



**BRIDGEHOUSE**  
INDEPENDENT PLATFORM

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**Brandes GQG Lazard Morningstar Sienna**

2022 Interim Management Report  
of Fund Performance

Lazard International Compounders Fund

## LAZARD INTERNATIONAL COMPOUNDERS FUND

*This interim management report of fund performance contains financial highlights but does not contain the complete interim or annual financial statements of the Fund. The interim or annual financial statements are in a separate booklet. You may obtain a copy of the interim or annual financial statements at your request, and at no cost, by calling toll-free 1.888.861.9998, by writing to us at Bridgehouse Asset Managers, 36 Toronto Street, Suite 850, Toronto, ON, M5C 2C5, or by visiting our website: [www.bridgehousecanada.com](http://www.bridgehousecanada.com) or the SEDAR website: [www.sedar.com](http://www.sedar.com).*

*You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.*

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Results of Operations from January 1, 2022 to June 30, 2022

##### **Markets & Effect**

Global equity markets fell sharply in the first half of 2022, due to escalating geopolitical risks, surging inflation, and looming interest rate hikes. Long-simmering tensions came to a boil when Russia invaded neighboring Ukraine, sparking the most serious security crisis in Europe since World War II and prompting the U.S. and its Western allies to impose harsh economic sanctions on Russia in retaliation. The fallout from these punitive measures rippled across financial markets and the wider global economy due to Russia's stature as one of the world's largest producers of oil, natural gas, and other commodities. Energy prices rose sharply, and supply chains were in danger of further disruptions due to shortages of Russian industrial metals, all factors that are likely to exacerbate global inflation and potentially hurt consumer and business confidence. Adding to market anxiety was news of a surge of coronavirus cases sweeping across China, forcing the government to quarantine some of its most important cities, including Shenzhen, a global manufacturing hub, which threatened to further snarl supply chains.

Markets were volatile over the first two quarters of 2022 as investors grappled with two competing sentiments—relief that central banks were taking aggressive actions to rein in rising prices, and concern that these same actions could slow global economic growth. At the forefront of this global wave of monetary tightening has been the U.S. Federal Reserve (Fed). After raising its benchmark short-term interest rate 25 basis points (bps) in March, the world's most influential central bank adopted an aggressive posture during the second quarter, hiking rates by 50 bps and 75 bps in May and June, respectively, and signaling that more hikes are likely, as domestic inflation reached a 40-year high. In another sign that it was ready to take a multi-pronged approach to fighting inflation, the Fed also began reducing its \$9 trillion balance sheet of Treasury and mortgage bonds in June, which further tightened financial conditions.

In Europe, the Bank of England increased its benchmark interest rate to the highest level in 13 years, and the fifth time since December 2021, as inflation in the UK spiraled to a 30-year high. Meanwhile, in the eurozone, the European Central Bank (ECB) announced that it would raise interest rates for the first time in more than a decade in July. The ECB has plans for another hike in September.

Among other major central banks, the Bank of Japan (BoJ) continued to defy the global monetary tightening trend by maintaining its near-zero interest rate policy.

Markets continue to digest the crosscurrents of several factors facing the global economy, specifically the impacts from the Russian invasion of Ukraine, COVID-related lockdowns in China, and whether the Federal Reserve will be able to contain inflation without tipping the economy into recession. Lazard expects these factors to lead to continued volatility in markets in the near term.

##### **Performance**

The Fund's Series A units trailed its benchmark, losing 22.2% versus a loss of 16.7% for the MSCI All Country World ex USA Index (the "Index").

The Fund returns are after the deduction of fees and expenses while the benchmark returns do not include any costs of investing. See the "Past Performance" section for the returns of the other series, which may vary because of differences in management fees and expenses or timing of series introduction.

Holdings in the machinery industry contributed to relative performance, while holdings in pharmaceuticals detracted from performance during the period. Holdings in Hong Kong contributed to performance, while holdings in the United Kingdom detracted from performance during the period.

### **Asset Mix**

At June 30, 2022, equities made up 98.4% of the Fund, and approximately 1.6% was in cash and other net assets.

One of the the Fund's most significant industry exposure changes was a decrease in holdings in semiconductors & semiconductor equipment to 7.4% from 8.9% at December 31, 2021.

The Manager confirms that the Fund did not borrow money during the period.

### **Flows & Fees**

The Fund's Net Asset Value decreased to \$10.9 million at June 30, 2022, from \$17.1 million at December 31, 2021. Of this change, a decrease of \$3.4 million was due to negative investment performance (net of investment income), and a decrease of \$2.8 million was due to net outflows.

For Series A units, the annualized management expense ratio ("MER") at June 30, 2022 is 2.10%, compared to 2.18% at December 31, 2021.

### **Recent Developments**

There are no known changes at this time to the strategic positioning of the Fund, the manager, or portfolio sub-advisor.

The invasion of Ukraine by Russia on February 24, 2022 has resulted in western economic sanctions being imposed on Russia, notably barring Russian banks from the SWIFT financial messaging system, a key piece of banking infrastructure. In response to sanctions, Russian markets have been closed to all foreign investors. This has caused material volatility in Russian financial markets and impacted liquidity, market access and reliability of security prices. In addition, export embargoes may lead to increased volatility in commodity prices and global supply chain disruptions. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether they will escalate further. The Fund manager and portfolio sub-advisor(s) continue to actively monitor the situation for any impacts on the Fund's existing as well as potential new holdings.

Effective April 22, 2022, Bridgehouse no longer pays trailing commissions to dealers that do not make a suitability determination, such as order-execution-only ("OEO") dealers, in accordance with the Canadian Securities Administrators' decision to end the payment of trailing commissions to OEO dealers that came into effect on June 1, 2022. Accounts held at OEO dealers are only permitted to purchase or hold securities of Series F of the Fund, which does not pay a trailing commission.

On April 22, 2022, all Series A units of the Fund held in accounts at OEO dealers were switched into Series F at no cost to the unitholder and without a disposition for tax purposes.

The outbreak of the novel coronavirus, first detected in December 2019, rapidly became a pandemic and resulted in disruptions to the economies of many nations, individual companies and the markets in general. This created closed borders, quarantines, supply chain disruptions and general anxiety, which negatively impacted global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health responses or due to other factors. Health crises caused by the coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and lead to increased levels of Fund redemptions, which could have a negative impact on the Funds and could adversely affect a Fund's performance.

### **Related Party Transactions**

#### **Manager and Portfolio Sub-Advisor**

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers ("Bridgehouse") which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. Bridgehouse receives a monthly management fee based on the daily average net assets of each series of the Fund. In addition, Bridgehouse is entitled to be reimbursed by the Fund for certain operating expenses.

Bridgehouse has retained Lazard Asset Management (Canada), Inc. who has retained Lazard Asset Management LLC, ("Lazard") as the portfolio sub-advisor in respect of the Fund. Bridgehouse pays Lazard an investment management fee to provide the Fund with investment management services.

#### **Forward-Looking Statements**

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may", "will", "should", "could", "expect", "anticipate", "intend", "plan", "believe", or "estimate" or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic

conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

### **Benchmark Index**

**MSCI All Country World ex USA Index:** This index consists of equities from 22 of 23 developed markets, including Canada, and 24 emerging markets around the world.

## FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND PERIODS ENDED DECEMBER 31, 2017 TO 2021

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2022 and for the past five periods ended December 31, as applicable. In the year a fund or series is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31. Inception date for Series A, F and I is July 2, 2020.

### The Fund's Net Assets per Unit (\$) (note 1)

		Net assets, beginning of period (\$)	Increase (decrease) from operations					Distributions				Net assets, end of period (\$)	
			Total revenue (\$)	Total expenses (\$)	Realized gains (losses) for the period (\$)	Unrealized gains (losses) for the period (\$)	Total increase (decrease) from operations (\$) (note 2)	From net investment income excluding dividends (\$)	From dividends (\$)	From capital gains (\$)	Return of capital (\$)		Total annual distribution (\$) (note 3)
Series A	2022	12.13	0.10	(0.11)	(0.17)	(2.54)	(2.72)	-	-	-	-	-	9.44
	2021	11.56	0.17	(0.27)	0.48	0.35	0.73	-	-	(0.42)	-	(0.42)	12.13
	2020	10.00	0.05	(0.12)	0.01	1.62	1.56	-	-	(0.01)	-	(0.01)	11.56
Series F	2022	12.61	0.11	(0.06)	(0.20)	(2.60)	(2.75)	-	-	-	-	-	9.86
	2021	11.63	0.17	(0.13)	0.70	0.35	1.09	-	-	(0.17)	-	(0.17)	12.61
	2020	10.00	0.06	(0.06)	0.01	1.62	1.63	-	-	-	-	-	11.63
Series I	2022	12.18	0.10	-	(0.17)	(2.87)	(2.94)	-	-	-	-	-	9.58
	2021	11.67	0.16	-	0.71	0.41	1.28	-	-	(0.77)	-	(0.77)	12.18
	2020	10.00	0.05	-	0.01	1.63	1.69	-	-	(0.02)	-	(0.02)	11.67

- The financial information presented in the Net Assets per Unit table is derived from the Fund's audited financial statements.
- Net Assets and distributions are per Unit of a series are based on the actual number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the financial period.
- Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were paid in cash/reinvested in additional units of the Fund or both.

## Ratios and Supplemental Data

		Net asset value (\$000) (note 4)	Number of units outstanding (000) (note 4)	Management expense ratio (MER) (%) (note 5)	MER before waivers or absorption (%) (note 5)	Portfolio turnover rate (%) (note 6)	Trading expense ratio (%) (note 7)	Net asset value per unit (\$)
Series A	2022	3,011	319	2.10	2.56	6.25	0.05	9.44
	2021	5,467	451	2.18	2.42	33.71	0.10	12.13
	2020	1,507	130	2.19	2.63	2.59	0.37	11.56
Series F	2022	6,685	678	1.04	1.54	-	-	9.86
	2021	9,023	716	1.05	1.32	-	-	12.61
	2020	6,873	591	1.06	1.61	-	-	11.63
Series I	2022	1,185	124	0.00	0.00	-	-	9.58
	2021	2,576	211	0.00	0.00	-	-	12.18
	2020	2,338	200	0.00	0.00	-	-	11.67

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Net Asset Value and is provided as at December 31 of the years shown.
- The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST/HST and interest and excluding commissions and other portfolio transaction costs, and is expressed as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.
- Portfolio turnover rate is calculated at the Fund level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund. The trading expense ratio is calculated at the Fund level and applies to all series of the Fund.

## MANAGEMENT FEES

Bridgehouse Asset Managers, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided, Bridgehouse Asset Managers receives a monthly management fee based on the daily average Net Asset Value of Series A and Series F. Management fees for Series I are negotiated and paid directly by the unitholders of Series I, not by the Fund.

For the six months period ended June 30, 2022, the Fund paid Bridgehouse Asset Managers management fees of \$66,430. Bridgehouse uses these management fees to pay for commission payments to registered brokers and dealers and general investment management expenses. The breakdown (commission payments / investment management, administration and other) as a proportion of the management fee for each Series are:

- Series A (54% / 46%)
- Series F (0% / 100%)
- Series I (0% / 100%)

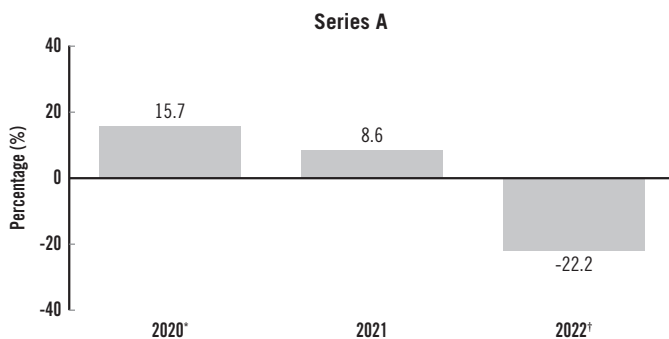
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset Managers during the period. For new Funds or Series the amount presented may not be indicative of longer term operating periods.

## PAST PERFORMANCE

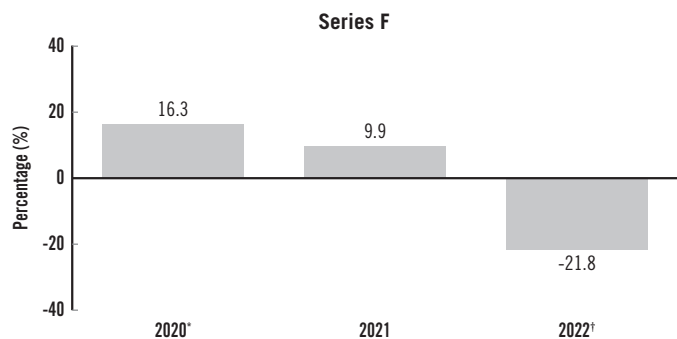
This section shows the historical performance for each series of the Fund for the six months ended June 30, 2022 and each of the previous annual periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance, except in the case of Series I units where the management fee is calculated outside of the Fund. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

### Year-by-Year Returns (%)

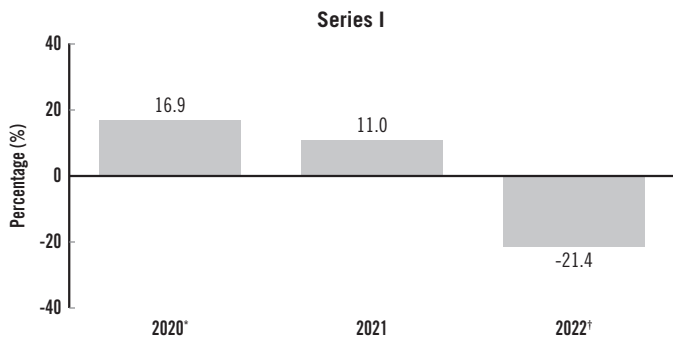
The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year. 2022 data presented below is for the six-month period ended June 30, 2022.



\*2020 Series A returns are from July 2, 2020  
 †Six-month return from January 1 to June 30, 2022.



\*2020 Series F returns are from July 2, 2020  
 †Six-month return from January 1 to June 30, 2022.



\*2020 Series I returns are from July 2, 2020

†Six-month return from January 1 to June 30, 2022.



## SUMMARY OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2022

### Top 25 Positions

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

Security	Fund (%)
1. ASML Holding NV	4.1
2. Aon PLC Cl. A	4.1
3. RELX PLC	3.8
4. Taiwan Semiconductor Manufacturing Company Limited Sponsored ADR	3.3
5. LVMH Moet Hennessy Louis Vuitton SE	3.3
6. HDFC Bank Limited ADR	3.3
7. Dollarama Inc.	3.0
8. Partners Group Holding AG	3.0
9. Genmab AS	3.0
10. Diageo PLC	3.0
11. Pernod Ricard SA	2.9
12. Tencent Holdings Limited	2.8
13. Unilever PLC	2.8
14. Check Point Software Technologies, Ltd.	2.5
15. Toromont Industries Ltd.	2.5
16. Clicks Group Limited	2.4
17. AIA Group Limited	2.4
18. ASSA ABLOY AB Series B	2.4
19. National Bank of Canada	2.4
20. London Stock Exchange Group PLC	2.4
21. Alibaba Group Holding Limited Sponsored ADR	2.3
22. Wolters Kluwer NV	2.3
23. Hexagon AB Series B	2.3
24. Demant A/S	2.2
25. SAP SE	2.1
<b>% of Fund</b>	<b>70.6</b>
<b>Total Number of Companies</b>	<b>44</b>
<b>Total Net Asset Value (\$MM)</b>	<b>\$11</b>

### Asset Mix

Asset Class	Fund (%)
Global Equity	98.4
Cash & Cash Equivalent	1.4
Other Net Assets	0.2
<b>% of Total</b>	<b>100.0</b>

### Industry Exposure

Industry	Fund (%)
Insurance	9.8
Professional Services	9.5
Commercial Banks	7.6
Semiconductors & Semiconductor Equipment	7.4
Beverages	5.9
Specialty Retail	5.7
Capital Markets	5.4
Health Care Equipment & Supplies	5.0
Interactive Media & Services	4.8
Software	4.6
Entertainment	3.3
Textiles, Apparel & Luxury Goods	3.3
Machinery	3.1
Leisure Products	3.0
Biotechnology	3.0
Personal Products	2.8
Food & Staples Retailing	2.4
Building Products	2.4
Internet & Direct Marketing Retail	2.3
Electronic Equipment, Instruments & Components	2.3
Electrical Equipment	1.9
Pharmaceuticals	1.7
Trading Companies & Distributors	0.7
Household Products	0.5
Cash & Cash Equivalent	1.4
Other Net Assets	0.2
<b>% of Total</b>	<b>100.0</b>
<b>Total Number of Industries</b>	<b>24</b>

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%

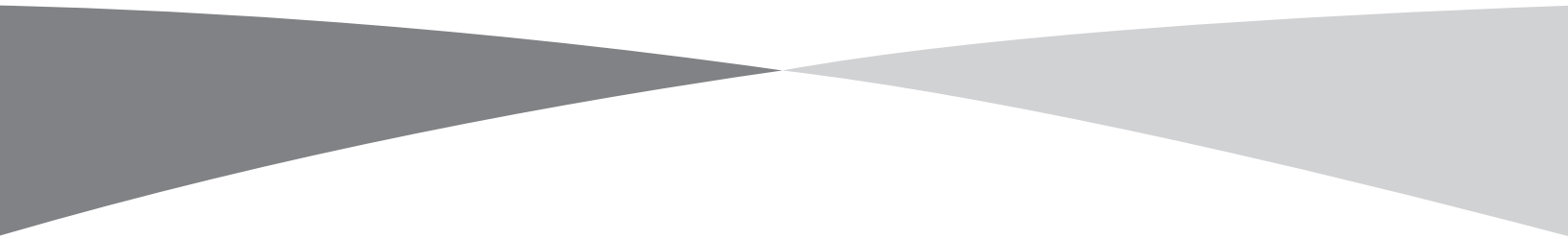
## SUMMARY OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2022 (CONTINUED)

### Country Exposure

Country	Fund (%)
United Kingdom	22.0
Canada	9.6
France	8.1
Denmark	6.6
Netherlands	6.4
Japan	5.6
Germany	5.5
Hong Kong	4.7
Sweden	4.7
Taiwan	3.3
India	3.3
Switzerland	3.0
China	2.8
Israel	2.5
South Africa	2.4
Norway	2.3
United States	1.9
Brazil	1.9
Spain	1.8
Cash & Cash Equivalent	1.4
Other Net Assets	0.2
<b>% of Total</b>	<b>100.0</b>
<b>Total Number of Countries</b>	<b>19</b>

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%





Brandes Investment Partners & Co. (BIPCo), operating as Bridgehouse Asset Managers® (Bridgehouse), is the manager of the Bridgehouse Funds. Bridgehouse has hired Brandes Investment Partners, L.P. (BIPLP), Sionna Investment Managers Inc., TD Asset Management Inc., Lazard Asset Management (Canada) Inc., Morningstar Associates Inc. and GQG Partners LLC as portfolio sub-advisors in respect of the Bridgehouse Funds. BIPCo and BIPLP are affiliates. Units of the Bridgehouse Funds are available through registered dealers only and are not available through Bridgehouse.

Brandes Investment Partners®



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