

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	227
Total Fund Size	\$2.0m
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

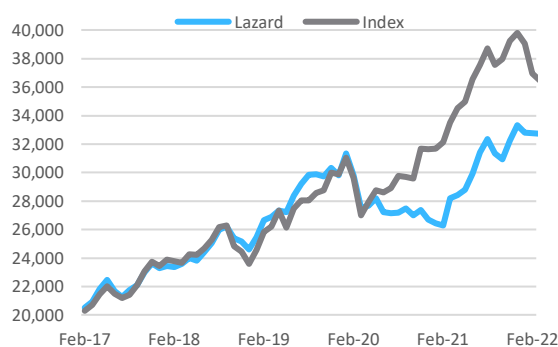
Investment Characteristics

	Lazard	Index
Sharpe Ratio (Since Inception)	1.0	1.1
Standard Deviation (Since Inception)	9.4	10.3
Beta	0.7	-
Dividend Yield (%)	2.6	1.9
Active Share (%)	85.3	-
Forward Price/Earnings	14.5	17.3

Performance (%)

	Lazard	Index	Excess Return
1 Month	-0.2	-1.3	1.1
3 Months	-1.9	-8.4	6.5
1 Year	16.0	8.8	7.2
3 Years (pa)	6.8	11.7	-4.9
5 Years (pa)	9.4	12.0	-2.6
Since Inception (pa)	10.0	12.3	-2.3

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	17.1	6.9	10.2
Financials	9.8	14.6	-4.8
Communication Services	9.5	8.1	1.3
Energy	2.5	4.3	-1.8
Real Estate	6.4	2.7	3.7
Materials	2.8	5.0	-2.2
Health Care	12.7	11.9	0.8
Industrials	7.5	9.5	-2.0
Information Technology	9.6	22.4	-12.8
Consumer Discretionary	5.6	11.7	-6.1
Utilities	6.6	2.9	3.7
Cash	9.9	-	9.9
Region			
North America	52.3	64.6	-12.2
Continental Europe	4.9	12.0	-7.0
United Kingdom	2.2	3.7	-1.5
Asia Pacific ex-Japan	4.1	3.1	1.0
Japan	11.0	5.4	5.6
Middle East	0.2	0.2	-
Emerging Markets	15.3	11.1	4.3
Cash	9.9	0.0	9.9

Top 5 Holdings (%)

	Lazard	Index
Loblaw Companies	1.6	0.0
Procter & Gamble	1.5	0.6
Metro	1.3	0.0
Walmart	1.3	0.3
Roche Holding Ltd Dividend Right	1.2	0.4

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 global equity markets rebounded in March but nevertheless finished their worst quarter since the onset of the COVID-19 pandemic. Commodity- and energy-dominated markets led, continuing their strong relative performance for a sixth month, while importers broadly lagged. Emerging markets equities fell for the third straight month and are down nearly 7% (in USD terms) for the year.

The Ukraine war raged into its second month with no sign of resolution. Russia faced nearly worldwide condemnation, its stocks were removed from the major indices, and the country enacted capital controls to rescue the ruble. While Russia continued to sell oil and gas into global markets, including Europe, some importers pursued other suppliers, sustaining prices well above pre-invasion levels. Inflation continued to be the major worry as it escalated globally. While initial inflation pressure was spawned by higher commodity prices, it has now spilled into wages: Labour shortages have led to wage increases, applying upward pressure on prices. The Federal Reserve raised its discount rate by 25 basis points in March and assumed a hawkish stance, telegraphing six more hikes for 2022. The US yield curve inverted at two years, often a recessionary indicator. Europe also experienced the highest inflation in more than 40 years as higher energy prices and natural gas rationing took hold. The European Central Bank is also expected to raise rates this year, with the discount rate likely to cross zero by year end. The Bank of Japan, by contrast, has remained steadfast in its accommodative monetary policy, sending the yen tumbling. China's shares fell 8% in March as the country closed down numerous cities and manufacturing facilities under its zero COVID policy, threatening growth. Pressure on China from many countries for a more punitive stance toward Russia continues to build.

Energy stocks led the market in March, as they have for the quarter and past year. Utilities and materials also continued their strong price performance in March and, along with energy, are the only sectors in positive territory this year. Consumer staples and communication services stocks lagged in March, with discretionary, communication services, and technology shares down more than 10% (in USD terms) for the year.

As in February, factor returns across regions diverged in March. Risk measures were in favour globally, largely due to a strong preference in Japan; the balance of the world preferred lower-risk stocks. Price momentum was the lone factor that continues to be a positive contributor across all regions. Value measures worked well in Europe and emerging markets but underperformed in Japan and were mixed in the United States. Growth measures lagged except in Japan. Quality measures were also favored except in the United States.

Portfolio Review

The Lazard Global Managed Volatility Fund lost 0.2% during the month outperforming its MSCI All Country World index benchmark by 1.1% (net of fees). Stock selection was favourable in seven of eleven sectors led by consumer staples and real estate. Selection was weakest in utilities and materials. The overweight to consumer staples and real estate and underweight to financials helped, which was partially offset by the underweight to energy. Regionally, selection was strongest in the US and Canada, and weakest Europe including Asia including Japan.

Stocks that made the largest contribution to return included Loblaw, the Canadian retailer, which beat quarterly market estimates, as demand for groceries and other essential items remained strong. The pandemic-led trend of cooking at home has sustained even as COVID curbs have eased, continuing to help sales at grocery stores that benefitted during last year's lockdowns. Walmart, as better-than-expected fiscal fourth quarter results show continued market share gains in food and consumables. Industry analysts said customer traffic shifting back to more profitable in-store transactions may slow US e-commerce growth, but the company's digital initiatives may unlock monetization opportunities long term. Metro contributed during the period, as the company reported that first fiscal quarter profit and sales climbed compared with a year ago, despite challenges caused by rising inflation. The Montreal-based grocery and drugstore retailer says it earned \$207.7 million, up from a profit of \$191.2 million in the same quarter a year earlier.

Detractors in the month included Japan Post, which said it has lost documents containing information on a total of 290,000 clients at 6,565 post offices nationwide, much larger than its earlier finding of 67,000 clients. Japan Post said it believes that the information, which includes names, bank accounts and financial transactions, is unlikely to have been leaked outside of the company. Verizon sold off after recent gains resulting from the US Department of Defense awarding Verizon Public Sector three Enterprise Infrastructure Solutions task order awards worth \$966.5 million. Verizon will provide network modernisation services and technical support services to the Pentagon, the DOD National Capital Region and Fort Belvoir. Procter & Gamble detracted, as it was downgraded by JP Morgan. JP Morgan noted expense headwinds, negative currency effects, and risks to consensus forecasts, and they see less potential for further upside given outperformance versus peers in recent years.

Outlook

Inflation and the potential for higher global interest rates have continued to place pressure on the emerging markets especially those oil importing nations who make-up a sizable percentage of the benchmark. We view the balance of 2022 with a cautious optimism. Unfortunately, we expect that the war in Ukraine is likely to drag on as neither side is likely willing to capitulate to the extent necessary to drive a ceasefire. This is likely to maintain commodity prices near current levels benefitting some of the economically weaker nations including South Africa and Brazil and improving their current account balances. We think that the central banks will be limited in the extent that they can raise rates to fight inflation without triggering a global recession. Despite the recent hawkish tone of US Federal Reserve, we do not think that they will be able to fully follow through with the promised rate hikes. This would be good news for the emerging markets which, given the large multiple discount to developed markets, are already anticipating several more increases. China is also likely to take actions to grow their economy and restore investor support following the common prosperity theme of the past year. Their COVID response could temper our optimism as a continuation of the lockdown policy will likely curtail their growth in 2022. In sum, we think that risks in emerging market investing will remain elevated over the balance of 2022. Maintaining a risk controlled, diversified exposure across the markets will provide exposure to the market in stable companies that have viable ongoing businesses.

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