



**AUSTRALIAN  
SECURITIES**

# Target Market Determination

Australian Securities Income Fund



**Australian  
Securities  
Income Fund  
Target Market  
Determination**

## Legal Disclaimer

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 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 on our website – [www.australiansecurities.com.au](http://www.australiansecurities.com.au)

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## Target Market Summary

### Product Description

The Australian Securities Income Fund is a Managed Investment scheme that allows investors to invest in Mortgage Securities via contributory sub-schemes which are packaged individually.

### Product Key Characteristics

- 1-5 years terms;
- Up to 66.66% of the underlying property value;
- Monthly interest payments;
- First Mortgage securities;
- Minimum investment \$50,000;
- Two-tiered risk Product.

### Suitability Statement

This product is intended for use as any weight allocation within a portfolio for a consumer seeking regular income returns and capital preservation where the consumer has short, medium or long investment time frames and has a low risk/return profile risk 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, medium or long investment time frame who is unlikely to need to withdraw their money on less than quarterly, monthly or less notice.

## Fund and Issuer identifiers

Issuer	Australian Securities Limited
Issuer ABN	69 005 428 231
Issuer AFSL	260499
TMD contact details	Natalie Bode
Fund name	Australian Securities Income Fund
ARSN	ARSN 092 514 488
TMD issue date	1 February 2024
TMD Version	2.0
Distribution status of fund	Current

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## Description of Target Market

Section 994B(5)(b) of the Act

### 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:



## Instructions

In the tables on the next page:

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

RG 274.76

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*). 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 *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
<b>Consumer's investment objective</b>		
Capital Growth	●	<p>The Australian Securities Income Fund offers investors the ability to invest in mortgage securities to receive regular income payments as well as have their capital secured, but not guaranteed, against real property. The Fund only lends the monies invested, up to 66% of the property value.</p> <p>The Fund does not pass-through increase in property values as capital growth. A consumer whose objective is to obtain capital growth and income distribution can still be in the target market.</p>
Capital Preservation	●	
Capital Guaranteed	●	
Income Distribution	●	
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (75 to 100%)	●	<p>Consumers can invest in multiple sub-schemes; therefore the consumer has the ability to reduce exposure by allocating investment for further sub-schemes.</p> <p>Where consumers reach 100% of investable assets with one sub-scheme, consumer's risk and return profile must be considered as well as their need to withdraw money.</p>
Core Component (25 to 75%)	●	
Satellite/small allocation (<25%)	●	
<b>Consumer's investment timeframe</b>		
Short (≤ 2 years)	●	<p>The Fund allows access to investments between 1 year to 5 years. A sub-scheme may also extend for subsequent periods.</p>
Medium (> 2 years)	●	
Long (> 8 years)	●	
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	●	<p>The characteristics of the sub-schemes offered in the Australian Securities Income Fund adopt a risk rating of <b>Medium</b>. The investments are first mortgage securities, secured against real property and the term of the investments is between 1 and 5 years.</p>
Medium	●	
High	●	<p>The Fund provides a two-tiered structure:</p> <ul style="list-style-type: none"> <li>- Tier 1 - invested funds are lent up to 60% of the property value. Investor in this tier receive ranking priority.</li> <li>- Tier 2 - invested funds are lent up to 66.66% (6.66% of the Property Market value is Tier 2 product) of the property value Investors in this tier rank 2nd in priority.</li> </ul> <p>Consumers that wish to invest in Tier 2, a 'Medium' risk/return profile will not be in the target market.</p>
Very High	●	
Extremely High	●	

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's need to withdraw money</b>		
Within one week of request	●	The Fund does not permit withdrawals of funds during the investment.
Within one month of request	●	
Within three months of request	●	The Sub-schemes offer 1 to 5 year terms.
Within one year of request	●	
Within 5 years of request	●	
Within 10 years of request	●	The PDS sets a minimum of \$50,000 for an investment in all sub-schemes each holding a mortgage security for the Fund.
10 years or more	●	
At Fund discretion	●	
		Only available when consumer is in a financial difficulty and the sub-scheme as one or more members willing to assume the outgoing member's contribution.

## Appropriateness

RG 274.64-66

The Fund 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. A \$50,000 minimum investment identified in the PDS is required for investment in a mortgage sub -scheme.

## Distribution Channels

The Australian Securities Income Fund product will be distributed via the methods below:

- Online – Website, Email and Equity Fax;
- Direct Contact;
- Licensed Financial Advisor.

The chosen distribution channels allow for the consumers to be in the target market as there is a 'screening process' which the consumers must go through.

When the product reaches the consumers by online or direct contact, the consumers must complete a questionnaire to ensure that their investment objectives are in line with the Target Market Determination document. Consumers that apply to invest via Licensed Financial Advisors will have obtained financial advice to invest in the Australian Securities Income Fund, which ensures consumers are suitable for the product regardless of whether they are within the Target Market.

## Distribution conditions/restrictions

Section 994B(5)(c) of the Act

Distribution conditions	Distribution condition rationale
Consumers likely to reasonably foresee financial hardship if product underperforms or income payments halt due to defaults, should not invest.	Where a consumer may reasonably face financial hardship if the investment underperforms, Australian Securities Ltd [ the issuer] may not be able to immediately return funds to the consumer that is affected.
Questionnaire at consumer registration must be completed	A questionnaire developed by Australian Securities Limited in line with the TMD must be completed by the consumer in order to assess the suitability of the product for the consumer.
The performance of the products is not guaranteed	Australian Securities Limited has net tangible assets on its balance sheet to hold an Australian Financial Services Licence to be the Custodian of the assets of each sub scheme; Responsible Entity to the Fund and provide access to interest assurance fund to ensure interest payments are received regularly by the members in each sub scheme.
Customers that wish to invest in Tier 2 products must have a “High” risk/return profile	Although part of the same product, Tier 2 classified investments carry a higher risk due to their second ranking nature and higher exposure to the value of the property.

## Review triggers

Section 994B (5)(d) of the Act

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 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.
Frequent withdrawal requests before the maturity of the capital invested.



## Mandatory TMD review periods

s994B(5)(e) and (f) of the Act

Mandatory review periods	
Review period	Maximum period for review
Initial review	October 2022
Subsequent review	November 2023
Next review	February 2025

## Distributor reporting requirements

Section 994B(5)(g) and (h) of the Act

Mandatory review periods		
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
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition it outside of target market and whether acquisition occurred under personal business advice.	Within 10 business days, following end of calendar quarter.	All distributors

## ASTF Product Complaint

Distributors must report by email to [mail@asltd.com.au](mailto:mail@asltd.com.au)

ASTF Product Report

Distributor Name:

Consumer Name and contact information

Brief description of product issues and impact on the Consumer

ASTF Compliance Officer will respond to the Product Complaint

## TMD Addendum : Definitions

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 time frame. 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 loss in a market down-turn. 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).
<b>Consumer's investment objective</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 very <i>high</i> portfolio diversification.
Solution/Standalone (up to 100%)	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.
Major allocation (up to 75%)	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.
Core Component (up to 50%)	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.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with very <i>low</i> portfolio diversification.
Satellite allocation (up to 10%)	Products classified as extremely <i>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.

Term	Definition
<b>Portfolio diversification</b> <b>(for completing the key product attribute section of consumer’s intended product use)</b> Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	
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.

## TMD Addendum : Definitions Cont.

Term	Definition
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.	
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 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>
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>

Term	Definition
<b>Consumer need to withdraw Capital</b>	
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 Fund is able to meet that request within a reasonable period.
<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 solution/standalone;</li> <li>• the consumer’s intended product use is core component or higher and the consumer’s risk/return profile is low, or</li> <li>• the relevant product has a green rating for consumers seeking extremely high risk/return.</li> </ul>



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Fund Custodian**

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