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2017 Annual Management Report
of Fund Performance

Lazard Global Balanced Income Fund

LAZARD GLOBAL BALANCED INCOME FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements are in a separate booklet. You may obtain a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1.888.861.9998, by writing to us at Bridgehouse Asset Managers, 33 Yonge Street, Suite 300, Toronto, ON, M5E 1G4, or by visiting our website: www.bridgehousecanada.com or the SEDAR website: www.sedar.com.

You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The investment objective of the Fund is to achieve capital appreciation and generate income by investing across a range of equity and debt securities around the globe. By actively managing equity and debt allocations, the Fund seeks to create a lower volatility pattern of returns when compared to global equities.

The portfolio sub-advisor in respect of this Fund, Lazard Asset Management (Canada) Inc., has retained Lazard Asset Management LLC ("Lazard") as its sub-advisor, which employs a team-based approach in the management of the Fund. Lazard's strategy is founded on the philosophy that an understanding of the current economic environment can be coupled with research into the drivers of (and risk to) outperformance to create a portfolio aligned with the current economic cycle.

The Fund may invest in units of other mutual funds including funds managed by Bridgehouse in order to achieve its investment objective and strategies. Currently, the Fund invests in the Lazard Emerging Markets Multi Asset Fund.

Risk

As an investor in this Fund, you should be prepared for short-term performance fluctuations, and be a patient, long-term holder.

There were no significant changes to the level or type of risk you would expect from the Fund over the course of the year. It continues to have a low to medium risk level. Refer to the Fund's simplified prospectus for a complete list of all risks.

Results of Operations from January 1, 2017 to December 31, 2017

Markets & Effect

Global equity markets ended the year higher amid an environment of extremely low market volatility. Emerging markets were particularly strong while developed Asia and Europe also registered favorable performance. European equities did well despite a busy electoral calendar in France and Germany and worries about Catalan secession in Spain. The US market was in line with global benchmark performance, on the back of optimism for tax reform. The Fed lifted rates three times during the year, but 10-year US Treasury yields remained range-bound and the US dollar weakened against most currencies. The theme of synchronized global economic growth lifted commodities during the second half of the year.

Performance

The Fund's Series A units outperformed its benchmark, gaining 9.8% versus a gain of 9.4% for the Lazard Global Balanced Income Benchmark (the "Index"). (Please see the Benchmark Indices section for a full description).

The Fund returns are after the deduction of fees and expenses while the benchmark returns do not include any costs of investing. See the "Past Performance" section for the returns of the other series, which may vary because of differences in management fees and expenses or timing of series introduction.

Holdings in biotechnology contributed to overall performance, while holdings in automobiles detracted from performance during the period. Holdings in the United States were the largest contributor to performance, while an underweight to China detracted from relative performance during the period.

Asset Mix

The Fund invests in a combination of equity and debt securities that are representative of different investment styles based on Lazard's view of market and economic conditions at the time. At December 31, 2017, equities made up 70.9% of the Fund, fixed income represented 26.4% and 2.7% was in cash and other net assets.

The Fund's most significant country exposure change was a decrease in holdings in the United States to 41.5% from 49.9% at December 31, 2016. The most significant industry exposure change was a decrease in holdings in food & staples retailing to 0.7% from 2.8% at December 31, 2016.

Flows & Fees

The Fund's Net Asset Value decreased to \$26.9 million at December 31, 2017, from \$29.5 million at December 31, 2016. Of this change, an increase of \$2.9 million was due to positive investment performance (net of investment income), and a decrease of \$5.5 million was due to outflows.

For Series A units, the annualized management expense ratio ("MER") at December 31, 2017 is 2.56%, unchanged from December 31, 2016.

Recent Developments

There are no known changes at this time to the strategic positioning of the Fund, the manager, or portfolio sub-advisor.

On July 7, 2017, Bridgehouse re-designated current investors in Series K to Series A, Series L to Series A, Series M to Series F and eliminated Series K, Series L and Series M. In anticipation of the Series re-designations, Series K, Series L and Series M were closed to new purchases as of July 4, 2017.

International Financial Reporting Standards

IFRS 9, "Financial Instruments" ("IFRS 9")—The International Accounting Standards Board (IASB) issued IFRS 9 to replace IAS 39, "Financial Instruments—Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss.

The new standard is effective for the Fund's for its fiscal year beginning January 1, 2018. On adoption of IFRS 9 the Fund's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements."

Related Party Transactions

Manager and Portfolio Advisor

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers ("Bridgehouse") which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. Bridgehouse receives a monthly management fee based on the daily average net assets of each class of the Fund. In addition, Bridgehouse is entitled to be reimbursed by the Fund for certain operating expenses.

Bridgehouse has retained Lazard Asset Management (Canada), Inc. who has retained Lazard Asset Management LLC, ("Lazard") as the portfolio sub-advisor in respect of the Fund. Bridgehouse pays Lazard an investment management fee to provide the Fund with investment management services.

Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may", "will", "should", "could", "expect", "anticipate", "intend", "plan", "believe", or "estimate" or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

Benchmark Indices

Lazard Global Balanced Income Benchmark: This blended benchmark is weighted 25% Barclays Capital Global Aggregate Bond Index, 25% Barclays Capital Global Aggregate Bond index (Hedged), 25% MSCI All Countries World Index, and 25% MSCI All Countries World Index (Hedged).

Barclays Capital Global Aggregate Bond Index: The Barclays Capital Global Aggregate Bond Index is a broad-based measure of the global investment-grade fixed-rate debt markets.

Barclays Capital Global Aggregate Bond Index (Hedged): The Barclays Capital Global Aggregate Bond Index (Hedged) is a broad-based measure of the global investment-grade fixed-rate debt markets. The hedged version minimizes the exposure of currency fluctuations on index performance.

MSCI All Country World Index: This index consists of equities from 23 developed markets, including Canada, the U.S., and 23 emerging markets countries around the world.

MSCI All Country World Index (Hedged): This index consists of equities from 23 developed markets, including Canada, the U.S., and 23 emerging markets countries around the world. The hedged version minimizes the exposure of currency fluctuations on index performance.

FINANCIAL HIGHLIGHTS

FOR PERIODS ENDED DECEMBER 31, 2013 TO 2017

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five periods ended December 31 or, if shorter, the period since the inception of the Fund. In the year a fund or series is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31. Inception date for Series A, F and I is November 4, 2014.

The Fund's Net Assets per Unit (\$) (note 1)

		Increase (decrease) from operations						Distributions				Net assets, end of period (\$)	
		Net assets, beginning of period (\$)	Total revenue (\$)	Total expenses (\$)	Realized gains (losses) for the period (\$)	Unrealized gains (losses) for the period (\$)	Total increase (decrease) from operations (\$) (note 2)	From net investment income excluding dividends (\$)	From dividends (\$)	From capital gains (\$)	Return of capital (\$)		Total annual distribution (\$) (note 3)
Series A	2017	9.76	0.33	(0.26)	0.85	0.05	0.97	(0.07)	(0.01)	(0.46)	-	(0.54)	10.16
	2016	10.19	0.34	(0.25)	(0.20)	0.15	0.04	(0.08)	(0.01)	-	(0.31)	(0.40)	9.76
	2015	10.01	0.32	(0.26)	(0.13)	0.27	0.20	(0.04)	-	-	(0.36)	(0.40)	10.19
	2014	10.00	0.09	(0.04)	(0.01)	0.07	0.11	(0.01)	-	-	(0.05)	(0.06)	10.01
Series F	2017	10.01	0.37	(0.15)	0.79	0.21	1.22	(0.14)	(0.01)	(0.58)	-	(0.73)	10.36
	2016	10.32	0.37	(0.14)	(0.25)	(0.08)	(0.10)	(0.21)	(0.02)	-	(0.17)	(0.40)	10.01
	2015	10.02	0.34	(0.15)	(0.07)	0.35	0.47	(0.15)	(0.01)	-	(0.24)	(0.40)	10.32
	2014	10.00	0.07	(0.02)	(0.02)	0.06	0.09	(0.02)	-	-	(0.04)	(0.06)	10.02
Series I	2017	10.33	0.35	-	0.91	0.02	1.28	(0.32)	(0.03)	(0.72)	-	(1.07)	10.55
	2016	10.49	0.35	-	(0.22)	0.11	0.24	(0.34)	(0.03)	-	(0.03)	(0.40)	10.33
	2015	10.04	0.31	-	(0.01)	0.54	0.84	(0.30)	(0.02)	-	(0.08)	(0.40)	10.49
	2014	10.00	0.07	-	(0.02)	0.06	0.11	(0.03)	-	-	(0.03)	(0.06)	10.04

- The financial information presented in the Net Assets per Unit table is derived from the Fund's audited annual financial statements.
- Net Assets and distributions are per Unit of a series are based on the actual number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the financial period.
- Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

		Total net asset value (\$000) (note 4)	Number of units outstanding (000) (note 4)	Management expense ratio (MER) (%) (note 5)	MER before waivers or absorption (%) (note 5)	Portfolio turnover rate (%) (note 6)	Trading expense ratio (%) (note 7)	Net asset value per unit (\$)
Series A	2017	16,630	1,637	2.56	2.72	134.86	0.13	10.16
	2016	17,139	1,756	2.56	2.82	143.97	0.16	9.76
	2015	13,917	1,366	2.55	2.90	109.25	0.18	10.19
	2014	1,959	196	2.54	3.93	33.27	0.54	10.01
Series F	2017	5,288	510	1.42	1.63	-	-	10.36
	2016	1,369	137	1.43	1.68	-	-	10.01
	2015	2,536	246	1.42	1.78	-	-	10.32
	2014	583	58	1.41	2.77	-	-	10.02
Series I	2017	4,964	470	0.00	0.00	-	-	10.55
	2016	4,462	432	0.00	0.00	-	-	10.33
	2015	4,372	417	0.00	0.00	-	-	10.49
	2014	4,040	402	0.00	0.00	-	-	10.04

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Net Asset Value and is provided as at December 31 of the previous years shown.
- The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST/HST and interest and excluding commissions and other portfolio transaction costs, and is expressed as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.
- Portfolio turnover rate is calculated at the Fund level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund. The trading expense ratio is calculated at the Fund level and applies to all series of the Fund.

MANAGEMENT FEES

Bridgehouse Asset Managers, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided, Bridgehouse Asset Managers receives a monthly management fee based on the daily average Net Asset Value of Series A and Series F. Management fees for Series I are negotiated and paid directly by the unitholders of Series I, not by the Fund.

For the year ended December 31, 2017, the Fund paid Bridgehouse Asset Managers management fees of \$477,391. Bridgehouse uses these management fees to pay for commission payments to registered brokers and dealers and general investment management expenses. The breakdown (commission payments / investment management, administration and other) as a proportion of the management fee for each Series are:

- Series A (36% / 64%)
- Series F (0% / 100%)
- Series I (0% / 100%)

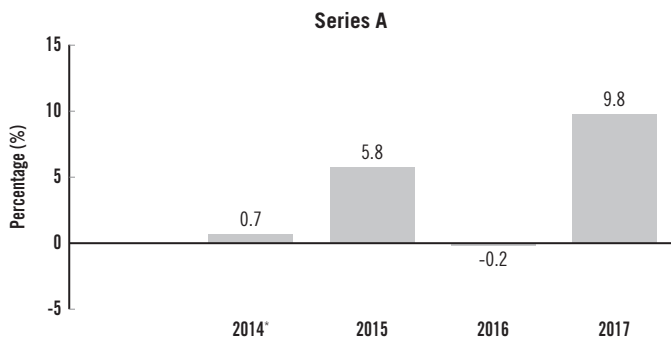
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset Managers during the period. For new Funds or Series the amount presented may not be indicative of longer term operating periods.

PAST PERFORMANCE

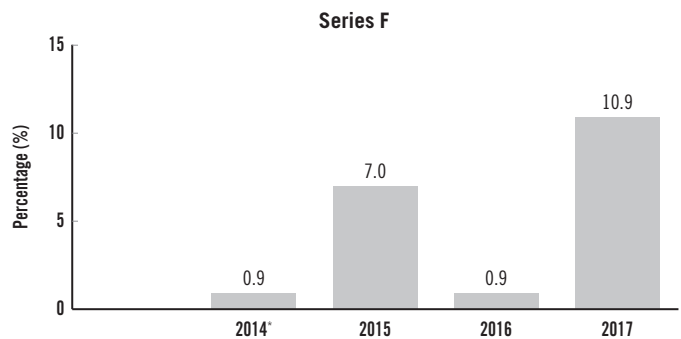
This section shows the historical performance for each series of the Fund for the periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance, except in the case of Series I units where the management fee is calculated outside of the Fund. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns (%)

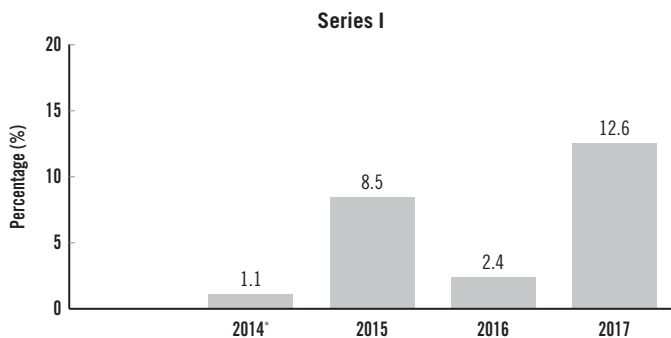
The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year.



*2014 Series A returns are from November 4, 2014



*2014 Series F returns are from November 4, 2014



*2014 Series I returns are from November 4, 2014

Annual Compound Returns (%)

The table shows the historical annual compound total return for each series of the Fund as compared to the benchmarks listed below. The returns are for periods ended December 31, 2017. For a discussion of the relative performance of the Fund as compared to the index, please refer to the “Results of Operations” section in the “Management Discussion of Fund Performance”.

	1 year	3 years	Since Inception
Series A	9.75	5.03	5.01
Series F	10.95	6.21	6.18
Series I	12.59	7.74	7.71
Lazard Global Balanced Income Fund Benchmark ¹	9.37	9.04	9.33

¹“Since inception” corresponds to inception date for Series A, F and I of November 4, 2014

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2017

Top 25 Positions

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

Security	Fund (%)
1. Lazard Emerging Markets Multi Asset Fund Series I	15.8
2. Cash & Cash Equivalents	1.6
3. Apple Inc.	1.5
4. PepsiCo, Inc.	1.4
5. AT&T Inc.	1.2
6. AbbVie Inc.	1.2
7. MasterCard Incorporated Cl. A	1.2
8. The Boeing Company	1.1
9. Accenture PLC Cl. A	1.1
10. Northrop Grumman Corporation	1.0
11. ANA Holdings Inc.	0.9
12. Lowe's Companies, Inc.	0.9
13. Ross Stores Inc.	0.8
14. Province of Ontario 2.45% Jun 29/22	0.8
15. Cummins Inc.	0.8
16. Government of Singapore 3.00% Sep 01/24	0.8
17. United Mexican States 6.75% Feb 06/24	0.7
18. Microsoft Corporation	0.7
19. The Bank of Nova Scotia	0.7
20. Continental AG	0.7
21. Bristol-Myers Squibb Company	0.7
22. Republic of Poland 1.81% Jan 25/21	0.6
23. Government of France 1.75% Jun 25/39	0.6
24. State of California 7.50% Apr 01/34	0.6
25. Centene Corporation	0.6
% of Fund	38.0
Total Number of Companies†	273
Total Number of Fixed Income Securities	75
Total Net Asset Value (\$MM)	\$27

† Includes the Lazard Emerging Markets Multi Asset Fund but excludes its individual holdings

The prospectus and other information about the underlying investment funds held in the portfolio are available on the internet at www.sedar.com and also at www.bridgeseanada.com

Asset Mix

Asset Class	Fund (%)
Canadian Equity	19.0
Global Equity	51.9
Fixed Income – Government	14.6
Fixed Income – Corporate	11.8
Cash & Cash Equivalent	1.6
Other Net Assets	1.1
% of Total	100.0

Industry Exposure

Industry	Fund (%)
Equities	
Pharmaceuticals	4.2
Commercial Banks	3.4
IT Services	3.2
Insurance	2.7
Diversified Telecommunications Services	2.6
Aerospace & Defense	2.4
Oil, Gas & Consumable Fuels	2.1
Beverages	1.9
Health Care Providers & Services	1.9
Technology Hardware, Storage & Peripherals	1.8
Airlines	1.8
Specialty Retail	1.6
Software	1.6
Machinery	1.5
Hotels, Restaurants & Leisure	1.5
Chemicals	1.4
Electric Utilities	1.4
Multiline Retail	1.4
Semiconductors & Semiconductor Equipment	1.1
Diversified Financial Services	1.0
Household Durables	0.9
Real Estate Management & Development	0.8
Auto Components	0.8
Metals & Mining	0.8
Media	0.8
Food Products	0.8
Equity Real Estate Investment Trusts (REITs)	0.8
Electrical Equipment	0.8
Food & Staples Retailing	0.7
Commercial Services & Supplies	0.6
Multi-Utilities	0.6
Electronic Equipment, Instruments & Components	0.6
Internet Software & Services	0.5
Health Care Equipment & Supplies	0.5
Household Products	0.5
Industrial Conglomerates	0.5
Automobiles	0.4
Communications Equipment	0.4
Capital Markets	0.4
Wireless Telecommunications Services	0.3
Gas Utilities	0.3
Construction & Engineering	0.3
Air Freight & Logistics	0.2
Building Products	0.2
Thrifts & Mortgage Finance	0.2
Containers & Packaging	0.1
Transportation Infrastructure	0.1
Paper & Forest Products	0.1
Biotechnology	0.1
Textiles, Apparel & Luxury Goods	0.1
Real Estate	0.1
Personal Products	0.1
Road & Rail	0.1
Trading Companies & Distributors	0.1
Consumer Finance	0.0
Tobacco	0.0
Professional Services	0.0
Leisure Products	0.0
Mutual Funds	15.8
Fixed Income	
Government	14.6
Corporate	11.8
Cash & Cash Equivalent	1.6
Other Net Assets	1.1
% of Total	100.0
Total Number of Industries	61

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2017 (CONTINUED)

Country Exposure

Country	Fund (%)
United States	41.5
Canada	22.2
Japan	5.3
Australia	3.2
United Kingdom	2.6
France	2.7
Netherlands	2.5
Germany	2.0
Norway	1.7
New Zealand	1.8
Ireland	1.5
Mexico	1.2
Singapore	1.3
Poland	1.0
Czech Republic	0.9
Romania	0.8
Italy	0.6
Hong Kong	0.7
Hungary	0.6
Spain	0.6
Switzerland	0.4
Sweden	0.5
Denmark	0.3
Luxembourg	0.5
Philippines	0.3
Belgium	0.2
Macau	0.1
Finland	0.1
Austria	0.1
Portugal	0.1
Cash & Cash Equivalent	1.6
Other Net Assets	1.1
% of Total	100.0
Total Number of Countries	30

Debt Securities by Credit Rating*

Credit Rating	Total Debt Instruments (%)
AAA/Aaa	22.4
AA/Aa	17.4
A/A	23.2
BBB/Baa	18.9
BB/Ba	5.4
B/B	3.9
CCC/Caa	0.6
CC/Ca	0.2
NR	8.0
Total	100.0

*Excludes cash and cash equivalents.

Credit ratings are obtained from Standard & Poor's, Moody's and Dominion Bond Rating Services.

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%



Bridgehouse Funds are managed by Bridgehouse Asset Managers® and are available through registered dealers.

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