

Target Market Determination

Non-Conforming Home Loans dated 20 March 2023

AFG Home Loans Link Lite and AFG Home Loans Link Lite Plus (Products).

Purpose of this document

This target market determination (**TMD**) is made by AFG Securities Pty Ltd ACN 119 343 118 (**AFG Securities**) Australian Credit Licence 389658 under section 994B of the *Corporations Act 2001* (Cth). Its purpose is to describe the class of clients that comprises the target market, conditions under which the product must be distributed and how this document will be monitored for ongoing appropriateness.

Target Market

Products:

AFG Securities Non-Conforming Home Loans, known as **AFG Home Loans Link Lite** and **AFG Home Loans Link Lite Plus**.

Issuer:

Perpetual Corporate Trust Limited ACN 000 341 533 Australian Credit Licence 392673 is the issuer of the Products and AFG Securities is the manager of the Products and issues this TMD.

The AFG Home Loans Link Lite and AFG Home Loans Link Lite Plus products have been designed for a customer who is likely to have the following objectives and needs and financial situation:

- Is seeking to purchase or refinance a home to live in or for investment purposes, that is paid off over time with regular payments.
- Can provide residential property security.
- Requires the flexibility to make unlimited early repayments without costs and access those early repayments made to the loan.
- Does not require or is unlikely to benefit from additional options or features.
- Does not have a clear credit history and so does not qualify for a conforming loan.
- Can satisfactorily demonstrate that they are able to afford to repay the loan.
- Who are unable to provide financial statements or taxation returns at the time of their application for a loan and have a registered accountant listed on Government Tax Practitioner Board web site and does not qualify for a conforming loan.
- Does not have a genuine deposit.
- Has an impaired credit history and/or requires debt consolidation.

Key attributes of the AFG Home Loans Link Lite and AFG Home Loans Link Lite Plus products that make these products appropriate for the target market:

- **Term:** Term loan of at least 8 years and up to 30 years in duration.
- **Minimum application amount:** Customers seeking to borrow \$100,000 and up to \$2,000,000 (subject to eligibility).
- **Repayment profile:** Customers make regular, scheduled repayments to pay down the loan balance over the term. An initial term (up to 5 years) may be agreed where the scheduled repayments are interest only.
- **Security:** Customers must be able to provide an acceptable residential property to secure the loan.
- **Early Repayment:** Customers can make early repayments to their loan at no cost and access those repayments made in advance through a redraw facility (if redraw has been selected by the customer).
- **Interest rate:** A variable interest rate means the applicable interest rate can increase or decrease during the loan term.
- **Customers who are looking for a basic loan without additional options or features:** A Professional Package, etc. is not available.
- Can be used to consolidate debt.
- Customers who have a deposit from non-genuine savings qualify.

Classes of customers for whom the product is likely to be unsuitable:

- Customers who do not meet the eligibility requirements.
- Customers who are seeking the certainty of fixed repayments over the term of the loan.
- Customers who require a premium product with additional features and benefits.
- Customers who have a clear credit history and can obtain a conforming loan.
- Customers who require a construction loan.
- Customers where the residential security does not fit acceptable criteria.
- Customers who are able to provide financial statements or taxation returns at the time of their application for a loan and can obtain a conforming loan.

Distribution Conditions

AFG Securities applies the following conditions and restrictions to the distribution of the AFG Securities Non-Conforming Home Loan Products so that it is reasonably likely that the product will be provided to customers in the target market.

Eligibility Criteria:

The Non-Conforming Home Loan Products must only be distributed to customers who meet the following eligibility requirements:

- Must be at least 18 years of age.
- Must be a permanent resident of Australia
- Must be employed or receive regular income.

Channel:

AFG Securities Non-Conforming Home Loan Products can only be provided to customers through AFG accredited brokers as this channel is subject to appropriate training, conditions, controls and/or monitoring by AFG Securities.

This requirement is imposed to ensure that:

- Checks are conducted on matters like qualifications and past conduct for relevant individuals who are involved in the distribution of the Products.
- Individuals understand the distribution process they are required to undertake when distributing the Products, as well as the legislative framework relevant to their activities.

Review of the Target Market Determination

AFG Securities will review this document periodically to ensure it remains appropriate.

Periodic Reviews of the TMD

An initial review of this TMD will occur no later than 18 months from the date this TMD is made.

Subsequent ongoing reviews will occur no later than 18 months from the date of the previous review, or earlier if a review trigger occurs.

Review Triggers

In addition to periodic reviews, AFG Securities will review this document if one or more of the following events occurs, which reasonably suggests that the TMD is no longer appropriate:

- There is a material change to a Product or the terms and conditions of the Product.
- Any of the distribution conditions changes materially.
- A change in the acceptance criteria for a Product impacts on the suitability of the Product for the target market.
- There is a change in law or its application, a change in relevant industry code, an AFCA determination or a court decision, or ASIC or other regulatory guidance that materially affects a Product.
- There is a significant increase beyond expected levels in complaints or disputes, or a significant change in the nature of complaints or disputes relating to a Product.
- AFG Securities has information about the way in which the product is being distributed, operating, or being used by customers (including, but not limited to, rates of default or hardship and evidence of sale to vulnerable customers).

Reporting

The following information must be provided to AFG Securities by distributors who engage in retail product distribution conduct in relation to a Product.

Type of Information	Description	Reporting Period
Specific Complaints	Written details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and in any case within 10 business days of receipt of complaint.
Complaints	Number of complaints.	Every 3 months.
Significant dealings	Written notification of any significant dealing setting out: <ul style="list-style-type: none">• Date(s) the significant dealing occurred.• Description of the significant dealing and why it is not consistent with this TMD.• Why the dealing is significant.• How the significant dealing was identified; and• What steps, if any, have been, or will be, taken in relation to the significant dealing.	As soon as practicable, and in any case within 10 business days after becoming aware.

Important information

This target market determination is not a recommendation, opinion, or advice that any person should acquire the product or is within the target market for a product. It does not summarise the terms or risks of a product and is not an offer of, or invitation to apply for, a product to any person in Australia or elsewhere. Click [here](#) or visit www.afghomeloans.com.au/tmd for more information about target market determinations. Click [here](#) or visit www.afghomeloans.com.au/home-loan-products/link for information about the product.