

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 One Managed Investment Funds Limited's (OMIFL)'s design and distribution arrangements for the product.

This document is **not** a product disclosure statement 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 Product Disclosure Statement (PDS) for the Aura Core Income Fund 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 us at auracore@oneinvestment.com.au, call us on (02) 8277 0000 or on our website at www.oneinvestment.com.au/auracoreincomefund.

Target Market Summary

This product is likely to be appropriate for a consumer seeking Capital Preservation and Income Distribution to be used as a Satellite / small allocation or a Core Component not exceeding 50% within a portfolio where the consumer has a Medium investment timeframe, Low risk/return profile and does not need frequent access to their capital.

Fund and Issuer identifiers

| | | | |
|-------------|--------------------------------------|-------------------|-------------------------------------|
| Issuer | One Managed Investment Funds Limited | Date TMD approved | 1 August 2022 SUPERSEDED 31/01/2023 |
| Issuer ABN | 47 117 400 987 | TMD Version | 1.0 |
| Issuer AFSL | 297042 | TMD Status | NOT CURRENT |
| Fund | Aura Core Income Fund | | |
| ARSN | 658 462 652 | | |

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 | Potentially in target market | Not considered in target market |
|------------------|------------------------------|---------------------------------|

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, investors and 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 | Not considered in target market | The Fund's primary objective is to ensure preservation of capital as a first order of concern, followed by the provision of stable monthly cash income, and portfolio diversification via exposure to the private debt asset class. It is unlikely that the Fund will generate any capital growth as the objective of the Fund is to provide stable monthly income. While an investment in the Fund could experience capital loss and is higher risk and more volatile than cash or fixed income securities, the Fund is expected to exhibit lower volatility than growth assets in a market downturn. |
| Capital Preservation | In target market | |
| Capital Guaranteed | Not considered in target market | |
| Income Distribution | In target market | |
| Consumer's intended product use (% of Investable Assets) | | |

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|--|---------------------------------|---|
| Solution/Standalone (75-100%) | Not considered in target market | The Fund's investment strategy is to provide stable monthly cash income and portfolio diversification by gaining exposure to the private debt asset class. |
| Core Component (25-75%)* | Potentially in target market | Therefore, the Fund's portfolio diversification is Low to Medium. |
| Satellite/small allocation (<25%) | In target market | Investors should use the Fund as a Satellite / small allocation as part of a balanced investment portfolio. *Investors may also use the Fund as a Core Component where the investment generally does not exceed 50% of the investor's Investable Assets. |
| Consumer's investment timeframe | | |
| Short (≤ 2 years) | Potentially in target market | There is no limit on the term investors may invest in the Fund and the Fund is managed with the intention of generating monthly income distributions. Investors remain in the Fund until they request to redeem some or all of their investment under a Limited Withdrawal Offer. Investors should note that the Fund is illiquid and their ability to redeem may be limited in some cases. Please see 'Consumer's need to withdraw money' below. |
| Medium (2 - 5 years) | In target market | |
| Long (> 5 years) | In target market | |
| Consumer's Risk (ability to bear loss) and Return profile | | |
| Low | In target market | The Fund aims to generate returns that are above Reserve Bank of Australia Cash Rate plus 3.5%-5.5% per annum after fees and expenses. However, returns from the Fund are not guaranteed and there are risks involved in the Fund as disclosed in the PDS. Investors may lose some of their money if the underlying borrowers are unable to pay back the loans made to them. The Manager aims to mitigate this risk through diversification of lenders and underlying borrowers, due diligence on lenders and the structuring of debt holder protections within debt facilities and underlying loans. It is expected the Fund may experience an estimated 1 to 2 negative returns over a 20 year period (SRM 1 to 2) (Low). |
| Medium | In target market | |
| High | In target market | |
| Very High | In target market | |
| Consumer's need to withdraw money | | |
| Daily | Not considered in target market | Because of the types of assets the Fund will invest in, it is likely that the Fund will be an "Illiquid" fund under the Corporations Act. Certain restrictions apply to withdrawals from Illiquid funds. It is intended that while the Fund is Illiquid, a Withdrawal Offer will be made periodically, with the aim to make monthly Withdrawal Offers. However, the ability of the Fund to satisfy redemption requests will be limited to the cash available within the Fund for redemptions. The terms that apply to Withdrawal Offers will be made available to investors on the Responsible Entity's website. |
| Weekly | Not considered in target market | |
| Monthly | Potentially in target market | |
| Quarterly | Potentially 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, 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.

The Issuer considers that 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:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- The online and paper application form for the Fund include filtering questions and alerts relevant to the distribution conditions.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.
- Any other relevant information about a distributor, about which the Issuer is aware.

Distribution conditions/restrictions

| Distribution Condition | Distribution Condition Rationale |
|--------------------------|---|
| Income Seeking Investors | It is unlikely that the Fund will generate any capital growth as the objective of the Fund is to provide stable monthly income. |

| 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 | By 31 January 2023 |
| 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. | 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 |
| To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice. | Within 10 business days following the end of the calendar quarter. | All distributors |

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to One Managed Investment Funds Limited using the email address DDO@oneinvestment.com.au or the method specified at <https://www.oneinvestment.com.au/ddo/>.

Disclaimer

This document is issued by One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (**OMIFL**) as responsible entity of the Aura Core Income Fund ARSN 658 462 652 (**Fund**). Aura Credit Holdings Pty Ltd (ACN 656 261 200) is the investment manager of the Fund (**Investment Manager**).

The information provided in this document is general in nature and does not constitute investment advice or personal financial product advice. This information does not take into account your investment objectives, particular needs or financial situation. You should seek independent financial advice.

The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision.

Past performance is not a reliable indicator of future performance. Performance comparisons are provided purely for information purposes only and should not be relied upon. The information included in this document may include information that is predictive in character which may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved.

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You should obtain and carefully consider the Product Disclosure Statement (**PDS**) for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund. Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS dated 1 August 2022, continuous disclosure notices and relevant application form may be obtained from www.oneinvestment.com.au/auracoreincomefund

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 assets 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). |
| Consumer's intended product use (% of Investable Assets) | |
| 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. |
| Portfolio diversification (for completing the key product attribute section of consumer's intended product use) | |
| 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). |
| 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 - 5 years) | The consumer has a medium investment timeframe and is unlikely to redeem within two to five years. |

| Term | Definition |
|--|---|
| Long (> 5 years) | The consumer has a long investment timeframe and is unlikely to redeem within five years. |
| Consumer's Risk (ability to bear loss) and Return profile | |
| <p>The Issuer has adopted the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i>. 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. Issuers may wish to supplement the SRM methodology by also considering other risk factors.</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 | <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)).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p> |
| Review triggers and Distributor Reporting | |
| 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 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 a dealing is 'significant' and distributors have discretion to apply its ordinary meaning determined having regard to ASIC's policy in RG 274.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the Fund, 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 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).</p> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), |

| Term | Definition |
|------|---|
| | <ul style="list-style-type: none">• 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). |

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