

Target Market Determination

Warakirri Asset Management Ltd (Warakirri)

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 **Flinders Emerging Companies Fund – Class B**, 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 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 an interest in this product should carefully read the PDS for the **Flinders Emerging Companies Fund – Class B** before making a decision whether to make an investment in this product.

Important terms used in this TMD are defined in the TMD Definitions within 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 Warakirri on 1300 927 254 or by downloading it from our website at www.warakirri.com.au.

Target Market Summary

This product is likely to be appropriate for a consumer seeking capital growth over the long-term, with an investment timeframe of five years or more. This product is suitable for a consumer with a high risk and return profile, and as it invests in a single asset class, should only be considered for a portion of a diversified portfolio.

This product may experience high levels of volatility and therefore is **unlikely** to be suitable for a consumer seeking capital preservation and/ or a shorter investment timeframe than 5 years.

Fund and Issuer Identifiers

| | |
|-----------------------------|---------------------------------------------------|
| Issuer | Warakirri Asset Management Ltd |
| Issuer ABN | 33 057 529 370 |
| Issuer AFSL | 246782 |
| Fund | Flinders Emerging Companies Fund – Class B |
| ARSN | 607 268 048 |
| APIR Code | ETL0449AU |
| ISIN Code | AU60ETL04495 |
| TMD issue date | 29 February 2024 |
| TMD Version | 2.0 |
| Distribution status of fund | Available |

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 and green rating methodology:

| | |
|------------------|---------------------------------|
| In target market | Not considered in target market |
|------------------|---------------------------------|

In the table below, 'Consumer Attributes' provides a description of the likely objectives, financial situation and needs of the class of consumers that would likely consider investing in this product. The column to the right, labelled 'TMD indicator', indicates whether the Consumer Attributes (as described in column 1) are 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 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Investment products and diversification

This product may be appropriate for a consumer (or class of consumer) who may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor allocation). 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 moderately 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).

The FSC has provided more detailed guidance on how to take this *portfolio view* for diversification, available on the [FSC website](#).

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|-----------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consumer's investment objective | | |
| Capital Growth | In target market | The Fund aims to provide investors with capital growth over the long-term by investing in undervalued smaller Australian companies. |
| Capital Preservation | Not considered in target market | It aims to generate returns in excess of the performance of the S&P/ASX Small Ordinaries Index by 3% per annum, after fees and expenses over rolling three-year periods. |
| Income Distribution | Not considered in target market | |
| Consumer's intended product use (% of Investable Assets) | | |
| Solution/Standalone (75-100%) | Not considered in target market | The Fund predominantly invests in Australian listed securities. The target number of positions is between 30 and 60 Australian smaller companies. |
| Major allocation (up to 75%) | Not considered in target market | |
| Core Component (up to 50%) | Not considered in target market | The portfolio diversification of the Fund is Low. |
| Minor allocation (up to 25%) | In target market | |
| Satellite allocation (up to 10%) | In target market | |

Consumer's investment timeframe

Minimum investment timeframe 5 years At least 5 years.

Consumer's Risk (ability to bear loss) and Return profile

| | | |
|-----------|---------------------------------|--------------------------------------------|
| Low | Not considered in target market | The Fund has an SRM risk band of 6 (high). |
| Medium | Not considered in target market | |
| High | In target market | |
| Very High | In target market | |

Consumer's need to access capital

| | | |
|--------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Within one week of request | In target market | Unit holders can submit a withdrawal/redemption request to the Issuer on a daily basis which will be processed within 5 business days of receipt under normal circumstances (see definition of Consumer's need to access capital below). |
| Within one month of request | In target market | |
| Within three months of request | In target market | |
| Within one year of request | In target market | |
| Within 5 years of request | In target market | |
| Within 10 years of request | In target market | |
| 10 years or more | In target market | |

Distribution conditions/restrictions

| Distribution condition | Distribution condition rationale | Distributors this condition applies to |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| This Fund is available through an investor directed portfolio service (IDPS), IDPS-like scheme, nominee or custody service or any other trading platform or distributor authorised by the Responsible Entity. | The platform provider has an arrangement with the Issuer governing their relationship with the Issuer. Platform providers, as distributors of the product, are required to take reasonable steps that will, or are likely to, result in the distribution of the Fund in a way that is consistent with the TMD for the product. In addition, the issuer of each platform product has its own obligations as a distributor to take reasonable steps that will, or are reasonably likely to, result in retail product distribution conduct being consistent with this TMD. | Operators of investment or super platform or wrap products. |
| This Fund can also be distributed to a consumer if the distributor is reasonably satisfied that distribution is necessary to implement personal advice given to the consumer. Distributors may engage in retail product distribution conduct if: - They are providing personal advice in relation to the product; or - They are reasonably satisfied that distribution is necessary to implement personal advice given to the consumer. | Distribution must only occur if the dealer group and/or an adviser has satisfied themselves that the Fund, or a portfolio that the Fund is part of, is suitable for the consumer and personal advice has been provided to the consumer. | Dealer groups and advisers providing personal advice or dealing with a consumer to whom personal advice has been given. Operators of investment or super platform or wrap products dealing with a consumer who has received personal advice. |
| Issuer marketing activities are not targeted towards direct investors. | The Issuer considers that the distribution condition will make it likely that consumers who acquire an interest in the product will be in the target market for the product, or the product will otherwise be appropriate for them as part of a diversified portfolio, because the product will generally be distributed by persons providing personal advice, who must consider the consumer's individual circumstances and comply with the best interests duty and related obligations under Pt 7.7A of the Corporations Act. | Issuer |
| A consumer wanting to invest directly into the Fund <u>must</u> read and understand the Fund's PDS, Additional Information Booklet and this TMD prior to submitting a completed application form. | This distribution condition relies on a consumer making a self-assessment against the key attributes of the product and identifying as being within the Target Market for this product. The issuer considers this product is likely to be appropriate for direct investors who have previous experience in using financial services and making investments in like financial products. This distribution condition will allow a consumer that has not received personal advice to make a self-assessment, prior to acquiring an interest in the product, on whether the product's key features is likely to meet their objectives, financial situation and needs. | Issuer (with respect to non-advised consumers) |

| 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 | N/A |
| Subsequent review | 2 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 design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy. | As soon as practicable but no later than 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 end of calendar quarter. | All distributors |

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to Warakirri Asset Management Ltd using the method specified below:

- Via email to compliance@warakirri.com.au
- CSV format data in FSC data standard

Disclaimer

This document is issued by Warakirri Asset Management Ltd (ABN 33 057 529 370) (AFSL 246782) for information purposes only and does not constitute investment or financial product advice as it does not take into account an individual's objectives, personal situation or needs and is not an offer or solicitation to enter into an agreement. Investors should not rely on the information in this document without first referring to the Fund's Product Disclosure Statement (PDS) and Additional Information Booklet and seek independent advice from their financial adviser. A PDS for the Fund is available at www.warakirri.com.au or by calling 1300 927 254. The PDS should be considered before making an investment decision. Investments entail risks, the value of investments can go down as well as up and investors should be aware they might not get back the full value invested. Warakirri is not a taxation advisor and you should consult appropriate professional advisors on any taxation, legal, stamp duty and accounting implications of making an investment in any Warakirri fund or service.

Definitions

| Term | Definition |
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| 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 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. |
| 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, and cash and fixed income securities). |
| Consumer's intended product use (% of Investable Assets) | |
| Solution/Standalone (up to 100%) | The consumer intends to hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification. |
| 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 <i>high</i> portfolio diversification. |
| 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 <i>medium</i> portfolio diversification. |
| 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 <i>low</i> portfolio diversification. |
| Satellite (up to 10%) | The consumer may hold the investment as up to 10% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> 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) | |
| 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). |

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| 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. |

| Term | Definition |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 | |
| <p>This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <u>Standard Risk Measure Guidance Paper For Trustees</u> (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.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p> | |
| 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 a 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> |

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| 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.

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 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 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, or
- 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.