

Lazard Defensive Global Dividend Fund

Fund Commentary

Developed equity markets rebounded in March but nevertheless finished their worst quarter since the onset of the COVID-19 pandemic. Commodity- and energy-dominated markets led, continuing their strong relative performance for a sixth month, while importers broadly lagged.

The Ukraine war raged into its second month with no sign of resolution. Russia faced nearly worldwide condemnation, its stocks were removed from the major indices and the country enacted capital controls to rescue the ruble. While Russia continued to sell oil and gas into global markets, including Europe, some importers pursued other suppliers, sustaining prices well above pre-invasion levels. Inflation continued to be the major worry as it escalated globally. While initial inflation pressure was spawned by higher commodity prices, it has now spilled into wages: Labour shortages have led to wage increases, applying upward pressure on prices.

The Federal Reserve raised its discount rate by 25 basis points in March and assumed a hawkish stance, telegraphing six more hikes for 2022. The U.S. yield curve inverted at two years, often a recessionary indicator. Europe also experienced the highest inflation in more than 40 years as higher energy prices and natural gas rationing took hold. The European Central Bank is also expected to raise rates this year, with the discount rate likely to cross zero by year end. The Bank of Japan, by contrast, has remained steadfast

in its accommodative monetary policy, sending the yen tumbling.

Energy stocks led the market in March, as they have for the quarter and past year. Utilities and materials also continued their strong price performance in March and, along with energy, are the only sectors in positive territory this year. Consumer discretionary, communication services and technology shares lagged the most, down more than 10% for the year.

As in February, factor returns across regions diverged in March. Risk measures were in favour globally, largely due to a strong preference in Japan; the balance of the world preferred lower-risk stocks. Price momentum was the lone factor that continues to be a positive contributor across all regions. Value measures worked well in Europe but underperformed in Japan and were mixed in the United States. Growth measures lagged except in Japan. Quality measures were also favoured except in the United States.

Against this backdrop, the Lazard Defensive Global Dividend Fund outperformed its benchmark, the MSCI World Index.

Positive Contributors

The following added to the Fund's performance during the quarter:

- Both stock selection and sector positioning aided returns overall.
- Stock selection was favourable in nine of 11 sectors, led by communication services and consumer staples.
- Sector positioning was aided by underweight exposure to technology and consumer discretionary, as did overweight exposure to utilities.
- Regionally, selection was favourable in all major regions with the strongest selection in the U.S.
- Coterra Energy benefited from the rising energy prices. Industry analysts also noted the company is aided by its low cost of supply, below average debt/EBITDA, as well as one of the highest base plus variable dividends in its peer group.
- Lockheed Martin shares rose after the global security and aerospace company said it was part of a consortium in a EUR\$380 million (\$428.4 million) contract from Italy's Defense Ministry. The agreement lasts five years and aims to provide technical and logistical support to Italy's Air Force C-130J aircraft fleet.
- Virtu Financial reported a strong fourth quarter. The financial services company said revenue for the quarter ended 31 December was \$705.6 million, compared with \$676.7 million a year earlier.

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Defensive Global Dividend Fund

- KDDI has been performing solidly, thanks to improved momentum in net mobile subscriber adds and expectations about the new three-year medium-term business plan scheduled for release in May 2022 as well as to the stable nature of its earnings.
- Loblaw, the Canadian retailer, beat market estimates for quarterly, as demand for groceries and other essential items stayed strong. The pandemic-led trend of cooking at home has sustained even as COVID curbs have eased, continuing to help sales at grocery stores that benefited during last year's lockdowns.

Performance Detractors

The following detracted from the Fund's performance during the quarter:

- Stock selection was unfavourable in only two of 11 sectors, with holdings in health care and energy being the relative detractors.
- Underweight exposure to financials and energy were a drag on relative performance.
- Zoetis detracted, as animal health stocks have been under pressure. There has been a significant decline in vet visits, owing to supply-related factors like labour shortfall due to COVID-19 concerns. Analysts expects this to be a small headwind in the first quarter, but

labour concerns are anticipated to ease as the omicron wave dies down and vet staff returns.

- Colgate-Palmolive profit fell in the fourth quarter as the COVID-19 pandemic continued to constrain demand for some of its products and higher costs around the world hit margins.
- Keysight Technologies, although reporting a solid fourth quarter, like other tech stocks it has been in a downtrend since the start of the year.
- Japan Post, which said it has lost documents containing information on a total of 290,000 clients at 6,565 post offices nationwide, much larger than its earlier finding of 67,000 clients. Japan Post said it believes that the information, which includes names, bank accounts and financial transactions, is unlikely to have been leaked outside.
- McDonald's revenue and profit expectations, as higher costs and tepid sales in its over 4,500 restaurants in Australia and China due to pandemic-led curbs, ate into gains from growth in the United States in the fourth quarter. Operating costs rose 14% to \$3.61 billion as supply chain bottlenecks led the world's largest burger chain to spend more for ingredients such as chicken and beef, as well as packaging material.

Outlook

We (Lazard) view the global equity markets with cautious optimism. Inflation fears and the potential for higher global interest rates are likely to continue to weigh on investor sentiment for the rest of 2022. Unfortunately, we do not see an immediate end to the war in Ukraine with both sides seeing a path to complete victory and, at this point, unwilling to compromise to affect a peace settlement. The conflict will continue to maintain oil and commodity prices at elevated levels and dampen the prospects for global growth barring a change in government or OPEC policy. By contrast, consumer balance sheets are in a solid position, employment is high and capital spending plans remain strong. The global pandemic appears largely behind us save a new mutation from this very nefarious virus. The major exception is China where an ineffective vaccine and zero tolerance policy is having a profound impact on the world's second largest economy. While higher interest rates and wage inflation will certainly depress earnings, inflation pressures should begin to subside, and we are not convinced that the U.S. Federal Reserve will be able to fully execute its planned series of rate hikes without pushing the economy into a recession. While equity prices will continue to be volatile, we believe that a bottom-up stock selection strategy, focused on company fundamentals, will likely reward investors over the balance of the year.

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Defensive Global Dividend Fund

About Lazard

Since 1848, Lazard has remained a trusted advisor to governments, financial institutions, public and private retirement plans, and individuals around the world. Lazard serves investors with a broad range of global investment solutions and investment management services with an emphasis on strategies that benefit from intensive research and active management. The result is a strong pattern of long-term performance, global perspective and deep insight into local markets.

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

LAZARD
ASSET MANAGEMENT

on the
BRIDGEHOUSE
INDEPENDENT PLATFORM

Lazard Defensive Global Dividend Fund

Contribution Analysis (relative to benchmark)

LAST QUARTER

INDUSTRY			
Top 5 Contributors	%	Top 5 Detractors	%
Software	0.59	Oil, Gas & Consumable Fuels	-0.45
IT Services	0.58	Household Products	-0.32
Interactive Media & Svcs.	0.57	Equity Real Estate Inv. Trusts (REITs)	-0.24
Food & Staples Retailing	0.41	Health Care Equip. & Supplies	-0.15
Semicond. & Semicond. Equip.	0.40	Pharmaceuticals	-0.12

COUNTRY			
Top 5 Contributors	%	Top 5 Detractors	%
United States	2.48	Belgium	-0.06
United Kingdom	0.39	New Zealand	-0.06
Germany	0.37	Norway	-0.04
France	0.33	Denmark	-0.02
Canada	0.25		

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
Coterra Energy Inc.	0.27	Colgate Palmolive Co	-0.16
Microsoft Corp.	0.27	Keysight Technologies Inc	-0.16
Rio Tinto plc	0.20	Zoetis Inc	-0.14
Virtu Financial Inc	0.14	Japan Post Holdings Co Ltd	-0.12
Lockheed Martin Corp.	0.13	WD-40 Company	-0.11

LAST 12 MONTHS

INDUSTRY			
Top 5 Contributors	%	Top 5 Detractors	%
Food & Staples Retailing	1.86	Tech. Hardware, Storage & Periph.	-1.49
Pharmaceuticals	1.28	Oil, Gas & Consumable Fuels	-0.86
IT Services	1.15	Semicond. & Semicond. Equip.	-0.80
Equity Real Estate Inv. Trusts (REITs)	1.08	Interactive Media & Svcs.	-0.55
Food Products	0.45	Banks	-0.53

COUNTRY			
Top 5 Contributors	%	Top 5 Detractors	%
United States	1.07	Japan	-0.88
Canada	0.87	Norway	-0.14
Denmark	0.69	Belgium	-0.13
United Kingdom	0.36	France	-0.13
Germany	0.30	New Zealand	-0.08

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
Novo Nordisk A/S B	0.65	Apple Inc.	-1.45
Loblaw Companies Ltd.	0.51	Microsoft Corp.	-0.81
Public Storage	0.47	Alphabet Inc	-0.38
Republic Services Inc.	0.37	Tohoku Electric Power Co Inc	-0.29
Coterra Energy Inc.	0.30	Japan Post Bank Co. Ltd.	-0.17

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Defensive Global Dividend Fund

FOR DISTRIBUTION TO INVESTORS BY REGISTERED DEALERS ONLY.

Bridgehouse Asset Managers® is a trade name of Brandes Investment Partners & Co. (Bridgehouse). Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. (Brandes LP), which is an affiliate of Bridgehouse. Bridgehouse is the manager of the Bridgehouse Funds and has hired Brandes LP, Lazard Asset Management (Canada), Inc. (Lazard), Morningstar Associates Inc. (Morningstar), Sionna Investment Managers Inc. (Sionna), GQG Partners LLC (GQG Partners) and TD Asset Management (TDAM) as portfolio sub-advisors (collectively, the “portfolio sub-advisors”) in respect of the Bridgehouse Funds. The foregoing reflects the thoughts, opinions, and investment strategies of Bridgehouse and/or the portfolio sub-advisors and are subject to change at their discretion, based on changing market dynamics or other considerations. Bridgehouse and the portfolio sub-advisors have taken reasonable steps to provide accurate and current data. The data has been gathered from sources believed to be reliable, however Bridgehouse and/or the portfolio sub-advisors are not responsible for any errors or omissions contained herein. Indices are unmanaged and cannot be directly invested into. Securities mentioned herein are not to be construed as a recommendation to buy or sell. Past performance is not a reliable indicator of future results. This material has been provided by Bridgehouse and is for informational purposes only. It is not intended to provide legal, accounting, tax, investment, financial or other advice and is not to be construed as a recommendation to buy or sell. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. This report may contain forward-looking statements about the economy, and markets; their future performance, strategies or prospects. Units and shares of the Bridgehouse Funds are available through registered dealers only and are not available through Bridgehouse.

The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties about

general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. You are cautioned to not place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. Before making any investment decisions, you are encouraged to consider these and other factors carefully. Where applicable, please note that MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

Published May 9, 2022