

Classic Value – Global

For Professional Investors Only

Snapshot

Performance target*

To return 3.00 % p.a. (gross of fees) above a suitable global index, such as the MSCI World Index, over a full market cycle

Benchmark Index

MSCI World Index, for performance comparison purposes only

Typical expected tracking error

The Strategy is not managed or constructed in accordance with a benchmark

Investable securities

All stocks, regardless of market capitalisation or inclusion in the MSCI World Index

Currency risk

When it appears obvious that the valuation of a currency is dramatically out of line with fundamentals, we will strategically look to mitigate risk using forward contracts. The decision will be derived from the base currency of the investor/client

Cash weight

A cash limit of 15% applies; historically, cash holdings have been between 0.5-10%

Number of holdings

Typically 25-50

Market capitalisation

Greater than US\$100 million

Portfolio turnover**

Typically 20-50%, with an average targeted holding period of 3+ years

Strategy inception

December 2005

Investment vehicles

Segregated/Pooled***

**There is no assurance that the strategy's objective or performance target will be achieved*

***Lazard calculates turnover as the lesser of buys and sells divided by average assets over the period*

****Terms for the pooled fund may differ from those for the Strategy. Please refer to the Fund Supplement, available at request, for further details*

Why Invest in Lazard Classic Value – Global?

Lazard Classic Value – Global is a conservative, deep value strategy with a strong event-driven bias, with the goal of generating consistent, positive returns over a full market cycle. The strategy has two key objectives: capital preservation and growth of capital.

The key benefits of Our Classic Value – Global Strategy approach include:

- Classic Value - Global is a global equity portfolio, run with few constraints and constructed without regard to a benchmark
- Risk and return are defined in the traditional way: risk is the chance of capital loss while return is viewed in terms of capital growth
- Portfolio construction is bottom-up, targeting companies trading at a material discount to perceived intrinsic value.
- Our preference for special situations is designed to help generate positive returns irrespective of the general direction of the market or economy.
- Flexibility to include securities in the portfolio across all market capitalisations and geographies.
- Highly experienced Portfolio Manager with a proven track record.
- A global footprint: we employ a genuinely global investment approach by combining local insight within a global framework.
- Our research process is inclusive, with ongoing interaction between our global research analysts and our portfolio managers. This enables a broader view when assessing opportunities and risks.

CLASSIC VALUE – GLOBAL TEAM



Matthew Haynes

Portfolio Manager
Joined industry 1989
Joined Lazard 2005

Ronald Dornau

Product Specialist
Joined industry 1988
Joined Lazard 2007

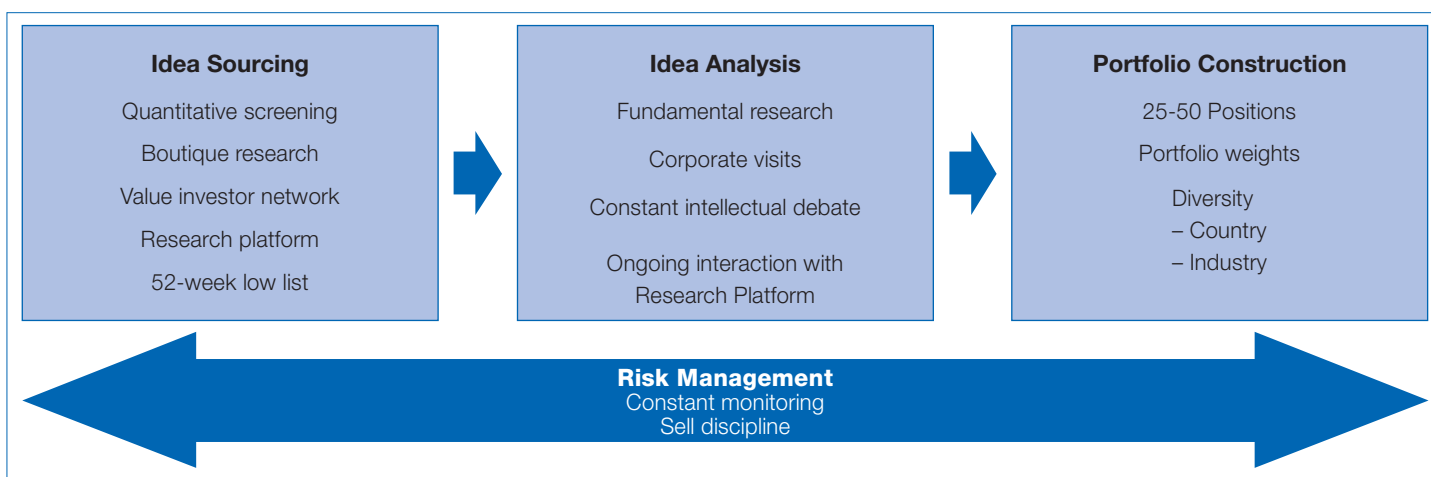
Matt Haynes, with 15 years' experience as a global portfolio manager, is the Portfolio Manager for the Classic Value - Global strategy. The Strategy is built on the same classic value approach that Matt developed at his former firms, and which has been the basis of his success for many years, through varied market environments. The Strategy exploits the strength and depth of Lazard Asset Management's global equity resources, as well as its distribution and trading platform.

INVESTMENT PHILOSOPHY

Lazard Classic Value – Global is founded on the belief that capital markets are efficient over the long term and that the trading value of a security will trend towards its intrinsic value over time. However, deviations from intrinsic value can occur over shorter time periods, which may create opportunities for the investor focused on long-term, fundamentally-derived intrinsic values. Intrinsic value of a company is evaluated based on several factors:

- Financial analysis of a company’s assets
- Financial health and composition of the capital structure
- Competitive position within its industry
- Other relevant factors, including corporate transactions in comparable assets and companies

INVESTMENT PROCESS



Idea Sourcing

The Strategy benefits from the flow of ideas between Lazard's portfolio managers and analysts. In addition, investment team has established relationships with both local and global sell-side research firms, independent research analysts, investment bankers, attorneys, trade organisations, company management teams and other value investors. This network of contacts provides an additional source of ideas and insight. Quantitative screens employing a proprietary multi-factor approach are also used to highlight potentially attractive opportunities.

discussed, existing positions are re-evaluated and new securities are identified.

The Classic Value - Global strategy draws on the depth and breadth of Lazard's global organisation. Supporting investment resources include:

- Lazard's Global Research Platform, organised into six sector teams.
- Other portfolio managers and equity analysts on specialist teams, including

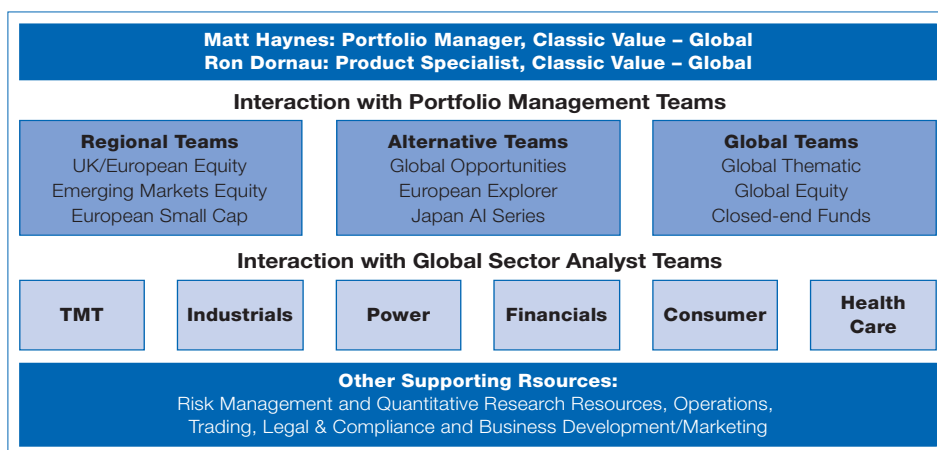
those managing portfolios in Europe, Japan, Emerging Markets and those specialising in small cap portfolios.

- Our Global Risk Management team, which is responsible for our proprietary valuation systems, databases and screens, as well as the development of risk management tools and the provision of risk management data.

The chart below illustrates the Classic Value - Global strategy's supporting resources within Lazard's broader investment organisation.

Research

The investment team typically evaluates information from publicly available financial statements, meetings with management, conversations with industry analysts including sell-side and Lazard analysts, competitors, suppliers and customers, investment bankers and trade sources, as well as other external value investors. The analysis of ideas is research-intensive and iterative, with the Portfolio Manager engaging in constant debate with his network of contacts – fundamental research is



Idea Analysis

Analysis of potential events to unlock shareholder value is central to our analytical effort. Fundamental and financial analysis are critical components of the process, with the focus on identifying significant valuation spreads between a company’s intrinsic value and its public market value. Valuation is a key driver, and each investment idea is analysed according to the specific factors that drive the company’s intrinsic value. Detailed analysis will include:

- Analysis of the quality of a company’s assets and business
- Its competitive position within its industry
- The quality of the company’s management team
- The track record and willingness of the company’s Board of Directors to act to create value
- The financial health and composition of the company’s capital structure
- Other relevant factors, including corporate transactions in related industries

Analysis of potential events which could unlock significant latent equity value is central to the analytical effort. The prospect of a company becoming the subject of a takeover is considered, since such an event could result in a more appropriate reflection of intrinsic value in the public markets.

PORTFOLIO CONSTRUCTION

The investment ideas that have the most potential to unlock shareholder value, with limited downside in comparison to the return potential, will be added to the portfolio. Portfolios are built from the bottom up, one stock at a time. We run model portfolios such that all clients invested in our Classic Value – Global strategy will hold essentially the same portfolio.

Securities selected for inclusion fall into three categories, illustrated in the chart below. Whilst the categories are not mutually exclusive, the allocation to each category is dynamic, and varies as market and investment opportunities dictate.

The Strategy is managed without regard to a benchmark and with few constraints, as detailed below:

Security Weightings: the Strategy is primarily invested in 25-50 high conviction securities. Security weightings are based on the Portfolio Manager’s conviction about the attractiveness of the investment and his view of the return potential of the individual security. Position sizes will vary based on the trade off between risk and reward. Individual positions typically range between 2-6% of the portfolio, with the maximum allocation to an individual security being 10%.

Sector/Industry Weightings: Sector/industry weightings are a residual of the stock selection process. As bottom-up investors seeking to create shareholder value, the Strategy’s investment process focuses on finding undervalued equities or special situations across all sectors or industries, and does not start with investment decisions regarding sector or industry weightings.

Risks associated with concentrations in specific industries and sectors are monitored as part of the risk management process, and positions in individual industries will typically not exceed 25%.

Country Weightings: Country allocation decisions are a residual of the stock selection process. The Portfolio Manager does not pre-set specific target exposures to any particular country, however, risks associated with concentrations in specific countries and

currencies are monitored as part of the risk management process. A maximum of 50% of the portfolio may be allocated to a specific country, except for emerging markets exposure, which is limited to 15%. Additionally, currency hedging may be used.

Sell Discipline

In terms of the Strategy’s sell discipline, portfolios are reviewed on a daily basis, and a security is sold when:

- Its price rises to a level that no longer reflects value (target valuation)
- The underlying investment thesis changes
- Company management changes direction
- External events occur (e.g., increase in geo-political risk, changes in regulation)

Typically, we would expect portfolio turnover to range between 20-50% depending on market conditions, with a targeted holding period of 3+ years, on average.

TRADE IMPLEMENTATION

The trading function is a critical component of our investment process. Our traders implement trades on a best-execution basis. We aim to add value to clients’ portfolios by minimising transaction costs, and we monitor the performance of brokers on a daily basis. Our Brokerage Committee is responsible for reviewing all matters related to broker relations, including trading and research services. Additionally, we receive an independent transaction cost study on a quarterly basis.

Deep Value	<ul style="list-style-type: none"> • Large discounts to intrinsic value • Private market value approximates intrinsic value • Traditional metrics also used (P/E, EV/EBIT, P/BV, FCF yield) • Perceived downside limited (margin of safety)
Special Situations	<ul style="list-style-type: none"> • Spin-off/sale of non-core assets • Restructuring stories • New management/turnaround • Post-reorganisation equity • Recapitalisations • Merger/acquisition targets
Quality at a Discount	<ul style="list-style-type: none"> • Great businesses <ul style="list-style-type: none"> – Pricing power; concentrated industries – High returns compound intrinsic value – Shareholder oriented management – Clean balance sheet and/or high free cash flow generation

RISK MANAGEMENT

For the Classic Value - Global strategy, risk is viewed in terms of the chance of capital loss. Risk is managed on an ongoing basis, using a managed sell discipline and continual evaluation of the portfolio's holdings and the dynamic factors which might lead to capital loss.

The portfolio is also assessed within Lazard's overall risk management process using quantitative tools to identify any unintended risk concentration. The portfolio is analysed to evaluate risks associated with:

- Concentrations in specific industries, sectors, countries and currencies
- Opportunity costs

The management of investment risk is integral to the investment process and is

addressed at several points in the research, analysis and portfolio construction stages. We operate a comprehensive risk management framework to help ensure that we understand and manage all sources of risk impacting the portfolio, including:

Security Specific Risk

One of the key investment risks in a concentrated portfolio is the valuation of each company, the accuracy of the valuation analysis, and the risks and assumptions of the valuation. In-depth knowledge derived from detailed fundamental and financial analysis, resulting in high conviction in the risk/return profile of an investment, is therefore the primary risk management tool.

Portfolio Level Risk

The portfolios are built from the bottom up,

by evaluating each investment on its own merit without regard to top-down, macroeconomic analysis. The portfolio's exposures by sector, region, and currency are monitored in order to limit concentration risk that may result from our bottom-up, fundamentally driven process.

The portfolio is also monitored for exposure to various factors (e.g. liquidity and company size), and the trends in these exposures over time.

Operational Risk

Risk is also monitored operationally and fiscally. We have a comprehensive risk framework incorporating Compliance, Internal and External Audit, and our Management and Investment Oversight Committee.

For further information about our investment strategies, please contact:

UK Institutional Clients

Louisa Vincent ☎ 020 7448 2339 ✉ contactus@lazard.com

Investment Consultants

Consultant Relations Team ☎ 020 7448 2066 ✉ laml.consultants@lazard.com

UK Fund Distributors

Broker Service Team ☎ 0800 374 810 ✉ contactuk@lazardnet.com

IMPORTANT INFORMATION

This is a financial promotion and is not intended to be investment advice. In the UK this document, which is supplied for information only, is for distribution only to professional investors and advisers authorised to carry out business under the Financial Services and Markets Act 2000.

References to Director and other titles of employees of Lazard Asset Management Limited ("Lazard") are internal titles and do not necessarily imply any legal status or responsibility. Securities identified in this document are not necessarily held by Lazard Asset Management for all client portfolios, and should not be considered as a recommendation or solicitation to purchase, sell or hold these securities. It should also not be assumed that any investment in these securities was or will be, profitable.

Reference to a pooled fund within this document relates to the Lazard Global Classic Value Equity Fund, which is a sub-fund of Lazard Global Active Funds plc, an Irish-registered Open Ended Investment Company ("OEIC") and recognised Undertaking for Collective Investments in Transferable Securities ("UCITS"). Lazard Global Active Funds plc is recognised by the Financial Services Authority ("FSA") under section 264 of the Financial Services & Markets Act 2000 ("FSMA"), which regulates the marketing of the funds within the UK. The Irish Financial Services Regulatory Authority regulates all other aspects of the funds' operations. Subscriptions may only be based on the current Prospectus. There will be no right to cancel any agreement under the FSA's cancellation rules. Compensation under the Financial Services Compensation Scheme will not be available.

Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. In view of the concentrated nature of certain portfolios, the level of risk is expected to be higher than for more broadly based portfolios. Investments in emerging markets carry an above-average degree of risk due to the undeveloped nature of the securities markets in those countries. Investors should consider carefully whether or not investment in emerging markets stocks is suitable for them and, if so, how substantial a part of their portfolio such investments should be.

This financial promotion is issued and approved by Lazard Asset Management Limited, 50 Stratton Street, London W1J 8LL

Lazard Asset Management Limited is incorporated in England and Wales with registered number 525667. It is authorised and regulated by the Financial Services Authority

The contents of this document are confidential and should not be disclosed other than to the person or persons for whom it is intended.

