



Earnr ARSN 651 645 715

# Target Market Determination

This Target Market Determination (TMD) sets out the class of consumers for whom Earnr (the Product), including its key attributes, would likely to be suitable for given their likely objectives, financial situation and needs.

This document is **not** a Product Disclosure Statement (PDS) and is **not** a summary of the features or terms of the Product. This document **does not** take into account any person's individual objectives, financial situation or needs. Customers interested in acquiring this Product should carefully read the PDS before making a decision whether to acquire this product. Terms used in this TMD are defined in the TMD Definitions and capitalised terms not defined in the TMD Definitions have the meaning given to them in the PDS. The PDS can be obtained from [www.earnr.com.au](http://www.earnr.com.au).

## Target Market Summary

This Product is most likely to be appropriate for a consumer:

- seeking Capital Preservation and Income
- using it as a Core Component, Satellite Component or potentially as a Standalone Solution within a portfolio;
- who has a Short or Medium investment timeframe;
- and a Low risk/return profile with daily access to capital

## Fund and Issuer Identifiers

Issuer	Primary Securities Ltd
Issuer ACN	089 812 635
Issuer AFSL	224107
Fund	Earnr
ARSN	651 645 715

Manager	Earnr Australia Pty Ltd
Manager ACN	650 455 486
TMD Approved	17 January 2023
TMD Version	1.10
TMD Status	Available

## Target Market Assessment

The Consumer Attributes for which the Product is likely to be appropriate have been assessed using the following TMD indicator keys:

In target market	Potentially in target market	Not considered in target
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Generally, a consumer is unlikely to be in the target market for the Product if:

- one or more of their Consumer Attributes correspond the indicator: Not considered in target market
- three or more of their Consumer Attributes correspond the indicator: Potentially in target market

One 'Not considered in target market' rating does not always mean a consumer is outside of the target market. For example, 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, this 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. As such, 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 this Product (including its key attributes).

Consumer Attributes	TMD Indicator	Product Key Attributes
Consumer's investment objective		
Capital Growth	Not considered in target market	The Product's objective is to provide a stable monthly income with a low risk of capital loss by investing directly and indirectly in a diversified portfolio of secured credit instruments. Capital is preserved by registered security interests in Australian property with a target beneficial Security Coverage Ratio of > 1.40x
Income Distribution	In target market	
Capital Preservation	In target market	
Capital Guaranteed	Not considered in target market	
Consumer's intended product use		
Solution/Standalone (75-100%)	Potentially in target market	The Product provides exposure to a broad spectrum of fixed income secured credit assets, directly, and, indirectly through various investment funds. Portfolio diversification is actively managed by borrower and industry and single asset allocation is controlled through a Loan Exposure Policy applied to the Product.
Core Component (25-75%)	In target market	
Satellite / small allocation (< 25%)	In target market	
Consumer's investment timeframe		
Short (≤ 2 years)	In target market	The minimum investment term is 1 day with terms of up to 12 months also available.
Medium (>2 years)	In target market	
Long (> 8 years)	Potentially in target market	
Consumer's Risk (ability to bear loss) and Return Profile		
Low	In target market	The Product is in target market for consumers of low risk/return profile when applying the Standard Risk Measure guide and exists in the defensive fixed income asset class. The Product is designed to preserve capital through investing in a capital stable income producing assets with a high level of diversification. Risk of capital loss is mitigated by security over Australian property.
Medium	Not considered in target market	
High	Not considered in target market	
Very High	Not considered in target market	
Consumer's need to withdraw money		
Daily	In target market	Consumers have no right to withdraw money before the end term invested in. Consumers must provide notice before the end of the term to withdraw their money in accordance with: Wallet – by 2pm Sydney time on a business day 30 Day Notice – 30 days notice 3 month term – 1 month prior to end of the term 6 month term – 2 months prior to the end of the term 12 month term – 3 months prior to the end of the term  Consumers should be aware withdrawals may be delayed or suspended as outlined in the PDS.
Weekly	In target market	
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

## TMD 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 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,
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	
Solution/Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least High portfolio diversification (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium portfolio diversification (see definitions below).
Satellite / small allocation (25-75%)	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 investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below).
Portfolio diversification (for analysing the key product attribute section of consumer's intended product use)	
Low	Single asset class, single country, low or moderate holdings of securities.
Medium	1-2 asset classes, single country, broad exposure within asset class.
High	Highly diversified across either asset classes, countries or investment funds.
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 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.

Consumer's Risk	
<p>The Standard Risk Measure (SRM) is an industry guide which has been used to assist in the Consumer's Risk component of this TMD. It is based on guidance from the Australian Prudential and Regulation Authority (APRA) to allow consumers to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The SRM is <b>not</b> a complete assessment of all forms of investment risk, consumers of this Product should ensure they are comfortable with the risks and potential losses associated with their chosen investment options including the impact of fees, costs and taxes.</p>	
Low	<p>The consumer is conservative or low risk in nature and 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	<p>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 (SRM 3 to 5) and comfortable with a moderate target return profile.</p> <p>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.</p> <p>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).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
Consumer's need to withdraw money	
Daily / Weekly / Monthly / Quarterly or longer	<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>

**Distribution Conditions / Restrictions:**

The following section is for Distributors only.

Distribution Channel	Distribution Conditions
Direct	<p>The Product may be distributed directly by Earnr Australia Pty Ltd or by authorised representatives of the Issuer appointed to distribute the Product.</p> <p>The distributor may promote the product by the following means:</p> <ul style="list-style-type: none"> <li>• Directly to existing clients of the Distributor and related companies of the Distributor;</li> <li>• Using its mailout list;</li> <li>• Via the Distributor's website and mobile applications - <a href="https://www.earnr.com.au">https://www.earnr.com.au</a></li> <li>• Using social media;</li> <li>• Using traditional media such as newspapers, magazines and other news channels;</li> <li>• Using in-person meetings;</li> <li>• Using other networks of the Distributor</li> </ul>
Third Party	<ul style="list-style-type: none"> <li>• The Product may be sub-distributed by advisors and investment / wrap platforms that have confirmed that they will take into account this TMD when distributing or giving advice.</li> </ul>

**Distributor obligations:**

The Distributor must take steps to distribute the Product so that distribution is slanted towards consumers whose objectives, financial situation or needs the Product has been designed to meet ie: consumers that fall within the Target Market Assessment as outlined above. This can be achieved by the Distributor selecting its distribution methods so that the likelihood of consumers outside the target market taking up the Product is low. The Product must not be distributed through broad channels in a way that might imply it is suitable for all types of consumer indiscriminately.

**Distribution Review Triggers:**

- Material change to investment strategy, objectives, key attributes or fees.
- Material difference between actual monthly distributions and the Offered Returns published for the Product 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 about the Product or distribution of the Product.
- The use of ASIC's product intervention powers, regulator orders or directions that affects the product.

**Mandatory Review Periods:**

- 12 months following the issuance of this TMD or earlier if there are any review triggers
- Subsequent reviews annually

**Distributor Reporting Requirements:**

Reporting requirement	Reporting period	Applicable distributors
Complaints received by a distributor relating to the product design, product availability and distribution of 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 the target market.	As soon as practical but no later than 10 days after the distributor becomes aware of the significant dealing.	All distributors
To the extent a distributor is aware, dealings outside the target market, including reason why the acquisition is outside of target market, and whether the acquisition occurred under personal advice.	Within 10 business days following end of calendar quarter.	All distributors