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 the Issuer's and the Fund Manager's design and distribution arrangements for the product.

This document is not a product disclosure statement. It is not a summary of the product features or terms of the product. This document does not consider any person's objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) for the Fund before deciding 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.alceonre.com.au or by contacting the Fund Administrator on 1300 133 451.

Target Market Summary

This product is likely to be appropriate for a consumer seeking Capital Preservation and Income Distributions to be used as a Satellite allocation of up to 10% within a portfolio where the consumer has a minimum investment timeframe of 3 years, Medium risk/return profile, and needs access to capital no more frequently than quarterly under ordinary circumstances.

Fund and Issuer identifiers

Issuer	Melbourne Securities Corporation Limited
Issuer ACN	160 326 545
Issuer AFSL	428289
Fund	**Alceon Debt Income Fund**
ARSN	650 960 820
APIR Code	FRM9005AU
Fund Manager	Alceon Real Asset Management Pty Ltd
Fund Manager ACN	627 059 723
Date TMD approved	12 December 2024
TMD Version	4.0
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	See Issuer instructions*	Not in target market

* Please see the 'Product description including key attributes' in the table below for Issuer instructions

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 allocation or minor 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 product features (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
Consumer's investment objective		
Capital Growth	Not in target market	Investors seek potential returns through regular monthly income distributions with an annualised return target of between 5% and 7%. The Fund will seek to deliver on its investment objective by investing in loans issued to mid-market real estate owners and developers to finance real estate assets in Australian (Primarily Sydney and Melbourne) and select opportunities in New Zealand denominated in Australian dollars. The Fund may also finance office, industrial and retail real estate assets. It is intended that the Fund will invest in loans to fund the construction of such real estate assets and to fund developed real estate assets. While the unit price of the Fund is expected to remain stable, capital losses can occur in circumstances where an asset of the Fund incurs a capital loss. In addition, in limited circumstances the Fund may have exposure to gearing which increases the potential for larger capital losses (and gains). Investors should therefore have a higher risk tolerance than if the Fund did not use gearing.
Capital Preservation	In target market	
Capital Guaranteed	Not in target market	
Income Distribution	In target market	
Consumer's intended product use (% of Investable Assets)		
Whole Portfolio (up to 100%)	Not in target market	The Fund's investment objective is to provide investors with a total return of between 5 and 7% per annum paid through an income stream that is intended to be monthly, ultimately derived from a
Major allocation (up to 75%)	Not in target market	

Consumer Attributes	TMD Indicator	Product description including key attributes
Core Component (up to 50%)	Not in target market	diversified pool of loans. This is a target and not a forecast. The Fund may not be successful in achieving this objective. The portfolio of loans underlying the securities held by the Fund is primarily secured by registered first ranking mortgages held over Australian property and primarily finance real estate development, construction, and ownership across the east coast of Australia, with a small selection (a maximum of 20% of the Fund's capital) secured by first-ranking mortgages held over the property in New Zealand. Fund offers exposure to the secured private credit (fixed income) asset class in Australia and NZ and maintains moderate to broad holdings in these asset classes. Therefore, the Fund's portfolio diversification is Medium (see diversification definitions on page below). Investors should use the Fund as a Satellite allocation to spread this risk across a broad portfolio of investments. Because of the diversified nature of the Fund's portfolio, investors may also use the Fund as a Minor allocation where an Investor has a high conviction to the Fund's strategy and has at least a High risk/return profile.
Minor allocation (up to 25%)	See Issuer instructions (see column 3)	
Satellite allocation (up to 10%)	In target market	
Consumer's investment timeframe		
Minimum investment timeframe	3 years	Investors are seeking to invest in the Fund for the Medium-term. The Fund is suited to investors with an investment horizon of 3 years or more.
Consumer's risk (ability to bear loss) and return profile		
Low	Not in target market	To meet its investment objective, the Fund invests entirely in cash and fixed income. The Fund's investment objective is to provide investors with a total return of between 5 and 7% per annum paid through an income stream that is intended to be monthly, ultimately derived from a diversified pool of loans. This is a target and not a forecast. The Fund may not be successful in achieving this objective. The returns from the Fund are not guaranteed, and there are risks involved in the Fund, which may include the following: • The Fund's performance depends on the ability of borrowers to pay interest and repay loans to underlying investments. Despite assessing borrowers' suitability before providing loans and periodically reviewing
Medium	In target market	
High	In target market	
Very High	In target market	

Consumer Attributes	TMD Indicator	Product description including key attributes
		loans, there is a risk that borrowers may fall behind their loan commitments or default on their loans due to an inability to meet their contractual obligations • The Fund's investments may not be easily converted into cash, and this may cause a delay or freeze in the payment of distributions or the processing of investor withdrawal requests • The Fund may make poor investment decisions or inappropriate or incorrect investment methods, resulting in nil returns. It is expected the Fund may experience an estimated up to four negative returns over 20 years (SRM 3 – 5).
Consumer's need to access capital		
Daily	Not considered in target market	Investors are comfortable with the Fund's assets having limited liquidity under ordinary circumstances. Under ordinary circumstances, the Fund permits withdrawals and the Issuer can sometimes satisfy withdrawal requests every month with a 30-day notice period. However, net withdrawals of all Investors collectively are limited to 5% of the Fund's NAV per month (or such higher amount as determined by the Responsible Entity). If withdrawal requests exceed this limit, then requests may be rejected or accepted on a pro-rata basis and carried forward to the next month. Withdrawal requests that cannot be satisfied from cash or borrowings must wait for repayment of loans from borrowers to realise the Fund's capital.
Weekly	Not considered in target market	
Monthly	See Issuer instructions (see column 3)	
Quarterly	In target market	
Annually or longer	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, with the attributes identified with a green TMD Indicator.

Distribution

The Issuer considers 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:

- Fund advertisements are directed towards consumers in the Fund's target market.
- Fund webpage content is directed towards consumers in the Fund's target market.
- The application form includes filtering questions and alerts relevant to the distribution conditions.

Distribution conditions/ restrictions

Distribution channel	Distribution condition and rationale
Direct	• Direct investors who are wholesale or sophisticated investors can invest in the Fund.
Platform/Wrap	• Additional steps are not required for advised clients who have received current personal advice about the Fund, beyond consideration of this TMD by the adviser. • Unadvised clients and clients who only receive general advice may not be able to access the Fund unless the platform provider has a process where the client is asked to complete basic filtering questions relating to the TMD, which have been designed to assist the Issuer to assess whether it is likely the investor is in the target market for the Fund. The Issuer will review the information provided in response to the filtering questions, assess those answers against the Fund's key attributes (set out above). Where the Issuer concludes the investor is not likely to be within the target market, the Issuer may reject the application.
Adviser	• The Fund may be distributed to investors by a Licensee or their Authorised Representative (known as a financial adviser) who has provided current personal financial product advice in relation to the Fund. • Investors are to confirm through the application form that they have received current personal financial product advice about the Fund. Financial advisers must provide details of their AFS licence, including their adviser number from the Moneysmart website, and confirm they have reviewed and considered the TMD in providing current personal advice to the investor in relation to the Fund.

Review triggers

Event	Conditions
Significant product change	A material change to key attributes, fund investment objective or fees.

Fund performance	The Fund has significantly and persistently not achieved its investment objectives.
Complaints	A significant number, or an unexpectedly high number, of complaints about the Fund or its distribution.
Illiquidity	Where the Issuer is unable to provide liquidity for all investors wishing to redeem their investment for two consecutive months.
Significant dealings	Determination by the Issuer of an ASIC reportable Significant Dealing outside the TMD.
Regulator intervention	The use of Product Intervention Powers, regulator orders or directions that affect the Fund and require the Issuer to take material corrective action in relation to this TMD.

Mandatory review periods

Review period	The maximum period for review
Initial review	Completed.
Subsequent review	At least once every year since the date of the last review of the TMD (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.	As soon as practicable but within ten business days following the end of a calendar quarter.	All distributors
Significant dealing outside of target market, under s994F(6) of the Act.	As soon as practicable but within ten business days after the distributor becomes aware of the significant dealing.	All distributors

Distributors must report to the Issuer using the method specified at www.alceonre.com.au. This link also provides contact details relating to this TMD for the Issuer.

Disclaimer

This TMD is issued by Melbourne Securities Corporation Limited ACN 160 326 545 AFSL No. 428289 **(Trustee)** in its capacity as the responsible entity and issuer of the interests in the managed investment scheme referred to in this TMD. This TMD includes general information only and does not take into account your personal objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and read the product disclosure statement for the product. The PDS can be obtained at www.alceonre.com.au or by contacting the Fund Administrator on 1300 133 451.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This TMD does not constitute a financial product recommendation or an offer or solicitation with respect to the purchase or sale of the 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 regulation.

No person is authorised by the Trustee to give information or to make representations in connection with this Fund that is not contained in the PDS or this TMD. Information or representations not contained in the PDS or this TMD may not be relied on as having been authorised by the Trustee, its directors, or any other person in connection with the Offer. The Fund's business, financial condition, operations, and prospects may have changed since the date of the PDS or this TMD.

Certain statements in the PDS or this TMD constitute forward-looking statements. These forward-looking statements are based on current expectations, estimates, and projections about the Fund's business and the industry in which the Fund invests and the beliefs and assumptions of the Trustee. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Trustee's control. As a result, any, or all of the forward-looking statements in the PDS or this TMD may turn out to be inaccurate.

Definitions

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed to generate a capital gain. The consumer prefers exposure to growth assets (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 the loss in a market downturn. The consumer prefers exposure to defensive assets (such as cash or fixed-income securities) that are generally lower in risk and 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 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).
Consumer's intended product use (% of investable Assets)	
Whole Portfolio (up to 100%)	The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with very high portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with at least high portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with at least low portfolio diversification
Satellite (up to 10%)	The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with very low portfolio diversification.
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)	
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, a portfolio of real property assets or 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.
Consumer's intended investment timeframe	
Minimum investment timeframe	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.
Consumer's risk (ability to bear loss) and return profile	
The Issuer has adopted the Standard Risk Measure **(SRM)** to calculate the likely number of negative annual returns over 20 years, using the guidance and methodology outlined in the **Standard Risk Measure Guidance Paper for Trustees.** 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. The Issuer has supplemented the SRM methodology by other risk factors. For example, the use of leverage, potential impact of liquidity and other withdrawal limitations, which have been documented together with SRM to substantial the potential risk rating.	
Low	The consumer is conservative or low risk, seeks to minimise potential losses (e.g., can bear up to 1 negative return over 20 years (SRM 1 to 2)) and is comfortable with a low target return profile. The 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., can bear up to 4 negative returns over 20 years (SRM 3 to 5)) and comfortable with a moderate target return profile. The 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 has a higher risk nature and can accept higher potential losses (e.g., can bear up to 6 negative returns over 20 years (SRM 6)) to target a higher target return profile. The 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 accepts higher potential losses (e.g., can bear six or more negative returns over 20 years (SRM 7). The consumer typically prefers growth assets such as shares, property, and alternative assets.
Consumer's need to access capital	
The Issuer has considered in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. 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.	
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.
Review triggers and distributor reporting	
Significant dealings	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 dealing is 'significant', and distributors and the Issuer have the 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 meet its obligation to report significant dealings to ASIC. Dealings outside this TMD may be significant because: • they constitute an individual transaction that 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 • 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 Whole portfolio, or • the consumer's intended product use is the Core component, and the consumer's risk (ability to bear loss) and return profile is Low.