

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

FACTSHEET / NOVEMBER 2011

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	Nov %	3 Months %	1 Year %	2 Years % p.a.	3 Years % p.a.	Since Inception % p.a.
LQE Global (ex-Australia) 130/30 (gross of fees)	1.7	3.7	-2.0	0.3	-1.9	-2.9
LQE Global (ex-Australia) 130/30 (net of fees)	1.6	3.4	-3.0	-0.8	-3.0	-3.9
MSCI World ex-Australia Index NDR	0.9	2.8	-5.2	-2.1	-3.9	-5.4

* 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 November 2011

Sector Allocation*	Equity (%)	Index (%)	Sector Allocation*	Equity (%)	Index (%)
Consumer Discretionary	11.3	10.7	Health care	12.4	10.5
- Automobiles & Components	1.9	2.3	- Health Care Equip. & Services	3.2	2.6
- Consumer Durables & Apparel	1.3	1.6	- Pharm. Biotech & Life Sciences	9.2	7.9
- Consumer Services	2.0	1.6	Industrials	10.6	11.2
- Media	2.8	2.4	- Capital Goods	8.8	8.4
- Retailing	3.3	2.8	- Commercial & Prof. Services	0.5	0.8
Consumer Staples	9.3	10.9	- Transportation	1.3	2.0
- Food & Staples Retailing	1.9	2.2	Information Technology	11.8	12.7
- Food Beverage & Tobacco	6.1	6.9	- Semiconductors & Semi. Equip.	1.3	1.7
- Household & Personal Products	1.3	1.8	- Software & Services	6.5	5.8
Energy	13.0	12.0	- Tech. Hardware & Equip.	4.0	5.2
Financials	16.1	16.5	Materials	6.5	6.8
- Banks	6.2	6.3	Telecommunication Services	4.7	4.5
- Diversified Financials	2.9	4.1	Utilities	4.4	4.1
- Insurance	3.9	3.8			
- Real Estate	3.1	2.3			

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

Geographic Allocation*	Equity (%)	Index (%)
North America	60.9	59.7
Middle East	-	0.3
Europe ex-UK	18.0	18.5
United Kingdom	10.1	10.2
Japan	9.1	9.4
Asia Pacific ex-Japan	1.9	2.0

The Facts

Fund Size (\$m)	\$269.6
Unit Price (\$) – Withdrawal	\$0.7868



Top 5 Long	Country	Fund (%)	Index (%)	Fund Characteristics	Fund Index
IBM	United States	3.1	1.0	% of Total Net Assets (Long/Short)	127.3/27.3
Chevron	United States	2.3	1.0	Number of Stocks (Long/Short)	227/107
Apple	United States	2.3	1.6	Price/Cash Flow	6.0 7.7
Total	France	2.3	0.5	Price/Book	2.0 1.6
Microsoft	United States	2.2	0.9	Price/Earnings (excl. negatives)	9.6 12.3
				ROE	22.8 12.5

COMMENTARY

November was another challenging month for global equity markets as the contagion caused by the European debt crisis and political gridlock in Washington put an end to the October rally. The Australian dollar traded off during the month against several major currencies, which helped reverse losses for Australian dollar investors. Concerns over European financials and tepid economic growth figures thwarted any positive momentum built during the preceding month. Unprecedented actions to boost liquidity by the central banks at month-end improved returns somewhat, but it was still a difficult period as every major market posted negative returns in local currency terms.

The markets continued to prefer defensive industries, as consumer staples and health care were two of the strongest sectors for the month. Financials continued to struggle as a result of continued anxiety over Europe. Regionally, North America, particularly the U.S., enjoyed the greatest relative return as it continues to serve as the world's safe haven. The European Monetary Union (EMU) and Pacific ex-Japan regions suffered the worst losses for the month, reflecting the economic uncertainty and ongoing Euro crisis.

The Fund gained 1.6% (net of fees) for the month just-ended, outperforming the MSCI World ex-Australia Index by approximately 70 basis points in AUD terms.

Stock selection accounted for the majority of the excess return. *Novo Nordisk* rebounded from some recent weakness and was the largest positive contributor to returns, along with a short in a fraud ridden health care company. Offsetting strong performance elsewhere was weak stock selection in materials and consumer staples. Our long position in *Herbalife*, which lowered profit and sales forecasts due to a perceived slowdown in emerging market growth, along with a short in a materials name, hurt performance. Stock selection was strong in every region, with the exception of Asia and the U.K, and was particularly strong in the U.S. and continental Europe. On balance, the short portfolio contributed the majority of the month's excess return.

Our stock selection models continued to fare well in this uncertain economic environment. Sentiment factors again proved successful and consistent with analyst revision and price momentum, providing strong discrimination across our universe. Higher quality and growth oriented stocks were also favoured. Value measures struggled again, as a preference for more cyclical stocks was penalised given the uncertain economic climate.

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