

Lazard Global Small Cap Fund

FACTSHEET / NOVEMBER 2011

FUND OBJECTIVE

The Global Small Cap Fund seeks to achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those of the MSCI World Small Cap Accumulation Index by 3% per annum over rolling three-year periods.

PERFORMANCE*

<i>Fund</i>	<i>1 Month (%)</i>	<i>3 Months (%)</i>	<i>1 Year (%)</i>	<i>3 Years (% p.a.)</i>	<i>5 Years (% p.a.)</i>	<i>10 Years (% p.a.)</i>
Global Small Cap (gross of fees)	1.3	3.0	-6.1	4.3	-5.0	2.9
Global Small Cap (net of I class fees)	1.2	2.7	-7.0	3.3	-6.0	1.9
Global Small Cap (net of W class fees)	1.2	2.7	-7.2	3.1	-6.1	N/A
MSCI World Small Cap Index	0.8	1.0	-6.4	3.9	-5.3	0.9

* 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. Effective 1 April 2004, the benchmark was changed from the Price to the Accumulation version of the MSCI World Small Cap Index.

THE FACTS as at 30 NOVEMBER 2011

<i>Largest Holdings</i>	<i>Fund (%)</i>	<i>Geographic Allocation</i>	<i>Fund (%)</i>	<i>MSCI World Small Cap (%)</i>
Schweitzer-Mauduit International	2.0	Europe ex UK	16.0	12.2
Dr.Ci:Labo	1.9	UK	6.8	7.7
Bally Technologies	1.9	North America	60.0	63.3
Ain Pharmaciez	1.9	Japan	10.2	10.6
j2 Global Communications	1.7	Asia Pacific ex Japan	2.7	5.9
BE Aerospace	1.7	Middle East & Africa	0.0	0.4
Central Garden & Pet	1.6	Cash	4.2	0.0
PacWest Bancorp	1.6			
Intrum Justitia	1.6			
Mednax	1.6			

*Total may not add to 100% due to rounding.


SELECTED PORTFOLIO STATISTICS as at 30 NOVEMBER 2011

<i>Sector Allocation</i>	<i>Fund (%)</i>	<i>MSCI World Small Cap (%)</i>	<i>The Facts</i>	
Consumer Discretionary	15.1	15.0	Number of Stocks	78
Consumer Staples	6.5	4.3	Unit Price – Withdrawal (I Class)	\$0.8210
Energy	5.1	7.4	Unit Price – Withdrawal (W Class)	\$0.8266
Financials	10.6	20.0	Inception Date	22 October 1997
Health Care	8.2	8.6	Total Fund Size	\$243.1m
Industrials	24.3	17.6	Capped ICR (I Class)	1.00%
Information Technology	17.8	12.9	Capped ICR (W Class)	1.15%
Materials	7.0	9.8	Alpha (3-year)*	-0.6%
Telecommunication Services	1.1	0.8	Beta (3-year)*	0.99
Utilities		3.7	Information Ratio (3-year)*	-0.14
Cash	4.2	-	Sharpe Ratio (3-year)*	-0.27

*Total may not add to 100% due to rounding.

* As at 31 October 2011.

COMMENTARY

Global equity markets remained volatile in November. Macroeconomic indicators appeared promising; commodity prices continued to stabilise, and the resulting improvement in purchasing power led to an acceleration in consumer spending. Global industrial production increased as industrial and technology supply chains further normalised following the Japanese earthquake. However, we believe complications from the recent heavy flooding in Thailand are likely, particularly in the information technology sector. In Europe, a number of meetings between politicians and central bankers are scheduled to occur in December in an attempt to stabilise the Eurozone debt crisis. We intend to continue to follow these developments closely to understand any effects on the fundamentals of the strategy's holdings.

During the month, the Lazard Global Small Cap Fund returned 1.2% (net of I class fees), outperforming the MSCI World Small Cap Index, which returned 0.8%.

Two of the strategy's Japanese holding, *Dr.Ci:Labo* and *Ain Pharmaciez*, drove the outperformance within the consumer staples sector. *Dr.Ci:Labo* develops and distributes high margin skin-care related pharmaceutical cosmetics with a primary focus on mail order operations. The company will report its first quarter results in early December, and the financial press reported last month that *Dr.Ci:Labo* may post record first quarter operating profits due to lower costs and stable sales growth. In our opinion, the company's steady profit growth and shareholder

return measures, coupled with reasonable valuations, support its attractive investment thesis.

Ain Pharmaciez operates dispensing pharmacies in Japan. *Ain Pharmaciez* has the largest presence in a highly fragmented market, and benefits from its scale with lower costs and pricing power. In the short term, the share price may be under pressure ahead of the government's drug price revisions, but, in our view, *Ain Pharmaciez* is well positioned to lead the ongoing industry consolidation, and is trading at attractive levels given its profit growth history and potential.

BW Offshore, a Norwegian listed owner and operator of floating, production, storage, and offloading vessels (FPSO), traded lower during the period, and hurt performance within the energy sector. During November, the company reported that some of its vessels needed additional repairs, which increased expenses and will likely delay their availability. However, we believe that despite these setbacks, the company is well positioned to participate in the expansion of the industry, and that *BW Offshore's* cash flows will become increasingly evident as it implements its dividend strategy.

Another stock that contributed negatively to relative returns for both the energy sector and in Canada was *Cline Mining*. *Cline* had strong performance in October, but retreated in November as the markets sold off. Operationally, there was no change to the business, and we feel the company is well positioned to create value as the New Elk mine moves toward commercialisation in the following quarters.

Disclaimer

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