

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	232
Total Fund Size	\$98.2m
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

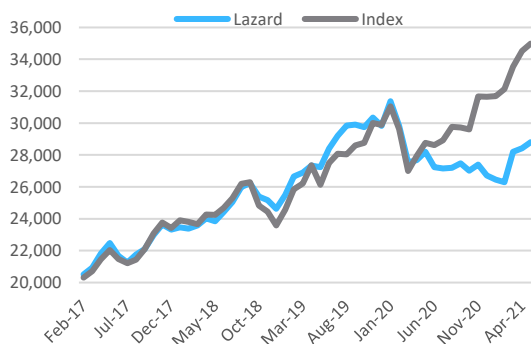
Investment Characteristics

	Lazard	Index
Sharpe Ratio (Since Inception)	0.9	1.2
Standard Deviation (Since Inception)	9.3	10.2
Beta	0.8	-
Dividend Yield (%)	2.6	1.7
Active Share (%)	86.7	-
Forward Price/Earnings	15.5	19.6

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.4	1.3	0.0
3 Months	9.5	8.8	0.7
1 Year	2.1	21.6	-19.5
3 Years (pa)	6.5	13.0	-6.5
Since Inception (pa)	8.8	13.8	-5.0

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.

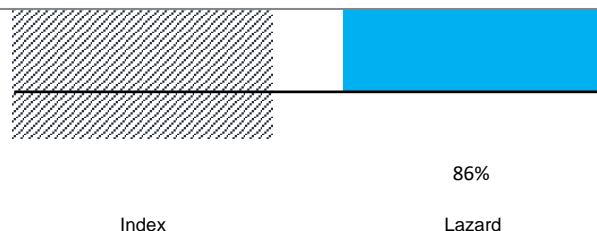
Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	19.2	7.0	12.2
Financials	11.3	14.8	-3.5
Communication Services	8.9	9.3	-0.5
Energy	0.6	3.3	-2.8
Real Estate	5.4	2.6	2.8
Materials	3.6	5.2	-1.6
Health Care	15.3	11.4	3.9
Industrials	8.8	10.1	-1.3
Information Technology	9.6	20.9	-11.3
Consumer Discretionary	8.0	12.6	-4.6
Utilities	7.4	2.7	4.6
Cash	2.1	0.0	2.1
Region			
North America	54.7	60.8	-6.1
Continental Europe	8.2	13.1	-4.8
United Kingdom	1.3	3.8	-2.5
Asia Pacific ex-Japan	3.0	3.1	0.0
Japan	12.8	6.0	6.8
Middle East	0.3	0.2	0.1
Emerging Markets	17.7	13.1	4.6
Cash	2.1	0.0	2.1

Top 5 Holdings (%)

	Lazard	Index
Novo Nordisk	1.5	0.2
Procter & Gamble	1.5	0.5
Verizon	1.4	0.4
Roche	1.3	0.4
Japan Post Bank	1.3	0.0

Down Market Capture Ratio



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

Global equity markets posted a positive return for the fourth straight month in May. Progress on vaccinations, particularly in Europe, has been reopening the global economy, which, in turn, has boosted the shares of economically sensitive cyclical companies. Inflation fears surfaced in the month, with labor shortages beginning to appear in many service industries and commodity prices showing hefty year-over-year increases. Oil prices rose nearly 10% in USD terms in May alone. That sent energy stocks, the leading equity sector to date in 2021, still higher. Materials stocks also gained on reviving demand and supply chain imbalances. Technology shares sold off modestly on expectations that spending would shift to larger capital projects and away from the names that had outperformed over the course of the pandemic.

The US dollar declined, which boosted returns in overseas markets. Europe was the strongest region in the month, as investors took heart in the quickened pace of vaccine rollouts and took advantage of relatively attractive valuations. Emerging markets also posted a strong month. Asian markets made a small gain, helped by India, which rallied over 8% in USD terms in the month despite suffering a spike in COVID-19 deaths. Taiwan lagged as investors took profits in many of its pricey technology and shipping company names. The US market, while still positive, also lagged, weighed down by its large technology sector.

Factor performance was muted in May, as volatility continued to subside. Investors favored high-beta stocks throughout the developed markets. Value outperformed growth in the developed markets. Emerging markets were the mirror opposite: Growth outperformed value, high-beta stocks lagged, and more volatile stocks were in favor. Positive sentiment measures evidenced by stock price momentum and analyst upgrades worked well in developed markets but not in emerging markets. Quality measures provided modestly favorable results globally, except for Japan.

The Lazard Global Managed Volatility Fund gained 1.4% during the month, equalling its MSCI AC World Index benchmark.

Sector positioning aided returns whilst stock selection dragged. Selection outperformed in four of eleven sectors, led by communication services and information technology. Holdings in financials and materials detracted the most. Sector positioning was helped by the underweights to information technology and consumer discretionary and overweight to consumer staples, which was partially offset by the underweights to energy and financials. Regionally, selection was strongest in the United States and Korea, and weakest in Asia including Japan.

Stocks that made the largest contribution to return included KT Corporation, as the South Korean telecommunications firm's net profit in the first quarter soared 43.7% to USD510m compared to a year ago. The higher net profit in the reported period was the result of a rise in new 5G users and new technology businesses. Shares of Danish pharmaceutical Novo Nordisk rose after the company adjusted their guidance. It now expects 2021 sales growth of 6% to 10%, compared with the previous sales growth guidance of 5% to 9%. Operating profit growth is projected to be between 5% and 9%, compared with the prior guidance of between 4% and 8%. CVS Health hiked its 2021 forecast and beat the Street's first quarter expectations. The company's growing insurance business offset the impact from a mild cold and flu season. The company covered more people through Medicaid and Medicare Advantage, and adjusted operating earnings from health insurance jumped nearly 20% in the first quarter to USD1.78 billion. It also delivered more than 23 million COVID-19 tests and 17 million vaccine doses through April, which helped its drugstore business.

Detractors in the month included Fisher & Paykel Healthcare. Shares sold off, as investors took profit after the New Zealand--Medical equipment maker announced record full-year earnings ending 31 March. Earnings climbed 82% as the pandemic drove an increase in sales of respiratory devices to hospitals. Electric Power Development detracted, as analysts revised their profit forecast to reflect unplanned stoppages at coal-fired thermal plants in Japan and the slump in prices on the JEPX wholesale electric power exchange. Although they expect capacity utilization to improve at coal-fired plants in 2022, they lowered recurring profit forecast for 2022 as well, as they expect JEPX prices to remain low. Dollar General, shares retreated after reporting first quarter 2021, as net sales were USD8.4 billion, down from USD8.45 billion a year ago. Same-store sales also decreased 4.6% from a year ago driven by a decline in customer traffic.

Outlook

Looking forward to the balance of 2021, we remain positive in our near-term outlook as we expect that vaccinations will continue to pick-up bringing an end to the global pandemic. We believe that this will boost employment and consumer demand, much of it pent-up from a year of isolation. We also believe that corporate earnings should continue to grow at rates that will support the present valuations, which, while above long-term averages, are supported by the low interest rates. We see the rotation in market leadership from the COVID beneficiaries (technology, consumer staples) continuing, as cyclicals see a demand pick-up. This should be a particular help to European markets given their greater industrial concentration and relatively inexpensive valuations.

While we are constructive over the equity markets in the near-term, there are a number of developments, which make us less bullish looking towards the later part of 2021 and 2022. The extraordinary government spending sprees by governments including the US will require some offsetting revenue. This burden is likely to be paid for in part, by increased corporate taxes depressing earnings and, at present valuations, lowering equity prices. Interest rates are likely to rise in response to increased government borrowing putting pressure on many leveraged companies and several emerging market countries. China's relationship with the rest of the world continues to decline as they apply sanctions to individual companies in response to trade tariffs and other requests for financial disclosure. We see little evidence that the hard line with China is likely to change given the current US administration and support from European leaders. Supply chains are likely to diversify from single country sources, which will also place pressure on China's exports.

For more information, call us on 1800 825 287
or visit www.lazardassetmanagement.com.au

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As notified to unitholders in the 'Updated Information' page on our website, from the financial year commencing 1 July 2020, the Fund will operate as an attribution management investment trust (AMIT). Generally, it is expected that the tax position of unitholders will not substantially change as a result of the Fund becoming an AMIT. For the financial year commencing 1 July 2020, and for each financial year thereafter, instead of receiving an annual tax statement, unitholders will receive an AMIT Member Annual Statement (AMMA statement), and will be required to include information from the AMMA statement, including any income attributed to them, when preparing their tax return for that financial year and thereafter. To be clear, annual tax statements will be sent to unitholders for the financial year ended 30 June 2020. For further information please refer to our website: https://www.lazardassetmanagement.com/au/en_us/funds/updated-information. You can also contact our Client Services Team on 1800 825 287 or by email at investorqueries@lazard.com.