Task Force on Climate-Related Financial Disclosures ("TCFD") UK Product-Level Report

Lazard Managed Balanced Fund

Report Publicaton Date: 30 June 2024

Reporting Period: 1 January to 31 December 2023

Calculation Date: 31 December 2023

This Product level report has been prepared in accordance with the product-level disclosure requirements as set out in Chapter 2 of the Environmental, Social and Governance sourcebook ('ESG') of the Financial Conduct Authority (FCA) Handbook. Where applicable, recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD') have been considered, subject to any Data Gaps, Limitations and Estimations noted.

Fund Information

	Value
Link to Entity-Level Report	https://www.lazardassetmanagement.com/gl/docs-page/-m0-/118602/TaskForceOnClimate-RelatedFinancial_en
Legal Entity Identifier (LEI)	549300AAN5EZZHLLQ165
Fund Name	Lazard Managed Balanced Fund
Reporting Currency	GBP
Net Asset Value ("NAV")	31,781,838

Data Gaps, Limitations and Assumptions

Our investment process relies on long-term company valuations, incorporating a bottom-up analysis that considers all material factors, including climate-related risks. Climate risks and opportunities vary by sector, geography, and company, with certain factors being more relevant to specific industries or operations. For example, drought is pertinent to companies heavily dependent on water resources, while policy and carbon pricing impacts may impact those with significant non-renewable energy usage.

Please note efforts to develop climate risk assessment solutions have been substantial but integrating them into individual stock analysis and investment processes remains challenging. Existing solutions combining geolocation, economic, and company-specific data for climate value at risk (CVaR) calculations have not proven effective for our purposes. However, we have assessed MSCI's CVaR solution for our annual portfolio risk assessments and scenario analysis reporting for our Public Funds. The MSCI Climate Value at Risk (CVaR) returns the value at risk in your portfolio under different scenarios based on transition and physical risk and opportunities in a 15-year time horizon. As climate-related metrics and methodologies evolve over time, we may switch to alternative data providers.

Other important points regarding the climate risk analysis report:

1) **This report applies to listed corporate (equity and credit) exposure only:** The coverage figures below are based on the 'Total public investments (credit and listed equity) versus the total NAV field above, which is normalised to 100%.
2) **Data Source Vendors:** We explicitly acknowledge the vendors of our data sources, as we have observed significant discrepancies in reporting lag, estimation methodologies, data quality, and other factors when comparing different vendors. These disparities could potentially lead to divergent results.
3) **Backward-Looking:** It is important to note that the various metrics derived from our respective vendors are typically considered slow-moving data. This means they are updated infrequently and are often based on earlier company reporting. For example, the Sustainalytics' GHG emissions data used in this report pertain to the fiscal year 2022. This report should not be seen as a guide for how our funds may score in the future.
4) **Estimations and Coverage Rates:** Due to the high level of estimations involved in the different metrics, we have provided a breakdown of our coverage rates for GHG emissions into "as reported" and "estimates" categories. It is worth noting that the level of "as reported" data has significantly increased in recent years. We are not able to provide this level of granularity on our other metrics.
5) **Cash and Derivatives:** These instruments are considered out of scope for analysis and are removed from funds' holdings prior to calculating coverage and analysis.
6) **Verification:** Although we periodically review and evaluate our ESG data and analytics providers to ensure we are utilizing reliable and comprehensive sources, the calculations and methodologies used by vendors that provide ESG data are not verified by Lazard Asset Management and therefore are not warranted to be accurate or complete.

These notes serve as a reminder that the information and data presented in the climate risk analysis report are subject to limitations and uncertainties. The report should be used with caution, considering the potential discrepancies and variations in the data sources and methodologies employed.

General ESG Metrics

General ESG ratings can provide insight into how well a portfolio's holdings have addressed material issues, including climate.

Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks at the security and portfolio level and how they might affect the long-term performance for equity and fixed income investments. Controversies signal failures of management to adequately address its exposure to ESG issues.

For both the ESG RIsk Score and the Highest Controversey level, a lower score is viewed as better.

			Product	
Metric	**Definition**	**Source**	**Value**	**Total Coverage**
ESG Risk Score	A weighted average of the Sustainability Risk Scores, a quantitative measure that evaluates an issuer's exposure to, and management of, material sustainability risks, for the portfolio's holdings. Scores range from 0 to 100, with lower scores indicating a lower level of sustainability risk and higher scores indicating a higher level of risk.	Sustainalytics	20.9	95%
Highest Controversy Level	Highest controversy score across the portfolio based on Sustainalytics's categorization of events that have resulted in negative ESG impacts. Events can be categoized as: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).	Sustainalytics	2.0	99%

Emissions Metrics

Emissions metrics, although considered backward-looking, provide information about a portfolio's exposure to emissions and can help investors understand a portfolio's position with regards to the transition towards a low-carbon economy.

Financed emissions are the portion of the company's emissions that can be attributed to a portfolio, based on the percentage of the company that the portfolio 'owns'. The sum of these financed emissions across all of the portfolio's holdings, divided by the total portfolio market value (in $M) is the carbon footprint of the portfolio.

Carbon intensity, on the other hand, refers to a company's total carbon emissions divided by the company's revenues (in $M), thereby showing how efficient the company is (in terms of carbon emissions) per unit of revenue. At a portfolio level, carbon intensity reflects a weighted average of the carbon intensities of the individual holdings, thereby reflecting how efficient (in terms of carbon emissions) the portfolio's investments are and how much exposure the portfolio has to carbon intensive companies.

For each of these three metrics, lower values should be interpereted as better.

				Product			
Metric	**Definition**	**Scope**	**Source**	**Value**	**Total Coverage**	**% Reported**	**% Estimated**
Financed Emissions	Total of carbon emissions for a portfolio (based on the % of the company owned) normalized by the market value of the portfolio, expressed in tons CO2e.	1 + 2	Sustainalytics	1,841.2	91%	80%	4%
		3		17,504.1	91%	67%	17%
Carbon Footprint	Total carbon emissions for a portfolio (based on the % of the company owned) normalized by the market value of the portfolio, expressed in tons CO2e/$M invested.	1 + 2	Sustainalytics	45.4	91%	80%	4%
		3		432.0	91%	67%	17%
Weighted Average Carbon Intensity (WACI)	Portfolio's exposure (weighted average) to carbon-intensive companies, expressed in tons CO2e/$M revenue.	1 + 2	Sustainalytics	105.7	94%	79%	4%
		3		755.8	94%	67%	17%

LAZARD
ASSET MANAGEMENT

Lazard Managed Balanced Fund

Report Publicaton Date:	30 June 2024
Reporting Period:	1 January to 31 December 2023
Calculation Date:	31 December 2023

Exposure Metrics

Portfolio exposure to areas such as fossil fuels are a backward-looking reflection of portfolio investment in companies that may face varying levels of risks and opportunities as governments and policy makers seek to mitigate the Earth's temperature rise and cope with unavoidable consequences. Exposure to companies with involvement in fossil fuels can reflect exposure to potential risks as governmentsset clear incentives for decarbonisation of our economies. For these types of metrics, higher exposure at the portfolio level can be viewed as negative.

Science Based Targets and Net Zero Targets can reflect companies' intentions to align with changing stakeholder expectations and global policies to address climate change These targets can take the form of self-disclosed commitments or targets validated by the Science-Based Targets Initiative (SBTi) and may help to support the decarbonization of investment portfolios. For these metrics, higher exposure at the portfolio level

			Product	
Metric	**Definition**	**Source**	**Value**	**Coverage**
Fossil Fuel Exposure	% of portfolio holdings (by weight) with an industry tie to fossil fuels (thermal coal, oil and gas), in particular reserve ownership, related revenues and power generation. This does not include companies providing evidence of owning metallurgical coal reserves.	Sustainalytics	14.1%	94%
Exposure to Companies with Science Based Target	% of portfolio holdings (by weight) for which the company has explicitly disclosed that they have either committed to setting or have set science-based targets, which are defined as aligning with the goals of the Paris Climate Agreement to limit warming to well below 2 degrees Celsius above pre-industrial levels.	Bloomberg	59.8%	80%
Exposure to Companies with Net Zero Target	% of portfolio holdings (by weight) for which the company has disclosed its ambition and engagement related to achieving Net Zero greenhouse gas (GHG) emissions	Bloomberg	74.3%	81%

Implied Temperature Rise

The Implied Temperature Rise (ITR) is an aggregated, forward-looking indication of a fund's alignment with emissions reductions needed to meet a 1.5 degree scenario. The primary output of the rating, in degrees Celsius, answers the question: "to what degree would the world be expected to warm, if the global economy differed from its budgeted emissions to the same degree as the owned holdings in this fund?"

An ITR below 1.5 indicates a portfolio that is aligned; between 1.5 and 2.0 a portfolio that is moderately misaligned; between 2.0 and 3.0 a portfolio that is significantly misaligned; between 3.0 and 4.0 a portfolio that is highly misaligned; and above 4.0 a portfolio that is severly misaligned.

			Product	
Metric	**Definition**	**Source**	**Value**	**Coverage**
Implied Temperature Rise (ITR)	An implied temperature alignment that specifies what degree would the world warm if all companies projected emissions differed from their net-zero budgeted emissions to the same degree as this company for this scope.	Sustainalytics	3.0	89%

Climate Value at Risk (CVaR)

Climate Value-at-Risk (Climate VaR) model aims to provide investors with a quantitative, forward-looking analysis on how climate change may affect the investment return in portfolios. The Climate VaR metric, expressed as a percentage change from a portfolio's current valuation, assesses how an investment portfolio could be impacted by climate policy risk and extreme weather (physical climate risks), and benefitted by a low-carbon technology transition under different climate scenarios over a 15 year time horizon.

The Climate VaR model comprises four key components to provide a comprehensive understanding of climate-related risks and opportunities for companies. Policy Climate VaR captures the impact of regulations on a company's direct and indirect GHG emissions, while Technology Opportunity Climate VaR identifies potential innovators in the low-carbon economy by assessing current revenues and patent data. Physical Climate Risk examines both acute and chronic risks arising from climate change, such as damage to assets or supply chain disruptions

			Product		
Metric	**Definition**	**Source**	**Value**	**Coverage**	**Impact to the Fund**
CVaR	Orderly: 2 Degree NGFS Orderly scenario	MSCI	-5.6%	99%	Climate risk is primarily driven by exposure to the energy (9%), financials (24%) and industrials (12%) sector and their relative exposure to Transition and Physical risk.
CVaR	Disorderly: 2 Degree NGFS Disoderly scenario	MSCI	-11.1%	99%	Climate risk is primarily driven by exposure to the energy (9%), industrials (12%) and materials (5%) sector and their relative exposure to Transition risk.
CVaR	Hot House: 3 Degree NGFS NDC scenario	MSCI	-5.6%	99%	Climate risk is primarily driven by exposure to the Energy (9%), Financials (24%), and Industrials (12%) sector and their relative exposure to Transition and Physical risk.

NGFS = Network of Central Banks and Supervisors

Important Information

All opinions expressed herein are as of the published date and are subject to change.

Lazard Asset Management ("Lazard" or the "firm") actively manages client portfolios with the objective of delivering positive investment performance and maximizing long-term shareholder value. Portfolio managers at Lazard have discretion to incorporate ESG considerations into their investment processes, and to what degree. Information concerning a particular investment strategy's utilization of ESG considerations (including its status as ESG Integrated or Sustainability Focused under our procedures) are set forth in Lazard's description of that strategy, or are available upon request. Other disclosures herein may describe sustainable investment views and resources that Lazard's ESG professionals have developed to assist our clients and portfolio management teams. However, unless expressly disclosed, readers should not assume that these views and resources are incorporated in a portfolio management team's investment process or that any "forward -looking statements" are a reliable indicator of future performance. There is no guarantee that any forecast or opinion will be realized.

Information and opinions presented have been obtained or derived from sources believed by Lazard to be reliable. Lazard makes no representation as to their accuracy or completeness. All opinions expressed herein are as of the date of the report and are subject to change.

Data presented may not be representative of all client accounts in the strategy. Data herein referenced may not be available across all companies in the portfolio and is limited to data provided by source provider. This information may no longer be current. The data provided is from sources deemed reliable by the Investment Manager where not internally sourced. However, Lazard does not represent that such data is accurate or complete and it should not be relied upon, nor deemed representative of future characteristics of the portfolio.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any other securities or financial products. This report is not approved, reviewed or produced by MSCI.

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.
The information, data, analyses and opinions contained herein: (1) includes the proprietary information of Sustainalytics and/or its content providers; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. The ESG-related information, methodologies, tools, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted. Neither Morningstar Inc., Sustainalytics, <insert name of the Morningstar Provider> nor their content providers accept any liability for the use of the information, for actions of third parties in respect to the information, nor are responsible for any trading decisions, damages or other losses related to the information or its use. The use of the data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

Bloomberg® is a service mark of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") have been licensed for use for certain purposes by Lazard Asset Management. Bloomberg is not affiliated with Lazard Asset Management, and Bloomberg does not approve, endorse, review, or recommend the assets. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information.

This document is provided by Lazard Asset Management (LAML) for informational purposes only. Nothing herein constitutes investment advice or a recommendation relating to any security, commodity, derivative, investment management service or investment product. Investments in securities, derivatives and commodities involve risk, will fluctuate in price, and may result in losses. Past performance does not guarantee future results.

The information is provided by Lazard Asset Management Limited, 50 Stratton Street, London W1J 8LL. Incorporated in England and Wales, registered number 525667. Lazard Asset Management Limited is authorised and regulated by the Financial Conduct Authority.