

Global Listed Infrastructure

For Professional Investors Only

Snapshot

Performance target

To outperform inflation (as measured by RPI for sterling investors) by +5% p.a. over rolling 5-year periods (gross of fees)*

Benchmark Index

None. Local inflation is used for performance comparison purposes only

Investable securities

'Preferred Infrastructure'**

Use of derivatives

Not used in this Strategy

Currency risk

The Strategy is passively hedged to the investor's local currency

Cash weight

Typically 0-5%, although may be higher over short periods of time

Number of holdings

25-50

Market capitalisation

Minimum market capitalisation US\$250 million

Portfolio turnover***

Typically 40-60% p.a. over the investment cycle

Strategy inception

October 2005

Investment vehicles

Segregated/Pooled

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

***'Preferred Infrastructure' is Lazard's name for the subset of infrastructure companies most likely to produce the desirable investment characteristics of longevity, lower risk of capital loss and inflation-linked returns.*

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

Why Invest in Lazard Global Listed Infrastructure?

Lazard's Global Listed Infrastructure's strategy is a long-only, valuation-driven investment approach that aims to achieve long-term, stable returns that exceed inflation by 5% per annum over a rolling 5-year period*. The key benefits of this approach include:

Our Unique Preferred Infrastructure Approach

Some infrastructure assets have characteristics that make them attractive for investors:

- Longevity of the assets;
- Lower risk of capital loss; and
- Inflation-linked returns.

We aim to identify those companies that are most likely to deliver these investment characteristics; they populate what we call our Preferred Infrastructure Universe, a subset of the wider infrastructure sector. To do this we focus on companies that meet our Preferred criteria, namely revenue certainty derived from monopoly or monopoly-like assets that are often regulated, the ability to translate these stable revenues into relatively stable profits, distributions or dividends to equity holders, and the propensity to do this for a long time.

Disciplined Research and Expertise in Bottom-Up Stock Selection

Lazard's global listed infrastructure analysts, based globally, are experienced and disciplined in their approach to company valuations. The analysts use consistent inputs across the investable universe, and focus on using assumptions which generate consistent results between the three alternative methodologies (discounted cash flow, capitalisation and regulated asset base valuation). We aim to add value through the strength of bottom-up stock selection whilst minimising risk.

Diversification

The strategy was developed for investors seeking to invest in a low-risk product, positioned between fixed interest and global equities on the risk/reward spectrum. We believe using our Preferred Infrastructure as the underlying investment offers the following specific benefits to investors:

- The stability, increased visibility of performance and diminished risk of long-term loss of capital that comes from investing in a 'real asset';
- The 'inflation hedge' derived from an underlying coupon, or rate, driving the revenue stream that is implicitly or explicitly linked to inflation;
- Low correlation, over the medium term, between infrastructure and either bonds or global equities;
- Lower volatility than global equities, over long the term; and
- The focus on OECD countries (Organisation for Economic Co-operation and Development) reduces volatility associated with infrastructure located in developing economies.

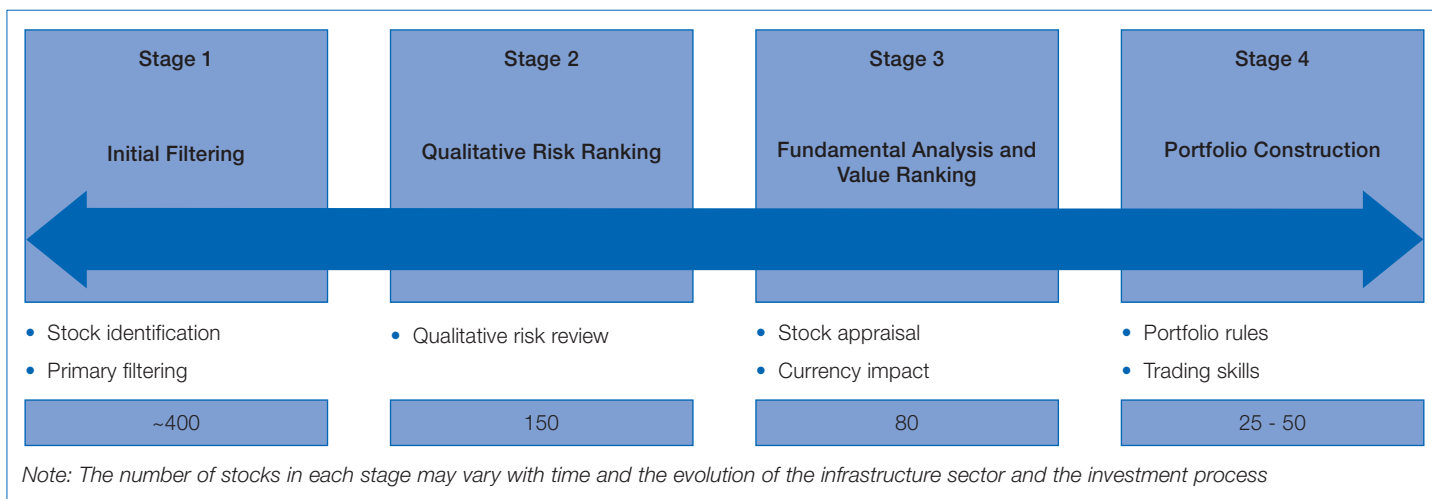
Strong Track Record by an Experienced Team

Our Global Listed Infrastructure strategy is managed by a team of highly experienced investors. With experience in global portfolio management, listed equity analysis (including infrastructure analysis) and benchmark-agnostic portfolio management, the team has the key skills we believe are required to successfully manage a global listed infrastructure strategy.

INVESTMENT PHILOSOPHY

We believe that infrastructure assets have investment characteristics that make them attractive for investors. These include the longevity of the assets, lower risk of capital loss and inflation-linked returns. However, Lazard recognises that not all infrastructure companies are equal and that some are more likely to deliver these desired returns. We have therefore developed our Preferred Infrastructure universe. Our Strategy only invests in assets that fall within this category.

INVESTMENT PROCESS



The Lazard Global Listed Infrastructure strategy is a long-only, valuation-driven investment strategy that targets long-term, lower risk, inflation-linked returns. We are stock pickers, managing a concentrated portfolio of Preferred Infrastructure securities. The number of stocks held will generally range from 25-50, and we make active decisions to invest in companies that we believe to be undervalued. The investment process can be described in four stages:

Stage 1: Initial Filtering

The initial stage considers a number of factors to filter the global universe of potential stocks. To qualify for our Preferred Infrastructure universe, companies must meet certain criteria:

- The company must own physical infrastructure (including concessions or long-term contracts to this effect) such as oil & gas pipelines, electricity grids, airports or water mains and treatment plants.
- The company must have its assets predominantly invested in member countries of the OECD (Organisation for Economic Co-Operation and Development).
- The company needs to meet a minimum market capitalisation hurdle of US\$250 million.

Stage 2: Qualitative Risk Ranking

A set of qualitative criteria that reflects the desired characteristics of the Preferred Infrastructure universe is applied to each stock remaining after the initial filtering described in Stage 1. The factors can be grouped into three main categories: revenue certainty, profitability and longevity:

<p>A) Revenue Certainty</p> <ul style="list-style-type: none"> • Stable demand • Monopolistic characteristics • Price regulated and inflation-linked • Long term
<p>B) Profitability</p> <ul style="list-style-type: none"> • High operating margins • Sustainable gearing • Appropriate cost structure
<p>C) Longevity</p> <ul style="list-style-type: none"> • Developed economy and legal system

For each stock, a point score is applied for each factor based upon a set of objective criteria and our Preferred Infrastructure universe is selected from the more highly ranked stocks.

Stage 3: Fundamental Analysis and Value Ranking

This stage is focused solely on the likelihood of generating superior returns from investment in the stocks within the Preferred Infrastructure universe.

The basis of our valuation of companies lies in the forecasting of investment returns for each company over an assumed holding period, typically three years. We use the principles of mean reversion in establishing an assessment of the intrinsic value of each company in our Preferred Infrastructure universe.

Each valuation is derived in local currency and then converted to a return in the investor's currency using appropriate forward rates. It is important that inter-relationships between currencies are consistently applied.

The investment team discusses the research and agree a company's key valuation drivers, which are then input in the Value Rank. This compares our valuations with the current market price and ranks the Preferred Infrastructure universe in descending order of return expectations.

Stage 4: Portfolio Construction

A model portfolio is developed from the Value Rank, constructed with the objective of owning those stocks expected to deliver superior returns for investors. Changes to the model portfolio can be driven by either a buy or sell imperative, responding respectively to a stock either rising or falling within the Value Rank.

Buy/Sell Discipline

Changes to the Value Rank, arising from a reassessment of a company's value or due to a change in the composition of the universe, may trigger a decision to adjust the model portfolio, resulting in a decision to buy or sell an investment.

mean an investment is sold or trimmed before it reaches our valuation target.

Equally, as a company's investment attractiveness diminishes, often because its market value rises to what we consider fair

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.

RISK MANAGEMENT

We operate a comprehensive risk management framework to help ensure that we understand and manage all sources of risk impacting our investment strategies, including:

- Active management risk
- Equity investment risk
- Macro or market risks
- Foreign investment risks
- Liquidity risks
- Currency risks

Stock Limits	<ul style="list-style-type: none"> • Typically 1-8% at time of purchase (up to a maximum of 15%).
Sector / Country Limits	<ul style="list-style-type: none"> • Sector and country allocations are a residual of our bottom-up stock selection process. We do not set specific target exposures to any particular country or sector. • Maximum commitment parameters are in place as part of our risk management process to ensure portfolio diversification.
Total Portfolio	<ul style="list-style-type: none"> • We have no specific risk objective, the strategy exclusively targets an absolute return. • The investment process is designed to deliver outperformance in a risk-managed environment.

In practice, a decision to buy or sell can also be driven equally by the opposite imperative. The emergence of an attractive investment opportunity, as evidenced by its moving up the Value Rank, will require the selling down of a less attractive company's shares to fund the investment. This may

value, it will move down the Value Rank and will be replaced in the model portfolio by a more attractive investment opportunity. In this case a new investment will only be undertaken if we believe it represents relatively equal or better value compared to the portfolio's existing holdings.

Our risk management framework incorporates our Global Risk Management team, Compliance, Internal/External Audit and our Management and Investment Oversight Committees.

What is Infrastructure?

Infrastructure assets are some of the essential building blocks within the structure of the modern economy. They enable the delivery of some of the fundamental services that are essential to the operation of a modern community or society. Some of the primary infrastructure sectors and sub-sectors are shown in the short list below.

Sectors

Utilities

- Power
- Water Plant
- Sewerage
- Communications

Transport

- Roads
- Rail
- Airports
- Ports

Social

- Health
- Schools
- Prisons

There are a limited number of providers of these assets because they cannot be easily replicated due to regulation, environmental impact, or prohibitive cost. Hence, they do not operate in a fully competitive marketplace and consequently they have natural monopoly characteristics. The investment characteristics of many infrastructure assets are: large up-front capital investment, low operating costs, and returns that are predictable and usually linked to inflation.

GLOBAL LISTED INFRASTRUCTURE TEAM

**John Mulquiney**

Portfolio Manager/Analyst
 Joined industry 1997
 Joined Lazard 2006

Warryn Roberston

Portfolio Manager/Analyst
 Joined industry 1992
 Joined Lazard 2001

Bertrand Cliquet

Research Analyst
 Joined industry 1999
 Joined Lazard 2004

Matt Landy

Research Analyst
 Joined industry 1995
 Joined Lazard 2006

Anthony Rohrlach

Research Analyst
 Joined industry 1999
 Joined Lazard 2007

Edward Keating

Product Specialist
 Joined industry 2001
 Joined Lazard 2001

Lazard has assembled a team of five investment analysts with complementary skills and experience. The team has an average of 11 years investment experience. The team is also supported by Product Specialist, Ed Keating. Building on a long history of successfully investing in infrastructure assets, our Global Listed Infrastructure team combines a disciplined process focused on active, high-conviction management within a Preferred Infrastructure universe of listed infrastructure investments with its depth of skills and global execution capabilities.

For further information about our investment strategies, please contact:

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IMPORTANT INFORMATION

The purpose of this document is to provide information about the Lazard Global Listed Infrastructure Strategy and Lazard Asset Management Pacific Co ABN 13 064 523 619, AFS Licence 238432

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