

# Lazard Rathmore

Designed to Capitalize on Opportunities and Uncertainty

Lazard Rathmore is designed to be an all-weather solution that can serve as a unique fixed-income alternative, a diversifying absolute return allocation within a multi-asset portfolio, or over the longer-term, a low-volatility equity substitute. As a market-neutral strategy, it is designed to pursue compelling risk-adjusted returns across varying market conditions—minimizing the need to forecast market direction.

## Multi-dimensional Drivers of Return

The strategy combines long positions in convertible bonds with short stock positions in the equity of the same company, creating a hedged pair. This unique trade construct is designed to allow the strategy to benefit from the traditional drivers of fixed-income returns—such as coupon payments and pull-to-par gains—while also unlocking additional potential sources of return through position-level equity hedges. Most notably, these hedges provide the ability to enhance return potential by profiting from equity market volatility, while also serving to reduce credit risk, return volatility, and drawdowns.

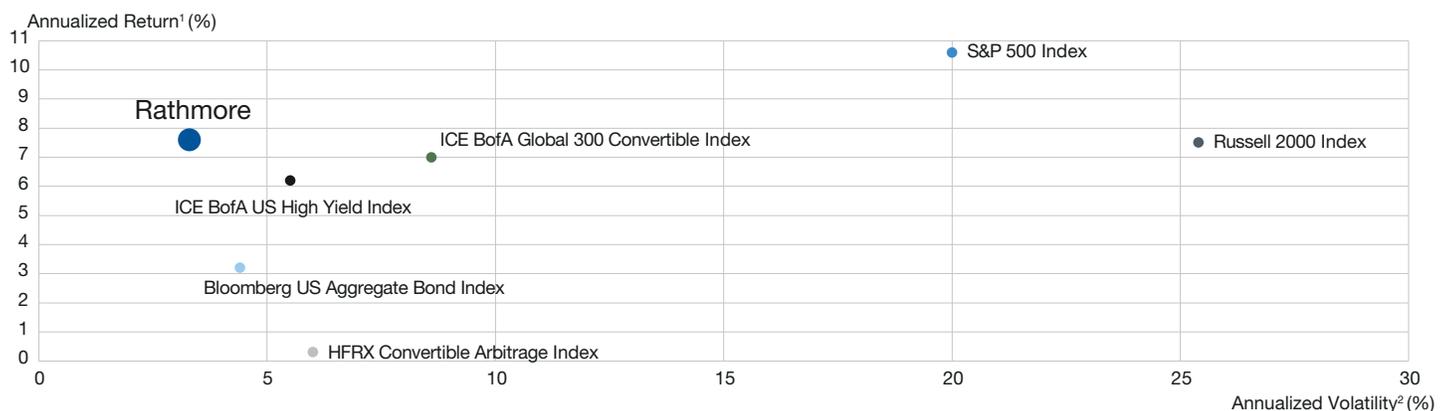
## Access to Differentiated Sources of Alpha

The strategy also seeks to generate alpha from non-traditional exits from the hedged pair, referred to as “Special Situations.” These opportunities further expand the scope of the strategy’s performance drivers as well as investors’ access to return streams beyond traditional fixed income markets. Special Situations typically involve directly negotiated corporate transactions—such as buybacks, tenders, bond-for-bond exchanges, or debt-for-equity exchanges—where bespoke terms can create additional value for both issuers and investors.

## A Rare Blend of Performance and Stability

Over the long term, the unique interplay between these diversified drivers of return has allowed the Lazard Rathmore strategy to deliver equity-like returns with bond-like risk. Since inception, the strategy has outperformed the Russell 2000 Index net of fees with a lower volatility of returns than the Bloomberg US Aggregate Bond Index, demonstrating its ability to deliver compelling absolute returns with reduced downside risk.

## Equity-like Returns, Bond-like Risk



	Rathmore	HFRX CA	Bloomberg US Aggregate	ICE BofA US High Yield	ICE BofA Global 300	S&P 500	Russell 2000
Annualized Return <sup>1</sup> (%)	7.6	0.3	3.2	6.2	7.0	10.5	7.4
Annualized Volatility <sup>2</sup> (%)	3.3	6.0	4.4	5.5	8.6	19.9	25.4
Sharpe Ratio	1.7	-0.2	0.3	0.8	0.6	0.4	0.2

As of 31 December 2025. Source: Lazard, Bloomberg

## Distinctly Uncorrelated Potential Sources of Return

Lazard Rathmore's strategic positioning is reinforced by its low correlation to traditional fixed income and equity indices, providing meaningful diversification benefits within a portfolio. By harnessing equity volatility through hedged convertible bond positions, the strategy accesses a potential return stream that is less dependent on the direction of equity or fixed-income markets. In addition, the inclusion of Special Situations adds another layer of uncorrelated performance potential, aiming to enhance both the resilience and consistency of returns.

### Correlation & Beta

Correlation <sup>1</sup>	Rolling 1-Year	Since Inception
Lazard Rathmore <sup>3</sup>	1.00	1.00
HFRX Convertible Arbitrage Index	0.24	0.39
Bloomberg US Aggregate Bond Index	0.01	0.01
ICE BofA US High Yield Index	0.24	0.55
ICE BofA Global 300 Convertible Index	0.24	0.40
S&P 500 Index	0.16	0.27
Russell 2000 Index	0.10	0.25

As of 31 December 2025. Source: Lazard, Bloomberg

## Experienced Team, Proven through Market Cycles

The strategy is managed by a dedicated team of 12 seasoned investment professionals, including senior portfolio managers with an average of over 30 years of industry experience, and three specialists in fundamental credit research. Leveraging Lazard Asset Management's global resources—including fundamental research, ESG expertise, and deep sector knowledge—bolsters the team's footprint and competitive positioning in the industry, offering a distinctive edge. This depth of experience and resources has enabled the strategy to successfully navigate challenging market environments, including the Global Financial Crisis.

## Awards and Ratings



Winner of the Hedge Fund Journal's 2025 UCITS Hedge Award for Convertible Arbitrage  
Best Performing Fund in 2024 and over 2, 3, and 5 Years  
Lazard Rathmore Alternative Fund



Winner of the Hedge Fund Journal's 2024 UCITS Hedge Award for Convertible Arbitrage  
Best Performing Fund in 2023 and over 3 and 5 Years  
Lazard Rathmore Alternative Fund



Winner of The Hedge Fund Journal's 2023 UCITS Hedge Award for Convertible Arbitrage  
Best Performing Fund in 2022 and over 3 and 5 Years  
Lazard Rathmore Alternative Fund

# Rathmore Portfolio Management Team



**Sean Reynolds**  
Lead Portfolio Manager/Trader



**Frank Bianco**  
Senior Portfolio Manager/Trader



**Sarah George**  
Client Portfolio Manager



**Douglas Workman**  
Senior Credit Analyst



**Juncheng Zhang**  
Trader/Portfolio Manager



**Sriharan Nadesan**  
Senior Credit Analyst



**Michael Porcaro**  
Portfolio Analyst



**Sean Maguire**  
Portfolio Analyst



**Jack Ortner**  
Portfolio Analyst

## Lazard Asset Management

Many of the world's leading institutions and investors rely on us to deliver world-class investment solutions and strategic advice.

**\$265B**  
Assets Under Management

**400**  
Investment Professionals

**1,200+**  
Employees

**20+**  
Countries

As of 30 September 2025. Values above include those of Lazard Asset Management LLC (New York and its global affiliates - Lazard Frères Gestion (LFG), Lazard Frères Banque SA (LFB), and the Edgewater Funds (Edgewater).

# Important Information

## Notes

1. Inception for the Lazard Rathmore strategy is June 1, 2007. Performance is presented net of fees. Please refer to "GIPS® Standards Composite Information" for the most recent final performance and additional information. **The performance quoted represents past performance. Past performance is not a reliable indicator of future results.**
2. Based on daily returns. Annualized volatility since inception for the Lazard Rathmore strategy based on monthly returns is 6.29%, yielding a Sharpe ratio of 0.95. Lazard Rathmore is an absolute return strategy, and as such, is benchmark agnostic. For many years, reference indices for the strategy and its products have included the HFRX Convertible Arbitrage Index (HFRXCA Index), the S&P 500 Index (SPTR Index), the Russell 2000 Index (RU20INTR Index), the Bloomberg US Aggregate Bond Index (LBSTRUUJ), the ICE BofA Global 300 Convertible Index (VG00 Index), and the ICE BofA US High Yield Index (H0A0 Index). The indices mentioned above are unmanaged and have no fees. One cannot invest directly in an index.
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**The performance quoted represents past performance. Past performance is not a reliable indicator of future results.**

An investment in any alternative investment is speculative, involves a high degree of risk, and may lose value. Privately offered investment vehicles are unregistered private investment funds or pools that invest and trade in many different markets, strategies, and instruments. Such funds generally are not subject to regulatory restrictions or oversight. Opportunities for redemptions and transferability of interests in these funds are restricted. The fees imposed, including management fees, incentive fees/allocations, and expenses, may offset trading profits. Investors should not invest in any fund unless they are prepared to lose all or a substantial portion of their investment.

The performance of the strategy is largely dependent on the talents and efforts of certain individuals. There can be no assurance that Lazard Asset Management LLC ("LAM") investment professionals will continue to be associated with LAM and the failure to retain such investment professionals could have an adverse effect on the strategy.

The strategy may leverage its investment positions by borrowing funds from securities broker-dealers, banks, or others. From time to time, the strategy may borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk of loss.

The strategy may take short positions. Short selling can, in some circumstances, substantially increase the impact of adverse price movements on the strategy's portfolio. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the strategy of buying securities to cover the short position.

The strategy is subject to a number of actual and potential conflicts of interest involving LAM and its affiliates. LAM and its affiliates provide investment management services to other investors whose investment objectives may be similar to, or different from, the investment objective of the strategy. The directors, members, officers and employees of the strategy, LAM and its affiliates may buy and sell securities for their own account or for the account of others. The investment manager may receive an allocation incentive fee and such a compensation arrangement may create an incentive to make investments that are riskier or more speculative than would be the case if such an arrangement were not in effect.

The strategy pursues both convertible arbitrage and special situation investment opportunities. Convertible arbitrage strategies generally involve price spreads between the convertible security and the underlying equity security. The prices of these investments can be volatile, as market movements are difficult to predict. Event-driven investing requires the strategy to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result.

The strategy may invest in securities of non-U.S. companies and that trade on non-U.S. exchanges these investments are denominated or traded in currencies other than U.S. dollars involve certain considerations not typically associated with investments in U.S. issuers or securities denominated or traded in U.S. dollars. There may be less publicly available information about issuers

in non-U.S. countries that may not be subject to uniform accounting, auditing, and financial reporting standards and other disclosure requirements comparable to those applicable to U.S. issuers.

The Russell 2000 Index is designed to represent the "small cap" market of US equity securities, composed of approximately 2,000 of the smallest securities in the Russell 3000 Index. The Russell 3000 Index is a market-capitalization-weighted equity index maintained by FTSE Russell that provides exposure to the entire US stock market. The index tracks the performance of the 3,000 largest US-traded stocks, which represent approximately 98% of all US-incorporated equity securities.

The S&P 500 Index is a market capitalization-weighted index of 500 companies in leading industries of the US economy.

The HFRX Convertible Arbitrage Index consists of funds in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument. Strategies employ an investment process designed to isolate attractive opportunities between the price of a convertible security and the price of a non-convertible security, typically of the same issuer. Convertible arbitrage positions maintain characteristic sensitivities to credit quality of the issuer, implied and realized volatility of the underlying instruments, levels of interest rates and the valuation of the issuer's equity, among other more general market and idiosyncratic sensitivities.

The Bloomberg US Aggregate Bond Index covers the investment-grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBS, with maturities of no less than one year.

The ICE BofA US High Yield Index is a broad-based index consisting of all US dollar-denominated high-yield corporate bonds with a minimum outstanding amount of \$250 million and maturity of no less than one year.

The ICE BofA Global 300 Convertible Index is designed to track the performance of the 300 largest convertible securities globally.

The indices are unmanaged and have no fees. One cannot invest directly in an index.

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities. Emerging markets securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging markets countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging markets countries.

Certain information contained herein constitutes "forward-looking statements" which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intent," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events may differ materially from those reflected or contemplated in such forward-looking statements.