

**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	233
Total Fund Size	\$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

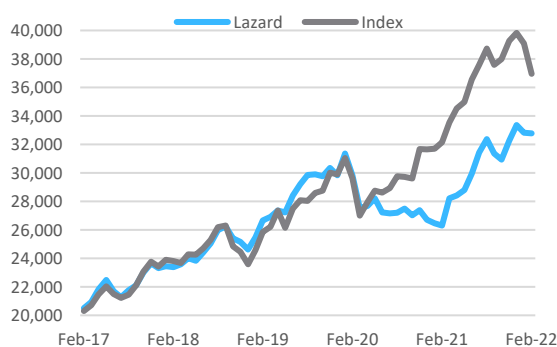
### Investment Characteristics

	Lazard	Index
Sharpe Ratio (Since Inception)	1.1	1.2
Standard Deviation (Since Inception)	9.5	10.4
Beta	0.7	-
Dividend Yield (%)	2.5	1.9
Active Share (%)	85.7	-
Forward Price/Earnings	14.6	17.1

### Performance (%)

	Lazard	Index	Excess Return
1 Month	-0.1	-5.4	5.3
3 Months	1.7	-5.9	7.5
1 Year	24.7	15.0	9.7
3 Years (pa)	7.1	12.7	-5.5
5 Years (pa)	9.8	12.7	-2.9
Since Inception (pa)	10.2	12.8	-2.6

### 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.

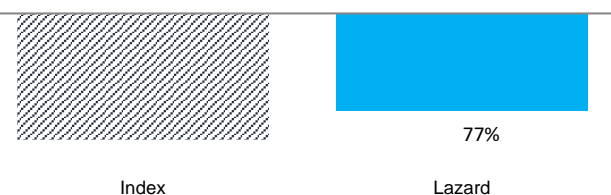
### Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	16.1	7.1	9.0
Financials	8.2	14.8	-6.6
Communication Services	10.2	8.3	1.9
Energy	1.7	4.2	-2.5
Real Estate	5.3	2.6	2.7
Materials	3.7	5.0	-1.3
Health Care	13.6	11.6	2.0
Industrials	7.7	9.6	-1.9
Information Technology	9.1	22.3	-13.3
Consumer Discretionary	6.1	11.7	-5.6
Utilities	6.3	2.8	3.5
Cash	12.1	0.0	12.1
<b>Region</b>			
North America	50.3	63.7	-13.4
Continental Europe	5.9	12.2	-6.3
United Kingdom	2.0	3.8	-1.8
Asia Pacific ex-Japan	3.4	2.9	0.5
Japan	11.2	5.6	5.5
Middle East	0.2	0.2	0.0
Emerging Markets	14.9	11.5	3.4
Cash	12.1	0.0	12.1

### Top 5 Holdings (%)

	Lazard	Index
Procter & Gamble	1.6	0.6
Roche	1.5	0.4
Loblaw Companies	1.4	0.0
Verizon	1.2	0.3
Metro	1.2	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

The sell-off in the global equity markets continued in February, driven in large part by Russia's invasion of Ukraine, which sent the markets down by 5.4%. The two-month decline of 7.2% marks the worst start to a year since 2009.

The Russian invasion beginning on 24 February and the increasingly aggressive actions and rhetoric from President Vladimir Putin, including placing Russian deterrent nuclear forces on high alert, drew a loud chorus of condemnation and reprisals from around the world. The markets had become increasingly apprehensive over the possibility of an invasion, and the actual outbreak did send volatility measures higher, but they remain well below levels seen during the COVID-19 outbreak and Global Financial Crisis. Oil prices surged with the potential withdrawal of Russian oil from the world markets, and Brent crude closed above \$100 per barrel at the end of the month, up from \$73 at year end. Safe havens rallied, including gold and the US dollar. Oil- and commodity-dominated stock exchanges led in February, with the likes of Peru, Indonesia, Australia, United Arab Emirates, and Mexico posting gains of 3% or more (in USD terms). Russia and its neighbors, Hungary and Poland, sold off more than 10% (in USD terms) in the month, albeit with trading in Russia suspended on the last day of the month. In oil-importing countries, including China, India, and Germany, equity markets also declined more than 5% (in USD terms) in February.

By sector, materials and energy stocks led the pack in February, with both posting positive returns. Defensive segments of the market also outperformed. While the global uncertainty created by Russia's invasion of Ukraine may reduce pressure on the US Federal Reserve to raise interest rates as aggressively as feared, investors continued to avoid longer duration, growth-oriented stocks. This included information technology and consumer discretionary stocks, which have fallen more than 12% (in USD terms) in 2022.

Factor returns began to diverge across regions for the first time in several months. Growth measures and risk-on measures remained broadly out of favor across all markets in February. Small cap stocks held up in the sell-off, a function of their inexpensive valuations and sellers' need for liquidity. Quality measures continued to lag in all regions. Meanwhile, valuation measures were rewarded in Europe and Japan but not in the emerging markets. Sentiment measures worked well in the emerging markets but were mixed in developed markets as Europe and Japan saw significant rotation in leadership.

## Portfolio Review

The Lazard Global Managed Volatility Fund lost 0.1% (net of fees) during the month, outperforming its MSCI All Country World Index benchmark by 5.3%. Stock selection accounted for the excess return, the residual cash position detracted. Stock selection was favorable in eight of eleven sectors led by communication services and utilities. Selection was weakest in energy and health care. The underweights to information technology and consumer discretionary and overweight to consumer staples helped, which was partially offset by the underweights to financials and communication services. Regionally, selection was strongest in the US and Emerging Asia, and weakest in Canada and Russia.

Stocks that made the largest contribution to return included Electric Power Development, as analysts raised recurring profit forecast for 2022, mainly reflecting an increase in electricity wholesaling prices. Japan Electric Power Exchange prices and fuel costs are high, and baseload market transaction prices, which appear to impact wholesale prices charged to retailers, have risen, and therefore it is highly likely that wholesale prices will be raised. Lockheed Martin shares rose after the global security and aerospace company said it was part of a consortium in a EUR\$380 million (\$428.4 million) contract from Italy's Defense Ministry. The agreement lasts five years and aims to provide technical and logistical support to Italy's Air Force C-130J aircraft fleet. Two Australian gold miners, Evolution Mining and Northern Star Resources contributed to performance. Investors are rushing to gold-mining stocks amid concerns over the Russia Ukraine conflict, providing a windfall for a sector that had been softening on expectations of rising rates, which typically spell weakness for gold.

Detractors in the month were relatively small positions in Russia: Lukoil (-79%) and Gazprom (-70%). Japan Post Bank sold after a strong start to the year. Although financial 3rd quarter results ending 31 December were in line with expectations, analysts pointed out that guidance appeared to be low. Also, valuation gains on securities (including hedging) had been improving through financial second quarter, but deteriorated slightly from ¥3.10trn at end of September to ¥2.82trn at the end of December. United Therapeutics shares fell after it warned the deadline would be moved for the Food and Drug Administration to complete its review of the new drug application for a pulmonary arterial hypertension treatment being developed together with MannKind Corp. The FDA had requested additional information from United Therapeutics regarding the pulmonary safety of Tyvaso DPI related to a pending citizen petition.

## Outlook

Entering the third year of the global pandemic, equity investors have benefitted from the extraordinary stimulus measures provided by the central banks, the medical community's response to controlling the virulence of the virus, new labor models and rising hopes for a return to a new normal would be in the offing. After the plunge in March, 2019, equity prices have nearly doubled, supported by corporate earnings growth and extraordinary levels of central bank liquidity in support of risk based assets. One has to go back to the late 1980s to find three consecutive years where equity returns have exceeded this most recent period.

Looking forward to 2022, we are optimistic that the darkest days of the pandemic are behind us with the increase in vaccinations and possible introduction of new therapeutics to treat severe cases. We expect that the economic recovery will be uneven but discernable across most regions and sectors. The market, continuously forward-looking, has already discounted much of the favorable news and reality may, in fact, disappoint at times. We believe that, global interest rates, led by the US and Europe, will increase as central banks rearm themselves for the next recession. And we believe that, government stimulus will slowly be withdrawn but remain well above historic norms. Inflationary pressures will likely subside slowly as labor shortages and social pressures to address economic inequalities place upward pressure on wages. While we are less sanguine about the market's absolute return in 2022, we do anticipate that earnings growth and low real rates of return in the fixed income markets will support a modestly positive equity market in 2022. Volatility will likely remain elevated as political tensions remain high and economic news will be more mixed. In our view, the market will continue to focus on company fundamentals and execution as was the case in the past year. Against this backdrop, we believe that the year should favor our investment approach and relative performance should remain strong.

For more information, call us on 1800 825 287  
or visit [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com)

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