximum term of 18 months. Investors can access their money earlier depending on the Project Loan term, which can be from 6 to 18 months in duration.</p> <p>Once the Project Loan is repaid by the Borrower, the returned capital and income held on behalf of Investors will either:</p> <ul style="list-style-type: none"> <li>▪ Be paid to the Member Account (for Investors who have selected the re-investment option), or</li> <li>▪ Paid to the Investor's nominated bank account (for Investors who have not selected the re-investment option).</li> </ul> <p>Investors holding Cash Interests are able to withdraw their investment in the Fund, to the extent that it is held in their Member Account and is not Pledged to a Project Loan. This can be done by submitting a Withdrawal Request Form at least 10 business days prior to the end of the month.</p>
Weekly	Not considered in target market	Not considered in target market	
Monthly	Not considered in target market	In target market	
Quarterly	Not considered in target market	In target market	
Six monthly	In target market	In target market	
Annually	In target market	In target market	
18 months or longer	In target market	In target market	

## 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 Product Description are likely to be suitable for consumers with the Consumer Attributes identified with a green TMD Indicator.

The Issuer considers that the distribution conditions below will make it likely that the investors who acquire interests in the Fund are in the target market because of the following:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- The online application form for the Fund includes a series of filtering questions and alerts.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.
- Any other relevant information about a distributor, about which the Issuer is aware.

## Distribution conditions/restrictions

Distribution channel	Distribution condition and rationale
Direct	<ul style="list-style-type: none"> <li>• Direct investors who are wholesale or sophisticated investors can invest in the Fund.</li> <li>• Retail investors are asked to complete an online form, including filtering questions relating to the TMD.</li> </ul>
Platform/wrap	<p>CrowdProperty may distribute the product via third party hosted investment platforms.</p> <p>The platform provider (who will hold an AFS Licence) opens an account (after acknowledging the PDS) which then enables their clients to invest via the platform account.</p> <ul style="list-style-type: none"> <li>• Additional steps are not required for advised clients beyond consideration of the Issuer's TMD by the adviser.</li> <li>• Unadvised clients may not be able to access the Fund unless the platform provider has a process where clients are asked basic filtering questions relating to the TMD.</li> </ul>
Third Party Distribution	<p>CrowdProperty may distribute the product through the following third-party introducers:</p> <ul style="list-style-type: none"> <li>– financial advisers;</li> <li>– referrers; and/or</li> <li>– authorised representatives.</li> </ul> <p>Investors to confirm through the online application they are financially advised.</p> <ul style="list-style-type: none"> <li>• Financial advisers to provide details of their AFS licence and confirm they have reviewed and considered the TMD in providing personal advice to the investor.</li> <li>• Financial advisers who are acting under a limited power of attorney authorisation by an investor to provide a copy of the proper authority.</li> </ul>

Review triggers
The events and circumstances described below (Review Triggers) will also require a review of this TMD:
Material change to key attributes, fund investment objectives and/or fees.
Material deviation from the target return for a material number of Loan Interests.
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	
Review period	Maximum period for review
Initial review	1 year from the date of this TMD.
Subsequent review	Within 1 year of a prior review for whatever reason.

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 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 end of calendar quarter.	All distributors

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 [www.crowdproperty.com.au](http://www.crowdproperty.com.au). This link also provides contact details relating to this TMD for the Issuer.

# Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate a capital gain. 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 assets that are generally 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, REITs, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable 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 <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.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
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).
<b>Consumer's intended investment timeframe</b>	
Short ( $\leq 2$ 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.



Term	Definition
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
The Issuer has adopted the Standard Risk Measure ( <b>SRM</b> ) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <b>Standard Risk Measure Guidance Paper For Trustees</b> . The assessment has been undertaken assuming likely returns after fees and costs but before taxes .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.	
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)). Consumer typically prefers growth assets such as shares, property and alternative assets.
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.
<b>Review triggers and 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. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the Fund 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>Whether or not a dealing is significant is a matter to be determined in the circumstances of each case and must be determined having regard to ASIC's policy in RG 274.</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 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>

Term	Definition
	<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>● the consumer's intended product use is <i>Solution / Standalone</i>, or</li> <li>● the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.</li> </ul>