

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

FACTSHEET / MAY 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	May %	3 months %	1 year %	Since Inception % p.a.
LQE Global (ex-Australia) 130/30 (gross of fees)	1.4	2.4	7.9	-4.3
LQE Global (ex-Australia) 130/30 (net of fees)	1.3	2.2	6.8	-5.3
MSCI World ex-Australia Index NDR	0.7	2.8	8.0	-5.5

* 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 31 May 2010

Sector Allocation*	Equity (%)	Index (%)	Sector Allocation*	Equity (%)	Index (%)
Consumer Discretionary	10.7	10.4	Health care	10.7	10.1
- Automobiles & Components	2.3	2.2	- Health Care Equip. & Services	2.0	2.7
- Consumer Durables & Apparel	1.7	1.6	- Pharm. Biotech & Life Sciences	8.8	7.4
- Consumer Services	0.7	1.4	Industrials	11.3	11.3
- Media	2.6	2.4	- Capital Goods	10.0	8.5
- Retailing	3.3	2.7	- Commercial & Prof. Services	-0.0	0.8
Consumer Staples	9.8	10.2	- Transportation	1.3	2.1
- Food & Staples Retailing	1.8	2.3	Information Technology	13.5	12.6
- Food Beverage & Tobacco	5.8	6.0	- Semiconductors & Semi. Equip.	2.8	1.7
- Household & Personal Products	2.2	1.9	- Software & Services	6.0	5.3
Energy	11.1	10.5	- Tech. Hardware & Equip.	4.7	5.6
Financials	18.6	19.7	Materials	5.1	6.6
- Banks	7.6	8.0	Telecommunication Services	3.8	4.1
- Diversified Financials	4.9	5.6	Utilities	4.8	4.4
- Insurance	4.3	4.0			
- Real Estate	1.9	2.1			

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

Geographic Allocation*	Equity (%)	Index (%)	The Facts	
North America	57.2	58.0	Fund Size (\$m)	\$283.1m
Middle East	0.0	0.4	Unit Price (\$) - Withdrawal	\$0.8208
Europe ex-UK	19.6	19.2		
United Kingdom	9.5	9.8		
Japan	10.9	10.8		
Asia Pacific ex-Japan	2.2	1.9		



Top 5 Long	Country	Fund (%)	Index (%)	Fund Characteristics	Fund	Index
IBM	United States	2.6	0.8	% of Total Net Assets (Long/Short)	128.2/28.2	
Microsoft	United States	2.5	1.0	Number of Stocks (Long/Short)	258/127	
Chevron	United States	1.9	0.8	Price/Cash Flow	6.3	8.8
Novo Nordisk	Denmark	1.8	0.2	Price/Book	1.8	1.7
Johnson & Johnson	United States	1.7	0.8	Price/Earnings	11.4	15.0
				ROE	14.8	11.7
				Projected 3yrs Earnings Growth	13.4	12.5
				Operating Margin	20.4	15.2

COMMENTARY

May 2010 proved to be a rough month for the global equity markets. Sovereign debt worries within Portugal, Italy, Ireland, Greece, and Spain sent European markets and the euro tumbling significantly over the month. A sharp decline in the Australian dollar helped to mask the pain of the equity markets, largely offsetting the general market weakness.

In local currency terms, every developed country declined for the month. The majority of the markets posted losses of over 5%, which brought most of them into a negative position for the year. Eurozone markets were severely impacted, led by Greece, which lost nearly 20% during May in local terms. Sector performance was more dispersed, as were currency movements, which strongly influenced investment returns. The perceived safer currencies of the US dollar and Japanese yen appreciated sharply against the euro and Australian dollar. The US dollar was up nearly 9% against the Australian dollar and over 7% against the euro in May alone.

The Fund outperformed the MSCI World ex-Australia Index for the month, but trailed the Index for the year to date through May. Relative performance in May was largely attributable to strong stock selection in consumer discretionary, consumer staples and

information technology companies, although value was added in seven of the ten sectors. Positions in **IBM**, whose stock price rose over 8% for the month, **Family Dollar Stores**, whose stock rose over 14% in May, and **Talisman Energy**, which was up over 11%, were the greatest contributors to the Fund. Detractors included **First Quantum Minerals**, whose share price declined over 22% for the month, **Noble Corp.**, whose stock fell over 18% in May, and **Microsoft**, which was down almost 6%. On a country level, we added the most value in the United States and the United Kingdom and lagged most in Canada and Spain.

Our stock evaluation models enjoyed a robust month, as quality and sentiment were especially strong. Sentiment, which had struggled for the 12 months leading up to March 2010, delivered three good months and appears to be stabilizing. As mentioned previously, we pick stocks based on a selection process that balances growth, value, and market sentiment, while avoiding reliance on any single factor family to produce desirable results. The effectiveness of any factor is impossible to predict, which is why we chose to maintain a balanced weighting across all of the individual models.

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