

Lower Volatility
Seeks lower volatility than the benchmark over a full market cycle

Systematic Approach
Our quantitative approach focuses explicitly on risk reduction

Capital Growth Potential
Fully invested in equities across both developed and emerging markets for growth opportunities

Fund Facts

Number of stocks	248
Total Fund Size	\$101.2m
Inception Date	31 January 2017
Total Management Costs	0.64%
Index	MSCI AC World
Minimum Investment	\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Annually
APIR Code	LAZ1240AU

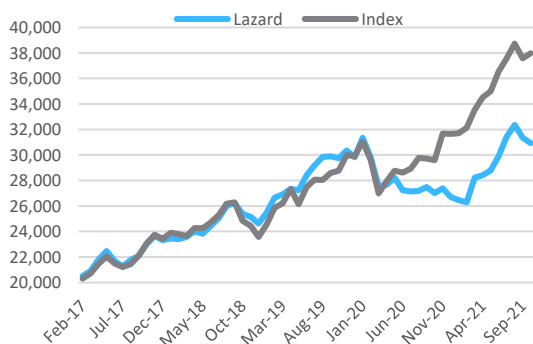
Investment Characteristics

	Lazard	Index
Sharpe Ratio (Since Inception)	1.0	1.3
Standard Deviation (Since Inception)	9.5	10.2
Beta	0.8	-
Dividend Yield (%)	2.4	1.7
Active Share (%)	86.0	-
Forward Price/Earnings	16.0	19.1

Performance (%)

	Lazard	Index	Excess Return
1 Month	-1.4	1.1	-2.5
3 Months	-1.6	1.1	-2.7
1 Year	14.5	28.3	-13.9
3 Years (pa)	6.8	15.2	-8.4
Since Inception (pa)	9.6	14.5	-4.9

Growth of \$20,000



Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	17.2	6.6	10.6
Financials	8.6	14.4	-5.9
Communication Services	9.4	9.0	0.5
Energy	2.1	3.6	-1.5
Real Estate	6.7	2.6	4.1
Materials	3.3	4.6	-1.3
Health Care	15.5	11.5	4.0
Industrials	9.3	9.6	-0.3
Information Technology	12.5	22.7	-10.2
Consumer Discretionary	7.3	12.8	-5.5
Utilities	6.7	2.6	4.1
Cash	1.2	0.0	1.2
Region			
North America	57.2	63.6	-6.3
Continental Europe	7.6	12.6	-5.0
United Kingdom	2.0	3.6	-1.7
Asia Pacific ex-Japan	4.9	2.8	2.0
Japan	10.8	5.7	5.1
Middle East	0.3	0.2	0.2
Emerging Markets	16.0	11.5	4.5
Cash	1.2	0.0	1.2

Top 5 Holdings (%)

	Lazard	Index
Roche	1.7	0.4
Procter & Gamble	1.6	0.5
Novo Nordisk	1.3	0.3
Republic Services	1.3	0.0
Verizon	1.3	0.3

Down Market Capture Ratio



87%

Index

Lazard

Down Market Capture Ratio is calculated since inception and based on performance gross of all fees. Down Market capture is a statistical measure of an investment manager's overall performance in down markets, being calendar months where the Index experiences negative performance. A drawdown ratio (or percentage) of less than 100 (or 100%) reflects that the manager has outperformed the Index during such down markets.

Commentary

Following September's sell-off, the global equity markets turned in their best monthly performance of the year, rising 4.7% in USD terms October. Many indices touched or exceeded all-time highs during the month. A very strong start to corporate earnings season provided the fuel for the rally. Thus far, nearly 70% of developed markets companies have exceeded earnings expectations. Despite inflationary pressures, companies have been able to maintain their operating margins as demand has remained high. Nevertheless, inflationary pressures remain, and the supply chain disruptions continue to hamper the global recovery. Oil prices resumed their upward climb, and many agricultural commodity prices surged in October. The yield curve continued to flatten, portending a move to higher interest rates in the upcoming year. Manufacturing Purchasing Managers Indices (PMIs) fell in the United States, Germany, and France, but the composite rose overall, illustrating the uneven nature of the recovery. On the other hand, shipping rates, a poster child for supply chain imbalances, began to retreat, signaling a potential alleviation of a major bottleneck in the recovery.

The October rally was broad-based, with every sector posting a positive return. Consumer discretionary stocks, recovering from September's sell-off, were the strongest sector for the month. Energy stocks also outperformed the broader market as they have for most of the year. Consumer staples and communication services sectors lagged in October, reflecting investors' continued appetite for growth. Factor performance showed a continued preference for higher beta stocks in every region except Europe. Despite this risk preference, large cap stocks outperformed small caps, and developed markets stocks beat emerging markets companies again in October. Quality and sentiment measures, including price momentum, worked well across both developed and emerging markets. Growth measures were in favor for one of the few months this year. Value metrics lagged broadly, except for in the United States, where defensive value (low price/earnings) performed well.

The Lazard Global Managed Volatility Fund lost 1.4% in the month (Net of fees), trailing its MSCI All Country World Index benchmark 1.1%.

Outlook

Despite a selloff in September, returns for developed market equities remain in the mid-teens for the year reflecting strong corporate profit growth, ongoing stimulus from the central banks and broad progress on containing the COVID 19 virus and its variants. Emerging markets have behaved in an entirely different manner falling into negative territory for the year. Difficulties in dealing with the global pandemic and the Delta variant, the potential of higher US interest rates, a slowdown in China's economic growth and their regulatory overreach to a 'common prosperity' pushed the markets into negative territory for the year.

As we look forward to the fourth quarter and onto 2022, we remain constructive on the equity markets largely driven by continued progress on fighting the COVID-19 virus which will reopen markets and allow for continued growth in corporate profits albeit at a slower pace. We believe that the inflationary pressures are largely a result of supply chain imbalances and will resolve themselves over time reducing the upward pressure on prices and wages. We do expect that interest rates will increase from present levels as central banks begin to taper their numerous stimulus programs, rearming to fight the next recession. Still pent-up demand from 18 months of consumer isolation and labor demand should maintain economic growth at a modest but positive level. Equity market valuations have actually decreased since year end as a result of strong corporate profit growth. We look for the growth levels to subside but remain positive going into 2022.

The uncertainties for us going into the final quarter are largely political. It is clear from virtually every free election that a demand for greater equity and government spending for social programs is a clarion call. This will likely increase government deficits, raise interest and raise corporate taxes. We expect that equity returns will be far more muted as a result with the pricier developed markets lagging their inexpensive emerging counterparts. A carefully designed bottom-up stock selection strategy should be well positioned to deliver superior returns in such an environment.

What Helped

- Stocks that made the largest contribution to return included Novo Nordisk, which has outperformed in recent months driven by their strong financials throughout 2021 and the initial substantial demand for their obesity drug, Wegovy, in the US, which enabled them to raise their outlook for the full year. They are also undergoing a share buyback program.
- Zoetis, as profit and revenue rose for the third quarter, driven by its petcare parasiticides and dermatology products. The animal-health company posted net income attributable to the company of \$552 million, compared with \$479 million in the year-ago period.
- Thomson Reuters Corp raised its 2021 revenue forecast for the third time this year as the news and information company benefits from a recovering global economy. The upgrade came as the parent company of Reuters News reported third quarter sales and adjusted earnings per share that beat analysts' forecasts.

What Hurt

- Detractors in the month included Japan Post Bank and Japan Post Holdings; Japan Post Bank sold 1.03 billion Yen of Japan Post Holdings shares to help with rebuilding areas hit by the 2011 earthquake and tsunami. The sale represents a stake of about 27%, Japan's finance ministry said in a statement, lowering the government's ownership to one third, which is the minimum allowed by law in what will be the third sale of shares in Japan Post Holdings.
- Electric Power Development, which is at risk of a shortfall in recurring profits in last quarter due to the rise in price for Australian thermal coal. Analysts are concerned that if the price of coal remains high and contract prices also increase in going into 2022, the crude/coal price differential could shrink, and margins on sales for which selling prices are linked to market prices could deteriorate.

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