What is a Managed Volatility Investment Approach?

• A portfolio designed to reduce participation in extreme market environments
• A fully invested, diversified portfolio of equities
• Stock weights based on multi-factor investment process that favours stocks with below average risk characteristics

The Lazard Global Managed Volatility Fund selects holdings based upon the portfolio management team’s stock assessment, along with risk measures to create a low volatility portfolio that aims to improve returns as well as reduce volatility.

Why Lazard Managed Volatility?

Philosophy

• Our research shows that low-volatility strategies can produce similar long-term results to market cap-weighted benchmarks at significantly lower levels of risk
• Opportunities exist where risk and return are mispriced within global equity markets
• Our approach aims to reduce volatility throughout market cycles by investing in high-quality, financially stable stocks with consistent earnings
• We use a systematic approach focusing explicitly on risk reduction
• The Fund is built with a benchmark-agnostic perspective. We measure risk in an absolute sense, not relative to the market cap-weighted benchmark
• Exposure to both developed and emerging markets for increased alpha opportunity

Process

• We use a balanced and pragmatic investment approach incorporating multiple views of risk as we seek to build low-risk equity portfolios
• The Portfolio is fully diversified across sectors, industries, capitalisations, and geographies, helping to further reduce equity volatility
• The process seeks to optimise Sharpe Ratios and exceed those of portfolios based on market cap-weighted indices
• Our process is transparent, liquid and low cost

Team

• Long-standing team with investment experience through different market cycles
• Thought leaders with pragmatic approach to quantitative investing
• Sophisticated and comprehensive history in the management of low-volatility equities
• Supported by extensive global fundamental research resources and a global trading platform

Snapshot

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Investment Return Objective¹</th>
<th>Number of Holdings</th>
<th>Minimum Investment and Management Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark agnostic, the MSCI All Country World Index is used for performance comparison purposes only</td>
<td>To achieve total returns (including income and capital appreciation and before the deduction of fees and taxes) in excess of the MSCI All Country World Index with lower volatility over the long term</td>
<td>Generally range from 175 to 350</td>
<td>Minimum Investment: $20,000 Management Costs: 0.64% pa</td>
</tr>
<tr>
<td>Fund Turnover</td>
<td>Cash</td>
<td>Minimum Investment:</td>
<td></td>
</tr>
<tr>
<td>Low to moderate</td>
<td>Portfolios aim to be fully invested at all times but can hold up to 5% in cash</td>
<td>&gt;$400 million</td>
<td></td>
</tr>
</tbody>
</table>

¹ There is no assurance that the Funds’ objective or targets will be achieved.
**Fund Overview**

The Lazard Global Managed Volatility Fund is a diversified global equity portfolio that we expect to have lower volatility than the benchmark over a full market cycle. Stocks are selected for the portfolio using a proprietary, quantitatively-based, multi-factor investment process that favours stocks with below average risk characteristics. The Fund generally holds between 175 to 350 securities and provides a liquid and transparent solution, designed to reduce drawdowns and the overall volatility of returns. The Fund’s objective is to achieve total returns (including income and capital appreciation and before the deduction of fees and taxes) in excess of the MSCI All Country World Index with lower volatility over the long term.

**Investment Philosophy**

The Fund is based on our belief that risk and return are mispriced within global equity markets. Market cap-weighted benchmarks, while offering the benefits of low turnover and trading costs, contain an implicit momentum risk that, in most environments, is rewarded. Investors will prefer stocks with positive price momentum and shun stocks with negative momentum.

This behavior persists until periods of market stress and/or when speculative bubbles occur and price-weighted benchmarks correct themselves. Such corrections can result in a large increase in volatility and significant near-term investment loss. Low-volatility strategies, which focus on risk and return, can produce similar long-term results to market cap-weighted benchmarks at significantly lower levels of risk.

**Universe Screening and Risk Assessment**

We screen a global universe of companies for sufficient price history, data availability, and liquidity. Then we use a combination of our long-term risk, short-term risk, and alpha models to assess each stock’s risk characteristics and return potential. This multi-dimensional risk management framework is a critical component of successfully managing in the low volatility space across a range of market environments.

**Portfolio Construction**

The outputs from the risk and return models are combined to build a portfolio with the highest expected return/risk ratio. Portfolios are constructed, blending both the risk and alpha models, as appropriate, and further risk controls are employed to assure that the portfolio is well diversified according to multiple measures.

**Portfolio Manager Review**

Proposed trades are reviewed by the Portfolio Management team collectively to determine that there are no additional sources of risk that have not been captured through the investment process. Drawing on Lazard’s global sector analysts for industry and company information, the team monitors risk within the portfolio and, as a result of this review, may override certain recommendations of the model and substitute them with another stock where the expected returns and risk characteristics are similar.

**Buy/Sell Discipline**

Purchase decisions are made through the risk model output. We seek to purchase stocks with favorable risk attributes subject to certain controls over capitalisation, sector, and position size.

Positions are sold when the risk characteristics of the stock change so that it no longer contributes in reducing risk across the portfolio.
**Lazard Equity Advantage Team**

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**Important Information**

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