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INDEPENDENT PLATFORM

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**Brandes GQG Lazard Morningstar Sienna**

2022 Annual Management Report  
of Fund Performance

Lazard International Compounders Fund

## LAZARD INTERNATIONAL COMPOUNDERS FUND

*This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements are in a separate booklet. You may obtain a copy of the 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

#### Investment Objective and Strategies

The objective of the Fund is to grow capital by investing primarily in equity securities from issuers outside the U.S., including issuers from emerging markets.

The portfolio sub-advisor in respect of this Fund, Lazard Asset Management (Canada) Inc., has retained Lazard Asset Management LLC ("Lazard") as its sub-advisor, which employs a team-based approach in the management of the Fund. Lazard's strategy is founded on the philosophy that an understanding of the current economic environment can be coupled with research into the drivers of (and risk to) outperformance to create a portfolio aligned with the current economic cycle.

The Fund seeks to generate strong relative returns over a full market cycle by investing solely in world's leading companies that can generate, and sustain, the highest levels of financial productivity (i.e., return on equity, return on capital, and cashflow return on investment).

Generally, the number of holdings will range between 40-50 positions with individual positions typically limited 7% in the Fund.

#### Risk

As an investor in this Fund, you should be prepared for short-term performance fluctuations, and be a patient, long-term holder.

There were no significant changes to the level or type of risk you would expect from the Fund over the course of the year. It continues to have a medium risk level. Refer to the Fund's simplified prospectus for a complete list of all risks.

#### Results of Operations from January 1, 2022 to December 31, 2022

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

Global outlooks for inflation and interest rates remained front and center in the minds of investors over the course of 2022. In addition, the war in Ukraine, US/China relations and slowing corporate profits continued to dominate investor fears.

Across the Atlantic, key central banks quickly followed suit, with the European Central Bank, the Bank of England, and the Swiss National Bank all announcing that they, too, were lifting their main lending rates, with more increases possibly on the horizon. The warning from these major central banks that they were committed to crushing stubbornly high inflation at a time when economies were already slowing unnerved investors and drove international stock markets downward to end the year down 8.2%, as measured by the MSCI EAFE Index. In Japan, near the end of the year, the Bank of Japan made the surprise move to widen their yield curve control bands, effectively signaling their willingness to increase interest rates for the first time in years. Japan should be a beneficiary of China reopening and the weaker yen could help its economic recovery.

Turning to emerging markets, the MSCI Emerging Markets Index lost 14.3% for the year. While worries about inflation and central-bank actions continued to hang over markets, investors were also monitoring developments in China closely. Xi Jinping's rise as China's most powerful leader in generations was confirmed in October when he secured an unprecedented third term as president, leading to a steep sell-off in the Chinese equity market on fears that Xi's ideology-driven policies would not bode well for China's economy. China's stock market made a strong recovery in the subsequent two months, however, after the government began to relax its zero-COVID policy to boost domestic spending and international travel. Unfortunately, this also resulted in a near-term surge in COVID cases at year end.

Globally, it appears that fears of immediate recession in 2022 were misjudged: the starting point for the economy was better than many understood, and the full impact of tighter monetary policy may not yet have been realized, and

easily could be exacerbated, both by unprecedented synchronization among central banks globally and by an unusually rapid rate-hiking cycle.

### **Performance**

The Fund's Series A units trailed its benchmark, losing 15.6% versus a loss of 9.9% 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 biotechnology contributed to relative performance, while holdings in capital markets detracted from performance during the period. Holdings in Canada contributed to performance, while holdings in the United Kingdom detracted from performance during the period.

### **Asset Mix**

At December 31, 2022, equities made up 98.0% of the Fund, and approximately 2.0% was in cash and other net assets.

One of the the Fund's most significant industry exposure changes was an increase in holdings in health care equipment & supplies to 6.3% from 3.9% 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 \$9.8 million at December 31, 2022, from \$17.1 million at December 31, 2021. Of this change, a decrease of \$2.5 million was due to negative investment performance (net of investment income), and a decrease of \$4.8 million was due to net outflows.

For Series A units, the annualized management expense ratio ("MER") at December 31, 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.

With inflation outpacing expectations, central banks around the world reversed their accommodative stance and began aggressively hiking interest rates in the second half of 2022. Equity markets began to spiral downward in late summer 2022, when it became clear that the world's most influential central bank, the US Federal Reserve (Fed), would keep interest rates elevated for as long as it took to tame high domestic consumer prices, even if it risked tipping the economy into a recession. The Fed's aggressive rate hiking

led to a significant strengthening of the US dollar, the world's reserve currency from which many key commodities, such as oil, are priced. While a strong dollar eased some domestic inflation by making imports to the US cheaper, it also, in effect, exported some inflation to other countries, causing economic turmoil in the rest of the world. While a variety of headwinds face stocks and bonds today (elevated inflation, slowing economic growth and recession concerns, energy risk, and political and regulatory risks, just to name a few), the Team believes that the Fund's overall positioning offers an attractive opportunity for long-term investors.

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.

## Related Party Transactions

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

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers 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 PERIODS ENDED DECEMBER 31, 2018 TO 2022

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 past five periods ended December 31 or, if shorter, the period since the inception of the Fund. 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 (\$)<br>(note 2) | From net investment income excluding dividends (\$) | From dividends (\$) | From capital gains (\$) | Return of capital (\$) | Total annual distribution (\$)<br>(note 3) |                                |
| Series A | 2022 | 12.13                                | 0.16                                | (0.22)              | (0.58)                                      | (1.62)  | (2.26)   | -   | -                   | -                       | -                      | -  | 10.24                          |
|          | 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                                | 0.18                                | (0.11)              | (0.64)                                      | (1.57)  | (2.14)   | (0.02)  | (0.01)              | -                       | -                      | (0.03)                                     | 10.73                          |
|          | 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                                | 0.15                                | -                   | (0.61)                                      | (1.70)  | (2.16)   | (0.07)  | (0.06)              | -                       | -                      | (0.13)                                     | 10.37                          |
|          | 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<br>(\$000) (note 4) | Number of units<br>outstanding<br>(000) (note 4) | Management<br>expense<br>ratio (MER)<br>(%) (note 5) | MER before waivers<br>or absorption<br>(%) (note 5) | Portfolio<br>turnover rate<br>(%) (note 6) | Trading<br>expense ratio<br>(%) (note 7) | Net asset value<br>per unit<br>(\$) |
|----------|------|-------------------------------------|--|--|---|--|--|-------------------------------------|
| Series A | 2022 | 3,030                               | 296  | 2.10   | 2.43  | 11.25                                      | 0.06                                     | 10.24                               |
|          | 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 | 5,465                               | 509  | 1.04   | 1.41  | -  | -  | 10.73                               |
|          | 2021 | 9,023                               | 716  | 1.05   | 1.32  | -  | -  | 12.61                               |
|          | 2020 | 6,873                               | 591  | 1.06   | 1.61  | -  | -  | 11.63                               |
| Series I | 2022 | 1,297                               | 125  | 0.00   | 0.00  | -  | -  | 10.37                               |
|          | 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 year ended December 31, 2022, the Fund paid Bridgehouse Asset Managers management fees of \$119,187. 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%)

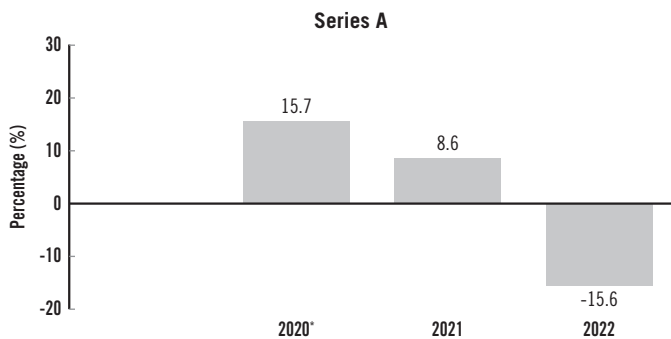
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset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

## PAST PERFORMANCE

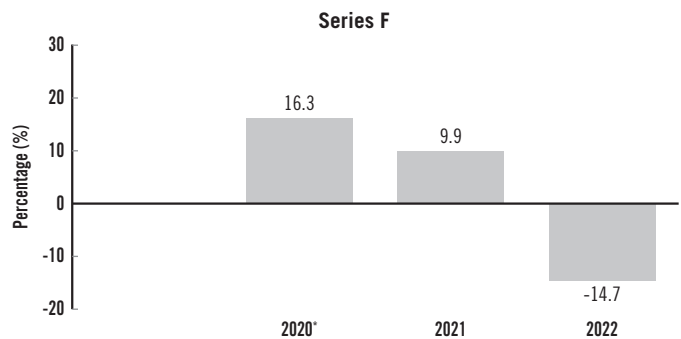
This section shows the historical performance for each series of the Fund for the periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before 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 (%)

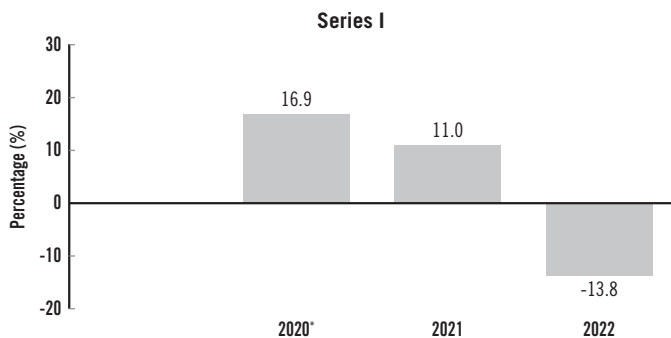
The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year.



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



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



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

## Annual Compound Returns (%)

The table shows the historical annual compound total return for each series of the Fund as compared to the benchmarks listed below. The returns are for periods ended December 31, 2022. For a discussion of the relative performance of the Fund as compared to the index, please refer to the “Results of Operations” section in the “Management Discussion of Fund Performance”.

|  | 1 year  | Since Inception |
|--|---------|-----------------|
| Series A   | (15.60) | 2.39            |
| Series F   | (14.68) | 3.53            |
| Series I   | (13.80) | 4.60            |
| MSCI All Country World ex USA Index <sup>1</sup> | (9.90)  | 4.68            |

<sup>1</sup>“Since inception” corresponds to inception date for Series A, F and I of July 2, 2020.



## SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 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   | 4.5         |
| 2. Aon PLC Cl. A   | 4.3         |
| 3. HDFC Bank Limited ADR   | 3.9         |
| 4. RELX PLC  | 3.8         |
| 5. LVMH Moet Hennessy Louis Vuitton SE                               | 3.7         |
| 6. Genmab AS   | 3.7         |
| 7. Dollarama Inc.  | 3.0         |
| 8. Pernod Ricard SA  | 2.9         |
| 9. Unilever PLC  | 2.9         |
| 10. Taiwan Semiconductor Manufacturing Company Limited Sponsored ADR | 2.9         |
| 11. Diageo PLC   | 2.9         |
| 12. Partners Group Holding AG  | 2.8         |
| 13. Tencent Holdings Limited   | 2.5         |
| 14. Check Point Software Technologies, Ltd.                          | 2.4         |
| 15. Wolters Kluwer NV  | 2.4         |
| 16. AIA Group Limited  | 2.4         |
| 17. National Bank of Canada  | 2.3         |
| 18. ASSA ABLOY AB Series B   | 2.3         |
| 19. SAP SE   | 2.3         |
| 20. Clicks Group Limited   | 2.2         |
| 21. Universal Music Group NV   | 2.2         |
| 22. Hexagon AB Series B  | 2.1         |
| 23. Toromont Industries Ltd.   | 2.1         |
| 24. London Stock Exchange Group PLC                                  | 2.1         |
| 25. Computershare Limited  | 2.0         |
| <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>\$10</b> |

### Asset Mix

| Asset Class            | Fund (%)     |
|------------------------|--------------|
| Global Equity          | 98.0         |
| Cash & Cash Equivalent | 1.8          |
| Other Net Assets       | 0.2          |
| <b>% of Total</b>      | <b>100.0</b> |

### Industry Exposure

| Industry                                       | Fund (%)     |
|--|--------------|
| Professional Services                          | 9.8          |
| Insurance                                      | 8.3          |
| Semiconductors & Semiconductor Equipment       | 7.4          |
| Health Care Equipment & Supplies               | 6.3          |
| Commercial Banks                               | 6.2          |
| Beverages                                      | 5.8          |
| Capital Markets                                | 5.6          |
| Specialty Retail                               | 4.9          |
| Software                                       | 4.7          |
| Interactive Media & Services                   | 4.1          |
| Textiles, Apparel & Luxury Goods               | 3.7          |
| Entertainment                                  | 3.7          |
| Biotechnology                                  | 3.7          |
| Leisure Products                               | 3.2          |
| Personal Products                              | 2.9          |
| Machinery                                      | 2.9          |
| Building Products                              | 2.3          |
| Food & Staples Retailing                       | 2.2          |
| Electronic Equipment, Instruments & Components | 2.1          |
| IT Services                                    | 2.0          |
| Electrical Equipment                           | 1.9          |
| Internet & Direct Marketing Retail             | 1.7          |
| Pharmaceuticals                                | 1.2          |
| Trading Companies & Distributors               | 0.8          |
| Household Products                             | 0.6          |
| Cash & Cash Equivalent                         | 1.8          |
| Other Net Assets                               | 0.2          |
| <b>% of Total</b>                              | <b>100.0</b> |
| <b>Total Number of Industries</b>              | <b>25</b>    |

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

## SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022 (CONTINUED)

### Country Exposure

| Country                          | Fund (%)   |
|----------------------------------|------------|
| United Kingdom                   | 20.4       |
| Canada                           | 9.4        |
| France                           | 8.5        |
| Japan                            | 7.1        |
| Netherlands                      | 6.9        |
| Denmark                          | 6.6        |
| Germany                          | 5.4        |
| Sweden                           | 4.4        |
| Hong Kong                        | 4.1        |
| India                            | 3.9        |
| Taiwan                           | 2.9        |
| Switzerland                      | 2.8        |
| China                            | 2.5        |
| Israel                           | 2.4        |
| Norway                           | 2.4        |
| South Africa                     | 2.2        |
| United States                    | 2.2        |
| Australia                        | 2.0        |
| Spain                            | 1.9        |
| Cash & Cash Equivalent           | 1.8        |
| Other Net Assets                 | 0.2        |
| <b>% of Total</b>                | <b>100</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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