

Secured Note Investment

RAC Finance target market determination

A target market determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth). This TMD seeks to offer investors that are consumers, distributors, and staff with an understanding of the class of investors that are consumers for which this product has also been designed (**target market**), having regard to the objectives, financial situation and needs of the target market.

In this document the term "RAC Finance", refers to the issuer of this investment product RAC Finance Limited ABN 77 009 066 862 Australian Credit Licence 387972.

This document is not to be treated as a full summary of the product's details and does not take into account any person's individual objectives, financial situation or needs and is not the provision of financial advice. The customer must refer to RAC Finance's current Prospectus which provides details about the investment offering as well as the risks involved when deciding whether to invest in this product.

This TMD is effective from 5 October 2021.

RAC Finance secured note investment product

RAC Finance's secured note investment product provides:

- » For domestic and overseas investors, an Australian dollar, fixed interest and fixed term investment.

This TMD sets out the target market for a:

- » Secured Note Investment.

Distribution

Who can distribute this product

This product is designed to be distributed on a general or no advice basis by RAC Distribution Pty Ltd (RACD) through the:

- » The Royal Automobile Club of WA (**RAC**) member service centres; and
- » RAC website; and
- » RAC Finance targeted marketing and advertising; and
- » RAC Finance member service consultants.

Only representatives through such distribution channels are appointed to distribute RAC Finance's secured note investment product as they have been trained to understand the target market and eligibility criteria for the product.

RAC Finance's secured note investment product is only issued to investors that complete and lodge a Secured Note Investment Application Form which forms part of the current Prospectus or by lodging an online application through the RAC website.

Reviewing the TMD

RAC Finance will review this TMD within 15 months from the effective date and at least every 27 months thereafter to ensure it remains appropriate.

RAC Finance will also review this TMD within 10 days from the occurrence of any event or circumstance that should arise (called a 'review trigger') suggesting the TMD is no longer appropriate. This may include (but not limited to) events such as:

- » A change to the key product attribute or eligibility criteria that impacts the suitability of the product for the target market;
- » The proportion of individuals to which the investment product is provided which are outside the target market;
- » External events such as regulatory change or use of product intervention power that impacts this product or target market for the product;
- » Material or unexpectedly high number of customer complaints indicating the product is no longer suitable to the target market;
- » The product is not being distributed in accordance with this TMD;
- » Nature of Material feedback from member satisfaction surveys indicating the product is no longer suitable to the target market; and
- » We have determined that a significant dealing has occurred.

The information RAC Finance requires from the distributor to identify a review trigger or circumstance that would reasonably suggest that the TMD is no longer appropriate, is included in the Reporting requirements below.



Reporting

The distributors of the RAC Finance secured note investment product must record all complaints received about the product design, product availability and distribution of this product and report this information as soon as practicable (but in any case within 10 business days of the end of each quarter).

If applicable, the distributor may have additional obligations when responding to complaints under its appointment as representative of RAC Finance.

Distributors are obligated to report to RAC Finance as soon as practicable if they become aware of a matter that would give rise to a 'review trigger' or a circumstance that would reasonably suggest that the TMD is no longer appropriate.

Also, distributors are to provide RAC Finance sales data and other information required in accordance with the distribution arrangements and service level agreements for the investment product.

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Description of Target Market

This product is likely to be appropriate for investors including individuals whose objective is to invest funds for a fixed term at a fixed interest rate return.

Key product attributes

- » Can invest from \$5,000 to \$400,000 (or additional amounts considered upon request).
- » Terms ranging from 6 months to 4 years.
- » No fees or costs.
- » Fixed interest rate for selected term.
- » Interest payment options ranging from- monthly, 3 monthly, 6 monthly, 12 monthly or upon maturity.
- » Option to redeem at maturity or select auto renewal for the same nominated term.
- » Investment payment options either via direct credit/debit or cheque.

Eligibility criteria

RAC Finance's secured note investment product is designed to be distributed to investors who meet the following criteria.

| This product is suitable for those who: | This product is not suitable for: |
|---|---|
| Are over 18 years of age | Those seeking financial or wealth management advice |
| Those whose investment outlook and risk profile enables them to invest funds for a predetermined fixed term | For those depositing funds direct from an overseas account |
| Those seeking to invest funds held in the investors name at an Australian domiciled account | Those intending to draw down on invested funds before term maturity (except in instance of a deceased estate or where an investor can demonstrate financial hardship) |

Appropriateness

Based on an assessment of the above key product attributes and eligibility criteria of this product, RAC Finance finds that these are likely to be suitable and consistent with the objectives, financial situation and needs of the identified class of investors within the target market this product is designed for.



rac.com.au/finance