

Lazard Minerva Gender Diversity

Designed to Elevate Outcomes through Equality Investing

Lazard Minerva Gender Diversity is an active global equity strategy with a positive gender lens. The strategy has dual objectives of promoting gender equality and generating strong investment returns. It seeks to invest in companies that have a clear and demonstrable commitment to gender equality. In addition, the portfolio aims to invest in companies that generate consistently high levels of financial productivity and that are managed responsibly.

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Gender Equality Is an Imperative

Gender equality poses one of the greatest sustainability challenges to the world today. The World Economic Forum estimates that it will take 132 years to close the gender gap or, in other words, for women to reach equal economic participation with men.¹

We believe that investors have the opportunity to be a catalyst for change by using the power of their capital. Through direct investment, gender equality can serve as the foundation of an allocation to human or social capital initiatives, offering focused exposure not typically addressed by broad sustainability strategies.

Engagement Is Essential Research

We engage with every company in which we invest. We find that engagement is critical for delivering our investment objectives and strongly believe engagement should be an essential feature of any active gender investment strategy.

Only through engagement can we fully qualify a company for portfolio inclusion: Each company in the portfolio must be committed to gender equality. To develop a full picture of a company's commitment, approach, and progress to gender parity, our holistic evaluation is structured with four key markers.

Active Engagement Key Markers

Purpose	Policies	Accountability	Amplify Impact
Strategic business rationale	Strong diversity policies	Ambitious goals	Products and services
Demonstrable commitment	Equal opportunities	Board and management accountability	Supply chains
Incorporated in business strategy	Representation throughout organization	Link to compensation	Broader social impact
		Push for progress	

For illustrative purposes only. Information is subject to change.
Source: Lazard

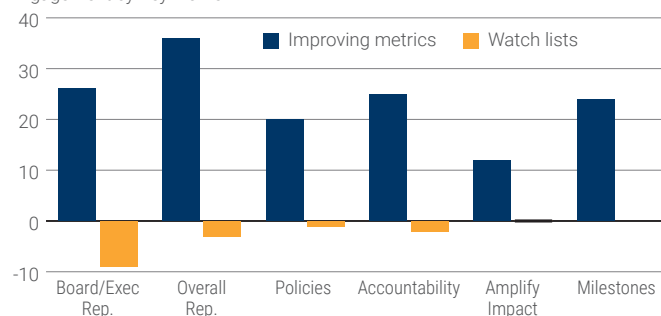
Engagement Effects Change

The strategy aims to be a catalyst for change; engagement is our tool to advocate for improvement in gender equality practices.

Through our direct access to management and by establishing a working dialogue, we can share our recommendations and suggest improvements to reinforce and accelerate progress toward gender parity. We then report on progress both at a portfolio and a company level.

Real-World Outcomes

Engagement by Key Marker



As of 30 April 2023
Source: Lazard

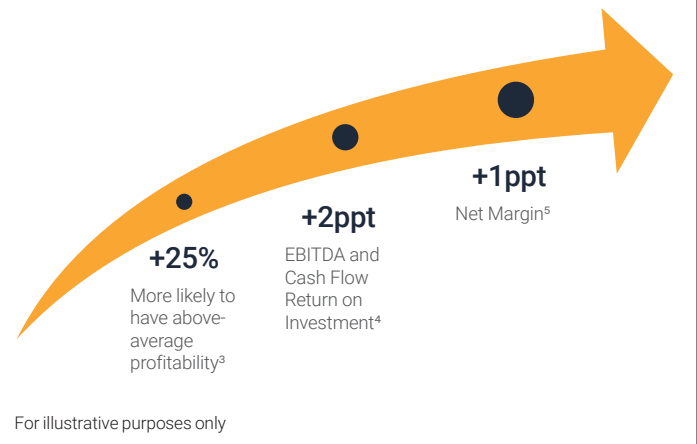
Quality at the Heart of Equality

Our investment objective has two goals: to promote gender equality and generate strong investment returns. In other words, we believe that investors can have it both ways.

Our investment approach is time-tested. We seek to invest in quality companies that generate and sustain a high return on capital and that can also reinvest in their business at similar returns to drive future growth. Empirical evidence covering twenty-five years of investing suggests that companies with these characteristics can be a source of alpha.²

Evidence also suggests that a commitment to gender equality supports profitability—the driving force of quality companies. Gender diversity promotes creativity and innovation by challenging the status quo and reducing group think, and diverse companies are able to attract and retain a broader universe of talent. More diverse companies also have higher returns on capital, lower risk profiles, and improved returns to shareholders, among other advantages.

Gender Diversity Drives Quality



A Focused Universe Elevates Integrity

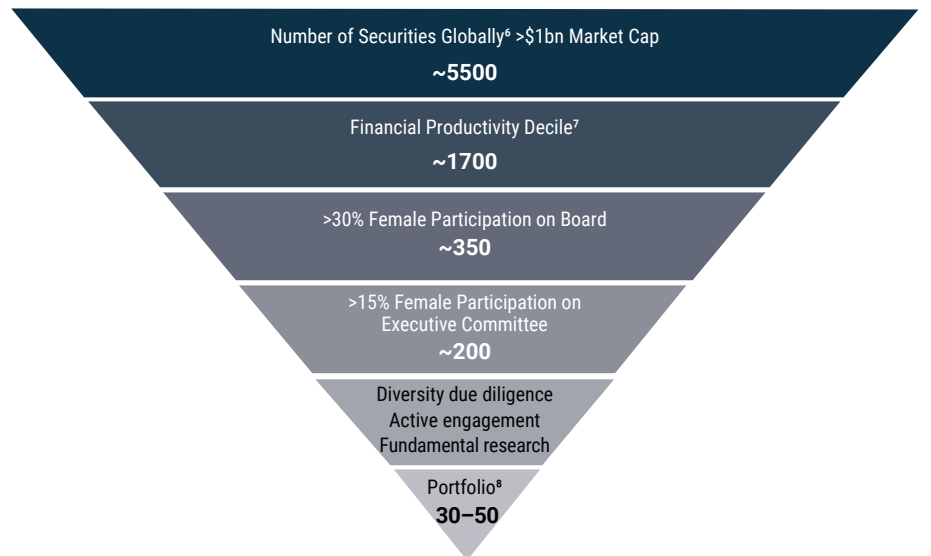
Our investment process begins with an initial screen to identify a set of quality companies that have a commitment to gender equality.

We start by tapping a field of about 8,000 companies with more than \$1 billion in market capitalization and identify those companies that fall into the top-three deciles of financial productivity (cash flow return on investment [CFROI] relative to the MSCI AC World Index).

We then apply a high-level gender lens to find companies with both >30% female representation on the Board of Directors and >15% representation on the Executive Committee. This yields a set of more than 200 investable companies.

We concentrate our in-depth fundamental research, diversity research, and engagement on these companies. Following our due diligence and engagement, we construct a portfolio of 30 to 50 stocks—investing in quality and equality with true integrity.

Initial Proprietary Screening



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Notes

- 1 World Economic Forum, [Global Gender Gap Report](#). 13 July 2022.
- 2 Please see [Relative Value Investing](#), and its recent update [Quality Investing](#) for more details.
- 3 Companies in top quartile for gender diversity versus fourth quartile: "Diversity Wins: How Inclusion Matters," McKinsey & Company, May 2020.
- 4 Companies with >20% female leaders versus <15%: "The CS Gender 3000: The Changing Face of Companies," Credit Suisse Research Institute, October 2019.
- 5 Companies with >30% female leaders versus with no female leaders: "Is Gender Diversity Profitable? Evidence from a Global Survey," Working Paper, Peterson Institute for International Economics. February 2016.
- 6 Number of securities globally ~8000.
- 7 Companies in top-three deciles relative to MSCI AC World Index for financial productivity (cash flow return on investment [CFROI]) for both trailing year (last reported) and current year (forecast).
- 8 Thresholds: >30% female representation on the Board and >15% on the Executive Committee. At least 85% of the companies held in the portfolio must meet one or the other diversity threshold and at least 75% of the companies held in the portfolio must meet both thresholds.

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