

Lazard Global Managed Volatility Fund

Fund Commentary

Developed market equity markets continued their year-long rally into December gaining more than 3.0% in USD terms in the month and finishing the quarter up almost 9% in USD terms. The MSCI World Index's 26% return in USD terms for 2019 marked the best year since the 2009 rally that followed the global financial crisis. The market's optimism continues to revolve around ongoing stimulative central bank fiscal policies, de-escalation of trade tensions between United States and China and the resilient U.S. economy. While global manufacturing data remain weak, consumer confidence is strong and spending remains high. The formal impeachment of President Trump was passed by the U.S. House of Representatives, an event already discounted by the U.S. equity market which posted another strong month. The U.K. election results represent a significant stride towards a defined Brexit. While the economic consequences of Brexit are still to be determined, the results boosted the pound and the U.K. equity market. Asian markets remained relatively weak although Hong Kong recovered in the month despite the ongoing demonstrations. Gold and oil prices both ticked up in December as global economic conditions continued to show favourable growth. The U.S. dollar fell in December as investor confidence in higher risk currencies grew.

Energy stocks posted the strongest sector return in December, but their 11.5% return in 2019 lagged every other sector by more than 10%. Information technology

stocks also continued their strength into December, gaining nearly 50% for the year. Defensive sectors including utilities, real estate and consumer staples were the weakest performers for the quarter. Factor performance was dominated by a risk-on month as higher beta and more volatile stocks outperformed in every region. Smaller cap stocks also were favoured broadly throughout the developed markets. Other factor performance differed across regions. Value measures provided favourable results in non-U.S. developed, but lagged in the United States. Sentiment measures were also mixed with a notable drawdown in momentum in the United States. Most growth and quality measures failed to provide favourable results in December, continuing a trend that developed in the fourth quarter after an extended period of strong results, especially for quality measures.

Against this backdrop, the Lazard Global Managed Volatility Fund underperformed its benchmark, the MSCI World index.

Positive Contributors

The following added to the Fund's performance during the quarter:

- UnitedHealth boosted its profit guidance for the year, as revenue growth from its health services and insurance units fueled the company's performance.
- Bristol-Myers Squibb Company, the U.S. biopharma, reported results for the third quarter of 2019, which were highlighted by strong sales and a robust operating performance, along with the continuing advancement of the company's pipeline. They reported revenues of USD 6.0 billion, an increase of 6% compared to the same period a year ago.
- Johnson & Johnson received FDA approval for its drug Xarelto to treat blood clot patients with acute illness who are either hospitalized or discharged from the hospital. As well, the penalty the company has to pay in to help alleviate the damage caused by opioid addiction in Oklahoma was reduced.
- Roche rose on news that it plans to complete its USD 4.3 billion takeover of gene therapy specialist Spark Therapeutics after U.S. and British authorities ruled the deal would not hurt competition in hemophilia A treatment. Roche is buying U.S.-based Spark to expand in gene therapy and boost its hemophilia A portfolio, where the Swiss pharma giant's existing drug Hemlibra will surpass USD 1 billion sales in 2019.
- CSL, the Australian biotech giant, has maintained its good performance. The company has been a strong performer, as demand for their hemophilia drug and other higher margin offerings including plasma protein therapies remain high. They retain a dominant market

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Global Managed Volatility Fund

position and the company's growth continues to outpace its competitors.

Performance Detractors

The following detracted from the Fund's performance during the quarter:

- Pinnacle West – The Fund's lack of exposure to the Arizona-based financial group hurt the portfolio.
- Hershey, which gave back recent gains, despite the company strengthening its position as a snacking leader, after announcing that it has entered into a definitive agreement to acquire ONE Brands, the maker of a line of low-sugar, high-protein nutrition bars. The acquisition is expected to enable Hershey to provide a competitive offering of brands in the nutrition bar category.
- Darden Restaurants gave back recent gains after reporting another positive quarter driven by modestly higher revenue and better operating margins. They continue to grow their market share and grow same store shares. Management has also been aggressive in repurchasing their stock.

- Seven & I underperformed over the mishandlings of unpaid overtime, which stretches back to the company's founding in the 1970s. The miscalculation was discovered in a probe at one of its franchisees by labour authorities in 2001, but the company appears to have neglected dealing with the issue or publicizing it.
- Northrop Grumman gave back some of its good performance after it was boosted by the Marine Corps awarding the company a USD 958 million contract for production of a ground-based, mobile radar system produced at one of its Anne Arundel County plants.

Outlook

Entering 2020, economic conditions appear favourable for a continuation of the strong equity markets of 2019. A confident consumer, accommodative central bank policies, low global inflation and resumption of corporate earnings growth provide a strong foundation for continued market growth. Evaluating the geopolitical landscape produces a far less optimistic picture. Ongoing trade wars, escalating tensions in the mid-East, impeachment/U.S. elections, Hong Kong, the economic impact of Brexit, escalating government deficits and a slowing, more domestically oriented China

economy are areas of concern going into 2020. Equity valuations remain high but, in the context of fixed income alternatives, do not appear extreme. In short, Lazard remains favourable on the equity markets although with return expectations in the high single digits characterized by increased market volatility. By focusing on a systematic, fundamentally driven bottom-up investment approach, Lazard continues to seek stocks that it believes present the best chance to outperform regardless of the market environment.

About Lazard

Since 1848, Lazard has remained a trusted advisor to governments, financial institutions, public and private retirement plans and individuals around the world. Lazard serves investors with a broad range of global investment solutions and investment management services with an emphasis on strategies that benefit from intensive research and active management. The result is a strong pattern of long-term performance, global perspective and deep insight into local markets.

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Global Managed Volatility Fund

Contribution Analysis (relative to benchmark)

LAST QUARTER

INDUSTRY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Specialty Retail	0.28	Tech. Hardware, Storage & Periph.	-0.73
Pharmaceuticals	0.23	Banks	-0.43
Airlines	0.16	Semicond. & Semicond. Equip.	-0.43
Insurance	0.15	Software	-0.39
Health Care Prov. & Services	0.13	Interactive Media & Svcs.	-0.22

COUNTRY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Australia	0.34	United States	-2.71
Switzerland	0.16	Japan	-0.65
Canada	0.13	France	-0.29
United Kingdom	0.03	Germany	-0.16
Denmark	0.03	Netherlands	-0.11

COMPANY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Premier Inc Class A	0.14	Pinnacle West Capital	-0.14
Roche Holding AG	0.11	The Hershey Co.	-0.11
CSL Ltd.	0.10	Darden Restaurants Inc.	-0.08
Bristol-Myers Squibb Company	0.09	Seven & I Holdings Co. Ltd.	-0.08
TJX Companies Inc.	0.09	Simon Property Group Inc	-0.07

LAST 12 MONTHS

INDUSTRY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Specialty Retail	0.73	Tech. Hardware, Storage & Periph.	-1.53
Commercial Services & Supplies	0.53	Semicond. & Semicond. Equip.	-1.18
Electric Utilities	0.49	Software	-1.17
Pharmaceuticals	0.46	Interactive Media & Svcs.	-0.80
Insurance	0.44	Health Care Equip. & Supplies	-0.52

COUNTRY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Canada	0.94	United States	-4.39
Italy	0.59	Japan	-1.00
Israel	0.34	France	-0.71
Norway	0.17	Netherlands	-0.35
Australia	0.15	Germany	-0.29

COMPANY			
Top 5 Contributors		Top 5 Detractors	
	%		%
Estee Lauder Companies Cl A	0.61	Apple Inc.	-1.45
AON Corp.	0.50	Swire Pacific Ltd.	-0.21
TJX Companies Inc.	0.36	Visa Inc.	-0.17
Starbucks Corp	0.35	Simon Property Group Inc	-0.17
Enel SpA	0.35	F5 Networks Inc	-0.15

The information contained herein is subject to important disclosures and disclaimers contained in the Disclosure Statement on the last page of this document. This document is not complete without such Disclosure Statement.

Lazard Global Managed Volatility Fund

FOR DISTRIBUTION TO INVESTORS BY REGISTERED DEALERS ONLY.

Bridgehouse Asset Managers® is a trade name of Brandes Investment Partners & Co. (Bridgehouse). Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. (Brandes LP), which is an affiliate of Bridgehouse. Bridgehouse is the manager of the Bridgehouse Funds and has hired Brandes LP, Lazard Asset Management (Canada), Inc. (Lazard), Morningstar Associates, Inc. (Morningstar) and Sionna Investment Managers Inc. (Sionna) as portfolio sub-advisors (collectively, the “portfolio sub-advisors”) in respect of the Bridgehouse Funds. The foregoing reflects the thoughts, opinions, and investment strategies of Bridgehouse and/or the portfolio sub-advisors and is subject to change at their discretion, based on changing market dynamics or other considerations. Bridgehouse and the portfolio sub-advisors have taken reasonable steps to provide accurate and current data. The data has been gathered from sources believed to be reliable, however Bridgehouse and/or the portfolio sub-advisors are not responsible for any errors or omissions contained herein. Indices are unmanaged and cannot be directly invested into. Securities mentioned herein are not to be construed as a recommendation to buy or sell. Past performance is not a reliable indicator of future results. This material has been provided by Bridgehouse and is for informational purposes only. It is not intended to provide legal, accounting, tax, investment, financial or other advice and is not to be construed as a recommendation to buy or sell. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. This report may contain forward-looking statements about the economy, and markets; their future performance, strategies or prospects. Units and shares of the Bridgehouse Funds are available through registered dealers only and are not available through Bridgehouse.

The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are

intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties about general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. You are cautioned to not place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. Before making any investment decisions, you are encouraged to consider these and other factors carefully. Where applicable, please note that MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

Published January 30, 2020