

Lazard Quantitative Equity (LQE) Global (ex-Australia) 130/30 Fund

FACTSHEET / JUNE 2010

FUND OBJECTIVE

The LQE Global (ex-Australia) 130/30 Fund seeks to achieve total returns (comprising income and capital appreciation and before the deduction of fees and taxes) that outperform the MSCI World ex-Australia Index by 4-5% per annum over rolling three-year periods.

PERFORMANCE*

Fund	June %	3 months %	1 year %	Since Inception % p.a.
LQE Global (ex-Australia) 130/30 (gross of fees)	-3.5	-4.3	5.1	-5.8
LQE Global (ex-Australia) 130/30 (net of fees)	-3.5	-4.5	4.0	-6.8
MSCI World ex-Australia Index NDR	-4.1	-4.8	5.2	-7.3

* 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. Although the Fund was active from the 18th June, its performance inception date has been set as 24th June 2008 when the Fund had been fully transitioned to the Global 130/30 model.

SELECTED PORTFOLIO STATISTICS as at 30 June 2010

Sector Allocation*	Equity (%)	Index (%)	Sector Allocation*	Equity (%)	Index (%)
Consumer Discretionary	10.3	10.2	Health care	11.4	10.5
- Automobiles & Components	2.4	2.3	- Health Care Equip. & Services	2.1	2.7
- Consumer Durables & Apparel	1.6	1.6	- Pharm. Biotech & Life Sciences	9.2	7.8
- Consumer Services	0.6	1.4	Industrials	11.1	11.3
- Media	2.7	2.4	- Capital Goods	9.8	8.4
- Retailing	3.0	2.6	- Commercial & Prof. Services	-0.0	0.8
Consumer Staples	10.1	10.5	- Transportation	1.3	2.1
- Food & Staples Retailing	1.9	2.3	Information Technology	13.4	12.3
- Food Beverage & Tobacco	6.0	6.3	- Semiconductors & Semi. Equip.	2.8	1.6
- Household & Personal Products	2.1	2.0	- Software & Services	5.7	5.2
Energy	10.5	10.1	- Tech. Hardware & Equip.	4.8	5.5
Financials	18.6	19.6	Materials	5.8	6.6
- Banks	7.2	8.0	Telecommunication Services	4.3	4.3
- Diversified Financials	5.1	5.4	Utilities	4.7	4.5
- Insurance	4.2	4.0			
- Real Estate	2.0	2.1			

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

Geographic Allocation*	Equity (%)	Index (%)
North America	56.4	56.8
Middle East	0.0	0.4
Europe ex-UK	19.6	19.9
United Kingdom	10.3	9.9
Japan	11.3	10.9
Asia Pacific ex-Japan	2.4	2.0

The Facts

Fund Size (\$m)	\$273.0m
Unit Price (\$) – CUM Withdrawal	\$0.7917



Top 5 Long	Country	Fund (%)	Index (%)	Fund Characteristics	Fund	Index
IBM	United States	2.7	0.9	% of Total Net Assets (Long/Short)	128.7/28.7	
Microsoft	United States	2.3	1.0	Number of Stocks (Long/Short)	262/131	
Novo Nordisk	Denmark	1.9	0.2	Price/Cash Flow	6.0	8.3
Nestle	Switzerland	1.8	0.9	Price/Book	1.8	1.6
Chevron	United States	1.8	0.7	Price/Earnings	10.7	14.2
				ROE	26.5	15.1
				Projected 3yrs Earnings Growth	12.3	12.9
				Operating Margin	20.6	15.8

COMMENTARY

The second quarter was painful for the equity markets, as a combination of the sovereign debt crises, uncertainty over governmental fiscal policy, protectionist pressures, and a slowing global economy contributed to investors' fears. This prompted widespread selling and investors sought the "safe harbour" of US Government securities, sending yields to historic lows. The US dollar appreciated against most major currencies—especially the euro—as it, along with the yen, was viewed as a safer currency alternative. The Australian dollar was also impacted by the rise of the US dollar, losing nearly 9% versus the US dollar for the quarter and lessening the pain from global equity market declines.

The so-called "junk rally" of 2009-2010 came to an end, as the vast majority of developed markets suffered losses during the quarter in local currency terms. In sharp contrast to 2009, high-beta and volatility stocks were penalised the most during the quarter. The political wrangling between stimulus versus fiscal austerity left the equity markets in a quandary. Asian markets were relatively strong, while Europe suffered substantial losses, led by Greece, which declined over 30%, Finland, which fell about 19%, and Austria, which declined over 14% (all in local currency terms). France and Italy also weighed heavily on the indices, suffering losses of over 10% and 13%, respectively, as their financial quality was called into question. On the other hand, Denmark and Sweden managed to post gains for the quarter of over 4% and 0.3%, respectively.

The Fund declined 3.5% for the month of June and 4.3% for the second quarter (gross of fees). This compared favourably to the MSCI World Index ex-

Australia Index, which declined 4.1% in June and 4.8% for the quarter.

Relative performance for the quarter was greatly assisted by stock selection in the health care, consumer discretionary and energy sectors. The largest detractors were stock selection in the materials and financials sectors, which suffered broadly for the three-month period against a backdrop of uncertainty and data suggesting a slowing global economy. Stock selection was the strongest in Europe but lagged in Canada. At the stock level, the largest contributor for the quarter was a significant overweight position in **BP**, which declined sharply due to the continuing Gulf of Mexico oil spill. Other positions that added value included overweight exposures to **AstraZeneca**, whose share price rose over 15% during the quarter, **Petrofac**, whose stock was up almost 16% for the period, **Novo Nordisk** up over 13%, and **IBM**, which rose over 5%. Detractors included **First Quantum Minerals**, whose share price declined over 33% for the quarter, **Société Générale** whose stock fell over 27%, **Baxter International**, which fell over 23%, and our lack of exposure to **Apple** whose share price increased by over 16% for the quarter.

The second quarter proved to be strong for our stock evaluation models, with most providing positive discrimination during the quarter. Quality and sentiment were the most robust models, as investors have shown a strong preference for higher-quality stocks throughout the quarter, further emphasising the demise of last year's low-quality rally. As we continue to advance our investment research, we plan to introduce further enhancements to our investment models in the third quarter of 2010.

DISCLAIMER

All performance figures are in Australian dollar terms unless otherwise stated. Past performance may not be indicative of future performance. The information in this Fact Sheet was prepared by Lazard Asset Management Pacific Co ABN 13 064 523 619, AFS License 238432, and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this Fact Sheet are presented to illustrate companies and sectors in which the Fund may invest. Holdings are subject to change daily. This Fact Sheet contains general information only and does not take account of your individual objectives, financial situation or needs. A copy of the relevant Product Disclosure Statement is available at www.lazardnet.com. You should get professional advice as to whether investment in the Fund is appropriate having regard to your particular investment needs, objectives and financial circumstances before investing. An investment in the Fund does not represent deposits or other liabilities of any member of the Lazard Group. Neither Lazard Pacific nor any member of the Lazard Group, including Lazard Asset Management LLC and its affiliates guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from or any increase in the value of the Fund. Only wholesale clients may invest directly in the Fund. This Fact Sheet must not be passed on to retail clients.