

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	234
Total Fund Size	\$1.8m
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

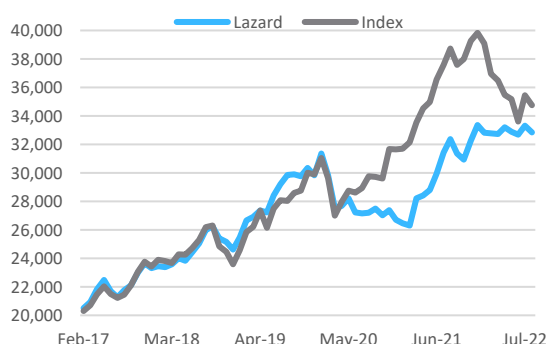
Investment Characteristics

	Lazard	Index
Sharpe Ratio (Since Inception)	1.0	0.9
Standard Deviation (Since Inception)	9.2	10.6
Beta	0.7	-
Dividend Yield (%)	3.1	2.3
Active Share (%)	85.4	-
Forward Price/Earnings	12.7	15.1

Performance (%)

	Lazard	Index	Excess Return
1 Month	-1.4	-2.0	0.6
3 Months	-0.1	-1.3	1.2
1 Year	1.5	-10.3	11.8
3 Years (pa)	3.3	7.4	-4.2
5 Years (pa)	8.6	10.1	-1.6
Since Inception (pa)	9.3	10.4	-1.1

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	19.4	7.5	11.9
Financials	11.6	14.3	-2.8
Communication Services	9.5	7.6	2.0
Energy	2.8	5.2	-2.4
Real Estate	5.3	2.7	2.5
Materials	2.5	4.6	-2.2
Health Care	14.6	12.2	2.5
Industrials	8.4	9.6	-1.1
Information Technology	9.0	21.4	-12.5
Consumer Discretionary	5.5	11.6	-6.1
Utilities	10.0	3.2	6.8
Cash	1.4	0.0	1.4
Region			
North America	54.5	64.9	-10.4
Continental Europe	5.7	11.3	-5.6
United Kingdom	2.6	3.7	-1.1
Asia Pacific ex-Japan	4.9	3.1	1.8
Japan	14.8	5.5	9.3
Middle East	0.2	0.2	0.0
Emerging Markets	16.0	11.3	4.7
Cash	1.4	0.0	1.4

Top 5 Holdings (%)

	Lazard	Index
Loblaw Companies	1.5	0.0
Japan Post Holdings	1.5	0.0
Metro	1.5	0.0
Verizon	1.4	0.3
Merck & Co.	1.4	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

Volatility in global equities continued in August: Markets fell more than 3.5% (in USD terms), which pushed the year's loss close to 18% (in USD terms). Losses were widespread, with every major developed market finishing in negative territory for the month. In contrast, emerging markets, helped by a recovery in China's market, posted a positive return in August.

Hopes that inflation had crested, and central banks would modify their hawkish stance were all but dashed in August. Escalating inflation in Europe and tight labor conditions in the United States began to erode optimism over any slowdown in tightening. US Federal Reserve Chair Jerome Powell's statement that the Fed "must keep at it until the job is done" erased any ambiguity over a softening in the Fed's position. This clear priority for fighting inflation over supporting global economic growth triggered a sharp sell-off in the last days of the month. This theme was reinforced by the European Central Bank as officials reaffirmed their anti-inflation priority. Meanwhile, Bank of Japan Governor Haruhiko Kuroda maintained accommodative monetary policy, seeing no reason to raise interest rates. The Peoples Bank of China loosened monetary policy as economic data continued to be weak.

Global recessionary fears once again placed pressure on oil and commodity prices, which fell for a third straight month. In the meantime, escalating US yields added more strength to the surging US dollar, sending both the euro and the yen to lows not seen in more than 20 years. Despite the drop in oil prices, energy was the only sector to post a positive return in August, as inventories remained low and price uncertainty caused by the Ukraine war supported the sector. Defensive utility stocks also held up for the month thanks to their business stability and ability to pass along increased energy costs. By contrast, health care stocks fell, with renewed pressure on drug pricing, along with economically sensitive information technology stocks.

Factor performance continued to diverge across regions with the exception of sentiment measures, which worked well across the globe. Despite the negative equity market return, higher-risk stocks outperformed in the United States and emerging markets. In another surprise, quality measures underperformed, notably in Europe and the United States. Growth measures were mixed, except in Japan where they delivered a positive return. Value measures worked well outside of the United States, most notably in Europe.

Portfolio Review

The Lazard Global Managed Volatility Fund lost 1.4% during the month (net of fees), outperforming its MSCI All Country World Index benchmark by 0.6%. Both sector positioning and stock selection accounted for the excess return. Stock selection was favorable in five of eleven sectors, led by financials and health care. Holdings in utilities and consumer discretionary detracted the most. Allocation wise, the underweight to information technology and overweights to consumer staples and utilities added the most value, which was partially offset by the underweight to energy. Regionally, selection was strongest in the US, and weakest in Japan and China.

Stocks that made the largest contribution to return included Yapi ve Kredi Bank, as the bank reported a 64% increase in their quarterly profits. Margin expansion attributable to inflation linked loans drove most of the profit increase as Turley experienced inflation levels close to 80%. The increase in net interest income was accompanied by a decline in non-performing loans adding to investor enthusiasm for the stock. Gilead Science raised its full-year guidance after reporting a solid second quarter. Gilead said it expects total product sales between \$24.5 and \$25 billion for the year, compared to its guidance issued in February for between \$23.8 and \$24.3 billion in sales. It also expects total product sales between \$22 and \$22.5 billion, compared with its previous outlook for sales between \$21.8 and \$22.3 billion. Banco do Brasil increased its 2022 results forecasts after delivering better-than-expected second quarter earnings, boosted by higher net interest income and cost control measures. The company said in a securities filing it now expects full-year adjusted net profit to reach between 27 billion reais and 30 billion reais (\$5.30 billion-\$5.89 billion), up from \$23-26 billion reais in the previous forecast.

Detractors in the month included Verizon Communications, which slashed its full-year earnings outlook as customers pull back on spending from red-hot inflation, while the telecommunications conglomerate posted lower second-quarter profit that missed Wall Street's expectations. Pressure caused by inflation within the company's cost structure, especially on labor, utilities, and logistics expenses, is expected to accelerate in the second half and have an impact of profitability and earnings. Bristol-Myers Squibb's share price is in retreat mode after the company announced that its mid-stage blood thinner candidate, milvexian, missed the mark on a composite endpoint consisting of new symptomatic ischemic stroke and new covert brain infarction at day 90. Milvexian is a key component of the company's strategy to power through a slew of upcoming patent expirations. Zoetis detracted, as net income was flat year-on-year in the second quarter, but primarily due to the strong US dollar. Underlying growth was strong, with revenues up 8% and net income up 9% operationally, despite specific headwinds in macro and one legacy product. Zoetis has continued to make strong progress on new products, though there was bad news in some businesses. 2022 guidance was tightened slightly on an operational basis.

Outlook

The market correction in the first half of 2022 was one of the most pronounced in decades and effectively signaled the end of "free" money throughout the world. Unfortunately, it did not end the impacts of the COVID-19 virus nor the war in Ukraine, both of which are likely to influence economic conditions in the second half of the year. The escalation in commodity and wage inflation has triggered a strong response from the central banks sending the bond market into a decline that was equally unprecedented in terms of past several decades.

A 20% selloff would normally present a broad set of good buying opportunities, but the tightening by central banks has greatly increased the likelihood of a recession as they attempt to cool the economy and ease inflationary pressures. The tension between fighting inflation and triggering a recession is a theme that we expect will play out differently among the central banks and we expect that policies will diverge. Company earnings, which have been remarkably strong, are certainly going to feel the effects of the slowdown and valuation levels will be challenged more by the denominator rather than price. We believe that a correction after the extraordinary gains following the March 2020 selloff was overdue and that the market has found a level approximating fair value. We expect that volatility will remain high over the balance of the year but slowly ebb from quarter-end levels as the economic picture becomes clearer. Equity investors have likely experienced most of the pain from the sell-off and we believe that the market will be range bound for the balance of 2022. The sell-off has restored market valuations to reasonable levels but the ability to identify mispriced stocks with sustainable businesses models will favor a bottom-up approach focused on stock selection.

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