

Target Market Determination – Global Bond Fund

Legal disclaimer

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). The TMD is intended to assist product distributors, when they are making a decision as to whether this product is likely to meet the needs, financial situation and objectives of consumers who acquire it. It describes the target market for whom this product is likely to be appropriate, by rating a number of key attributes of consumers within the target market against the product's features. It also outlines how the product can be distributed, distributor reporting requirements and the triggers requiring a review of this TMD. It forms part of PIMCO Australia Management Limited (PIMCO)'s design and distribution arrangements for the product.

This document is **not** a product disclosure statement (PDS) and is **not** a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the PIMCO Australian Bond Fund before making a decision whether to buy this product.

Target Market Summary

This product is intended for use as a satellite, core component or standalone for a consumer who is seeking capital growth, capital preservation or income generation and has a low risk/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 medium investment timeframe.

Fund and Issuer identifiers

| | |
|--------------------|--|
| Issuer | PIMCO Australia Management Limited |
| Issuer ABN | 37 611 709 507 |
| Issuer AFSL | 487505 |
| Fund | PIMCO Global Bond Fund |
| ARSN | 093 530 486 |
| APIR Code | ETL0018AU (Wholesale Class) ETL0112AU (Institutional Class) |
| Date of TMD | 26 September 2022 |

Description of Target Market – TMD key indicators

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding: One or more red ratings or three or more amber ratings for a Consumer Attribute indicates that a consumer is unlikely to be in the Target Market.

| | | |
|------------------|------------------------------|---------------------------------|
| In target market | Potentially in target market | Not considered in target market |
|------------------|------------------------------|---------------------------------|

* An individual Fund may still be suitable for a consumer if it is outside of the consumer's risk/return profile where it is a satellite allocation used as part of a consumer's diversified portfolio.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). 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 conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|--|---------------|---|
| Consumer’s investment objective | | |
| Capital Growth | | The Fund is suitable for a client that is looking to achieve returns by investing in global fixed interest securities, and who seeks preservation of capital through prudent investment management. The Fund seeks to provide a regular income stream by way of quarterly distributions. Accordingly, the Fund offers preservation of capital, capital growth, and regular income. Investment in the Fund does not, however, guarantee a profit or protect against loss. |
| Capital Preservation | | |
| Income Generation | | |
| Consumer’s intended product use (% of Investable Assets) | | |
| Solution/Standalone (75-100%) | | Investors should have a diversified portfolio, with exposure to different funds or other assets, and different asset classes, in order to reduce overall investment risk. This fund is not intended to be used as a standalone product. |
| Core Component (25-75%) | | |
| Satellite/small allocation (<25%) | | |

| Consumer Attributes | TMD Indicator | Product description including key attributes |
|--|---------------|--|
| Consumer’s investment timeframe | | |
| Short (≤ 2 years) | | The Fund is suitable for a client that is looking to invest in a fund with a minimum suggested timeframe for investment of 5 to 7 years, but may be suitable for investment for shorter timeframes. |
| Medium (≤ 6 years) | | |
| Long (> 6 years) | | |
| Consumer’s Risk (ability to bear loss) and Return profile | TMD Indicator | Product description including key attributes |
| Low | | The Fund is suitable for a client that is looking to invest in a fund with a low level risk of loss of investment over one year. It is suitable for a client with a medium return profile. |
| Medium | | |
| High | | |
| Very High | | |
| Consumer’s need to withdraw money | TMD Indicator | Product description including key attributes |
| Daily | | PIMCO will generally allow investors in the Fund to access their investment within 7 business days of receipt of a withdrawal request, as provided under the Fund's constitution. Applications for withdrawal are processed daily. |
| Weekly | | |
| Monthly | | |
| Quarterly | | |
| Annually or longer | | |
| The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the Issuer is typically able to meet that request within a reasonable period. | | |

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 described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Distribution conditions/restrictions

| Distribution Conditions |
|--|
| The PIMCO Global Bond Fund does not have any conditions or restrictions on its distribution. |

| Review triggers |
|--|
| Material change to key attributes, fund investment objective and/or fees that would reasonably suggest the TMD is no longer appropriate. |
| Material deviation from benchmark / objective over sustained period. |
| Key attributes have not performed as disclosed by a material degree and for a material period that reasonably suggests the TMD is no longer appropriate. |
| 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 <i>Corporation Act 2001</i> (Cth) (Act)) about the product or distribution of the product. |
| The use of product intervention powers, regulator orders or directions that affects the product. |

| Mandatory review periods | |
|--------------------------|---------------------------|
| Review period | Maximum period for review |
| Initial review | 9 months |
| Subsequent review | 15 months |

Distributors must report to PIMCO Australia Management Limited via the IRESS BC Gateways Solution, or, if a distributor is unable to report via IRESS, then via email, to DDO@au.pimco.com. This email address is also the contact for PIMCO Australia Management Limited for any matters relating to this TMD.

| 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, including but not limited to product design, availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy. | Within 10 business days following end of calendar quarter | All distributors |
| Significant dealing outside of target market, under s994F(6) of the Act. | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors |

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 or amber 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 reporting period,
- the consumer’s intended product use is *Solution / Standalone*, or
- the consumer’s intended product use is *Core component* and the consumer’s risk (ability to bear loss) and return profile is *Low*.
- For these purposes, a distributor means the legal entity that has the requirement to report a significant dealing and reporting period means the period for reporting complaints (quarterly).