

Target Market Determination – Funds Management

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 Stacks Managed Investments Limited'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) and the current Benchmark Report for The Mortgage Fund 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.stacksfinance.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 to Core Component allocation within a portfolio where the consumer has a Short, Medium or Long investment timeframe, Low to Medium risk/return profile and is likely to only require limited access to their capital any more frequently than monthly.

Fund and Issuer identifiers

Issuer	Stacks Managed Investments Limited (SMI)
Issuer ABN	81 085 843 125
Issuer AFSL	227673
Fund	The Mortgage Fund (the Fund)
ARSN	088 928 081
Date TMD approved	5 October 2025
TMD Version	2.0
TMD Status	Current

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, 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	Red	The Fund is designed to provide investors with quarterly income distributions. The Fund will use investors’ capital to invest in a portfolio of loans secured by first mortgages. All mortgages are entered into by SMI on behalf of the Fund. Units in the Fund do not offer any opportunity for capital growth but the value of units is expected to remain stable based on the assumption that if a borrower were to default then the Fund’s security will be sufficient to recover the loan amounts outstanding. Investor’s capital is not guaranteed.
Capital Preservation	Amber	
Capital Guaranteed	Red	
Income Distribution	Green	
Consumer’s intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Red	The Fund will invest directly in a pooled portfolio of first mortgages secured by real property. The loans within the loan book are diversified by class (residential, commercial, industrial, or rural) and geography (each State and Territory in Australia). The loan portfolio diversification for Fund is considered Low. Investors should apply prudent diversification principles and seek professional advice if using the Fund as a Core Component (25-50%) to spread the risks of investing in the Fund across a broad portfolio of investments.
Significant Component (50-75%)	Red	
Core Component (25-50%)	Amber	
Satellite/small allocation (<25%)	Green	
Consumer’s investment timeframe		
Short (≤ 2 years)	Amber	The Fund does not have a specified investment term and is managed with the intention of generating
Medium (2 – 5 years)	Green	

Consumer Attributes	TMD Indicator	Product description including key attributes
Long (> 5 years)	Green	returns for investors as quarterly distributions. It is most suitable for investors who wish to invest for a period greater than 12 months. Units can be withdrawn at any time, but it may take up to 12 months for SMI to satisfy redemptions.
Consumer’s Risk (ability to bear loss) and Return profile		
Low	Amber	The Fund seeks to deliver a minimum quarterly return for each class of units, while maintaining a unit price of \$1.00 per unit. However, returns from the Fund are not guaranteed and there are risks involved in the Fund. If a borrower were to default, then this may cause a decrease in distributions. Furthermore, there is credit risk associated with the Fund, and if the value of secured property was not sufficient to recover outstanding principal, unpaid interest and recovery costs, then investors may suffer a capital loss. Interest rate changes may impact the customer market for the Fund’s loans, affecting the Fund’s ability to pay distributions to investors.
Medium	Green	
High	Green	
Very High	Green	
Consumer’s need to withdraw money		
Daily	Red	The Fund’s current withdrawal policy states that while the Fund is liquid and withdrawals have not been suspended, withdrawal requests are paid as follows: - Up to 20% of an Investor’s investment balance per month at any time. - If the amount is greater than 20%, the remainder will be submitted to the monthly meeting of the Board of Directors for their approval, which is assessed based on the Fund’s liquidity projections.
Weekly	Red	
Monthly	Amber	
Quarterly	Amber	
Six Monthly	Amber	
Annually or Biennially	Green	

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

The Issuer considers that the distribution conditions below will make it likely that the investors who acquire units 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 paper application forms for the Fund include filtering questions and alerts relevant to the distribution conditions.

Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale
Direct	- Wholesale investors are asked to complete a paper application form, including filtering questions relating to the TMD. - Retail investors are asked to complete a paper application form, including filtering questions relating to the TMD.

Review triggers
Material changes to the Fund's investment strategy or a key feature of the Fund.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
Material changes to the charges, expenses and/or fees payable by the Fund.
The use of Product Intervention Powers, regulator orders or directions that affects the product.
Determination by the issuer of an ASIC reportable Significant Dealing.

Mandatory review periods	
Review period	Maximum period for review
Initial review	By 5 October 2022
Subsequent review	At least once every year from date of last review of the TMD (for whatever reason).

Distributor reporting requirements	
Distribution Reporting	SMI is the sole distributor of the Fund and does not use any alternative distribution channels.

Definitions

Term	Definition
Consumer's investment objective	
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 minimise loss in a market down-turn. The consumer prefers exposure to assets that are generally lower in risk and less volatile than growth investments.

Term	Definition
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).
Significant Component (50-75%)	The consumer intends to hold the investment as either a part or the majority (up to 75%) 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 (25-50%)	The consumer intends to hold the investment as a major component, up to 50%, 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.
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 Australian equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Australian 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 to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.

Term	Definition
Consumer's risk (ability to bear loss) and return profile	
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 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 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 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. Consumer typically prefers growth assets such as shares, property and alternative assets.
Review triggers and Distributor reporting	
Significant Dealing	Section 994F(6) of the Act requires distributors to notify the Issuer if they become aware of a significant dealing in the Fund 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 and the Issuer have discretion to apply its ordinary meaning. 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. The Issuer will rely on notifications of significant dealings to monitor and review the Fund, 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 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

Term	Definition
	- 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: - the consumer's intended product use is <i>Solution / Standalone</i>, or - 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>.