

FINEXIA CHILDCARE INCOME FUND

(ARSN 658 543 625)

TARGET MARKET DETERMINATION (TMD)

29 AUGUST 2023



Target Market Summary

This product is intended for use as a satellite or minor allocation of a portfolio for a consumer who is seeking monthly income and has a high risk/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 3 year investment time frame where withdrawal of their money is at the issuer's discretion.



FINEXIA

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 by contacting client services on 1300 886 103 or on our website at www.finexia.com.au

Fund and Issuer identifiers

Issuer	Finexia Securities Limited (Issuer or Responsible Entity)
Issuer ABN	61 608 667 778
Issuer AFSL	485760
Fund	Finexia Childcare Income Fund (Product).
ARSN	658 543 625
Investment Manager	Creative Capital Group Pty Ltd (ABN 32 623 557 808)
APIR Code	N/A
ISIN Code	N/A
Market Identifier Code	N/A
Product Exchange code	N/A
Date TMD approved	29 th August 2023
TMD Version	4
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 CONSIDERED IN TARGET MARKET
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Instructions

In the tables below, Column one, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column two, TMD indicator, indicates whether a consumer meeting the attribute in column one 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 three of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column two.

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	TMD INDICATOR	PRODUCT DESCRIPTION INCLUDING KEY ATTRIBUTES
Consumer’s investment objective		
Capital Growth	RED	The Fund is an unlisted credit fund which provides investors with exposure the childcare sector in Australia by offering a range of funding arrangements to experienced and qualified childcare centre operators. It aims to preserve investor’s capital through active management of the whole loan lifecycle. However, the Fund is not suitable for investors who cannot tolerate any loss of capital. The Responsible Entity expects to pay distributions monthly, however, this may depend on a number of factors, including future earnings, capital requirements, financial and economic conditions.
Capital Preservation	GREEN	
Income Distribution	GREEN	
Consumer’s intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)	RED	The Fund has Low portfolio diversification.
Major allocation (up to 75%)	RED	
Core Component (up to 50%)	RED	
Minor allocation (up to 25%)	GREEN	
Satellite allocation (up to 10%)	GREEN	
Consumer’s investment timeframe		
Minimum investment timeframe	2 YEARS	The minimum suggested timeframe for holding investments in the Fund is two years.
Consumer’s Risk (ability to bear loss) and Return Profile		
Low	RED	The Fund has a ‘risk band’ of 6 (high) ⁽¹⁾ .
Medium	RED	Key risks of an investment in the Fund include: <ul style="list-style-type: none">• The inability of the Fund to meet redemption requests• The risk that the Fund does not achieve its investment objective; and• The risk that Unitholders may lose some or all of their capital invested in the Fund.
High	GREEN	
Very High	GREEN	
Extremely High	GREEN	
Consumer’s need to withdraw money		
Within one week of request	RED	Redemption is available to all investors at the direction of the Responsible entity. The Fund actively maintains sufficient liquidity to meet these requests. Generally, The Fund is ‘semi-liquid’ and is not suited to investors seeking liquidity.
Within one month of request	RED	
Within one three months of request	RED	
Within one year of request	GREEN	
Within 5 years of request	GREEN	
Within 10 years of request	GREEN	
10 years or more	GREEN	
At issuer discretion	GREEN	

(1) See Consumer's Risk (ability to bear loss) and Return profile on page 7 for 'risk band' description.

Distribution conditions/restrictions

DISTRIBUTION CONDITION	DISTRIBUTION CONDITION RATIONALE	DISTRIBUTORS THIS CONDITION APPLIES TO
<ul style="list-style-type: none"> Subject to the conditions below, the consumer must have received personal financial advice. 	<ul style="list-style-type: none"> Where a consumer is a client of a distributor and has received personal financial advice the distributor may rely on the excluded conduct provisions set out at section 994E(3) of the Corporations Act 2001. 	All distributors
<ul style="list-style-type: none"> Where a consumer is a client of a distributor and has not received personal financial advice from them, the distributor must ensure the client has been reviewed by the distributor and the distributor must be reasonably satisfied the consumer is within the TMD. 	<ul style="list-style-type: none"> Distributors must take reasonable steps that would have resulted in, or would have been reasonably likely to have resulted in, the retail product distribution conduct being consistent with the TMD. 	All distributors
<ul style="list-style-type: none"> Where a consumer is making an application for the product directly with the issuer, as part of the investment application process, and in addition to confirming that the PDS has been read, the issuer must ensure that the consumer has acknowledged the product's attributes set out in the target market determination and that a record of the acknowledgement is retained. 	<ul style="list-style-type: none"> The issuer must take reasonable steps that would have resulted in, or would have been reasonably likely to have resulted in, the retail product distribution conduct being consistent with the TMD. 	The issuer

REVIEW TRIGGERS

- Material change 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.

MANDATORY REVIEW PERIODS

REVIEW PERIOD	MAXIMUM PERIOD FOR REVIEW
Initial review	1 year and 3 months
Subsequent review	1 years and 3 months

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.	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.

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to the Issuer using the method specified on this website: www.finexia.com.au. This link also provides contact details relating to this TMD for the Issuer.

Issued by Finexia Securities Limited (ABN: 608 667 778, AFSL: 485760) (Issuer or Responsible Entity). Issuer is the responsible entity and issuer of units in the managed investment scheme referred to in this material. This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial 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.



Definitions

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

TERM	DEFINITION
CONSUMER'S INVESTMENT OBJECTIVE	
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).

CONSUMER'S INTENDED PRODUCT USE (% OF INVESTABLE ASSETS)	
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 High <i>portfolio diversification</i> .
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 High <i>portfolio diversification</i> .
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 Medium <i>portfolio diversification</i> .
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 Low <i>portfolio diversification</i> .
Satellite (up to 10%)	The consumer may hold the investment as up to 10% of their total <i>investable assets</i> . The consumer may seek a product with Very Low <i>portfolio diversification</i> . Products classified as extremely high risk are likely to meet this category only.
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)	
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.

CONSUMER'S INTENDED INVESTMENT TIMEFRAME	
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.



CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE

This TMD uses the Standard Risk Measure (SRM) 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 [Standard Risk Measure Guidance Paper For Trustees](#) (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.

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"> • Has a conservative or low risk appetite, • Seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over 20 year period (SRM 1 to 2)), and • Is comfortable with a low target return profile. <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"> • Has a moderate or medium risk appetite, • 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 • Is comfortable with a moderate target return profile. <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"> • Has a high risk appetite, • 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 • seeks high returns (typically over a medium or long timeframe). <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"> • Has a very high risk appetite, • 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 • seeks to maximise returns (typically over a medium or long timeframe). <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"> • Has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <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>

CONSUMER'S NEED TO ACCESS CAPITAL

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.



Significant dealings

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. 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.

Dealings outside this TMD may be significant because:

- They represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- 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
- 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).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- It constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the quarter,

- The consumer's intended product use is Solution / Standalone,
- The consumer's intended product use is Core component or higher and the consumer's risk/return profile is Low, or
- The relevant product has a green rating for consumers seeking extremely high risk/return.