

Target Market Determination

Issued: 29 February 2024

(TMD Version 2)

Introduction

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 the Issuer'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 Prime Value Diversified High Income Fund before making a decision whether to buy this product.

Important terms used in this TMD are defined in the Definitions at the end of this document. The PDS for the product can be obtained online at <https://primevalue.com.au/resources/product-information/diversified-high-yield-fund/> or by calling Prime Value +61 039098 8088.

Target Market Summary

The likely objectives, financial situation and needs of a typical consumer in the target market for this product would be a consumer who:

- is seeking to income to be used as a core or satellite allocation within a portfolio;
- has a minimum investment timeframe of 1 to 2 years;
- requires frequent access to capital; and
- is comfortable with a moderate target return risk profile.

Fund and Issuer identifiers

Issuer	Prime Value Asset Management
Issuer ABN	23 080 376 110
Issuer AFSL	222 055
Fund	Prime Value Diversified High Income Fund
TMD Contact Details	Email: info@primevalue.com.au Phone: +61 03 9097 8088
ARSN	634 581 801
APIR Code	PVA1362AU
ISIN Code	AU60PVA13624
Market Identifier Code	
Product Exchange code	
TMD Issue Date	29 February 2024
TMD Version	2
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 with appropriate colour coding:

In target market	Not considered in target market
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In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers who 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.

Appropriateness

Prime Value Asset Management 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

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	Not in target market	The Fund aims to provide regular income with medium risk exposure. The Fund targets a return to consumers of the RBA Cash Rate plus a margin of 4.0% p.a. This return may vary from quarter to quarter depending on the market and as funds are invested.
Capital Preservation	In target market	
Capital Guaranteed	Not in target market	
Income Distribution	In target market	

Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)	Not in target market	The Fund allows consumers to diversify their existing investments.
Major allocation (up to 75%)	Not in target market	The assets in the Fund such as the fixed income, unlisted trusts and mortgage investments have a low market price correlation to equity and property prices.
Core Component (up to 50%)	In target market	The Fund may invest up to 20% outside Australia but all investment will be on a fully hedged basis to Australian dollars. The Fund is prohibited from borrowing funds to buy securities, in other words the Fund's return is not 'leveraged' by debt as this adds significant risk.
Minor allocation (up to 25%)	In target market	
Satellite allocation (up to 10%)	In target market	
Consumer's investment timeframe		
Minimum investment timeframe	1 to 2 years	<p>The Fund's objectives are to provide consumers with capital preservation and a stable monthly income by investing in a diverse range of quality, income-producing assets, including mortgages, unlisted property, 'alternative' assets, income securities, loan assets, and other prescribed assets.</p> <p>The principal aims of portfolio diversification are, firstly, to avoid over-concentration to any particular market or sector, and secondly, to 'smooth out' the income and/or capital price movements of assets within the portfolio such that the Fund can meet its objectives of providing consumers with capital preservation and stable monthly distribution.</p>
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not in target market	The Fund has a medium risk level.
Medium	In target market	Risks associated with these investment formats involve risks associated with the market concerned, whether a listed market such as the ASX, or an unlisted market such as the fixed income market. Over time, markets rise but may also sometimes produce falls in the value of investments in the Fund. Prime Value cannot assure consumers of returns at or above the Fund's benchmark in any financial year because markets can take unexpected turns and the value of individual investments may fluctuate accordingly.
High	Not in target market	
Very High	Not in target market	
Extremely High	Not in target market	
Consumer's need to access capital		
Within one week of request	Not in target market	Withdrawals are generally processed monthly and paid within 10 Business Days after the end of the month.
Within one month of request	In target market	

Within three months of request	Not in target market	<p>However, in certain circumstances, such as when there is a suspension on redemptions or where the Fund becomes illiquid (as defined in the Corporations Act), you may not be able to withdraw your investment within the usual period and alternative withdrawal procedures may apply.</p> <p>Note also that the withdrawal form or instruction must be received before 3.00 pm (Melbourne time) on the last Business Day* of a calendar month, the unit price applied is the price at the close of business of the last Business Day of that month. Withdrawal requests received after this cut-off time will be processed at the unit price on the last Business Day of the next calendar month.</p> <p>*Business Day, being a day other than Saturday or Sunday on which banks are open for general banking business in Melbourne</p>
Within one year of request	Not in target market	

Distribution conditions/restrictions

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions.	Not applicable.

Review triggers
Material changes 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 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 – initial review has already occurred
Subsequent review	2 years and 3 months from the date of this issue – 29 May 2026

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Distributor reporting requirements		
Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints relating to the product. 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. 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

Definitions

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed 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 minimize 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> (see definition below). The consumer is likely to seek a product with at least Very High <i>portfolio diversification</i> (see definitions below).
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 a major up to 75%, of their total <i>investable assets</i> (see definition below). The consumer is likely to seek a product with at least medium <i>portfolio diversification</i> (see definitions below).
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 Allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> (see definition below). The consumer may seek a product with Very Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the consumer 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 timeframe	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.
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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 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	
<p>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.</p>	
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 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.</p> <p>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> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • 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). <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), • 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). <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"> • it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the reporting quarter, • the consumer’s intended product use is <i>Solution / Standalone</i>,
Term	Definition
	<ul style="list-style-type: none"> • the consumer’s intended product use is <i>Core component</i> or higher and the consumer’s risk (ability to bear loss) and return profile is Low, or • the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return.