

## ECP Emerging Growth Limited

### ECP Emerging Growth Listed Unsecured Convertible Note (Product)

#### Target Market Determination

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 Prospectus dated 4 March 2022 (**Prospectus**) for the ECP Emerging Growth Listed Unsecured Convertible Notes before making a decision whether to buy this Product.

#### Target Market Summary

**This Product is likely to be appropriate for a consumer seeking fixed interest income, to be used as a small allocation within a portfolio where the consumer has a medium to long term investment timeframe, medium risk/return profile and who may require immediate access to capital.**

#### Entity identifiers

<b>Issuer</b>	ECP Emerging Growth Limited
<b>Issuer ABN</b>	30 167 689 821
<b>Product</b>	ECP Emerging Growth Unsecured Convertible Note ( <b>ECP Notes</b> )
<b>Market Identifier Code</b>	ASX: ECP
<b>Product Exchange code</b>	ECP Notes on the ASX: ECPGA
<b>Date TMD approved</b>	3 March 2022
<b>TMD Version</b>	1
<b>TMD Status</b>	Current
<b>TMD end date</b>	11 April 2027 ECP Notes Offer Closes: 1 April 2022

## 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 to Distributor

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 Attributes <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD Indicator	Product description including key attributes <i>[A description of the product, including its key attributes, i.e., product terms, features and attributes that affect the TMD]</i>
<b>Consumer's investment objective</b>		
Capital Growth	Potentially in target market	The ECP Notes are designed to provide investors with fixed income returns and with the principal repaid upon maturity date (being five years from the ECP Notes issue date).
Capital Preservation	In target market	Additionally, the note holder has the conversion option that provides an opportunity to capitalise on share price appreciation after the second anniversary date and 10 days before the maturity date.
Capital Guaranteed	Not considered in target market	An investment in ECP Notes is intrinsically linked to an investment in the Issuer. The Issuer is a Listed Investment Company with exposure to a high conviction portfolio of Australian small to mid-cap equities. The Issuer aims to increase shareholder wealth by achieving capital growth over the medium to long term.
Income Distribution	In target market	The investment philosophy is based on the belief that the economics of business drives long-term investment returns. The Issuer believes that investing in high-quality businesses in the growth stage of their lifecycle, that demonstrate the ability to generate predictable, above-average economic returns, will produce superior investment performance over the long-term.
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (75-100%)	Not considered in target market	The ECP Notes are designed for use as a satellite component of an investor's broader portfolio of investments.
Core Component (25-75%)	Not considered in target market	
Satellite/small allocation (<25%)	In target market	

Consumer Attributes <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD Indicator	Product description including key attributes <i>[A description of the product, including its key attributes, i.e., product terms, features and attributes that affect the TMD]</i>
<b>Consumer's investment timeframe</b>		
Short ( $\leq$ 2 years)	Not considered in target market	The ECP Notes have a 5 year maturity date, although earlier exit may be possible subject to market liquidity and pricing.
Medium ( $>$ 2 years)	In target market	
Long ( $>$ 5 years)	Not considered in target market	
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	Not considered in target market	The ECP Notes have a fixed interest coupon and fixed redemption date. Conversion opportunity after two years from the ECP Notes issue date is subject to the election of the note holder.
Medium	In target market	
High	Potentially in target market	The likelihood of an investment in the ECP Notes declining in value in the short term is moderate compared to direct investments in fixed interest or cash. The investor is willing to accept the risk of losses on the investment.
Very High	Not considered in target market	
<b>Consumer's need to withdraw money</b>		
Daily	Potentially in target market	ECP Notes can be traded on the ASX subject to market liquidity.
Weekly	Potentially in target market	
Monthly	In target market	
Quarterly	In target market	
Annually or longer	In target market	

## **Appropriateness**

Note: This section is required under RG 274.64–66.

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.

## **Distribution conditions/restrictions**

This part is required under section 994B(5)(c) of the Act.

<b>Distribution Channels and Conditions</b>	<b>Distribution Condition Rationale</b>
Australian Residents Only	No action has been taken to register or qualify the ECP Notes, or to otherwise permit a public offering of the ECP Notes, in any jurisdiction outside Australia.
Priority Offer	The ECP Notes will be available through a priority offer, which is open to any person who has a registered address in Australia and who, as at the Priority Offer Record Date (as defined in the Prospectus), was a shareholder in the Issuer or any other party as determined by the Issuer in its discretion.
Broker Firm Offer	The ECP Notes will also be available through a broker firm offer, which is open to Australian clients of Syndicate Brokers (as defined in the Prospectus) including wholesale and sophisticated clients and retail clients.

## **Review triggers**

This part is required under section 994B(5)(d) of the Act.

Material change to key attributes, fund investment objective and/or fees.

Material deviation from 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.

<b>Mandatory review periods</b>	
This part is required under section 994B(5)(e) and (f) of the Act.	
Review period	<b>Maximum period for review</b>
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

<b>Distributor reporting requirements</b>		
This part is required under section 994B(5)(g) and (h) of the Act.		
<b>Reporting requirement</b>	<b>Reporting period</b>	<b>Which distributors this requirement applies to</b>
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 end of calendar quarter.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer using the agreed methodology. Contact details relating to this TMD are: [info@ecpam.com](mailto:info@ecpam.com)

# 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 <i>High 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 <i>Medium 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 <i>Low 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. It is recommended to adopt 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="#"><b>Standard Risk Measure Guidance Paper For Trustees</b></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	<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>

Term	Definition
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>
<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>	
Daily/Weekly/Monthly/Quarterly/ Annually or longer	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.
<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.</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"> <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> </ul>

Term	Definition
	<ul style="list-style-type: none"> <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> <li>• 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>.</li> </ul>