

Lazard Emerging Markets Total Return Debt Fund

ARSN 162 470 046

Financial Report

For the year ended 30 June 2024

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Contents	Page
Directors' report	2
Auditor's independence declaration	6
Independent Auditor's report	7
Directors' declaration	10
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	16

Directors' report

The directors of Lazard Asset Management Pacific Co. (the "Responsible Entity"), as responsible entity for the Lazard Emerging Markets Total Return Debt Fund (the "Scheme") submit herewith their report together with the annual financial statements of the Scheme for the financial year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

Directors

The names of the directors of the Responsible Entity during or since the end of the year and up to the date of issuance of this financial report are:

Evan Russo
Nicholas Bratt
Robert Osborn
John Reinsberg (resigned effective 31 July 2024)
Nathan Paul
Paul Cuddy

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The principal activity of the Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution.

The Scheme is benchmark unaware and has the ability to invest across the emerging market debt universe. Lazard Asset Management LLC considers emerging markets to be countries not included in the MSCI World Index. 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.

There have been no significant changes in the activities of the Scheme during the year.

The Scheme did not have any employees during the year.

Service Providers

Responsible Entity - Lazard Asset Management Pacific Co.

Custodian, Registry Provider, and Administrator - State Street Australia Limited

Auditor - Deloitte Touche Tohmatsu

Review of operations

Results

The results of operations of the Scheme are disclosed in the statement of profit or loss and other comprehensive income. The operating profit attributable to unitholders for the financial year ended 30 June 2024 was \$185,568 (30 June 2023: \$2,414,504).

Distributions

The directors of the Responsible Entity report distribution paid or payable. During the year ended 30 June 2024 and 30 June 2023, there were no distributions paid and payable.

Directors' report (continued)

Performance

Investment objective

The investment objective of the Scheme is to provide investors with 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.

The Scheme seeks 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 bonds and other debt securities and/or derivatives.

	2024 %	2023 %	2022 %	2021 %	2020 %
Return to 30 June					
Total Return	1.62	6.38	(19.64)	9.68	7.62

Commentary

Over the financial year to 30 June 2024, the Scheme returned 1.62%¹, compared to a 3.08%² return for the broader asset class (measured in Australian dollar terms). Sovereign credit, corporate credit and local rates positions were the main contributors to absolute returns during the period, with gains partly offset by local currency exposure. In sovereign credit, the Scheme benefitted from a focus on borderline investment grade credits, which offered attractive opportunities to harvest near-record levels of carry with limited credit risk. The Scheme's roughly 15% corporate credit allocation with an emphasis on defensive credits that offered attractive carry relative to fundamentals also contributed meaningfully to absolute returns. In local rates, long duration positions in countries such as Mexico, Brazil, and South Africa that offered real yields substantially above potential growth levels also contributed. These gains were partly offset by long local currency exposure, which detracted as broad US dollar strength weighed on emerging markets currencies. Within this allocation, exposure to select high yielders (e.g., Brazilian real, Mexican peso) and Asian currencies (e.g., Indonesian rupiah) were notable detractors. To a lesser extent, hedges implemented through credit default swaps (CDX) detracted amid the strong performance of emerging markets credit spreads. While emerging markets debt has faced recent headwinds amid continued US economic exceptionalism, we expect the global economic environment to turn more supportive as US real yields appear to have repriced and growth differentials are increasing in favour of some emerging markets. Importantly, we expect dispersion to remain heightened as regional variations are likely to create differentiation and select opportunities.

While emerging markets debt has faced recent headwinds amid continued US economic exceptionalism, we expect the global economic environment to turn more supportive as US real yields appear to have repriced and growth differentials are increasing in favour of some emerging markets. Importantly, we expect dispersion to remain heightened as regional variations are likely to create differentiation and select opportunities.

¹ Performance is calculated gross of fees and taxes. Past performance may not be indicative of future results. The performance assumes reinvestment of all distributions if applicable.

² Emerging markets debt performance is represented by the 50% JP Morgan EMBI Global Diversified Hedged/ 50% JP Morgan GBI-EM Global Diversified Hedged blended index.

Changes in state of affairs

During the financial year, Lazard Asset Management Pacific Co. was part of an internal restructure, resulting in changes to its share capital. As a result of this restructure, on 1 November 2023, Lazard Asset Management LLC (LAM LLC), the Company's previous shareholder, contributed all the shares in the Company to Lazard Australia Holdings Pty Ltd (LAH) in exchange for a new issue of shares in LAH. Furthermore, on 1 November 2023, LAH contributed all the shares in the Company to LAMP Administration Pty Ltd (LAMP A) in exchange for a new issue of shares in LAMP A.

During the financial year there were no other significant changes in the state of affairs of the Scheme other than that referred to in the financial statements or notes thereto.

Directors' report (continued)

Subsequent events

No significant events have occurred since the end of the year which would impact on the financial position of the Scheme as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Scheme for the year ended on that date.

Future developments

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnity of officers of the Responsible Entity and auditors

During the financial year, a related party of the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity and all executive officers of the Responsible Entity against a liability incurred by such a director or executive officer to the extent permitted by the Corporations Act 2001.

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity against a liability incurred as such an officer or auditor.

Scheme information in the Directors' report

Fees paid to the Responsible Entity and its related entities¹ out of Scheme property during the year are disclosed in Note 15 to the financial statements. Note 16 to the financial statements discloses details of the indirect cost ratio.

The number of units in the Scheme held by the Responsible Entity or its related entities¹ as at the end of the year are disclosed in Note 20 to the financial statements.

The number of interests in the Scheme issued during the year, withdrawals from the Scheme during the year and the number of interests in the Scheme at the end of the year are disclosed in Note 10 to the financial statements.

The value of the Scheme's assets as at the end of the year is disclosed in the statement of financial position as "Total Assets" and the basis of valuation is included in Note 2 to the financial statements.

¹ Related entities include directors and secretaries of the Responsible Entity, related body corporates and directors and secretaries of related body corporates.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest dollar

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 6.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'R Osborn', with a long horizontal line extending to the right.

Robert Osborn
Director

Sydney
25 September 2024

25 September 2024

The Board of Directors
Lazard Asset Management Pacific Co.
Level 12, Gateway
1 Macquarie Place
Sydney NSW 2000

Dear Directors,

Auditor's Independence Declaration to Lazard Emerging Markets Total Return Debt Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Lazard Asset Management Pacific Co., as Responsible Entity for the Lazard Emerging Markets Total Return Debt Fund.

As lead audit partner for the audit of the financial report of Lazard Emerging Markets Total Return Debt Fund for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Nicholas Rozario
Partner
Chartered Accountants

Independent Auditor's Report to the Unitholders of Lazard Emerging Markets Total Return Debt Fund

Opinion

We have audited the financial report of Lazard Emerging Markets Total Return Debt Fund (the "Fund") which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Company, would be in the same terms if given to the directors of the Responsible Entity as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The directors of the Responsible Entity are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund in accordance with Australian Accounting Standards and
- For such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- Conclude on the appropriateness of the directors of the Responsible Entity use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Nicholas Rozario

Partner

Chartered Accountants

Sydney, 25 September 2024

Directors' declaration

The financial statements and notes thereto of the Lazard Emerging Markets Total Return Debt Fund (the "Scheme") for the year ended 30 June 2024 have been prepared by Lazard Asset Management Pacific Co. (the "Responsible Entity") in accordance with the *Corporations Act 2001*.

The directors of the Responsible Entity declare that, in the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 40 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001*;
 - (ii) complying with International Financial Reporting Standards as stated in Note 2 to the financial statements; and
 - (iii) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance for the year ended on that date.
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Robert Osborn
Director

Sydney
25 September 2024

Statement of profit or loss and other comprehensive income

	Notes	Year ended	
		30 June 2024	30 June 2023
		\$	\$
Investment income			
Interest income		3,294,808	2,542,147
Net (losses)/gains on financial instruments at fair value through profit or loss	6	(2,365,194)	384,536
Net foreign exchange (losses)/gains at fair value through profit or loss		(96,721)	24,167
Other operating income		<u>4,994</u>	<u>49,826</u>
Total investment income		<u>837,887</u>	<u>3,000,676</u>
Expenses			
Management costs	15	487,321	444,852
Interest expense		124,953	116,366
Trustee fees		19,841	-
Transaction costs		791	1,291
Withholding taxes		17,665	8,480
Other operating expenses		<u>1,748</u>	<u>15,183</u>
Total expenses		<u>652,319</u>	<u>586,172</u>
Operating profit before finance costs attributable to unitholders		<u>185,568</u>	<u>2,414,504</u>
Profit for the year		<u>185,568</u>	<u>2,414,504</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>185,568</u>	<u>2,414,504</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
		30 June 2024	30 June 2023
	Notes	\$	\$
Assets			
Cash and cash equivalents		5,203,530	4,825,399
Margin accounts		1,129,288	744,731
Due from brokers - receivable for securities sold		-	1,415,027
Financial assets at fair value through profit or loss	7	53,225,613	57,247,420
Receivables	18	<u>1,073,355</u>	<u>772,441</u>
Total assets		<u>60,631,786</u>	<u>65,005,018</u>
Liabilities			
Due to brokers - payable for securities purchased		545,982	-
Payables for margin accounts		171,860	581,833
Payables	19	261,600	147,325
Financial liabilities at fair value through profit or loss	8	<u>236,975</u>	<u>1,202,763</u>
Total liabilities		<u>1,216,417</u>	<u>1,931,921</u>
Net assets attributable to unitholders - equity		<u>59,415,369</u>	<u>63,073,097</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	Year ended	
		30 June 2024	30 June 2023
		\$	\$
Total equity at the beginning of the year		63,073,097	65,812,040
Comprehensive income for the year			
Profit for the year		<u>185,568</u>	<u>2,414,504</u>
Total comprehensive income for the year		<u>185,568</u>	<u>2,414,504</u>
Transactions with unitholders			
Applications		10,016,019	17,303,773
Redemptions		(13,859,315)	(23,198,120)
Units issued upon reinvestment of distributions		<u>-</u>	<u>740,900</u>
Total transactions with unitholders		<u>(3,843,296)</u>	<u>(5,153,447)</u>
Total equity at the end of the year		<u>59,415,369</u>	<u>63,073,097</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss*		84,421,537	141,034,810
Purchase of financial instruments at fair value through profit or loss*		(81,631,476)	(149,224,222)
Interest received		2,854,857	2,408,066
Interest paid		(124,953)	(116,366)
Amount (paid to)/received from brokers for margin		(794,530)	6,082,562
Other income received		38,645	252,988
Management costs paid		(508,993)	(450,797)
Payment of other expenses		<u>(21,035)</u>	<u>(13,618)</u>
Net cash inflow/(outflow) from operating activities*	14(a)	<u>4,234,052</u>	<u>(26,577)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		10,016,705	17,303,087
Payments for redemptions by unitholders		(13,741,587)	(23,167,447)
Distributions paid		<u>-</u>	<u>(1,813,467)</u>
Net cash (outflow) from financing activities		<u>(3,724,882)</u>	<u>(7,677,827)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		4,825,399	12,706,242
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>(131,039)</u>	<u>(176,439)</u>
Cash and cash equivalents at the end of the year	14(b)	<u>5,203,530</u>	<u>4,825,399</u>
Non-cash operating and financing activities	14(c)	<u>-</u>	<u>740,900</u>

* The comparatives have been presented to align with the changes adopted for current year. Refer to note 2.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

	Page	
1	General Information	16
2	Material accounting policy information	16
3	Financial risk management	22
4	Offsetting financial assets and financial liabilities	28
5	Fair value measurement	29
6	Net (losses)/gains on financial instruments at fair value through profit or loss	31
7	Financial assets at fair value through profit or loss	32
8	Financial liabilities at fair value through profit or loss	32
9	Derivative financial instruments	33
10	Net Assets attributable to unitholders	34
11	Distribution to unitholders	35
12	Realised capital gains/losses	36
13	Unrealised taxable capital gains/losses	36
14	Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities	36
15	Management costs	37
16	Indirect Cost Ratio (ICR)	37
17	Auditor's remuneration	37
18	Receivables	38
19	Payables	38
20	Related party disclosure	38
21	Events occurring after the reporting period	39
22	Contingent assets and liabilities and commitments	40

1 General Information

These financial statements cover the Lazard Emerging Markets Total Return Debt Fund (the “Scheme”) as an individual entity.

The Responsible Entity of the Scheme is Lazard Asset Management Pacific Co. (ABN 13 064 523 619) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 12, Gateway, 1 Macquarie Place, Sydney, NSW 2000.

The principal activity of the Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution.

The annual financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the annual financial statements.

2 Material accounting policy information

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Statement of compliance and basis of preparation

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law. For the purposes of preparing financial statements the Scheme is a for-profit entity.

The financial statements were authorised for issue by the directors on 25 September 2024.

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise noted.

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the result of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The statement of financial position is presented on a liquidity basis.

Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Scheme manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

2 Material accounting policy information (continued)

(a) Statement of compliance and basis of preparation (continued)

Compliance with International Financial Reporting Standards (“IFRS”)

The financial statements of the Scheme also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations adopted by the Scheme

The Scheme has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

Set out below are the new and revised Standards and amendments thereof effective for the current year that are relevant to the Scheme:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.*

The application of the amendments did not have a material impact on the Scheme's financial statements but has changed the disclosure of accounting policy information in the financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(d) Financial Instruments

(i) Classification

Financial Assets at Fair Value Through Profit or Loss

The Scheme classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Scheme's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Responsible Entity evaluates the information about these financial assets on a fair value basis together with other related financial information. The portfolio is neither held to collect contractual cash flows nor held to both collect contractual cash flows and to sell the financial assets. The collection of contractual cash flows is incidental to achieving the business model's objective. Consequently, the portfolio of financial assets must be measured at fair value through profit or loss.

The Scheme's portfolio consists of listed debt securities and derivative financial instruments such as futures, options, foreign currency contracts and swaps. The contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For other receivables and payables, including amounts due to/from brokers, these balances are classified at amortised cost as they are deemed to be held in a business model with the objective to collect contractual cash flows through to maturity, and whose terms meet the SPPI criterion by virtue of the fact that payments pertain to only principal and/or simple interest.

Financial Liabilities at Fair Value Through Profit or Loss

All financial liabilities are classified at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

2 Material accounting policy information (continued)

(d) Financial Instruments (continued)

(i) Classification (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Scheme manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

(ii) Recognition / derecognition

The Scheme recognises financial assets and financial liabilities in the statement of financial position on the date it becomes party to the contractual agreement (trade date) of the instrument.

Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Scheme has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the Scheme's obligations are discharged, cancelled or expired.

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'Net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair values of financial assets and liabilities are determined are disclosed in Note 5.

Subsequent to initial recognition, financial assets and liabilities measured at amortised cost are recorded at amortised cost using the effective interest rate method and are presented net of provisions for impairment.

(iv) Impairment

All financial assets which are not measured at FVTPL are assessed for impairment at each reporting date using a forward looking approach by identifying expected credit losses (ECL). Expected credit losses are defined as the difference between the contractual cash flows that are due in accordance with the contract and the cash flows that the Scheme expects to receive, discounted at the original effective interest rate.

For receivables, due from brokers, margin accounts and applications receivable, impairment provisions are recognised based on the simplified approach within AASB 9 using the lifetime expected credit losses. The Scheme has established a provision matrix that is based on the Scheme's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There was no provision raised as at 30 June 2024 (2023: nil).

(e) Offsetting financial instruments

Financial assets and liabilities related to derivatives are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 4 to the financial statements for further information.

2 Material accounting policy information (continued)

(f) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme's net asset value attributable to the unitholders. The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Scheme. This amount represents the expected cash flows on redemption of these units.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Scheme classifies the net assets attributable to unitholders as equity as they satisfy the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

(h) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker against existing margin calls and is restricted to only be available to meet margin calls. It is not included as a component of cash and cash equivalents as it is only used to settle swaps trades therefore does not meet the definition of a cash and cash equivalent.

(i) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Distribution and dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income within distribution and dividend income when the Scheme's right to receive payments is established. Any related foreign withholding tax is recorded as an expense.

(j) Expenses

All expenses, including management costs, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

(k) Income tax

The Scheme was a "flow-through" entity for Australian income tax purposes and elected into the Attribution Managed Investment Trusts rules from the 2021 income year, such that the determined trust components of the Scheme will be taxable in the hands of the beneficiaries (the unitholders) on an attribution basis.

2 Material accounting policy information (continued)

(k) Income tax (continued)

Accordingly, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains/losses which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements.

Realised capital losses are not attributed to unitholders but instead are retained within the Scheme to be offset against realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income attributed to unitholders as noted above.

(l) Distributions

In accordance with the Scheme's Constitution, the Scheme attributes its taxable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Distributions are recognised in the statement of changes in equity as distributions paid and payable.

(m) Increase/decrease in net assets attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of changes in equity for the current year ended 30 June 2024.

Non-distributable income may consist of unrealised changes in the fair value of financial instruments at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to liabilities attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(n) Foreign currency translation

(i) Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of profit or loss and other comprehensive income on a net basis within net gain/(losses) on financial instruments at fair value through profit or loss.

(o) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. The amounts due from brokers balance is held for collection and consequently measured at amortised cost.

2 Material accounting policy information (continued)

(o) Due from/to brokers (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(p) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(q) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the end of each reporting date is recognised separately on the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June 2024 under the Scheme's Constitution.

(r) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit application and redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue adjusted for the buy/sell spread.

2 Material accounting policy information (continued)

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expenses; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) Rounding of amounts

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(u) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, cash flows related to the purchase and sale of financial instruments have been reclassified from investing activities to operating activities to more appropriately reflect the nature of the Scheme's operations and to better align with current industry practice.

3 Financial risk management

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management programme focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed.

Financial risk management is carried out by the investment management department under policies approved by the Board of Directors of the Responsible Entity (the Board). The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risks and ratings analysis for credit risk.

(a) Market risk

(i) Price risk

The Scheme is exposed to debt securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. They are classified on the statement of financial position at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The investment manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The table on page 24 summarise the sensitivities of the Scheme's assets and liabilities to price risk. The analysis is based on the assumption that the fair value of the unlisted unit trusts in which the Scheme invests moved by +/-10% (2023: +/-10%).

(ii) Foreign exchange risk

The Scheme holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The following table details the Scheme's international investment (including cash and cash equivalents) in Australian dollar equivalents from the top two currency exposures and the amounts, that are hedged using foreign currency contracts not designated in hedge accounting relationships as at reporting date:

	30 June 2024		30 June 2023	
	USD	MXN	USD	BRL
	A\$	A\$	A\$	A\$
Gross investments amounts denominated in foreign currency	40,565,335	4,331,592	38,027,492	7,859,352
Amount hedged	<u>(56,838,502)</u>	<u>(2,248,649)</u>	<u>(59,865,215)</u>	<u>(4,906,572)</u>
Net exposure to foreign currency	<u>(16,273,167)</u>	<u>2,082,943</u>	<u>(21,837,723)</u>	<u>2,952,780</u>

The table on page 25 summarises the sensitivities of the Scheme's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the foreign currency weakened/strengthened by 10% (2023: 10%) against the Australian Dollar.

(iii) Interest rate risk

The Scheme's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. This risk is usually measured by way of sensitivity analysis.

The impact of changes in interest rates will not have a material effect on the financial position or cash flows of the Scheme due to the cash balance being on average a small percentage of the Scheme's assets. Accordingly no sensitivity analysis has been prepared for interest rate risk.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Scheme's exposure to interest rate risks.

30 June 2024	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
Assets				
Cash and cash equivalents	5,203,530	-	-	5,203,530
Margin Accounts	1,129,288	-	-	1,129,288
Financial assets at fair value through profit or loss	4,346,790	47,411,394	1,467,429	53,225,613
Receivables	-	-	1,073,355	1,073,355
Total assets	10,679,608	47,411,394	2,540,784	60,631,786
Liabilities				
Payables for margin accounts	171,860	-	-	171,860
Due to brokers - payable for securities purchased	-	-	545,982	545,982
Financial liabilities at fair value through profit or loss	-	-	236,975	236,975
Payables	-	-	261,600	261,600
Total liabilities	171,860	-	1,044,557	1,216,417
Net assets attributable to unitholders	10,507,748	47,411,394	1,496,227	59,415,369
30 June 2023	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
Assets				
Cash and cash equivalents	4,825,399	-	-	4,825,399
Margin Accounts	744,731	-	-	744,731
Due from brokers - receivable for securities sold	-	-	1,415,027	1,415,027
Financial assets at fair value through profit or loss	2,551,720	53,945,481	750,219	57,247,420
Receivables	-	-	772,441	772,441
Total assets	8,121,850	53,945,481	2,937,687	65,005,018
Liabilities				
Payables for margin accounts	581,833	-	-	581,833
Financial liabilities at fair value through profit or loss	-	111,529	1,091,234	1,202,763
Payables	-	-	147,325	147,325
Total liabilities	581,833	111,529	1,238,559	1,931,921
Net assets attributable to unitholders	7,540,017	53,833,952	1,699,128	63,073,097

An analysis of financial liabilities by maturity is provided in paragraph 3(d).

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to foreign exchange risk and price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Scheme's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests through the unlisted unit trusts. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables. A 10% change in foreign exchange risk and price risk is used as the sensitivity rate for these variables.

	Price risk	
	Impact on operating profit/Net assets attributable to unitholders	
	-10%	+10%
	\$	\$
30 June 2024	(5,941,537)	5,941,537
30 June 2023	(6,307,310)	6,307,310

Currency	Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders					
	30 June 2024		Year ended 30 June 2024		30 June 2023	
\$	Sensitivity factor +/-	Percentage of total foreign exposure	\$	Sensitivity factor +/-	Percentage of total foreign exposure	\$
USD	3,963,050	10%	68.53%	3,782,105	10%	61.78%
MXN	418,163	10%	7.23%	488,007	10%	7.97%
BRL	387,374	10%	6.70%	805,269	10%	13.15%
ZAR	304,119	10%	5.26%	310,136	10%	5.07%
IDR	281,248	10%	4.86%	297,965	10%	4.87%
COP	124,110	10%	2.15%	88,223	10%	1.44%
PEN	70,899	10%	1.23%	187,772	10%	3.07%
INR	57,181	10%	0.99%	-	10%	-
EGP	42,529	10%	0.73%	-	10%	-
UYU	40,178	10%	0.69%	71,903	10%	1.17%
PLN	30,022	10%	0.52%	-	10%	-
HUF	27,880	10%	0.48%	-	10%	-
CLP	14,658	10%	0.25%	-	10%	-
EUR	11,940	10%	0.21%	12,104	10%	0.20%
TRY	9,754	10%	0.17%	-	10%	-
MYR	-	10%	-	78,361	10%	1.28%
Total	5,783,105		100.00%	6,121,845		100.00%

The above sensitivity analysis was calculated based off the gross investment amounts and do not include any derivatives used for hedging purposes.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

(c) Credit risk

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due.

Credit risk is the risk that counterparty will fail to meet its obligations resulting in a financial loss to the Scheme. The Scheme's maximum exposure to credit risk is equal to the fair value of its financial assets.

In the opinion of the Responsible Entity, the carrying amount of these financial assets represents the maximum credit risk exposure at the end of the reporting period.

(d) Liquidity risk

Liquidity risk is the risk that the Scheme may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Exposure to liquidity risk for the Scheme may arise from the requirement to meet daily cash redemptions of redeemable units.

The Scheme's policy is to hold 100% of the net assets attributable to unitholders in liquid investments.

(i) Maturities of non-derivative financial liabilities

The table below analyses the Scheme's non-derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the end of reporting date. The amounts in the table are contractual undiscounted cash flows.

At 30 June 2024	At call	Less than 1 month	1-6 months	6-12 months	Total
	\$	\$	\$	\$	\$
Payable for margin accounts	-	171,860	-	-	171,860
Payables	-	261,600	-	-	261,600
Due to brokers - payable for securities purchased	-	545,982	-	-	545,982
Total liabilities	-	979,442	-	-	979,442

At 30 June 2023	At call	Less than 1 month	1-6 months	6-12 months	Total
	\$	\$	\$	\$	\$
Payable for margin accounts	-	581,833	-	-	581,833
Payables	-	147,325	-	-	147,325
Total liabilities	-	729,158	-	-	729,158

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Scheme's net settled derivative financial instruments based on their contractual maturity. The Scheme may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
At 30 June 2024	\$	\$	\$	\$	\$	\$
Net settled derivatives						
Futures contracts	-	421	-	-	-	421
Options	-	24,676	25,610	-	-	50,286
Foreign currency contracts	944,744	61,776	-	-	-	1,006,520
Swaps	-	-	-	173,648	-	173,648
	<u>944,744</u>	<u>86,873</u>	<u>25,610</u>	<u>173,648</u>	<u>-</u>	<u>1,230,875</u>

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
At 30 June 2023	\$	\$	\$	\$	\$	\$
Net settled derivatives						
Futures contracts	-	(111,529)	-	-	-	(111,529)
Options	-	3,951	33,236	-	-	37,187
Foreign currency contracts	(612,935)	(327,407)	-	-	-	(940,342)
Swaps	-	-	-	562,140	-	562,140
	<u>(612,935)</u>	<u>(434,985)</u>	<u>33,236</u>	<u>562,140</u>	<u>-</u>	<u>(452,544)</u>

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities related to spot derivatives (part of foreign currency contracts) are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

Financial assets	Effects of offsetting on the statement of financial position			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	\$	\$	\$	\$	\$	\$
2024						
Derivative financial instruments (i)	1,467,850	-	1,467,850	(216,345)	(171,860)	1,079,645
Total	1,467,850	-	1,467,850	(216,345)	(171,860)	1,079,645
2023						
Derivative financial instruments (i)	751,109	(890)	750,219	(150,893)	(562,140)	37,186
Total	751,109	(890)	750,219	(150,893)	(562,140)	37,186
Financial liabilities						
	Gross amounts of financial liabilities	Gross amounts set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	\$	\$	\$	\$	\$	\$
2024						
Derivative financial instruments (i)	236,975	-	236,975	(216,345)	-	20,630
Total	236,975	-	236,975	(216,345)	-	20,630
2023						
Derivative financial instruments (i)	1,203,653	(890)	1,202,763	(150,893)	(111,529)	940,341
Total	1,203,653	(890)	1,202,763	(150,893)	(111,529)	940,341

4 Offsetting financial assets and financial liabilities (continued)

(i) Master netting arrangement – not currently enforced

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As at 30 June 2024, the aforementioned credit events have not occurred. As a result, these amounts have not been offset in the statement of financial position, but have been presented separately in the above table.

5 Fair value measurement

The Scheme measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL) (see Note 7)
- Financial liabilities at fair value through profit or loss (FVTPL) (see Note 8)
- Derivative financial instruments (see Note 9)

The Scheme has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The Scheme utilises last traded prices for its financial assets and liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (level 2 and 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flows techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

5 Fair value measurement (continued)

(b) Fair value in an inactive or unquoted market (level 2 and 3) (continued)

For other pricing models, inputs are based on market data at the end of the reporting date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Scheme would receive or pay to terminate the contract at the end of the reporting period taking into account the current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Scheme holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Scheme for similar financial instruments.

Recognised fair value measurements

The following table presents the Scheme's assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

As at 30 June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Debt securities	-	51,757,763	-	51,757,763
Futures contracts	421	-	-	421
Foreign currency contracts	-	1,243,495	-	1,243,495
Options	-	50,286	-	50,286
Swaps	-	173,648	-	173,648
Total	421	53,225,192	-	53,225,613
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	-	236,975	-	236,975
Total	-	236,975	-	236,975

5 Fair value measurement (continued)

Recognised fair value measurements (continued)

As at 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Debt securities	-	56,497,201	-	56,497,201
Foreign currency contracts	-	133,056	-	133,056
Options	-	37,187	-	37,187
Swaps	-	579,976	-	579,976
Total	<u>-</u>	<u>57,247,420</u>	<u>-</u>	<u>57,247,420</u>
Financial liabilities at fair value through profit or loss				
Futures contracts	111,529	-	-	111,529
Foreign currency contracts	-	1,073,398	-	1,073,398
Swaps	-	17,836	-	17,836
Total	<u>111,529</u>	<u>1,091,234</u>	<u>-</u>	<u>1,202,763</u>

(i) Transfers between levels

The Scheme's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There have been no transfer between levels for the year ended 30 June 2024 and year ended 30 June 2023.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2024 or year ended 30 June 2023.

6 Net (losses)/gains on financial instruments at fair value through profit or loss

	Year ended 30 June 2024 \$	30 June 2023 \$
Financial assets		
Net realised losses on financial assets at fair value through profit or loss	(329,124)	(5,702,868)
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	<u>(516,651)</u>	<u>4,687,864</u>
Net losses on financial assets at fair value through profit or loss	<u>(845,775)</u>	<u>(1,015,004)</u>
Financial liabilities		
Net realised losses on financial liabilities at fair value through profit or loss	(2,483,571)	(1,462,815)
Net unrealised gains on financial liabilities at fair value through profit or loss	<u>964,152</u>	<u>2,862,355</u>
Net (losses)/gains on financial liabilities at fair value through profit or loss	<u>(1,519,419)</u>	<u>1,399,540</u>
Total net (losses)/gains on financial instruments at fair value through profit or loss	<u>(2,365,194)</u>	<u>384,536</u>

7 Financial assets at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	\$	\$
Financial assets at fair value through profit or loss		
Debt securities	51,757,763	56,497,201
Futures contracts	421	-
Foreign currency contracts	1,243,495	133,056
Options	50,286	37,187
Swaps	173,648	579,976
Total financial assets at fair value through profit or loss	<u>53,225,613</u>	<u>57,247,420</u>

Investments that individually represent more than 5% of the total value of the investments of the Scheme as at 30 June 2023 are disclosed below:

Material investments

Security description	Principal activity	Fair value \$	Interest Ownership %	% of Total Value %
30 June 2023				
US Treasury N/B 02/33 3.50%	Government	3,649,386	<1	6.50
Letra Tesouro Nacional Bills 01/25 0.00%	Government	3,481,070	<1	6.20
US Treasury Bill 09/23 0.00%	Government	2,973,176	<1	5.30

As at 30 June 2024, there are no investments that individually represent more than 5% of the total value of the investments of the Scheme.

8 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	\$	\$
Financial liabilities at fair value through profit or loss		
Futures contracts	-	111,529
Foreign currency contracts	236,975	1,073,398
Swaps	-	17,836
Total financial liabilities at fair value through profit or loss	<u>236,975</u>	<u>1,202,763</u>

9 Derivative financial instruments

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. From time to time the Scheme may take out short term forward currency contracts as part of the equity settlement process. Currency hedging is generally not part of the investment process. Derivatives are not managed in isolation.

The Scheme holds the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Futures contracts are generally valued at the settlement price established at the close of business each day by the board of trade or exchange on which they are traded. The value of the Scheme's futures contracts is marked-to-market daily and an appropriate payable or receivable for the change in value ("variation margin") is recorded by the Scheme. The payable or receivable is settled on the following business day. Gains or losses are recognised but not accounted for as realised until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, thereby effectively preventing liquidation of unfavourable positions. Futures contracts expose the Scheme to the risk that it may not be able to enter into a closing transaction due to an illiquid market.

(b) Forward currency contracts

The Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing last traded price at the end of each reporting period. The Scheme recognises a gain or loss equal to the change in fair value at the end of each reporting period.

(c) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Scheme are exchange-traded. The Scheme is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

A swaption is an agreement that grant an option to the owner the right but not the obligation to enter the underlying swap.

(d) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

An inflation swap is an agreement between two parties to exchange their inflation risk (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

9 Derivative financial instruments (continued)

(d) Swaps (continued)

The fair value of inflation swaps is the estimated amount that the entity would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

A cross currency swap is an agreement between two parties to exchange interest payments denominated in two different currencies for an agreed period.

A credit default swap is an agreement whereby one counterparty pays a regular fee, usually expressed as a percentage of the notional principle, to another counterparty in return for security against default by underlying loan or asset.

Total return swap contracts involve a commitment by one party to pay interest to the other party in exchange for a payment to it from the other party based on the return of a reference asset (e.g., a security, basket of securities, or future contract), both based on notional amounts. To the extent the return of the reference asset exceeds or falls short of the interest payments, one party is entitled to receive a payment from or obligated to make a payment to the other party.

The Scheme's derivative financial instruments at 30 June 2024 and 30 June 2023 are detailed below:

	Notional	Fair Values	
		Assets	Liabilities
30 June 2024	\$	\$	\$
Futures contracts	1,347,608	421	-
Forward currency contracts	102,920,832	1,243,495	236,975
Options	5,001,123	50,286	-
Swaps	7,808,639	173,648	-
	<u>117,078,202</u>	<u>1,467,850</u>	<u>236,975</u>

	Notional	Fair Values	
		Assets	Liabilities
30 June 2023	\$	\$	\$
Futures contracts	5,708,714	-	111,529
Forward currency contracts	93,182,203	133,056	1,073,398
Options	9,824,998	37,187	-
Swaps	15,203,185	579,976	17,836
	<u>123,919,100</u>	<u>750,219</u>	<u>1,202,763</u>

As at the reporting date, the Scheme hedged transactions or positions by holding foreign currency contracts with a gross notional value of \$102,920,832 (2023: \$93,182,203) comprising of buy \$20,467,761 (2023: \$13,411,694) and sell \$82,453,071 (2023: \$79,770,509) resulting in net negative exposure of \$61,985,310 (2023: \$66,358,815).

10 Net Assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Scheme classifies the net assets attributable to unitholders as equity as they satisfy the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical

10 Net Assets attributable to unitholders (continued)

- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	No.	No.	\$	\$
Opening balance	82,306,018	90,177,470	63,073,097	65,812,040
Applications	13,103,380	22,879,737	10,016,019	17,303,773
Redemptions	(18,494,179)	(31,770,869)	(13,859,315)	(23,198,120)
Units issued upon reinvestment of distributions	-	1,019,680	-	740,900
Distributions paid and payable	-	-	-	-
Profit for the year	-	-	185,568	2,414,504
Closing balance	76,915,219	82,306,018	59,415,369	63,073,097

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

The total increase in liabilities attributable to unitholders as at 30 June 2024 is \$185,568 (2023: \$2,414,504 increase).

Capital risk management

The Scheme manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

11 Distribution to unitholders

Provision for distribution payable

	Year ended			
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$	cents per unit	\$	cents per unit
Opening balance	-	-	2,554,367	2.83
Additional provisions for distributions recognised	-	-	-	-
Distribution paid during the period	-	-	(2,554,367)	(2.83)
Closing balance	-	-	-	-

Distributions

During the year ended 30 June 2024 and year ended 30 June 2023, there were no distributions paid and payable.

12 Realised capital gains/losses

At the end of the reporting period, the Scheme had realised capital losses of \$14,893,021 (2023: losses of \$13,311,211) available to be offset against future assessable capital gains.

13 Unrealised taxable capital gains/losses

There are no net unrealised taxable capital gains as at 30 June 2024 and 30 June 2023.

14 Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Net profit for the year	185,568	2,414,504
Proceeds from sale of financial instruments at fair value through profit or loss*	84,421,537	141,034,810
Purchase of financial instruments at fair value through profit or loss*	(81,631,476)	(149,224,222)
Net losses/(gains) on financial instruments at fair value through profit or loss	2,365,194	(384,536)
Transaction costs on purchases	791	1,291
Amount (paid to)/received from brokers for margin accounts	(794,530)	6,082,562
Net interest sold	(139,018)	(235,888)
Net change in receivables	(301,600)	104,363
Net change in payables	(3,453)	4,100
Effects of foreign currency exchange rate changes on cash and cash equivalents	131,039	176,439
Net cash inflow/(outflow) from operating activities	4,234,052	(26,577)
(b) Cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	5,203,530	4,825,399
(c) Non-cash operating and financing activities		
Income distributions reinvested by unitholders for additional units in the Scheme	-	740,900
Total Non-cash financing activities	-	740,900

* The comparatives have been presented to align with the changes adopted for current year. Refer to note 2.

15 Management costs

The management costs disclosed in the statement of profit or loss and other comprehensive income are outlined below.

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
I Class Units	<u>487,321</u>	<u>444,852</u>
Total	<u>487,321</u>	<u>444,852</u>

16 Indirect Cost Ratio (ICR)

The indirect cost ratio for the Scheme is the ratio of the Scheme's indirect costs (management fees, custody fees, hedging fees and audit fees) to the Scheme's average net asset value.

The ICR of the Scheme is shown in the following table.

	Year ended	
	30 June 2024	30 June 2023
	%	%
I Class Units	0.80	0.80

17 Auditor's remuneration

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Auditing the financial report	32,344	32,344
Compliance plan audit	7,439	5,569
Other non-audit services - tax	<u>11,250</u>	<u>11,250</u>
	<u>51,033</u>	<u>49,163</u>

The auditor of the Lazard Emerging Markets Total Return Debt Fund is Deloitte Touche Tohmatsu.

18 Receivables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Interest receivable	1,061,346	760,413
Goods and services tax receivable	12,009	11,342
Application receivable	-	686
Total receivables	<u>1,073,355</u>	<u>772,441</u>

19 Payables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Management costs payable	38,527	40,358
Redemption payable	212,112	94,384
Withholding tax payable	8,575	7,938
Swap expense payable	<u>2,386</u>	<u>4,645</u>
Total payables	<u>261,600</u>	<u>147,325</u>

20 Related party disclosure

(a) Responsible Entity, Investment Manager and Custodian

The Responsible Entity of the Scheme is Lazard Asset Management Pacific Co. (ABN 13 064 523 619), a company incorporated in and operating in Australia. Its principal registered office and principal place of business is as follows:

Level 12, Gateway
1 Macquarie Place
Sydney NSW 2000

During the financial year, Lazard Asset Management Pacific Co. was part of an internal restructure, resulting in changes to its share capital. As a result of this restructure, on 1 November 2023, Lazard Asset Management LLC (LAM LLC), the Company's previous shareholder, contributed all the shares in the Company to Lazard Australia Holdings Pty Ltd (LAH) in exchange for a new issue of shares in LAH. Furthermore, on 1 November 2023, LAH contributed all the shares in the Company to LAMP Administration Pty Ltd (LAMP A) in exchange for a new issue of shares in LAMP A. Transactions with entities related to Lazard Asset Management Pacific Co. are disclosed below.

Lazard Asset Management LLC acts as the Investment Manager of the Scheme. State Street Australia Limited is the Custodian.

20 Related party disclosure (continued)

(a) Responsible Entity, Investment Manager and Custodian (continued)

Key management personnel

The names of the key management personnel of the Scheme during the year were:

Evan Russo (Director)
Nicholas Bratt (Director)
Robert Osborn (Director)
John Reinsberg (Director) (resigned effective 31 July 2024)
Nathan Paul (Director)
Paul Cuddy (Director)

The positions noted above for the Scheme's key management personnel are the positions held within the Responsible Entity and not the Scheme itself.

No amounts of remuneration were paid directly by the Scheme to the key management personnel of the Responsible Entity during the year (2023: Nil).

(b) Holdings of units by related parties

As at 30 June 2024, the Responsible Entity or its related entities in the Scheme held units either directly, indirectly or beneficially 54,130 units (30 June 2023: 66,849 units).

No key management personnel or any of their related entities held units or had options granted in the Scheme, either directly, indirectly or beneficially as at 30 June 2024 and 30 June 2023.

(c) Key management personnel's loans

No loans were made by the Scheme to the key management personnel and/or their related parties as at 30 June 2024 and 30 June 2023.

(d) Transactions with related parties

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

Management costs of \$487,321 (2023: \$444,852), were paid or payable to the Responsible Entity directly by the Scheme.

No amounts were paid or payable by the Scheme directly to the directors of the Responsible Entity during the year (2023: \$Nil).

(e) Investments in related parties

No investments in related parties were held during the financial year (2023: \$Nil).

21 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Scheme as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Scheme for the year ended on that date.

22 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2024 and 30 June 2023.