



## **Target Market Determination Secured Notes**

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 Central Victorian Investment Limited's design and distribution arrangements for the product.

This document is **not** a prospectus 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 Prospectus No. 24 for the Secured Notes issued by the Company before making a decision whether to buy this product.

Capitalised terms have the meaning given to them in the Prospectus, unless otherwise defined. The Prospectus can be obtained from our website [www.cvi.net.au](http://www.cvi.net.au) or by contacting us on (03) 5329 2499 or emailing us on [info@cvi.net.au](mailto:info@cvi.net.au).

### **1. Target Market Summary**

The class of consumers that comprises the target market for the Secured Notes issued by the Company (products) are consumers who want either:

- (a) a fixed interest, fixed term investment; or
- (b) a non-fixed term investment redeemable on 31 days notice,

in each case where the assets of the Company consist primarily of first mortgages over real property, and where a trustee approved under the Corporations Act 2001 has been granted security over the assets of the Company to hold for the benefit of the consumers.

### **Fund and Issuer identifiers**

<b>Issuer</b>	Central Victorian Investments Limited
<b>Issuer ACN</b>	058 071 631
<b>Issuer AFSL</b>	229697
<b>Date TMD approved</b>	8.12.22
<b>TMD Version</b>	1.04
<b>TMD Status</b>	<i>Current</i>

### **Description of Target Market**

This part is required under 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:

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 attribute – investment objective	TMD Indicator	Product description including key attributes
Income distribution	In target market	Interest on fixed term Secured Notes is paid in arrears half yearly or on the maturity of the Note, unless otherwise mutually agreed.  Interest is payable in arrears on various 31 Day Notice Secured Notes either monthly or on the 31 <sup>st</sup> May and 30 <sup>th</sup> November, or on closure, depending on the product type.
Capital preservation	In target market	The Company has granted to the trustee for the Noteholders security over all of the Company's assets. While the Company is satisfied that the security is reasonably likely to be sufficient to repay investors, there is no guarantee that the assets will be sufficient to ensure that investors will be repaid in full.
Capital guarantee	Not in target market	As stated above, there is no guarantee that investors will be repaid. The Notes are not covered by the depositor protection provisions of the Banking Act.
Capital growth	Not in target market	The Notes are redeemed at their issue price.

<b>Consumer attribute – intended product use</b>	<b>TMD Indicator</b>	<b>Product description including key attributes</b>
Small allocation	In target market	The Company's assets consist primarily of loans on the security of first mortgages of real-estate in diverse sectors in Victoria only. However the Notes themselves represent a single asset class.
Core allocation	Potentially in target market, but only for investors with a high risk profile	Investors should consider the Notes as part of a diversified portfolio when investing in the Notes.
Standalone allocation	Not in target market	

<b>Consumer attribute – investment timeframe</b>	<b>TMD Indicator</b>	<b>Product description including key attributes</b>
Short	In target market	The Company offers Notes for fixed terms of 1 month to 24 months, and on 31 days' notice of withdrawal.
Medium	In target market	The Company offers Notes for terms of 24 months.
Long	Not in target market	The Company does not offer any product with a greater investment timeframe longer than 24 months.

<b>Consumer attribute – need to withdraw funds</b>	<b>TMD Indicator</b>	<b>Product description including key attributes</b>
At maturity	In target market	<p>Noteholders may prior to the maturity date of their investment give notice that they wish to redeem their Notes upon maturity.</p> <p>Approximately 2 weeks before a Note matures, a letter will be sent to the Noteholder advising them that their investment is about to mature, offering them the opportunity to re-invest for a further term on current interest rates and terms, and that the current prospectus is available on the company's website or on request. The letter will advise the Noteholder to consider whether CVI Notes remain a suitable investment for them, and that their financial adviser can help them to determine whether CVI Notes continue to be appropriate for them.</p> <p>If no instructions are received, the funds will be re-invested for a similar term at current interest rates.</p>

During the term	Potentially in target market	The Company may in its absolute discretion, allow early redemption of fixed term Notes in special circumstances, such as hardship or on compassionate grounds.
Daily, or at call	Not in target market	

Consumer attribute – risk profile	TMD Indicator	Product description including key attributes
Low	Not in target market	While the return of capital is not guaranteed, the Company expects that investors will be repaid in full upon maturity of their investment. As stated above, the Company is satisfied that as at the date of this Target Market Determination, the charge over the whole of its assets held by the Trustee on behalf of Noteholders is sufficient and is reasonably likely to be sufficient to meet the liability for repayment of all investors' funds.
Medium	In target market	
High	Potentially in target market, but only for investors allocating a small amount of their investable funds	
Very high	Not in target market	

### Appropriateness to the target market

The Company considers that its products, based on an analysis of their key terms, features and attributes, are likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market as outlined above.

The Company has offered its products through prospectuses complying with the Corporations Act and regulations issued by the Australian Securities and Investments Commission for nearly 30 years, and is satisfied, by the ongoing demand for its products and the repeat investments by consumers, that the Company's products reach the target market and are consistent with the likely objectives, financial situation and needs of the class of consumers that comprises the target market.

### 2. Review Triggers

The Company will monitor and review the outcomes produced by the design and distribution of its products and consider whether changes are required to the products, to the way they are distributed and to whom they are being sold.

The Company will conduct a Review:

- (a) prior to the issue of a prospectus;
- (b) prior to the issue of a supplementary prospectus;
- (c) upon determination of an ASIC reportable significant dealing (as defined in paragraphs RG 274.158 – RG 274.161 of ASIC Regulatory Guide 274 Product design and distribution obligations);

- (d) within 10 business days if:
- (i) there is a failure by the Company to comply with the terms on which its products were issued, the provisions of the Trust Deed between the Company and Melbourne Securities Corporation Limited (**Trust Deed**), or Chapter 2L of the Corporations Act 2001;
  - (ii) an event occurs which causes or could cause the monies outstanding on the Company's products or any of them to become immediately payable or the terms or the terms of the product to become immediately enforceable, or any other right or remedy under the terms of the products or the Trust Deed to become immediately enforceable;
  - (iii) a circumstance occurs that materially prejudices the Company or any of its subsidiaries or any security or charge included in or created by the products or the Trust Deed;
  - (iv) there is a substantial change in the nature of the Company's business;
  - (v) the Company sustains a material trading or capital loss;
  - (vi) the Company elects to employ any third party distribution channel; or
  - (vii) the Company receives a complaint that concerns the design or distribution of its products

Upon becoming aware of a Review Trigger, or a potential Review Trigger, the General Manager must within ten [10] business days provide to the Board all such information necessary for the Board to determine whether this TMD is no longer appropriate.

### **3. Distribution Conditions**

The Company distributes the Prospectus for its products electronically through its own website, or in hard copy in response to requests made directly to the Company.

Only select representatives of the Company who have undergone internal training and have demonstrated their competency and knowledge of the Company's products and the target market for the products are able to distribute the products. Representatives will ask questions designed to screen out applicants from outside the target market before accepting an application.

The Company does not provide financial advice. The Company ensures that its representatives provide consumers with factual information only, and make no recommendation or suggestion that consumers invest in the Company's products or in any other investment, and that any investment should be made on the basis of the Prospectus and any independent financial advice the consumer may seek.

The Company also makes copies of its Prospectus available to certain financial advisers, who provide the Prospectus to their clients for the purpose of implementing personal advice that they have given to the client.

The Company has entered into an agreement with each of those financial advisers under which the financial adviser agrees that:

- a) they will not provide the Prospectus to any person other than in the course of implementing personal advice given to the person; and
- b) they will advise the Company in writing within [3] business days of receiving any complaint from a client in relation to the suitability of the Company's products for them, specifying:
  - (i) subject to the client's consent, the name of the client and their contact details;
  - (ii) the nature of the complaint; and
  - (iii) the date the complaint was received.

The Company does not otherwise employ any third-party distribution channels.

The Company has determined that the distribution conditions and restrictions will make it likely that consumers who invest in the Company's products are in the class of consumers for who the products are designed .

The Company considers that the distribution conditions are appropriate and will assist in directing distribution towards the target market.

#### **4. Periodic Review**

In addition to any Review conducted as a result of the occurrence of a Review Trigger, the Company must conduct an annual review, to finish:

- (e) for the first review, on the day which starts 6 months from the date this TMD is made; and
- (f) for each subsequent Review, on the day which starts 6 months from the day the prior Review was finished.

#### **5. Complaints Reporting**

The General Manager must at the end of each quarter in a financial year report to the Board in writing:

- (g) whether the Company received complaints in relation to the Company's products during the quarter; and
- (h) the number of complaints received (if any).
- (i) Significant dealings outside the target Market

Representatives must notify the Managing Director as soon as practicable ( and no later than 7 business days ) after becoming aware of a significant dealing in the Company's products that is inconsistent with this TMD.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
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 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 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).
<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.

Term	Definition
<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 ( $> 2$ years)	The consumer has a medium investment timeframe and is unlikely to redeem within two years.
Long ( $> 8$ years)	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of 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 <a href="#">Standard Risk Measure Guidance Paper For Trustees</a>. 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. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, 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.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	<p>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.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	The consumer is moderate or medium risk in nature, seeking to



Term	Definition
	<p>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.</p>
High	<p>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.</p>
Very high	<p>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) and possibly other risk factors, such as leverage).  Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Consumer's need to withdraw money</b>	
<p>Issuers should consider 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, this is to be taken into consideration in completing this section.</p>	
<p>Daily/Weekly/Monthly/Quarterly/  Annually or longer</p>	<p>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.</p>
<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.  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>

Term	Definition
	<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 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 reporting period,</li> <li>• the consumer's intended product use is <i>Solution / Standalone</i>, or</li> </ul> <p>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>.</p>