



Stable Connect Limited

Target market determination

Effective 5 October 2021

TMD version 1

This Target Market Determination (TMD) is issued by Stable Connect Limited ABN 13 135 494 647. This TMD applies to the Syndication of Thoroughbred Racehorses as offered by Stable Connect Limited and its Authorised Representatives under AFSL 336964 and within the ASIC Corporations (Horse Schemes) Instrument 2016/790.

Stable Connect Limited operates a business of establishing, promoting and issuing interests in thoroughbred racehorse syndicates, which are a type of “managed investment scheme”. Accordingly, it is the product issuer of interests in its own managed investment scheme(s). An interest in a Stable Connect Limited syndicate is referred to in this TMD as the “product”.

This TMD outlines the target market of consumers for which this product has been designed, having regard to the objectives, financial circumstances and needs of the target market.

This document is not to be treated as a full summary of the terms and conditions under which Stable Connect Limited issues the product, and does not replace any client acceptance of or requirements outlined within the *ASIC Corporations (Horse Schemes) Instrument 2016/790*, Stable Connect Limited’s compliance manual or any Product Disclosure Statements.

Target market class of consumers

The information below summarises the classes of consumers that fall within the target market for the product issued by Stable Connect Limited, based on the product’s key attributes and the objectives, financial situation and needs of the consumer that it has been designed to meet.

The product has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key product attributes).

Product description and key attributes

Syndication of Thoroughbred Racehorses is a product offering of shares in racehorses that are approved by the Lead Regulator (Principal Racing Authorities) and to be operated in accordance with the requirements of *ASIC Corporations (Horse Schemes) Instrument 2016/790*. Upon completion, ownership

in the racehorses is registered with the Racing Authorities (known as RISA). A shareholder owns legal and equitable title to the Thoroughbred in proportion to their shareholding.

Consumers can access shares in a wide range of Thoroughbreds of differing type, sex and age. However, in accordance with *ASIC Corporations (Horse Schemes) Instrument 2016/790*, shares can only be offered to a maximum value of \$500,000 (100%) although the majority of shares on offer are less than \$250,000 (100%).

Shares percentages in racehorses on offer range from 1% to 100% with the normal range being 1% - 10%. In addition, there may not be any more than 50 participants in each syndication scheme in accordance with the requirements of *ASIC Corporations (Horse Schemes) Instrument 2016/790*.

The shareholder will obtain the benefit of the Thoroughbred racing in Australia primarily through a pro rata share of net prize money earned by the Thoroughbred. A shareholder will also receive a pro-rata share of the net proceeds from the sale of the Thoroughbred.

The cost of a share includes all associated agistment, breaking in and other costs, and mortality insurance, for an initial period specified in the relevant Product Disclosure Statement. However, after such specified period, a shareholder is liable for a pro-rata share of all expenses incurred in maintaining and caring for the Thoroughbred, including but not limited to insurance, transport, veterinary, agistment, pre-training and racing expenses, which will be set out in the relevant Syndicate Deed. In addition, the shareholder will need to pay a management fee until the Thoroughbred is either retired from racing or sold.

Class of consumers

<p>This product is designed for consumers whose likely objectives, financial situation and needs include the following key eligibility requirements:</p> <ul style="list-style-type: none"> ✓ Individuals that are over the age of 18; ✓ Wish to invest into financial products (Shares in Thoroughbred Racehorses); ✓ Are prepared to accept risks associated with a highly speculative investment; ✓ Will not need to liquidate or otherwise withdraw their investment at short notice; ✓ Are interested in racing a Thoroughbred but are not able to fund full ownership or wish to diversify their exposure to a number of horses. ✓ Are interested in horseracing and wish to access various race day benefits associated with owning a share in a horse that is competing; ✓ Are in a financial position to lose their investment and fund additional 	<p>This product has not been designed for individuals who:</p> <ul style="list-style-type: none"> ✗ Have a low risk appetite and do not wish to be exposed to risk; ✗ Want quick investment returns and liquidity; ✗ Are unable to risk the initial outlays and ongoing commitments; ✗ Wish to have control or input into the process of selection, management of training and race careers or retirement of the Thoroughbred; ✗ Wish, or may wish, to sell their share in the syndicate; ✗ Wish to settle and manage transactions themselves, including controlling when funds are released; ✗ Who want to participate in the day to day decision making of the product;
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<ul style="list-style-type: none"> ✓ management fees and costs related to maintaining and racing the Thoroughbred; ✓ Are in a position to make a long term investment; ✓ Have accepted that their financial products are being held in trust until the syndication is complete; ✓ Have obtained general advice only from Stable Connect Limited or its' Authorised Representatives but realise that the commercial merits of investing in racehorses should be regarded as being of a speculative nature; ✓ Understand that they can seek additional advice from bloodstock agents, horse trainers, financial planners, lawyers or other experts in respect of the investment in racehorses. 	<ul style="list-style-type: none"> ✗ Wish to only purchase and sell investments which are not offered through the Authorised Representatives; or ✗ Only require advice and dealing in products which are not covered by Stable Connect Limited's AFSL.
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Appropriateness of the product

Horse racing is costly and investment in Thoroughbreds is speculative. The product enables individuals with the financial capacity and an interest in horse racing to access investments in horse racing without needing to manage the maintenance and administration involved with keeping and racing a Thoroughbred, and in a way that enables the customer to share the cost with other shareholders.

Given the specific and speculative nature of the product, and the niche target market, the distribution conditions are necessary to make it more likely that customers who acquire the product are in the target market.

How this product is to be distributed

Distribution channel: This product is designed for, and limited to, distribution by a representative of Stable Connect Limited that is authorised to promote and manage the Syndication of Thoroughbred Racehorses within *ASIC Corporations (Horse Schemes) Instrument 2016/790* and under Stable Connect Limited's AFSL.

We will take reasonable steps to ensure that both Stable Connect and its representatives distribute the financial product to the identified target market.

Distribution conditions and restrictions

This product should only be distributed under the following circumstances:

- The customer has received the Product Disclosure Statement, Syndicate Deed and Financial Services Guide for the horse syndication.

- Distributed by a licensed Authorised Representative of Stable Connect Limited.

Appropriateness of distribution conditions and restrictions

We have assessed the distribution conditions and restrictions and believe that they will ensure that customers who acquire the product(s) are in the target market. We consider that the distribution conditions and restrictions are appropriate and will facilitate distribution to be directed towards the class of customer for whom the product has been designed.

Reporting and monitoring this TMD

We will collect the following information from our Authorised Representatives in relation to this TMD:

Complaints

Authorised Representatives will report all complaints in relation to the product(s) covered by this TMD in accordance with the Complaints policy outlined in the Compliance Manual. This will include written details of the complaints. Authorised representatives will need to report complaints on a quarterly* basis.

Significant dealings

Authorised Representatives will report if they become aware of a significant dealing in relation to this TMD that is inconsistent with the target market or this TMD within 10 business days. This will include written details of the significant inconsistent dealing.

Acquisitions outside of target market

Authorised Representatives will report if they become aware of an acquisition outside of the target market in relation to this TMD on a quarterly* basis.

*Quarterly reporting is due 10 business days after the end of March, June, September and December quarters.

Authorised Representatives must report to Stable Connect Limited using the method specified below:

To the attention of the Compliance Officer; Ms. Ashleigh Carpenter, by email acarpenter@stablefinancial.com.au.

We will also conduct our own monitoring and supervision, including asking for information about dealings in the product.

TMD Reviews

Review periods

We will review this TMD in accordance with the below:

- ***Initial Review*** Within 1 year of the effective date.
- ***Periodic review*** At least every 2-3 years from the initial review.

Review triggers

The review triggers (which reasonably suggest the TMD is no longer appropriate) that may result in an earlier review of the TMD include material changes to the design or distribution of the product(s) including

related documentation, material changes in law or taxation policy that may affect the operation of the product(s). The following will also trigger a review:

- significant number of complaints
- where we have noted any relevant complaint trends
- distribution conditions found to be inadequate
- occurrence of a significant dealing outside the target market or that is otherwise inconsistent with this TMD
- we receive formal notification from the regulator of a significant concern
- where we have detected significant issues with the distribution of the product through the monitoring and supervision of our representatives or our own day-to-day activities.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

Contact

For more information about this TMD, please contact:

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