

12 November 2024

Dear Investor

**Lazard Global Small Cap Fund (Fund)**

Lazard Asset Management Pacific Co., the Responsible Entity of the Fund, wishes to advise of certain changes it is proposing to make to the Fund as set out in further detail below. This letter constitutes a notice under section 1017B of the *Corporations Act 2001*.

**1. Change to the Investment Strategy**

The Fund has historically been managed by Lazard Asset Management (Lazard) using a fundamental relative value investment strategy. Following a review of the strategy as well as a review of other global small market capitalisation (global small cap) investment strategies managed by Lazard, the Responsible Entity has determined to change the investment strategy of the Fund to a global small cap, quantitative investment strategy (GSC Equity Advantage strategy). We believe that the GSC Equity Advantage strategy will potentially provide investors with a more consistent and less volatile pattern of performance returns as it contains investment guidelines regarding security, country and sector allocations relative to the MSCI World Small Cap Index.

The Responsible Entity wishes to provide unitholders in the Fund with at least 30 days' prior written notice of the proposed changes, which will take effect from or soon after 20 December 2024 (Effective Date).

Please see Annexure A for the main differences between the fundamental relative value global small cap investment strategy and the proposed GSC Equity Advantage strategy. Also included is information on the Lazard Equity Advantage (Quantitative) Investment Team.

**2. Reduction in Fees**

From the Effective Date, the Management Fee will reduce to 0.80% p.a. from the current 1.12% p.a..

From the Effective Date, the buy/sell spread will also reduce from 0.25% to 0.20%.

**3. Target Market Determination**

The target market of the Fund will not change as a result of the implementation of the proposed changes. The current target market summary for the Fund will remain as follows:

'The Fund is intended for use as a Satellite allocation for a consumer who is seeking Capital Growth and has a Very high Risk and Return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a 5 years or longer investment timeframe and who in ordinary circumstances expects to have their withdrawal proceeds within 7 business days. Issuers and distributors can only distribute this product if the consumer has received personal advice from a financial adviser in relation to the particular product. If personal advice is not given, this product is only available to wholesale investors.'

**4. Change of Name**

From the Effective Date, the name of the Fund will change from the Lazard Global Small Cap Fund to the Lazard Global Small Cap Equity Advantage Fund and we ask that you please update your records accordingly from the Effective Date. We will also update our investor documents to reflect the name change.

## **5. What do investors need to do?**

Existing investors in the Fund do not need to redeem their units and buy new units in the Fund to effect this change. The Responsible Entity will take the necessary steps to effect the change as described in the paragraph below 'Transition Process'.

## **6. Transition Process**

To transition the Fund to hold the global small cap securities following the GSC Equity Advantage strategy, the Responsible Entity will from the Effective Date sell the majority of the existing holdings in the Fund and buy new holdings. The brokerage costs that are incurred from the selling and buying of these securities will be borne by the Responsible Entity and not the Fund.

Investors should note however that these transactions will cause a capital gains tax event in the Fund. Investors should seek their own tax advice regarding the impact of the capital gains tax event on their individual circumstances.

Lazard may need to suspend applications and redemptions during the transition period and will notify investors should this need to occur.

The Responsible Entity considers that based on the contents of this letter, the proposed changes are in the best interests of all of the unitholders in the Fund as a whole.

## **7. Further Questions**

We may communicate with you again during this process to provide an update on the changes described in this letter via the 'Updated Information' section of our website located [here](#). We will also update the PDS for the Fund to reflect the changes described in this letter.

If you have any further queries in relation to the above proposal please do not hesitate to contact us by email at [investorqueries@lazard.com](mailto:investorqueries@lazard.com) or by phone on 1800 825 287.

Yours faithfully

*Lazard Asset Management Pacific Co.*

Lazard Asset Management Pacific Co.

### Annexure A

Please see the below table for the main changes between the fundamental relative value investment strategy and the GSC Equity Advantage strategy.

	<b>Current</b>	<b>Proposed</b>
<b>Investment Style</b>	Fundamental Relative Value	Quantitative Equity Advantage
<b>Investment Objective</b>	The Fund seeks to achieve returns (including income and capital appreciation and before the deduction of fees and taxes) that exceed those of the MSCI World Small Cap Accumulation Index (“the benchmark”) by 3% per annum over rolling three year periods	The Fund seeks to achieve returns (including income and capital appreciation and before the deduction of fees and taxes) that exceed those of the MSCI World Small Cap Index (“the benchmark”) by 2% per annum over a full market cycle.
<b>Number of securities held</b>	Generally in the range of 60-90 securities	Generally in the range of 350-600 securities
<b>Global Small Cap market cap</b>	The Fund invests in securities with market capitalisations, at the time of initial purchase, between US\$300 million and US\$5 billion or in the market capitalisation range of companies included in the MSCI World Small Cap Accumulation Index and to be domiciled in countries in the benchmark subject to the emerging markets exposure outlined below	The Fund will invest in securities with market capitalisations, at the time of initial purchase, between US\$100million and US\$10billion. The Fund may also hold securities above US\$10billion, so long as the security is in the benchmark at the time of purchase.
<b>Emerging Markets exposure</b>	More than 25% of its assets in the equity securities (including equity like and securities convertible into equity securities) of issuers located in emerging market countries. Emerging market countries will be determined by LAM but are generally considered to be countries not included in the benchmark.	The Fund will not hold securities of issuers located in emerging market countries. Emerging market countries will be determined by LAM but are generally considered to be countries not included in the benchmark.
<b>Maximum position size of a single security</b>	5% of the Fund’s assets	Benchmark plus 3% at the time of purchase
<b>Country exposure</b>	No specific restrictions	+/-3% relative to the benchmark
<b>Sector exposure</b>	No specific restrictions	+/-5% relative to the benchmark

Please see the below details of the Lazard Quantitative Investment Team (referred to as the Lazard Equity Advantage Team).

The Lazard Equity Advantage Team have been managing quantitative strategies for over two decades. Lazard's Equity Advantage strategies are managed by a team of 20 investment professionals comprising of 12 investment professionals who are dedicated to portfolio management, 5 exclusively to investment research and 3 individuals to data and database management, investment strategy, portfolio implementation and client service. The team is based in Boston (12 members), London (5 members) and 1 member each in Canada, New York and Tokyo. As at 30 September 2024, the Lazard Equity Advantage Team managed US\$23.3 billion in assets across a range of strategies including US\$444.6 million in assets in small cap equities.