Target Market Determination (TMD)

C2 GATEWAY – SERIES 105 - DISPERSION

6 September 2024

This TMD relates to the product referred to as **C2 Gateway – Series 105 - Dispersion ("Units")** offered under the Term Sheet Product Disclosure Statement (PDS) dated 6 September 2024, C2 Gateway DPA Master PDS dated 25 March 2020 and the Supplementary Master PDS dated 8 June 2022 (together referred to as the "**PDS**"). This product is issued by C2 Specialist Investments Pty Ltd (ACN 622 433 032) ("**the Issuer**") and arranged by C2 Financial Services Pty Ltd (ACN 621 428 635, AFSL 502171) ("**the Arranger**") pursuant to Section 911A(2)(b) of the Corporations Act. Pursuant to Section 911A(2)(b), the Issuer will issue the Units in accordance with the offer made by the Arranger.

Issuer	C2 Specialist Investments Pty Ltd (ACN 622 433 032) . The Issuer does not hold an AFSL and relies on the arranger exemption in s911A(2)(b) of the Corporations Act.
Arranger	C2 Financial Services Pty Ltd (ACN 621 428 635, AFSL 502171)
Product	**C2 Gateway – Series 105 - Dispersion** is a type of leveraged structured investment giving investors long term highly geared exposure to returns based on the "dispersion" of the Shares comprising the Reference Basket. Dispersion measures the deviation of the performance of individual shares relative to the performance of a basket. It is issued in the legal form of Units in a Deferred Purchase Agreement ("DPA") where the amount invested into the Units is funded via a Limited Recourse Loan ("the Loan"). The Units and Loan are offered together under the Term Sheet Product Disclosure Statement (PDS) dated 6 September 2024, C2 Gateway DPA Master PDS dated 25 March 2020 and the Supplementary Master PDS dated 8 June 2022. It is not possible to invest into the Units without also taking out the Loan.
Date of TMD	**6 September 2024**
Overview of this document	This document is a target market determination for the purposes of section 994B of the Corporations Act 2001 (Cth) (Corporations Act) in respect of DPAs issued by the Issuer. This document is not a product disclosure statement (PDS) and does not take into account any particular investor's objective, financial situation or needs. You should refer to the PDS and consider obtaining independent financial product advice before deciding to invest in the Units.

Target Market for C2 Gateway – Series 105 - Dispersion

The Issuer has adopted a Green and Red rating methodology with appropriate colour coding to determine if an Investor is considered to be in the Target Market.

In Target Market	Not Considered in Target Market

Generally, an investor is unlikely to be in the Target Market for the product if they have 1 or more Red ratings.

An investor (or class of investors) may intend to hold the Units as part of a diversified portfolio. In such circumstances, the Units should be assessed against the investor's attributes **for the relevant portion of the portfolio**, rather than the investor's portfolio as a whole. For example, an investor may seek to construct a conservative portfolio with a small allocation to growth assets. In this case, it may be likely that a product with a Very High Risk/Return profile such as the Units is consistent with the investor's objectives for that allocation notwithstanding that the risk/return profile of the investor as a whole is Low or Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

Investor's objective for the product

Capital Growth	In Target Market	Investors borrow the full investment amount (100%) via a Limited Recourse Loan. The Investor is only required to pay the Prepaid Interest and any Fees. The proceeds from the Limited Recourse Loan are invested into Units of a Deferred Purchase Agreement ("DPA") which provide returns based on the "Dispersion" of the Shares comprising the Reference Basket. Dispersion measures the deviation of the performance of individual shares relative to the performance of a basket . The product is designed to give investors geared exposure to this Dispersion (above the Strike) during the Investment Term through the payment of potential Performance Coupons at the end of year 4, 5 and Maturity. The product's geared exposure means it will likely be suitable for Investors seeking capital growth. While the Units may pay distributions during the term, these are only payable at the end of year 4, 5 and Maturity and the amount of each distribution depends on the performance of the Reference Basket and may be zero. The Units are therefore not suitable for investors seeking regular income.
Capital Preservation	Not considered in target market	
Capital Guaranteed	Not considered in target market	
Regular Income	Not considered in target market	

Investors intended use of the product
(Product use - % of Investible Assets)

Solution/Standalone (up to100%)	Not considered in target market	The Units provide 100% geared exposure to the Dispersion of the Reference Basket (above the Strike) for a period of 6 years via a Limited Recourse Loan. Given the high risks associated with the high level of gearing and exposure to only one asset class, it's expected the Units would be used as a Very Small allocation (<10%) within a broader portfolio strategy.
Major allocation (up to 75%)	Not considered in target market	
Core Component (up to 50%)	Not considered in target market	
Minor allocation (up to 25%)	Not considered in target market	
Satellite/Small (up to 10%)	In Target Market	

Investors intended use of the product
(Investment Timeframe of Investor)

6 years	In Target Market	The Units provide 100% geared exposure to Dispersion (above the Strike) for a period of 6 years via a Limited Recourse Loan. It is designed to be held to Maturity and therefore the timeframe for holding should be considered to be 6 years. However, the Investor does have the ability to Walk Away on pre-determined annual dates (beginning at the start of the 5th and 6th years) and can redeem Units via an Issuer Buy-Back on a quarterly basis. See Annual Walk Away in the PDS for more information.

Investors intended use of the product
(Investors intended risk/return tradeoff)

Extremely High Risk	In Target Market	The Units provide 100% geared exposure to Dispersion (above the Strike) for a period of 6 years via a Limited Recourse Loan. It should also be viewed as a complex product due to the calculation of Dispersion, which generates the returns. This product should therefore be considered a Very High Risk, or potentially Extremely High Risk investment with potential to generate a Very High Return. The fact that the product also has a fixed timeframe with a break-even point which needs to be exceeded by the Maturity Date in order for the investor to make a positive investment return, means that this investment includes a very specific timing risk. This timing risk is in addition to the high risk associated with geared products generally. This is why this product is considered Very High Risk. **Note**: This section looks at an investor's objectives for the relevant portion of their portfolio only, rather than the investor's portfolio as a whole. For example, a product with a Very High Risk/Return profile may be consistent with the investor's objectives for a growth allocation as part of Very Small portfolio allocation (<10%), notwithstanding that the risk/return profile of the investor's portfolio as a whole may be low or medium.
Very High Risk & Return	In Target Market	
High Risk & Return	Not considered in target market	
Medium Risk & Return	Not considered in target market	
Low Risk & Return	Not considered in target market	

Investors intended use of the product

Investors need to access capital

Within one week of request	Not considered in Target Market	Investors may be able to access their capital by requesting the Issuer to buy-back their Units (“Issuer Buy-Back”). Acceptance of a request for an Issuer Buy-Back is at the Issuer’s discretion. Generally, the Issuer would only reject or defer an Issuer Buy-Back request if it is unable to adequately unwind its own hedging arrangements. It is expected that under ordinary circumstances, the Issuer will be able to settle any proceeds from any request for an Issuer Buy-Back of Units into an investors’ bank account within two weeks. This is calculated from the date that any Issuer Buy-back request is submitted to the Issuer. Any such request needs to be submitted by completing the Issuer Buy-Back Form on the Issuer’s website and sending it to the Issuer’s email address. Refer to the TMD Contact details on the front page of this document.
Within one month of request	Not considered in Target Market	
Within three months of request	Not considered in Target Market	
Within one year of request	Not considered in Target Market	
Within five years of request	Not considered in Target Market	
Within 10 weeks of request	Not considered in Target Market	
10 years or more	Not considered in Target Market	
At Issuer Discretion	In Target Market	

Please refer to the Appendix for explanation of terms.

Explanation of why investments in the Units are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))

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 investors in the Target Market as described above, as the key features of this product in column 3 of the table above are likely to be suitable for investors with the attributes identified with a green 'In Target Market' Indicator in column 2.

Retail clients for whom the Units unsuitable

An investment in the Units will generally not be suitable for retail clients outside the Target Market. This also includes Retail clients who do not understand the Key Risks, complexity of the product, and who cannot bear the consequences of potential losses without material impact on their standard of living.

Distribution Conditions (s994B(5)(c))

No third party is permitted to distribute the Units without a Distribution Agreement entered into between Issuer and the Distributor.

All Distributors who have entered into a Distribution Agreement with the Issuer and wish to distribute the product must do so in accordance with any additional relevant procedures specified by the Issuer to the Distributor.

Distributors must consider and understand the PDS when distributing the Units to retail clients who fall within the Target Market.

Review Triggers (s994B(5)(d))

The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:

- The Issuer becomes aware of a significant issuance of the product to retail clients outside the target market;
- Material changes to law affecting DPAs or Loans or other relevant regulatory changes;
- The Issuer becomes aware of a significant volume of complaints related to the TMD from retail clients;
- The Issuer becomes aware of significant changes to the composition and/or construction of the Reference Basket; or
- The Issuer becomes aware of significant changes to the creditworthiness of the relevant Hedge Counterparty.

Review Periods (s994B(5)(e), (f))

Review Period	Maximum Period for Review
Initial Review	12 Months
Subsequent/periodic reviews	Annually

Distributor Reporting Requirements (s994B(5)(g), (h))

The following information must be provided to us by distributors who engage in retail product distribution conduct in relation to this product:

Type of Information	Description	Reporting Period
Complaints	Number and nature of complaints	As soon as practicable, and in any case within 10 business days after becoming aware
Significant dealing(s) outside the Target Market	Date range of the significant dealing(s) and description of the extent and nature of the significant dealing(s)	As soon as practicable, and in any case within 10 business days after becoming aware

Overview of C2 Gateway – Series 105 - Dispersion

C2 Gateway – Series 105 – Dispersion is a leveraged structured investment. A structured investment is a pre-packaged investment strategy that provides exposure to underlying assets which may include a single stock, a basket of stocks, indices, commodities, debt securities, listed futures contracts, exchange traded funds, managed funds and/or foreign currencies. Structured investments include predefined terms and conditions which are fixed at the commencement of the investment. Structured investments are only open for investment over a limited time period (typically 4-8 weeks) and once the investment offer period has closed, they are typically closed for investment (although in limited circumstances a secondary market can exist). The predefined terms and conditions will always include a fixed maturity date at the end of an investment term, typically anywhere from 3 months up to even 10 years.

Structured investments can be used as an alternative to a direct investment, as part of the asset allocation process to increase diversification or reduce risk exposure of a portfolio, or to obtain leverage to a current market trend or investment theme.

Deferred Purchase Agreement

The DPA is the underlying legal instrument that an investor will invest into when investing into the Units. A deferred purchase agreement, or DPA, is a financial instrument which derives its value from the value of another reference asset such as an index, stock, or commodity. The DPA instrument allows for a lot of flexibility in defining the different terms and conditions of an investment, thereby allowing for a very broad range structured investments to be issued under a DPA.

The DPA is a financial contract between two parties where one party undertakes to deliver to the other some pre-determined delivery assets, rather than cash at the Maturity of the DPA. In other words, when you apply for a DPA, you agree to buy the delivery assets which will be delivered to you on the maturity date of the contract. The number of delivery assets that will be delivered will be determined by how the underlying reference asset performs during the investment term and the final value calculation of the DPA. However, if an investor does not repay the loan prior to Maturity they will be deemed to have utilised the Agency Sale Option. Please refer to the relevant PDS for further details on settlement at Maturity.

In addition to the "delivery asset" feature, there are other conditions specified in the DPA contract such as the calculation of performance coupons, fixed coupons, the final unit value, the parties' contractual obligations, and the investment amount.

The Units in DPAs are "Securities" for the purposes of Chapter 7 of the Corporations Act.

Limited Recourse Loan to fund the Units

The Units are funded via a Limited Recourse Loan ("Loan"). In this case, investors in the Units borrow 100% of the Issue Price per Unit from the Issuer as the Lender on the Commencement Date. Please refer to the PDS for further details of the Loan. Investors automatically apply for the Loan when they submit the application form. The Loan is limited in recourse to an investor's interest in the Units. Since the Loan is limited in recourse to an investor's interest in the Units, once an Investor has paid their Prepaid Interest and the Fees as specified in the PDS, even if the Performance Coupon on the Units is insufficient to repay the amount of the Loan, the investor cannot be pursued for anything more (even upon Early Maturity or an early unwind or upon an Issuer Buy- Back). As such, the Investor knows upfront at the time of entering into the Loan their worst-case position and total amount of capital at risk (being Prepaid Interest plus Fees, less Fixed Coupons).

Key risks:

- Your return (in the form of potential Performance Coupons) is affected by the performance of the Shares comprising the Reference Basket.
- Specifically, there needs to be significant Dispersion to generate positive returns.
- Dispersion is complex and future Dispersion is difficult to predict. Investors may incur a loss even if the performance of all the Shares in the Reference Basket is positive during the investment term.
- No Performance Coupons will be payable if the Dispersion is not greater than the Strike and the sum of any Performance Coupons already paid.
- Performance Coupons are subject to movements in the AUD/USD exchange rate;
- Investors must pay the Prepaid Interest to be entitled to receive any Performance Coupons. If Prepaid Interest is not paid on the relevant due date, Investors Units will be terminated, they will not be entitled to any returns or a refund of any Prepaid Interest or Fees paid to date, will have no entitlement to any future Performance Coupons and will have no further exposure to the Units.
- There is no guarantee that the Units will generate returns in excess of the Prepaid Interest and any Fees during the Investment Term.
- Additionally, in the event of an Investor requested Issuer Buy-Back, Early Maturity Event, or if you elect to exercise the Walk Away Option before the Maturity Date, you will not receive a refund of your Prepaid Interest or any Fees nor will you be entitled to any future Performance Coupons.
- Gains (and losses) may be magnified by the use of leverage.
- Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty; and
- the Units may mature early following an Early Maturity Event, including an Adjustment Event, Market Disruption Event or if the Issuer accepts your request for an Issuer Buy-Back.

Please refer to Section 2 "Risks" of the Master PDS for more information.

Appendix

Definitions

Term	Definition
Objective	
Capital Growth	The investor seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The investor seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets (this may include cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The investor seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The investor would likely understand the complexities, conditions and risks that are associated with such products.
Regular Income	The investor seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The investor prefers exposure to income- generating assets (this may include, high dividend-yielding equities, fixed income securities and money market instruments).
Investors Intended Use of the Product – Investment Timeframe of Investor	
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Minimum investment 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.
Investors Intended Use of the Product – Product Use (% of Investible Assets)	
Solution/Standalone (up to 100%)	The investor intends to hold the investment as up to 100% of their total *investible assets* (see definition below). The investor is likely to seek a product with at least very high portfolio diversification.
Major allocation (up to 75%)	The investor intends to hold the investment as up to 75% of their total *investible assets* (see definition below). The investor is likely to seek a product with at least high portfolio diversification.
Core Component (up to 50%)	The investor intends to hold the investment as up to 50% of their total *investible assets* (see definition below). The investor is likely to seek a product with at least Medium portfolio diversification.
Minor allocation (up to 25%)	The investor intends to hold the investment as up to 25% of their total *investible assets* (see definition below). The investor is likely to seek a product with at least low portfolio diversification.
Satellite Allocation	The investor intends to hold the investment as up to 10% of their total *investible assets* (see definition below). The investor may seek a product with very low portfolio diversification. Products classified as extremely high risk are likely to meet this category only.
Investible 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) 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.

Investors Intended Use of the Product - Investors Intended Risk/Return Tradeoff

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 or that a positive return could still be less than an investor requires to meet their investment objectives/needs. It also does not consider all risks such as concentration risk or liquidity risks which are explained in more detail in the product disclosure statement.

An investor's desired product return profile would generally consider the impact of fees, costs and taxes.

Low	For the relevant part of the consumer's portfolio, the consumer: • 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. The consumer typically prefers stable, defensive assets (such as cash).
Medium	For the relevant part of the consumer's portfolio, the consumer: • 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. The consumer typically prefers defensive assets (for example, fixed income).
High	For the relevant part of the consumer's portfolio, the consumer: • 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). The consumer typically prefers growth assets (for example, shares and property).
Very high	For the relevant part of the consumer's portfolio, the consumer: • 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). The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).
Extremely high	For the relevant part of the consumer's portfolio, the consumer: • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). 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).

Investor's need to access capital

This investor 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. The Issuer 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 investor'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 investor (or class of investor). 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 an investor (which may be indicated by the value of the investor'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 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, • 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.