



Assessment of Value

Lazard Investment Funds

30 September 2024

LAZARD
ASSET MANAGEMENT

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Foreword and Overview



“We strive to generate attractive long-term returns for our investors through our research-driven approach.”

Welcome to our fifth annual Assessment of Value (AoV) report.

Based on our review, I am pleased to note that all our UK-domiciled funds offered value to our clients in 2024.

Three of our funds achieved an improved overall score in this year's report. I would particularly like to highlight the Lazard Emerging Markets Fund, which demonstrated “outstanding value”, building upon its previous “good value” score in 2023's report.

As an active fund manager, we strive to generate attractive long-term returns for our investors through our research-driven approach. We believe long-term investment performance is the most important factor in assessing whether our funds provide value. Therefore, we closely monitor their performance through a regular review process and take appropriate action when performance falls short of our expectations and those of our clients.

Within this report, we detail how our funds have performed against several metrics, explain the drivers of individual fund performance, and in the case of any underperforming funds, outline how we have addressed the matter where we considered action was needed.

Background and Our Approach

In 2019, the Financial Conduct Authority (FCA), our regulator, introduced a requirement for all authorised fund managers (AFMs) to conduct a detailed annual assessment of whether their funds are providing value to their investors and publish the findings.

This AoV report reviews whether each of the nine funds (the Funds) in the UK-domiciled Lazard Investment Funds range provided value to our investors over the 12 months to 30 September 2024.

Our 2024 assessment follows the same structure as the previous year's report. As such, it considers the findings from the FCA's 2021 and 2023 industry-wide reviews of AoV reports. It also reflects rules and guidance introduced by the FCA in 2023, known as Consumer Duty, which require financial services companies to ensure their products and services give fair value to retail customers, and act if they do not.

Our report is based upon analysis conducted by a project team at Lazard Asset Management along with the two non-executive directors of Lazard Fund Managers Limited, the Authorised Corporate Director (ACD) of the Lazard Investment Funds. As the ACD, Lazard Fund Managers Limited is legally responsible for the day-to-day running of the Funds.

As required by the FCA, we scored the Funds on seven different pillars of value: Performance, Quality of Service, Costs Charged by the AFM, Comparable Market Rates, Comparable Services, Economies of Scale, and Classes of Units.

We have explained these pillars of value on page 6, along with the respective weightings we used in this assessment. You will find a summary of the results on page 7, including our scoring methodology.

I hope you find this report useful and that it offers clarity on your investments and the value that Lazard Asset Management provides.

Jeremy Taylor

CEO, Lazard Asset Management Limited

A Message from our Independent Non-Executive Directors

As independent non-executive directors, we play an active role in ensuring the best interests of investors are at the heart of Lazard Fund Managers Limited's activities. We meet regularly with executive colleagues across the business and are comprehensively involved in the annual AoV report. In conjunction with our board colleagues, we monitor the components of value throughout the year, ensuring existing high standards are maintained. Where areas of potential improvement are identified, we work with our board colleagues to approve any necessary remedial action.

Like last year, this year's assessment has been completed under the Consumer Duty regulatory regime, which came into force on 1 August 2023. As independent non-executive directors, we ensure that Lazard Fund Managers Limited meets its obligations under the duty, of which the annual AoV is an important component of the Price & Value outcome.

We are pleased to conclude that all Lazard Fund Managers Limited's funds offered value to investors. As in the past, we have identified areas at an individual fund level where we would like to see improvements.

From a performance perspective, one fund improved its score since last year's report. Disappointingly, however, five others were below our expectations. We will closely monitor fund performance during 2025, taking remedial action as appropriate. You will find more details on our performance assessment in the main body of this report and within the individual fund reviews.

As in previous years, our assessment concluded that Lazard Fund Managers Limited provided high levels of service to investors. Our review included the investment resources and experience applied to the management of the Funds combined with customer service. We also assessed the quality of administration services outsourced to third parties and found these services offer good value to our investors.

Finally, we assessed the costs of the services to investors through various lenses detailed in the report. Again, we have concluded Lazard Fund Managers Limited provided competitively priced funds.

We will continue to monitor all funds over the coming year and take the appropriate steps for the benefit of investors.

We hope this report provides useful insight into Lazard Fund Managers Limited and how we assess the value the Funds provide.

Nick Emmins

Non-Executive Director

Hemen Tseayo

Non-Executive Director

Our Culture

A History of Excellence

Lazard celebrated its 175th anniversary in 2023. As a global firm that has grown from local roots in different countries, we have a deep tradition of respect for individual differences.

This has been central to our success. For decades, Lazard Asset Management, the fund management business within the Lazard group, has served as a trusted steward of our clients' capital, helping them to navigate through various market cycles and historic global events.

Research and Culture

On-the-ground, global fundamental research is the foundation of our investment approach. Our investment professionals collaborate on detailed fundamental analysis, integrating knowledge across regions, sectors and asset classes to arrive at unique insights. We empower our investment teams to make independent investment decisions, and we support them with global research capabilities and a strong operational infrastructure. Our culture supports and fosters both collaboration and an entrepreneurial spirit. This model allows our teams to focus on our main goal: to generate attractive long-term risk-adjusted returns that meet our clients' investment needs.

Environmental, Social and Governance (ESG)

Our sustainable investing philosophy stems from a belief that long-term structural changes, such as globalisation, social inequality and climate change, present financial risks and opportunities to both benefit our clients and promote a more sustainable future. Our strong sense of fiduciary duty and a robust set of ESG principles drive the engagement we have with the companies we invest in on behalf of our clients.

We have seen a growing demand in the industry for increased clarity on how ESG considerations are incorporated into investment decisions. While some managers rely solely on externally curated ESG scores, we have conducted our proprietary Materiality Mapping framework for years. For our relevant strategies, this offers a dynamic and forward-looking assessment of ESG issues tied to various industries and countries. This helps us not only understand financially material ESG considerations, but also more clearly articulate to our clients exactly how these are implemented in our portfolios.

Risk Management

Lazard's independent global risk management function adds value to our portfolio construction. Our framework is designed to ensure the reduction and mitigation of business and financial risk within the global market in which we operate, ensuring our investment teams understand the balance of risk and return.

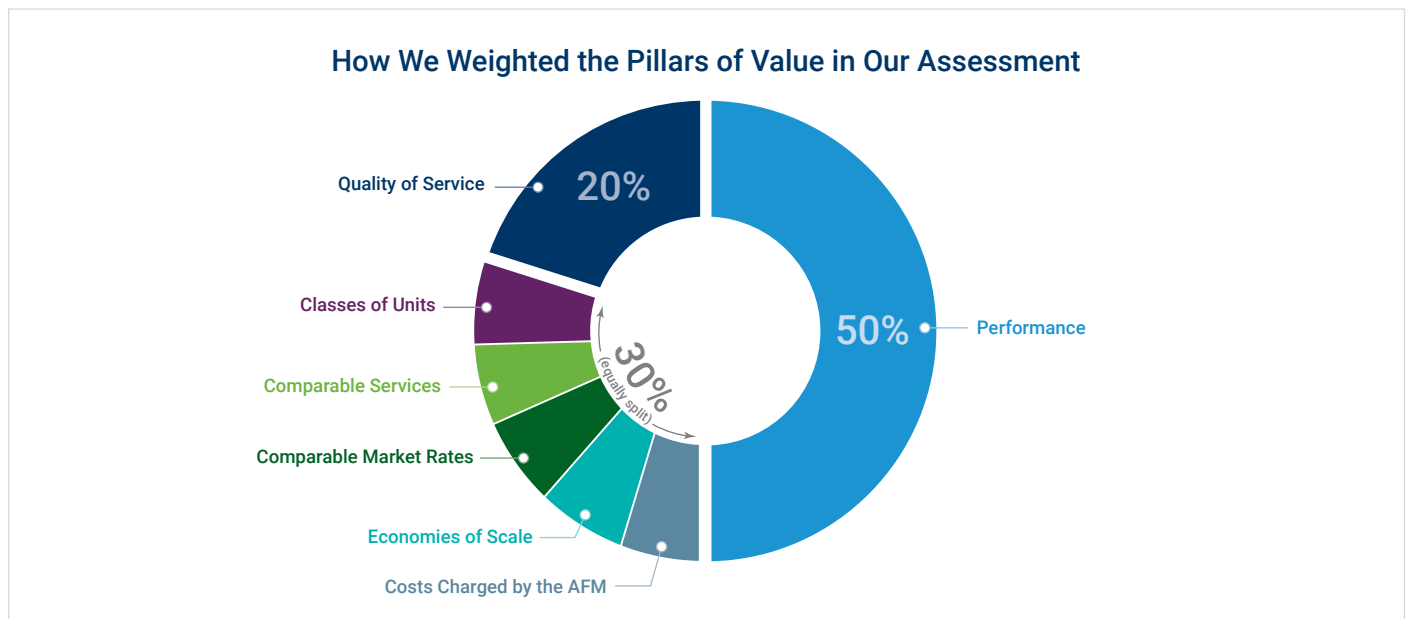
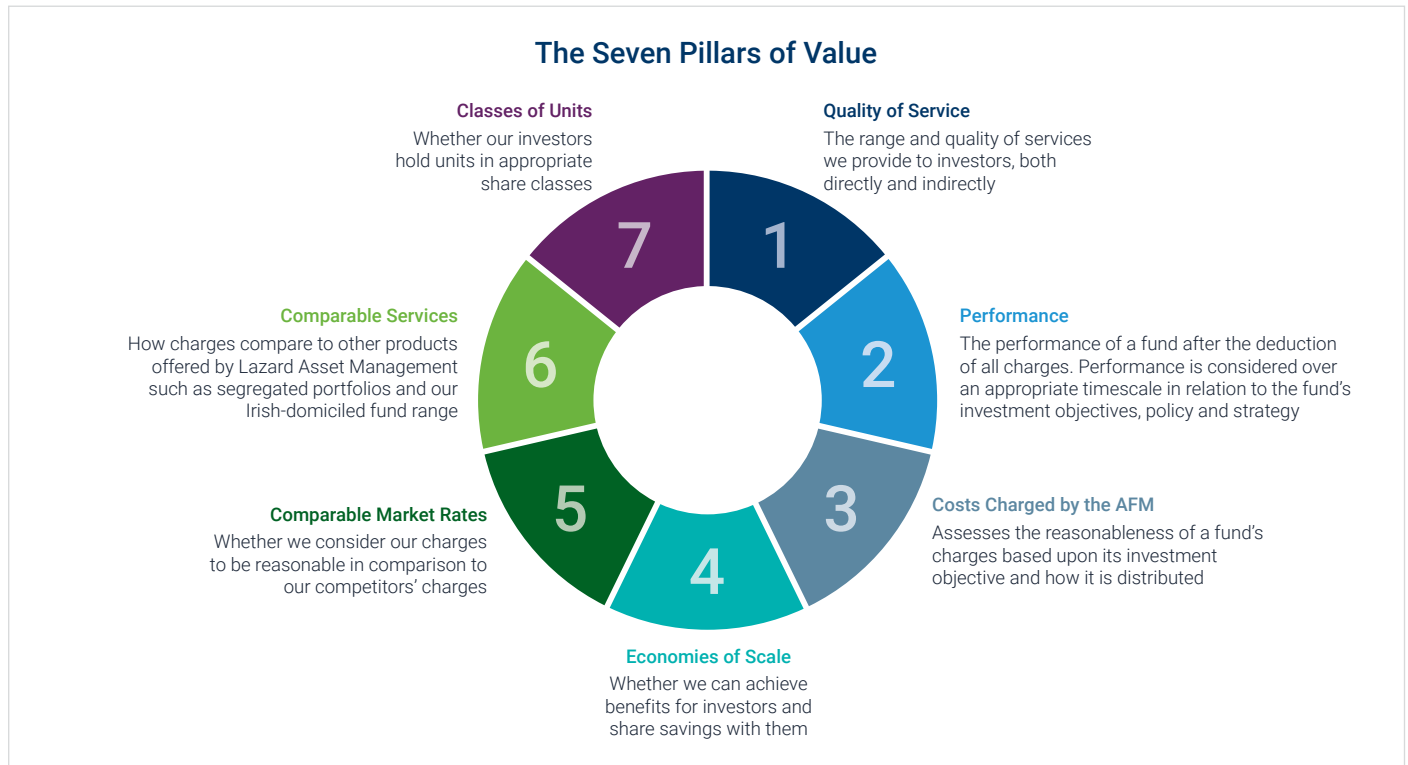
Diversity

The value of diversity is ingrained in our culture and reflects our multicultural heritage. The ongoing cultivation of an inclusive, diverse and equitable culture is essential to the value we bring. We believe inclusion, diversity, equity, and allyship is a business imperative. Diversity can help us understand our clients' experiences and objectives, and even more importantly, we benefit from the power of cognitive diversity, which shapes our industry-leading research culture.

Definition of the Seven Pillars of Value

The FCA has set out rules requiring fund management companies to assess whether their funds offer value and publish the findings, including any remedial action, if appropriate.

The FCA has outlined seven criteria for assessing value. Lazard Fund Managers Limited, as the ACD of the Funds, has assessed each of these criteria for each unit class of each fund that we manage, as outlined below.



Summary of Results

Further details are provided later in this report

| Fund | Quality of Service | Performance | AFM Costs | Economies of Scale | Comparable Market Rates | Comparable Services | Classes of Units | Overall Score |
|----------------------------|--------------------|-------------|-----------|--------------------|-------------------------|---------------------|------------------|---------------|
| Developing Markets | ★★★★ | ★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★ |
| Emerging Markets | ★★★★ | ★★★★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★★★ |
| European Alpha | ★★★★ | ★★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★★★ |
| European Smaller Companies | ★★★★ | ★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★ |
| Global Equity Income | ★★★★ | ★★ | ★★★★ | ★★★★ | ★★★ | ★★★ | ★★★★★ | ★★★ |
| Managed Balanced | ★★★★ | ★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★ |
| Managed Equity | ★★★★ | ★★ | ★★★★ | ★★★★ | ★★ | ★★★ | ★★★★★ | ★★★ |
| Multicap UK Income | ★★★★ | ★★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ | ★★★★★ | ★★★★★ |
| UK Omega | ★★★★ | ★★★ | ★★★★ | ★★★★ | ★★★ | ★★★ | ★★★★★ | ★★★ |

Score Guide

- ★★★★★

Demonstrates outstanding value
- ★★★★

Demonstrates good value
- ★★★

Demonstrates value
- ★★

Falls short of expectations of value in certain areas
- ★

Has not demonstrated value

Results by Pillar of Value

Quality of Service

In our assessment of quality of service, we split the range of services into three broad categories:

1. Portfolio Management and Investment Process

In assessing the value that our portfolio management and investment teams offer to fund investors, we considered the size and experience of Lazard's investment teams, any relevant professional qualifications of the individuals running each fund, how many years' experience they each have, and their tenure at Lazard. We also considered the breadth of experienced investment professionals that support the portfolio management team, including our dedicated risk management team.

Each of our investment teams is supported by Lazard's global sector specialists, comprising portfolio managers/analysts and research analysts, who provide their teams with additional industry knowledge and insights as well as investment-related recommendations. Our portfolio management teams also draw upon investment and intellectual resources across Lazard's global platform, which includes monthly meetings, analyst meetings, global views and commodity/currency views. We concluded that across each fund the level of professional experience of our investment teams is beneficial.

Lazard's investment philosophy has a robust and consistent framework. Every stock in a portfolio is carefully considered against a fund's objectives to maximise returns while ensuring no style drift. Our funds typically operate within a clearly defined set of rules that restrict risk in the form of stock and/or sector weights. Restrictions on the number of positions that a fund can own ensure it does not just mimic its benchmark in its composition and returns.

As part of our assessment, we monitored how consistently each fund's investment philosophy was applied. We also considered our risk management process and the governing mechanisms we have in place to monitor risks.

One area that was carefully considered in our assessment was the environmental, social and governance (ESG) considerations that each investment team considers. As a fund management company with a diverse range of investment products, the implementation and incorporation of ESG issues into our investment processes is reflected differently across asset classes and strategies. The continued integration of ESG

considerations into each of our funds' investment philosophies is therefore an evolving process. For further information, For further information, please refer to the latest [Lazard Sustainable Investment Report](#).

2. Fund Administration

As part of our assessment, we analysed the services that The Bank of New York Mellon (International) Limited (BNY Mellon) provides as fund administrator. BNY Mellon provides several services on behalf of the Funds, including custody, fund accounting and transfer agency. It also serves as trustee and depositary, providing oversight and protection of fund assets. Having one supplier perform all these functions offers value to investors, both through cost efficiencies and ACD oversight.

We assessed these services against the key performance indicators (KPIs) that we have in place in our service level agreement with BNY Mellon. The services were assessed for timeliness and accuracy of delivery. For the year to 30 September 2024, all KPIs met the agreed service levels, and there were no significant issues.

The complaints rate across all our funds was very low, as were the breaches reported for each fund for the year ended 30 September 2024.

We carefully considered our oversight of the fund administrator and other outsourced service providers. A monthly call takes place with key outsourced service vendors as well as a due diligence exercise once a year. Lazard also has quarterly outsourcing committee meetings attended by senior management. This committee in turn reports to the ACD's board.

We concluded that the administrative services provided by the fund administrator and other third parties and Lazard's oversight of these services demonstrated value to investors.

3. Investor Access and Communication

We reviewed our website and the information investors receive about the Funds. BNY Mellon produces semi-annual statements for investors. It has a contact centre that is open each business day with a dedicated telephone number for Lazard fund investors. We did not find any issues with how BNY Mellon communicated with investors or handled complaints against the KPIs that we set.

Our website contains marketing and regulatory information relating to the Funds, including details of how to invest.

Results by Pillar of Value (cont'd)

Performance

We analysed the performance of each fund over the appropriate time frame of 1, 3 and 5 years, considering the proposed holding period of each fund as set out in the prospectus.

Each fund was compared against an appropriate passive alternative. Each fund was also compared against two relevant competitor peer groups: the relevant Investment Association (IA) fund sector and a narrower subset of funds in a predefined group selected by Morningstar, an investment research company, based on their comparative equity style. For our competitor analysis, we compared the funds against the primary share classes of the funds in the peer groups.

An analysis was undertaken assessing each fund's level of risk and a range of risk metrics across different time frames. Returns above the benchmark were compared to the volatility of those returns. This metric is used as a measure of a portfolio manager's level of skill and ability to generate excess returns relative to a benchmark, but it also attempts to identify the consistency of the performance. An assessment of the maximum loss that occurred from peak to trough was also included. Please refer to the Assessment of Value by Fund sections for more comprehensive findings for each fund.

In assessing the performance of each fund, we asked the following relevant questions:

- What was the performance after all charges?
- What have the returns been over the short, medium and long term?
- How does it compare to an appropriate passive alternative?
- How consistent is the performance of the fund?
- How does it perform against a low-risk alternative?
- How does it compare to its sector competitors?
- Does it offer additional downside protection versus similar funds?
- How does the return compare to the level of risk taken?
- How does the fund's performance compare to its stated benchmark?

We performed the above analysis over the appropriate time frame of 1, 3 and 5 years.

Whilst the above metrics were considered, the greatest emphasis in our analysis was placed on the 5-year data in the following five areas:

- benchmark-relative performance
- performance relative to an appropriate passive alternative
- performance relative to competitors
- performance relative to a risk-free investment option
- risk-adjusted performance

For a more detailed assessment of performance for each fund, please refer to the Assessment of Value by Fund section.

Internal oversight of fund performance is provided by Lazard's Equity, Fixed Income, or Multi-Asset management groups, depending upon which asset class the fund invests in.

Costs

We have grouped the remaining five pillars of value under the heading 'Costs'. Each pillar contributes to our assessment of the cost of each fund and whether it provides value to investors.

AFM Costs

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate. This includes annual management charges (AMC) and additional charges.

As part of our assessment, we continued to monitor the costs of our funds. We renegotiate with providers on a periodic basis. Administration fees were negotiated in 2022 to a lower-paying fee, with the savings reflected in the custody and trustee fees for the funds.

Economies of Scale

We assessed to what extent each fund can achieve any savings arising from economies of scale.

We consider that there are three ways fund investors can share in economies of scale:

1. By being part of a global asset management group, we can pass on the benefits of Lazard's size and relationships with our vendors by negotiating lower fees than if we were solely running the Funds.
2. By sharing costs across all the funds in the UK fund range where they are all supported by the same infrastructure.
3. By ensuring that if a fund grows, the costs of running that fund do not grow to the same extent.

Our analysis assessed that the Funds and their investors benefit from resources of Lazard's £184.6 billion assets under management, which is far greater than the £1.4 billion combined assets under management within the UK-domiciled fund range only.* Furthermore, Lazard provides many additional services to the Funds, the costs of which are borne by Lazard rather than investors. For example, Lazard provides the Funds with extensive global technology and operations support.

*Assets under management as at 30 September 2024

Results by Pillar of Value (cont'd)

Comparable Market Rates

We compared the costs of each fund against the costs charged by our competitors.

In establishing a suitable competitor group, we selected a relative subset defined by Morningstar. Each subset is based on each fund's IA sector. (The Investment Association, the trade body for UK-authorized funds, groups funds into 56 sectors. Sectors are typically defined by asset type, geography of investment, or investment strategy.)

Our funds were predominately in line with our competitors for the relevant share classes available to retail investors.

Comparable Services

We assessed the charges that each fund incurs against the charges for comparable services provided to other funds or clients within the Lazard group. This included those charges levied on institutional mandates of a comparable size and with similar investment objectives, wherever relevant.

Compared to Lazard's Irish-domiciled fund range, which has more assets under management than the UK-domiciled fund range, wherever there is a comparable fund, our UK funds had a lower OCF.

In comparison to segregated mandates run to a similar strategy as the relevant fund, the cost of the fund is comparable to a mandate of under £100m.

However, for investments over £100 million the AMC of each fund would be marginally higher. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs (e.g. custodian and dealing costs) associated with a fund. Reporting (e.g. prospectus, report & accounts, factsheets, KIIDs, etc.) requirements are, in many cases, also greater for funds, with significant resource and cost implications.

Classes of Units

We examined the different share classes available in each fund and the costs associated with them, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard Developing Markets Fund

The objective of the fund is to achieve capital growth over at least five years.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

The fund is biased towards growth stocks, which have largely underperformed value stocks within emerging markets since 2020. As such, performance relative to the fund's benchmark, which is not adjusted for investment style, has been challenging over the last 3 years. With growth stocks now outperforming value stocks in emerging markets, we believe the fund's performance should begin to improve.

Performance versus benchmark:

The fund underperformed the MSCI Emerging Markets Index over 1, 3 and 5 years.

Performance versus competitors:

The fund underperformed the IA Global Emerging Markets peer group average over 1, 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Legal & General Global Emerging Markets Index Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1 year, underperformed over 3 years and modestly underperformed over 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the fourth quartile of its IA Global Emerging Markets peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★★★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered value against our competition.

Comparable Services ★★★★★

There is no comparable fund in the Lazard offshore fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard Emerging Markets Fund

The objective of the fund is to achieve capital growth over at least five years.

Overall Score ★★★★★

Our assessment is this fund merits a 5-star score. This means the fund offers outstanding value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★★★★

Stock selection and sector allocation have contributed to the fund's significant outperformance. By country, stock selection in China, Brazil and South Korea has been particularly helpful.

Performance versus benchmark:

The fund significantly outperformed the MSCI Emerging Markets Index over 1, 3 and 5 years.

Performance versus competitors:

The fund outperformed the IA Global Emerging Markets peer group average over 1, 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund significantly outperformed the Legal & General Global Emerging Markets Index Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1, 3 and 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the first quartile of its IA Global Emerging Markets peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★★★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered good value against our competition.

Comparable Services ★★★★★

Compared to the equivalent Lazard Irish-domiciled fund, the OCF for the UK fund is lower. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard European Alpha Fund

The objective of the fund is to achieve capital growth, net of fees, in excess of the FTSE World Europe ex UK Index, measured in sterling, over at least five years.

Overall Score ★★★★★

Our assessment is this fund merits a 4-star score. This means the fund offers good value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★★

The fund's modest underperformance has largely been caused by sector allocation. Stock selection, including within financials, has helped the fund's recent performance.

Performance versus benchmark:

The fund narrowly underperformed the FTSE Europe ex UK Index over 1, 3 and 5 years.

Performance versus competitors:

The fund underperformed the IA Europe excluding UK peer group average over 1 and 5 years and outperformed over 3 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Vanguard FTSE Developed Europe ex UK Index Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1, 3 and 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the third quartile of its IA Europe Excluding UK peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★★★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered value against our competition.

Comparable Services ★★★★★

Compared to the equivalent Lazard Irish-domiciled fund, the OCF for the UK fund is lower. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard European Smaller Companies Fund

The objective of the fund is to achieve capital growth over at least five years.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

Slow economic growth in Europe has hurt the performance of smaller company stocks. Furthermore, the fund's performance relative to its benchmark has been challenged by the outperformance of low-quality stocks versus high-quality stocks. Short-term fund performance has also been affected by the portfolio's overweight position in France, where recent political instability has caused stock market weakness. The investment team was bolstered in 2024 by the appointment of an experienced portfolio manager.

Performance versus benchmark:

The fund underperformed the MSCI Europe Small Cap Index over 1, 3 and 5 years.

Performance versus competitors:

The fund underperformed the IA European Smaller Companies peer group average over 1, 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the CT European Smaller Companies Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1 and 5 years and underperformed it over 3 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the third quartile of its IA European Smaller Companies peer group.

Costs

AFM Costs ★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★

We assessed to what extent the fund can achieve any savings as a result of economies of scale considering, amongst other things, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered good value against our competition.

Comparable Services ★★

Compared to the equivalent Lazard Irish-domiciled fund, the OCF for the UK fund is lower. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard Global Equity Income Fund

The objective of the fund is to outperform the MSCI All Country World Value Index, while generating income, over at least five years.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

After a period of sustained underperformance, we changed the fund's investment approach in July 2024, appointing our highly successful Equity Advantage team to manage the fund. This team uses a quantitative approach to portfolio management and has a long record of outperformance across global equity markets.

Performance versus benchmark:

The fund underperformed the MSCI ACWI Index over 1, 3 and 5 years.

Performance versus competitors:

The fund underperformed the IA Global Equity Income peer group average over 1, 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the CT Global Equity Income Fund over 1 and 3 years and generated a similar return over 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1 and 5 years and broadly matched its performance over 3 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the third quartile of its IA Global Equity Income peer group.

Costs

AFM Costs ★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered value against our competition.

Comparable Services ★★

There is no comparable fund in the Lazard Irish-domiciled fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard Managed Balanced Fund

The objective of the fund is to deliver income and capital growth.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

The fund has been challenged by the stock market dominance of a small number of world-leading US technology companies. Stock selection in this unusual market environment has proved difficult and accounts for the fund's underperformance. A return to more normal market conditions, where market leadership is spread among a higher number of stocks, should prove helpful to the fund's performance relative to its benchmark.*

Performance versus benchmark:

The fund underperformed its benchmark over 1, 3 and 5 years. This underperformance was less significant over 1 and 5 years.

Performance versus competitors:

The fund underperformed its IA OE Mixed Investment 40-85% Shares peer group average over 1, 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Vanguard LifeStrategy 60% Equity Fund over 1 and 3 years and broadly matched it over 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1 and 5 years and underperformed it over 3 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the third quartile of its IA OE Mixed Investment 40-85% Shares peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★★★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered good value against our competition.

Comparable Services ★★★★★

There is no comparable fund in the Lazard Irish-domiciled fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client will only pay for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it is in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

*Benchmark: 50% FTSE All Share Index/25% MSCI All Country World Index/25% FTSE Actuaries UK Conventional Gilt All Stock Index

Assessment of Value by Fund

Lazard Managed Equity Fund

The objective of the fund is to achieve capital growth.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

Stock selection in global equities, including not owning the strong-performing US technology company Nvidia, has contributed to the fund's underperformance. A return to more normal market conditions, where market leadership is spread among a higher number of stocks, should prove helpful to the fund's performance relative to its benchmark.*

Performance versus benchmark:

The fund underperformed its benchmark over 1, 3 and 5 years.

Performance versus competitors:

The fund underperformed its IA Global peer group average over 1 and 5 years and outperformed it over 3 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Legal & General International Index Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1, 3 and 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the fourth quartile of its IA Global peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges fell short of our competition and will be reviewed.

Comparable Services ★★★★★

There is no comparable fund in the Lazard Irish-domiciled fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

*Benchmark: 50% FTSE All Share Index/50% FTSE World ex-UK Index

Assessment of Value by Fund

Lazard Multicap UK Income Fund

The objective of the fund is to achieve income combined with capital growth.

Overall Score ★★★★★

Our assessment is this fund merits a 4-star score. This means the fund offers good value to investors.

Quality of Service ★★★★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★★

Stock selection, including within the consumer discretionary sector, has been the main reason for the fund's modest longer-term underperformance. However, short-term stock selection has been positive.

Performance versus benchmark:

The fund performed in line with the FTSE All-Share Index over 1 year and underperformed it modestly over 3 and 5 years.

Performance versus competitors:

The fund outperformed the IA UK Equity Income peer group over 3 years and underperformed it over 1 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Vanguard LifeStrategy 60% Equity Fund over 1, 3 and 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1, 3 and 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the third quartile of its IA UK Equity Income peer group.

Costs

AFM Costs ★★★★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★★★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★★★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered good value against our competition.

Comparable Services ★★★★★

There is no comparable fund in the Lazard Irish-domiciled fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★★★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Assessment of Value by Fund

Lazard UK Omega Fund

The objective of the fund is to achieve capital growth over at least five years.

Overall Score ★★

Our assessment is this fund merits a 3-star score. This means the fund offers value to investors.

Quality of Service ★★

Our assessment considered the range and quality of our services. Additionally, the services offered by our external administrator BNY Mellon consistently add value for our clients. Our conclusion is that we provide a wide range of high-quality services through a safe and secure global infrastructure, experienced investment professionals, and effective risk management practices, all underpinned by a culture of client-centric continuous improvement.

Performance ★★

Sector allocation effects, including being underweight the financial sector, have been the main cause of the fund's modest underperformance over 1 and 3 years. Stock selection has been positive over these periods.

Performance versus benchmark:

The fund modestly underperformed the FTSE All-Share Index over 1 and 3 years and performed in line with the index over 5 years.

Performance versus competitors:

The fund significantly underperformed the IA UK All Companies peer group over 1 year and outperformed over 3 and 5 years.

Performance versus a relevant passively managed fund:

The fund underperformed the Vanguard FTSE UK All Share Index Fund over 1 and 3 years and performed in line with the Vanguard fund over 5 years.

Performance versus a risk-free investment:

The fund outperformed a relevant money-market fund over 1, 3 and 5 years.

Risk-adjusted performance versus competitors:

The fund's 5-year risk-adjusted performance placed it in the second quartile of its IA UK All Companies peer group.

Costs

AFM Costs ★★

We compared the charges that we levy on investors against the costs we incur in providing the services to which the charges relate.

Economies of Scale ★★

We assessed to what extent the fund can achieve any savings arising from economies of scale, considering, amongst other factors, Lazard's extensive global knowledge and expertise, technology, and operations support. Our analysis indicates that investors in the fund benefit from Lazard's global resources and additional services.

Comparable Market Rates ★★

We compared the annual management charge (AMC) and ongoing charges figure (OCF) of the fund with those charged by our competitors. From this analysis, we found that the fund's charges offered value against our competition.

Comparable Services ★★

There is no comparable fund in the Lazard Irish-domiciled fund range. When compared with segregated mandates that Lazard offers to institutional clients, in some instances the costs associated with these mandates may be lower. This reflects the fact that a segregated mandate client only pays for the cost of investment management and not the ancillary costs associated with a fund.

Classes of Units ★★

We examined different share classes in the fund and the costs associated with each, as well as if it was in the best interests of retail investors to move them between share classes. From our analysis, each share class is appropriately priced.

Glossary

ACD:

Lazard Fund Managers Limited, the Authorised Corporate Director of the Funds, or “us”

AFM:

The Authorised Fund Manager’s costs, being those of Lazard Fund Managers Limited

AMC:

Annual Management Charge

AOV:

Assessment of Value

AUM:

Assets under management

BNY:

The Bank of New York Mellon (International) Limited, the depository and fund administrator

FCA:

Financial Conduct Authority, regulator of the UK’s finance industry

Funds:

The sub-funds of Lazard Investment Funds, Lazard’s UK-domiciled fund range and the subject of this Assessment of Value

Growth Stock:

Any share in a company that is anticipated to grow at a rate significantly above the average growth for the stock market

IA:

The Investment Association, the trade body for authorised investment funds in the UK

KIID:

The Key Investor Information Document

Lazard:

The Lazard Asset Management group of companies

OCF:

Ongoing Charges Figure, the overall cost to fund investors

Quartile:

A statistical term that describes a division of observations into four defined intervals, based on the values of the data and how they compare to the entire set of observations. For example, a first quartile ranking means a fund is in the top 25% of funds in its IA sector, while a fourth quartile ranking means a fund in the bottom 25% of funds in its IA sector.

Style Drift:

The divergence of a fund from its stated investment style or objective

Value Stocks:

Any share of a company that appears to trade at a low price relative to its fundamentals, such as the profits it makes or the value of its assets

Important Information

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