

Target Market Determination - Lazard Emerging Markets Total Return Debt Fund

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This Target Market Determination (“**TMD**”) is issued by Lazard Asset Management Pacific Co. ABN 13 064 523 619 AFSL 238 432 (“**Issuer**”). Issuer is the responsible entity and issuer of units in the managed investment scheme referred to in this TMD. The TMD provides general information only and does not take into account an investors individual objectives, financial situation, needs or circumstances. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.

Introduction

This TMD is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises 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 and understand the PDS for the Lazard Emerging Markets Total Return Debt 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 document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting us on 1800 825 287 or via our website at:

https://www.lazardassetmanagement.com/au/en_us/funds/mutual-funds/lazard-emerging-markets-total-return-debt-fund/f418/s131/?shareClass=821

Target Market Summary

This product is intended for use as a Satellite allocation for a consumer who is seeking Capital Growth and has a High or Very high Risk and Return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a 5 years or longer investment and who in ordinary circumstances expects to have their withdrawal proceeds within 7 business days.

Fund and Issuer identifiers

Issuer	Lazard Asset Management Pacific Co.
Issuer ABN	13 064 523 619
Issuer AFSL	238432
TMD contact details	investorqueries@lazard.com
Fund name	Lazard Emerging Markets Total Return Debt Fund
ARSN	162 470 046
APIR Code	LAZ0023AU

ISIN Code	AU60LAZ00233
TMD issue date	16 October 2024
TMD Version	5
Distribution status of fund	Available

Description of Target Market

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:

In target market	Not in target market
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Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer 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 consumers in the target market, as the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2 of the below table.

Investment products and diversification

A consumer (or class of consumer) 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 consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer 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 consumer's objectives for that *minor allocation* notwithstanding that the Risk/Return profile of the consumer 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](#).

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
1. Consumer’s investment objective		
Capital Growth	In target market	The Fund seeks to provide a risk-adjusted total return from income and capital growth. It is benchmark unaware and has the ability to invest across the emerging market debt universe.
Capital Preservation	Not in target market	
Income Distribution	Not in target market	Lazard Asset Management LLC (“ LAM ”) considers emerging markets to be countries not included in the MSCI World Index (“ the benchmark ”). Issuance by companies not domiciled in emerging markets, but that have a significant portion of their net assets in and/or derive a significant proportion of their sales from, emerging markets may be included. Investment in frontier markets may also be included. The anticipated level of the Fund’s leverage will be 250% of the Fund’s net asset value. In normal circumstances the typical indicative leverage level is 140% of the Fund’s net asset value. In this context, leverage is a measure of the aggregate derivative usage and is calculated as the sum of the notional exposure of the derivative instruments used.

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
Term	Definition	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer seeks exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.	
Capital Preservation	The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer seeks 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 consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer seeks exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).	
2. Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (up to 100%)	Not in target market	The Fund will seek to achieve its investment objective and produce investment returns by pursuing a core debt strategy, with an emerging market focus, by gaining exposure to a diversified portfolio comprised primarily of: <ul style="list-style-type: none"> • bonds and other debt securities, which are issued by emerging market companies or which are issued by governments, government agencies or supranational bodies of emerging market countries, or which are denominated in emerging market currencies or backed by emerging market debt. These debt securities may have a fixed or floating interest rate and may be investment grade (i.e. rated BBB or above by a ratings agency), non-investment grade (rated below BBB) or unrated, and/or • derivatives including but not limited to: <ul style="list-style-type: none"> – credit default swaps; – futures; – forwards; – interest rate swaps; – options on foreign exchange;
Major allocation (up to 75%)	Not in target market	
Core component (up to 50%)	Not in target market	
Minor allocation (up to 25%)	Not in target market	
Satellite allocation (up to 10%)	In target market	

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
		<ul style="list-style-type: none"> – swaptions; and • Cash and Cash Equivalents <p>At times a significant portion of the assets of the Fund may be held in Cash and Cash Equivalents. This may be due to the Fund’s use of derivatives and/or because LAM considers it appropriate to do so.</p>
Term	Definition	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.	
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.	
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.	
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.	
Satellite allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with at least <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to only meet this category.	
<i>Investable Assets</i>	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).	

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
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 <u>and</u> geographic markets with limited correlation to each other.
3. Consumer's investment timeframe		
Minimum investment timeframe	5 years or longer	The minimum suggested timeframe for holding the investment in the Fund is at least 5 years.
Term		
Minimum	Definition 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.	
4. Consumer's Risk (ability to bear loss) and Return profile		
Low	Not in target market	Standard Risk Measure of High (6).
Medium	Not in target market	
High	In target market	In consideration of appropriate risk factors, this product is likely to be suitable for a consumer who has a High and/or Very high Risk (ability to bear loss) and Return profile.
Very high	In target market	

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
Extremely high	Not in target market	
Term	Definition	
<p>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 <u><i>Standard Risk Measure Guidance Paper For Trustees</i></u> (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 (including under conditions of market stress) or that a positive return could still be less than a consumer requires 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 otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer’s desired product return profile would generally take into account the impact of fees, costs and taxes.</p>		
Low	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • 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. <p>The consumer typically prefers stable, defensive assets (for example, cash).</p>	
Medium	<p>For the relevant part of the consumer’s portfolio, the consumer:</p> <ul style="list-style-type: none"> • 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. <p>The consumer typically prefers defensive assets (for example, fixed income).</p>	

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
High		For the relevant part of the consumer’s portfolio, the consumer: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 (for example, high conviction portfolios, hedge funds, and alternative investments).
Extremely high		For the relevant part of the consumer’s portfolio, the consumer: <ul style="list-style-type: none"> • 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).
5. Consumer’s need to access capital		
Within 7 business days of request	In target market	Investors have timely access to their investment and are normally provided with daily Fund valuations (daily unit prices). In normal circumstances, valid withdrawal requests will be satisfied within 6 business days from the date of receipt of the request. The receipt of requests for large cash withdrawals

Consumer Attributes (Column 1) <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator (Column 2)	Product description including key attributes (Column 3)
		and/or multiple withdrawal requests on the same day or with the same valuation date or where the withdrawal price is unable to be calculated or there is a freeze on withdrawals, are examples of but do not limit, the circumstances, that are not “normal circumstances”. The withdrawal period for all or part of the withdrawal, could be extended in certain circumstances, to 30 business days from the date of receipt of the request.
Consumer’s need to access capital		
<p>This consumer 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. Issuers 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 consumer’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.</p>		

Distribution conditions/restrictions

Distribution conditions	Distribution condition rationale	Distributors this condition applies to
Issuers and distributors can only distribute this product if the consumer has received personal advice (as defined under Section 766B(3) of the <i>Corporations Act 2001</i>) from a financial adviser in relation to the particular product.	Aim to ensure that the product is suitable for the consumer.	All distributors and Issuer
If personal advice is not given, this product is only available to wholesale investors within the meaning of Section 761G of the <i>Corporations Act 2001</i> .	If the investor is a wholesale investor the TMD is not applicable.	All distributors and Issuer

Distribution conditions	Distribution condition rationale	Distributors this condition applies to
<p>Distributor must only use Issuer-approved promotional material in full, with no modifications or adaptations.</p> <p>Distributor must obtain prior approval from Issuer for promotional material including advertising.</p>	Aim to ensure that the marketing material aligns with the TMD and would not make it likely for consumers outside a target market to invest in the Fund.	All distributors
Marketing material needs to be consistent with target market and approved in accordance with the Issuer's internal approval process.	Aim to ensure that the marketing material aligns with the TMD and would not make it likely for consumers outside a target market to invest in the Fund.	Issuer
For a consumer to access the product directly, they must confirm that they have read and understood the product's PDS.	Aim to ensure that the consumer understands the product, and its target market which is referred to in the PDS, when investing in the Fund.	All distributors and Issuer
The Issuer's retail distribution team is trained in DDO.	Part of the Issuer's reasonable steps obligations	Issuer

Review triggers

Material change to key attributes, fund investment objective and/or fees.
Material deviation from the stated 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 affects the product.

Mandatory TMD review periods

Review period	Maximum period for review
Initial review	NA – initial review has already occurred.
Subsequent review	Maximum period for review is every 1 year and 3 months.

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 issuer. Distributors must report to Lazard Asset Management Pacific Co., by emailing DDOReporting@lazard.com. For further details regarding this TMD and any other queries, please email investorqueries@lazard.com or phone us on 1800 825 287.

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 consumer (or class of consumer).

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 a consumer (which may be indicated by the value of the consumer'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.