Target Market Determination
Paragon Fund

Introduction

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of investors identified as the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) and is **not** a complete 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 PDS for the Paragon Fund (**Fund**) before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by visiting the Fund Manager's website at www.paragonim.com.au.

Fund and issuer identifiers

Issuer	Melbourne Securities Corporation Limited (RE)
Issuer ABN	57 160 326 545
Issuer AFSL	428 289
Fund manager	Paragon IM Pty Ltd
TMD contact details	E: client.services@paragonim.com.au T: (03) 9528 2409
Fund name	Paragon Fund (formerly known as Paragon Australian Long Short Fund)
ARSN	161 565 920
APIR Code	PGF0001AU
ISIN Code	AU60PGF00019
TMD issue date	10/7/2026
TMD version	2.0
Distribution status of Fund	Available

Target Market Summary

This product is intended for use as a satellite or minor allocation for an investor who is seeking capital growth and has a very high risk return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of an investor with at least a 5 year investment timeframe, and who is unlikely to need to withdraw their money on less than 3 months' notice.

Description of Target Market

TMD indicator key

The Investor attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology with the following colour coding:

🟢 In target market

🔴 Not considered in target market

Instructions

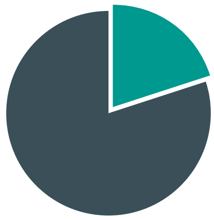
In the tables below, column 1, Investor attributes, indicates a description of the likely objectives, financial situation and needs of the class of investors considering this product. Column 2, TMD indicator, indicates whether an investor meeting the attribute in column 1 is likely to be in the target market for this product.

Appropriateness

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 within the target market, as the features of this product n Column 3 of the table below are likely to be suitable for investors with the attributes identified with a green TMD Indicator in Column 2.

Investment products and diversification

An investor (or class of investor) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of minor allocation). In such circumstances, the product 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 balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a high risk/return profile may be consistent with the investor's objectives for that minor allocation notwithstanding that the risk/return profile of the investor as a whole is medium. In making this assessment, distributors should consider all features of a product (including its key attributes).



The FSC has provided more detailed guidance on how to take this portfolio view for diversification, available on the FSC website.

Investor Attributes	TMD indicator	Product description including key attributes
Investor's investment objective		
Capital growth	🟢	The Fund aims to generate absolute returns in excess of 10% p.a. over a five year investment horizon, maintaining a low correlation with the Australian equities market. The product is suitable for investors seeking capital growth over the long-term. *The investment objective is not intended to be a forecast. It is only an indication of what the Fund aims to achieve over the medium to long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective irrespective of market conditions being stable or volatile. Returns, capital and income are not guaranteed.*
Capital preservation	🔴	
Income distribution	🔴	
Investor's intended product use (% of investable assets)		
Solution/standalone (up to 100%)	🔴	The Fund primarily invests in equities, both long and short with a long-bias, predominantly in the Industrials and Resources sectors, across the full market capitalisation spectrum, and across all markets geographically, but particularly Australia and North America. The Fund may also invest in cash equivalent instruments and exchange traded derivatives, denominated in Australian dollars. Leverage is also adopted to a maximum gross exposure of 200%. The Fund has a Low level of portfolio diversification. The product is suitable as a satellite or minor allocation within an investor's total investable assets, typically up to 25%, for an investor that is comfortable with exposure to a product with Low portfolio diversification for this portion.
Major allocation (up to 75%)	🔴	
Core component (up to 50%)	🔴	
Minor allocation (up to 25%)	🟢	
Satellite allocation (up to 10%)	🟢	
Investor's investment timeframe		
Minimum investment timeframe	5 years	The minimum suggested timeframe for holding investments in this product is 5 years.

Investor Attributes	TMD indicator	Product description including key attributes
Investor's Risk (ability to bear loss) and Return profile		
Low	🔴	The Fund aims to generate absolute returns in excess of 10% p.a. over a five year investment horizon, maintaining a low correlation with the Australian equities market. Given the Fund's significant exposure to the Industrials and Resources sectors, as well as its ability to leverage, short sell and invest across the full market capitalisation spectrum, the Fund is expected to exhibit higher volatility levels compared to the Australian All Ordinaries Accumulation Index. The product is suitable for investors who have a very high risk tolerance and can accept higher potential losses in order to target a higher return profile (as defined below).
Medium	🔴	
High	🔴	
Very high	🟢	
Extremely high	🔴	
Investor's need to access capital		
Within one week of request	🔴	The Fund permits monthly redemptions under ordinary circumstances. The minimum withdrawal is $10,000 and is subject to maintaining a minimum balance of $25,000. Typically, payment of a redemption will be within 14 days from the Withdrawal Date (being the last business day of the month a request is received). However, under the Constitution, the RE may make the withdrawal payment within 21 days of the Units being redeemed. Essentially, this sets expectations for how often and how quickly investors can access their money. A withdrawal request may be denied or delayed due to financial, operational or regulatory requirements. Furthermore, all withdrawals may be suspended in certain exceptional circumstances, such as during times of extreme liquidity constraints or severe market volatility. These measures protect the product's stability and ensures fair treatment of all investors. The product is suitable for investors who are not requiring or expecting to withdraw money on a regular basis.
Within one month of request	🔴	
Within three months of request	🟢	
Within one year of request	🟢	
Within 5 years of request	🟢	
Within 10 years of request	🟢	
10 years or more	🟢	

Distribution conditions/restrictions

Distribution conditions	Distribution condition rationale	Distributors this condition applies to
Direct Distribution: Distributors may only distribute to direct retail clients where the distributor is: • providing personal advice in relation to the product; or • has adequate screening questions in place and is reasonably satisfied the investor is within the target market based on the investor's responses; and • the investor has confirmed receipt of the PDS and TMD prior to investing.	The Issuer considers that the distribution conditions will make it likely that investors who acquire the product will be in the target market for the product, or the product will otherwise be appropriate for them (where the investor has received personal advice).	All distributors excluding Platform Providers
Platform Distribution: Platform Providers may only distribute to retail clients where the investor has received personal advice in relation to the product.	The Issuer considers that a Platform Provider will be able to reasonably assume the investor is within the target market prior to making the product available to them, by restricting access to the product on the platform to investors who receive personal advice.	All Platform Providers

The RE has assessed the distribution conditions, in the context of the distribution channels, and formed the view that the conditions are likely to guide the distribution of interests in the Fund towards the class of investors for whom the Fund has been designed and that it is therefore likely that investors who acquire interests in the Fund will be within the target market.

Where the RE, the Fund Manager or Distributor are aware that there is a reasonable risk that an investor does not meet the target market requirements, appropriate enquiries are made, noting applications can be refused at the RE's direction.

Review triggers

Triggers
• Material change to key attributes, fund investment objective and/or fees. • Material deviation from benchmark/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 affect the product.

Mandatory TMD review periods

Review period	Maximum period for review
Initial review	1 year and 3 months from the date of issue
Subsequent review	At least 1 year and 3 months from each subsequent review

Distributor reporting requirements

Reporting requirement	Reporting period	Which Distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product. The Distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All Distributors
Significant Dealing outside of Target Market, under section 994F(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

If practicable, Distributors should adopt the FSC data standards for reports to the RE. Distributors must report to Melbourne Securities Corporation Ltd using the quarterly compliance report or other method specified by the RE and should send reports to the issuerRE via email to trustee@msc.group.com with the subject line 'DDO Reporting – Paragon Fund'. The RE can also be contacted in relation to this TMD on 1300 798 790.

TMD definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

Term	Definition
Investor's investment 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 (this may include 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 to minimise capital loss. The investor prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income distribution	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).
Investor's intended product use (% of investable assets)	
Solution/standalone (up to 100%)	The investment can constitute as much as 100% of the investor's total investable assets. The investor is likely to seek a product with very high portfolio diversification.
Major allocation (up to 75%)	The investment can constitute up to 75% of the investor's total investable assets. The investor is likely to seek a product with high portfolio diversification.
Core component (up to 50%)	The investment can constitute up to 50% of the investor's total investable assets. The investor is likely to seek a product with at least medium portfolio diversification.
Minor allocation (up to 25%)	The investment can constitute up to 25% of the investor's total investable assets. The investor is likely to seek a product with low portfolio diversification.
Satellite allocation (up to 10%)	The investment can constitute up to 10% of the investor's total investable assets. The investor may seek a product with very low portfolio diversification. Products classified as extremely high risk are likely to only meet this category.
Portfolio diversification (for completing the key product attribute section of the investor'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 (such as a commercial property) or a niche asset class (such as minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (fewer than 25 securities) or a narrow asset class, sector or geographic market (such as 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 (up to 50 securities) in at least one broad asset class, sector or geographic market (such as Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (over 50 securities) in multiple broad asset classes, sectors or geographic markets (such as 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.
Investor's intended investment timeframe	
Minimum	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.

Term	Definition
Investor's risk (ability to bear loss) and return profile	
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 risk categories in the SRM guidance differ from the bands risk categories 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 (including returns under conditions of market stress) or that a positive return could still be less than an investor's requirements to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or may otherwise have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating. An investor's desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	For the relevant part of their portfolio, the investor: • has a conservative or low risk appetite • seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 year of negative return over a 20 year period (SRM 1 to 2)), and • is comfortable with a low target return profile. The investor typically prefers stable, defensive assets (such as cash).
Medium	For the relevant part of their portfolio, the investor: • has a moderate or medium risk appetite • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 years of negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. The investor typically prefers defensive assets (such as fixed income).
High	For the relevant part of their portfolio, the investor: • has a high risk appetite • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 years of negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). The investor typically prefers growth assets (such as shares and property).
Very high	For the relevant part of their portfolio, the investor: • has a very high risk appetite • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 years of negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). The investor typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).
Extremely high	For the relevant part of their portfolio, the investor: • has an extremely high risk appetite • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). The investor 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 (such as crypto-assets or collectibles).

Term	Definition
Access to capital	
Investor's need to access capital	The likely period of time between making a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of these proceeds under ordinary circumstances. Specifically, issuers should consider: • the frequency for accepting the request and the length of time to accept, process and distribute the proceeds • the potential impact of the underlying investments' liquidity or any possible constraints on accessing funds (such as the ability to delay or stagger redemptions) • where a product is held on investment platforms, the length of time platforms take to process requests for redemption for underlying investments, and • where access to investment proceeds is likely to occur through a secondary market, the liquidity of the market for the product and likely realisable value on market, including in times of market stress.
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 investor). 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 investor's intended product use is solution/standalone • the investor's intended product use is core component or higher and the investor's risk/return profile is low, or • the relevant product has a green rating for investors seeking extremely high risk/return.