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Lazard Australian Equity Fund

FACTSHEET / NOVEMBER 2011

FUND OBJECTIVE

The Australian Equity Fund seeks to achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those on the S&P/ASX 200 Accumulation Index by 3% per annum over rolling three-year periods.

PERFORMANCE*

Fund	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)
Australian Equity (gross of fees)	-2.8	-0.7	-1.9	8.8	-1.9	7.4
Australian Equity (net of I class fees)	-2.9	-0.9	-2.7	7.9	-2.6	6.6
Australian Equity (net of W class fees)	-2.9	-0.9	-2.8	7.8	-2.8	N/A
S&P/ASX 200 Accumulation Index	-3.4	-2.8	-6.0	8.0	-1.3	6.6

*Investments can go up and down. Past performance is not necessarily indicative of future performance. The net returns are calculated using the Fund's Net Asset Value unit price. Performance assumes reinvestment of all distributions.

THE FACTS as at 30 November 2011

Largest Holdings	Fund (%)	S&P/ASX 200 (%)
BHP Billiton	8.5	11.3
Telstra	6.2	4.0
ANZ Banking	5.9	5.3
Commonwealth Bank of Australia	4.7	7.6
Westpac Banking	4.4	6.3
Brambles	3.8	1.1
Aristocrat Leisure	3.6	0.1
News Corp	3.5	0.8
National Australia Bank	3.4	5.2
Transurban	3.1	0.8

Sector Allocation*	Fund (%)	S&P/ASX 200 (%)
Consumer Discretionary	19.0	3.7
Consumer Staples	7.1	9.1
Energy	1.5	7.4
Financials	26.1	38.0
Health Care	4.6	3.4
Industrials	14.9	6.9
Information Technology	--	0.6
Materials	14.1	25.1
Telecommunication Services	8.2	4.2
Utilities	3.1	1.5
Cash	1.5	--

*Total may not add to 100 due to rounding.

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SELECTED PORTFOLIO STATISTICS as at 30 November 2011

Number of stocks	40	Buy/Sell Margin	+0.20%/-0.20%
Unit Price – Withdrawal (I class)	$0.8363	Capped ICR (I class)	0.75%
Unit Price – Withdrawal (W class)	$0.7101	Capped ICR (W class)	0.90%
Inception Date	17 Oct 2000	Alpha (3-year)*	0.27%
Fund Size Total	$105.0m	Beta (3-year)*	1.00
Fund Size (I class)	$85.9m	Information Ratio (3-year)*	0.00
Fund Size (W class)	$19.1m	Sharpe Ratio (3-year)*	0.16

*As at 31 October 2011.

COMMENTARY

The European debt crisis continued to plague global equity markets, with a new level of intensity witnessed in the high yields of Italian government bonds and the weak German bond sale. Domestically, the Reserve Bank of Australia cut the official cash rate by 25 basis points to 4.50%, the first reduction since April 2009, citing uncertainty in the global economy. The Australian equity market finished the month lower before the sharp month-end rally in US and European markets, which was buoyed by the joint action from six global central banks to lower the cost of funding.

The Lazard Australian Equity Fund declined 2.9% (net of I Class fees), outperforming the S&P/ASX 200 Accumulation Index, which returned -3.4%.

Brambles outperformed as its trading update indicated solid 1Q12 revenue growth across all regions. The market was also comforted by the win-back of a significant customer *PepsiCo* from its rival *iGPS*.

Sonic Healthcare rose on robust revenue growth in Australia and Germany for the first 4 months of the financial year. The relatively weak Australian pathology revenue growth from its competitor *Primary Health Care* for the same period also contributed. In addition, the October Medicare data also showed reasonable pathology volume growth continuing on a 12 month rolling basis.

Spotless (SPT) soared on a A$698m million takeover bid from a private equity firm, *Pacific Equity Partners* (PEP), to acquire 100% of the shares via a scheme of arrangement at an indicative price of A$2.63 per share. The offer was subsequently rejected by the SPT directors who believed that it didn't reflect the fundamental value of the company. Following discussions between SPT and PEP, SPT received a revised proposal from PEP at an indicative price of up to $2.68 per share on 30 November 2011.

Toll road holding *Transurban* gained although there were no specific news releases during the month. Comments on the NSW Government's imminent approval of the M5 lane expansion and subsequent concession extension, the upcoming opening of the Capital Beltway HOT Lanes in 2012 and scope for dividends per share (DPS) upgrades in the medium term all added to investor enthusiasm.

On a less positive note, *BlueScope Steel* fell amid its new capital raising to tackle its debt after an unexpected build up in working capital. The outlook of ongoing weak trading condition with lower sale volumes also dampened investor sentiment.

Fairfax Media (FXJ) released a trading update at its AGM, which was broadly in line with investors' expectations. Moreover, FXJ progressed further in the sale of its non-core Business *Trade Me*, by hiring *UBS* to underwrite the IPO. This sale will clearly be a positive for FXJ once the transaction is complete. However, the share price still lost ground after John B. Fairfax sold off his family's remaining stake in FXJ, representing approximately 10% of the total market capitalisation.

PMP detracted from returns as its 1H12 EBIT is currently tracking below that for the prior year and the NZ transformation plan has been delayed (the plan is now expected to benefit the 2H12 EBIT). The unsuccessful renewal of a significant contract with *Pacific Magazine* also weighed on the share price.

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