3 INVESTMENT IDEAS

Emerging Markets
Quality
Infrastructure

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3 INVESTMENT IDEAS TO CONSIDER

1
EMERGING MARKETS
On the cusp of a renaissance

- Emerging markets are poised for growth with the world's population expected to increase by more than 2 billion people over the coming decades[1]
- Globalization has helped boost education, jobs, health, and wealth across these regions
- Headwinds are likely catalysts for transformation, setting the stage for compelling return opportunities for the asset class

2
QUALITY
A timeless perspective

- Our research shows for 25 years quality has consistently outperformed the broader market[2]
- To find quality companies, we believe it is crucial to develop insights on whether they will sustain their high financial productivity in the future
- These insights can create the potential for above-market returns over the long term, across business and economic cycles

3
INFRASTRUCTURE
Not all infrastructure is created equal

- Infrastructure operators, such as electricity networks, toll roads, and other essential assets help investors gain exposure to predictable long-term earnings streams
- Stable earnings typically enable the asset class to deliver clear benefits: diversification, low volatility, inflation protection, and yield
- Share-price volatility driven by economic uncertainty and the energy transition can potentially create opportunities

1 Source: United Nations, World Population Prospects for 2024; New York, 2024
2 From January 1998 through December 2022; Source: Quality Investing: A Timeless Perspective, June 2023

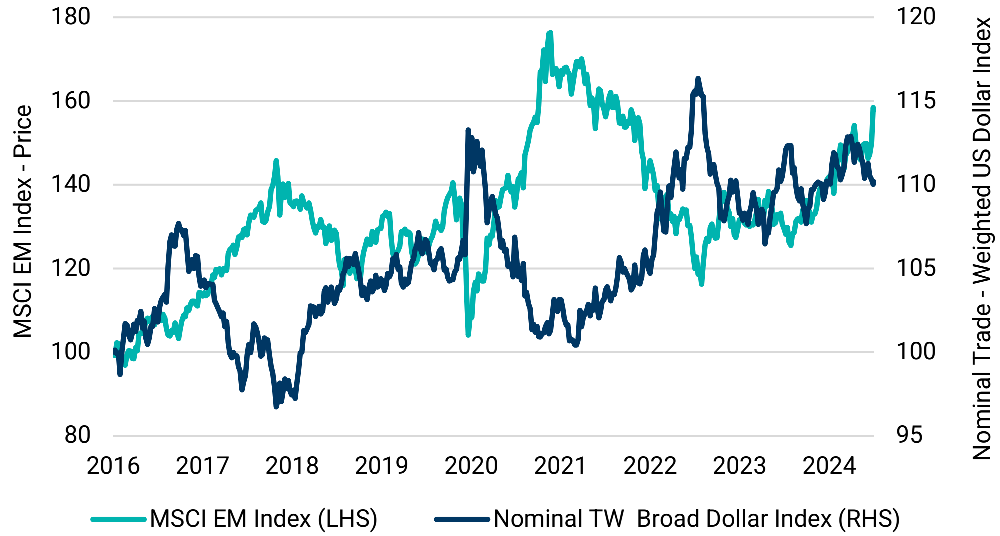
1.

Emerging Markets

1. EM EQUITIES TEND TO BENEFIT FROM A WEAKER US DOLLAR

- The Federal Reserve began an easing cycle in mid-September 2024, which should mean eventual easing in the US dollar, providing a more supportive environment for EM.
- A weaker US dollar is generally positive for global economic growth, and emerging economies typically benefit from strong global growth.
- A weaker dollar lowers the cost of borrowing, a positive for emerging markets companies and equity markets.
- Historically, EM equities have appreciated in value during periods of USD weakness.

MSCI EM Index vs. US Dollar
(Index 100 = 31 Dec 2015)



MSCI EM Performance during Periods of USD Weakness

Start Date	End Date	# of Days	Broad USD Start	Broad USD End	Broad USD Chg.	MSCI EM
8/28/1998	10/16/1998	49	117.9	111.2	(5.7%)	10%
3/21/2003	6/13/2003	84	121.4	114.3	(5.8%)	17%
9/3/2004	1/14/2005	133	113.2	107.3	(5.2%)	19%
8/17/2007	11/23/2007	98	102.5	97.1	(5.3%)	24%
11/21/2008	12/19/2008	28	109.8	104.3	(5.0%)	24%
3/6/2009	6/12/2009	98	111.7	102.8	(8.0%)	62%
8/27/2010	11/5/2010	70	101.3	96.1	(5.1%)	19%
12/17/2010	4/29/2011	133	98.4	92.4	(6.1%)	8%
1/22/2016	4/29/2016	98	122.1	115.4	(5.5%)	18%
4/7/2017	9/8/2017	154	121.9	114.2	(6.3%)	13%
3/23/2020	1/6/2021	289	126.5	111.1	(12.2%)	77%
9/26/2022	7/18/2023	295	116.9	106.82	(8.6%)	18%
Average		**127**			**(6.4%)**	**25.7%**
Median		**98**			**(5.7%)**	**18.5%**
Frequency of Appreciation						**100%**

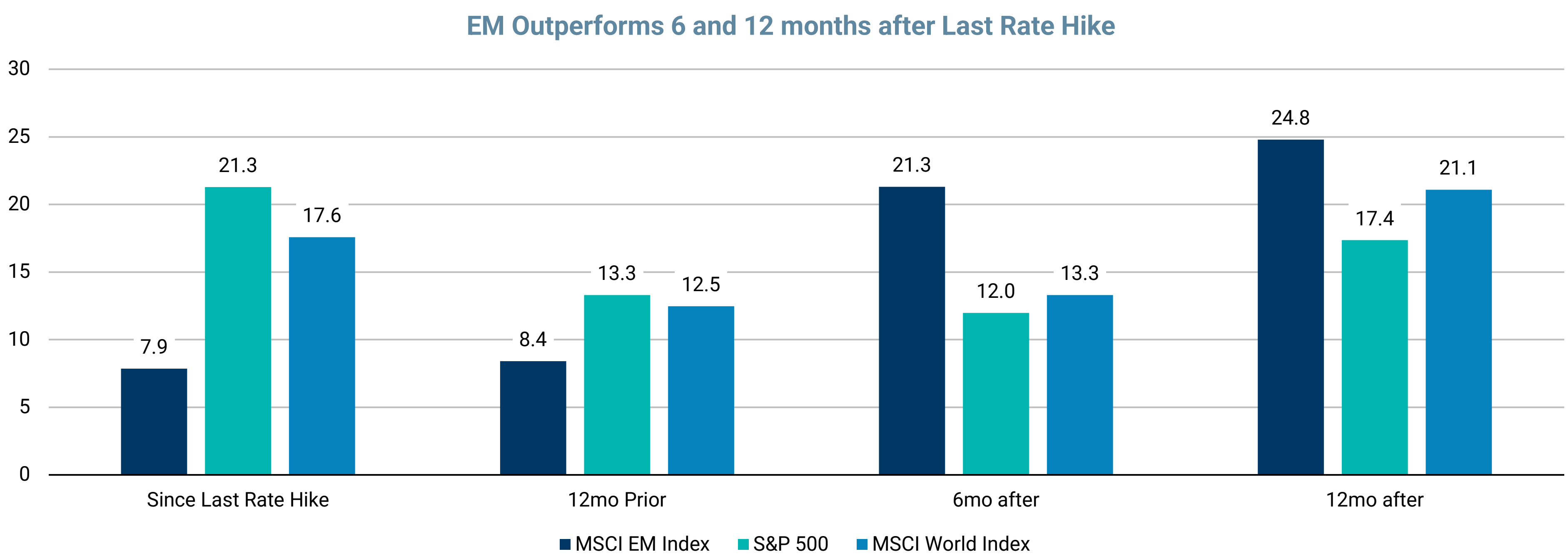
MSCI EM Performance during Periods of USD Strength

Start Date	End Date	# of Days	Broad USD Start	Broad USD End	Broad USD Chg.	MSCI EM
7/18/2008	9/12/2008	56	93.2	98.5	5.7%	(16%)
9/26/2008	10/24/2008	28	97.8	107.9	10.3%	(42%)
12/19/2008	3/6/2009	77	104.3	111.7	7.1%	(16%)
8/19/2011	9/30/2011	42	93.6	98.5	5.2%	(9%)
10/17/2014	1/30/2015	105	103.7	111.9	7.9%	(2%)
10/16/2015	1/22/2016	98	115.4	122.1	5.8%	(18%)
9/30/2016	1/6/2017	98	118.6	125.5	5.8%	(2%)
3/30/2018	9/7/2018	161	113.4	121.3	7.0%	(13%)
1/1/2020	3/23/2020	82	114.7	126.5	10.2%	(32%)
6/1/2021	9/26/2022	482	100.5	116.9	16.2%	(34%)
7/18/2023	7/1/2024	349	106.8	113.5	6.3%	9%
Average		**143**			**8.1%**	**(15.9%)**
Median		**90**			**7.0%**	**(16.0%)**
Frequency of Decline						**91%**

Data for top chart is as of 30 September 2024. Tables as of 30 June 2024. Note: Periods when nominal trade-weighted US dollar weakened or strengthened more than 5% were considered for tables.
Source: Bloomberg, Board of Governors of the Federal Reserve System, FactSet, Federal Reserve Economic Data (FRED), J.P. Morgan, MSCI

2. EM EQUITIES TYPICALLY OUTPERFORM DM EQUITIES FOLLOWING LAST RATE HIKE

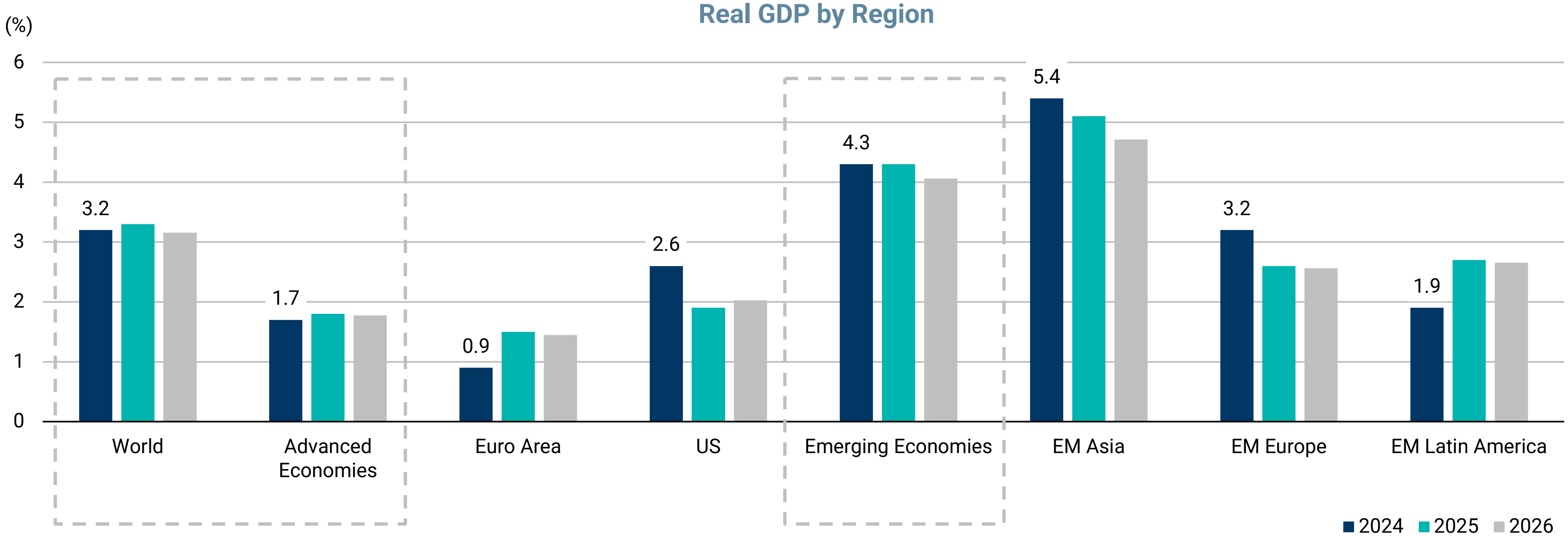
- The US Federal Reserve signaled the end to its monetary policy hiking cycle with the last rate hike occurring in July 2023. The Fed's rate-cutting cycle began in mid-September 2024.
- Lower rates, inherently, attract less capital, which means less demand for US dollars and potential weakness for the currency.
- EM has generally been the best-performing asset class six months and one year following the last hike of a cycle. Historical outperformance relative to the S&P 500 Index and MSCI World Index as well as cheap valuations make now an attractive time to invest in EM.



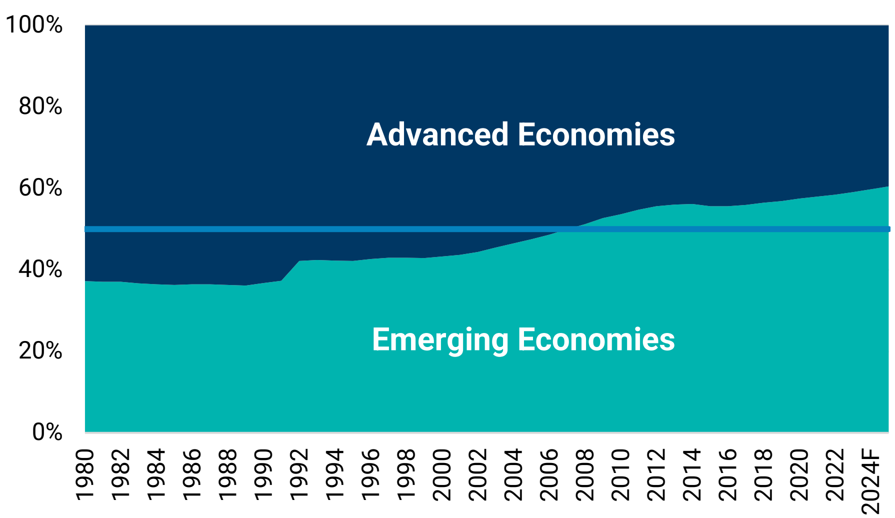
As of 30 September 2024
Time Periods (6/30/98-6/30/99; 6/30/03-6/30/04; 12/16/14-12/16/15; 3/16/21-3/16/22). The last US rate hike occurred on July 26, 2023.
For illustrative purposes only. Past performance is not a reliable indicator of future returns and does not guarantee future results.
Source: FactSet

3. MORE BALANCED GLOBAL GROWTH OUTLOOK WITH EM ASIA TO LEAD

Real GDP by Region



EMs Account for over Half of Global GDP[1]



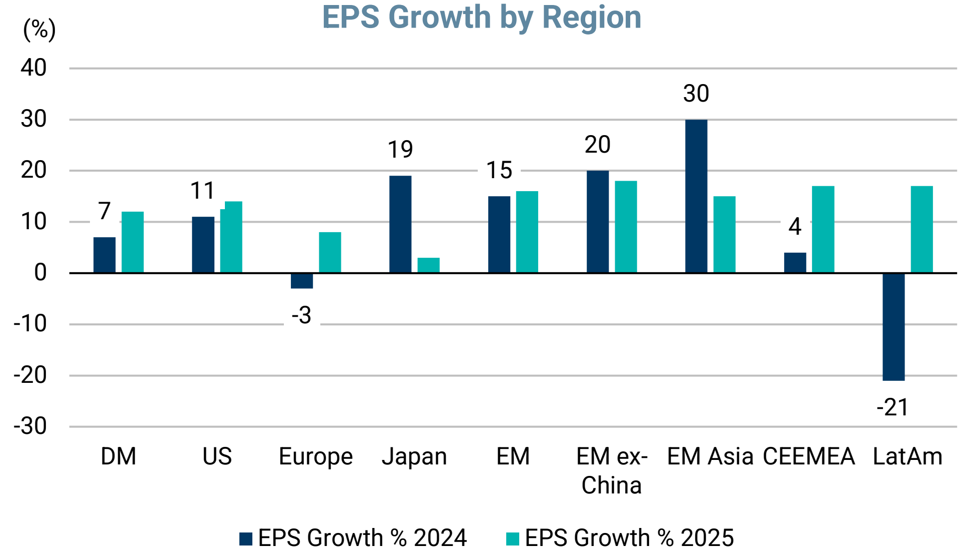
- Growth rates in emerging economies have outpaced those in many developed economies, and emerging economies now represent a larger share of the global economy.
- Economic growth across regions is moving in a non-synchronous fashion, which, we believe, should result in a more balanced global growth outlook.

As of 16 July 2024
Source: Haver, IMF Analytics, shaded area represent IMF projections. 1 Gross GDP is on purchasing-power parity basis. Source: IMF World Economic Outlook.

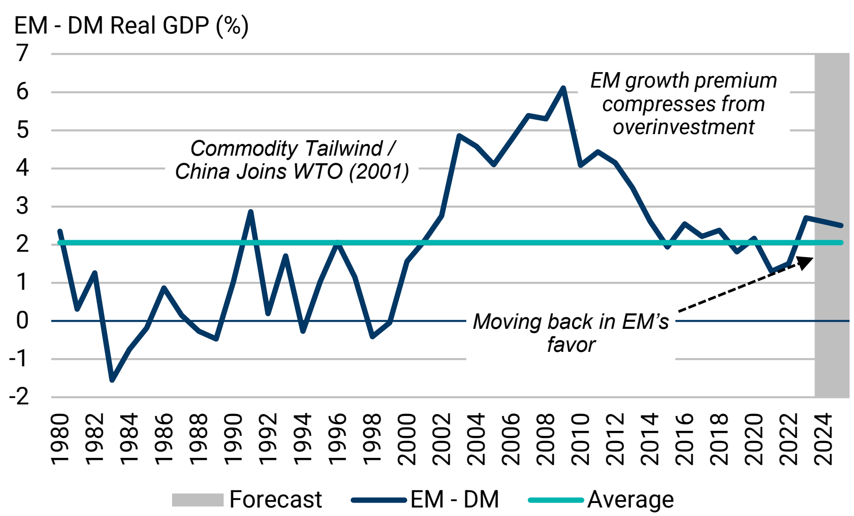
4. HIGHER ECONOMIC AND EARNINGS GROWTH

- The growth premium in favor of EM over DM is projected to continue widening, and major EM countries are set to benefit.
- India is expected to benefit from a demographic dividend with nearly 80% of its population younger than 50, while Indonesia's growth prospects are also improving as it climbs up the metals value chain.
- Growth prospects in Latin America, namely Brazil and Mexico, have greatly improved on the back of nearshoring trends and an increase in foreign direct investment as companies adjust their global supply chain strategies.

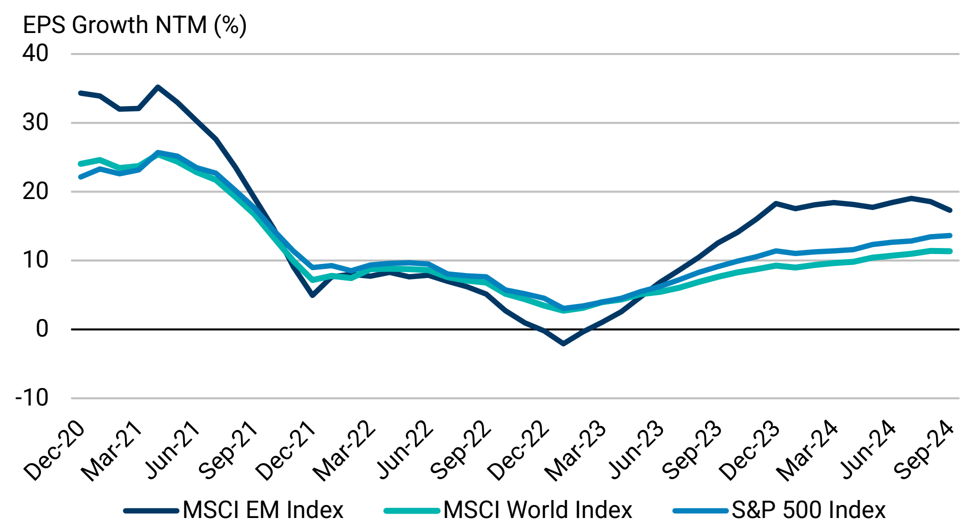
EPS Growth by Region



Economic Growth Premium



EM EPS Expectations Outpacing Developed Markets

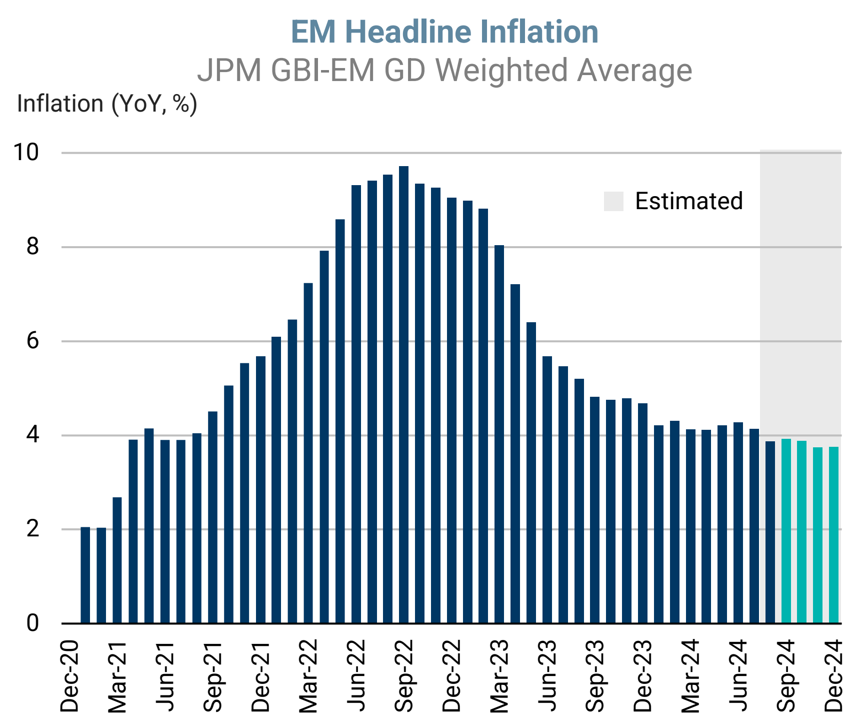


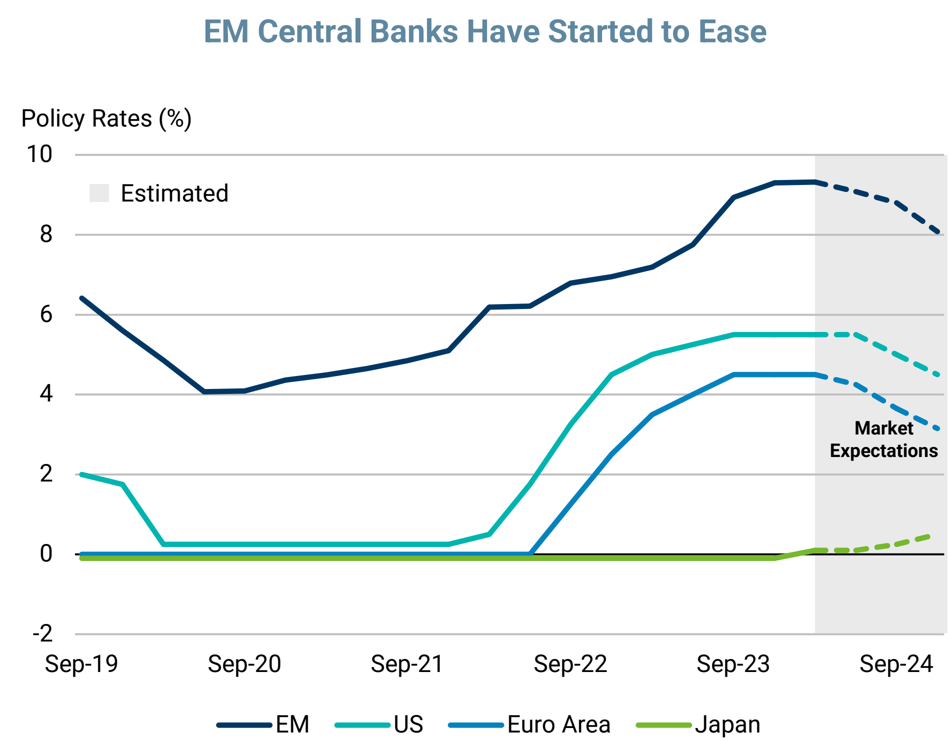
As of 30 September 2024
Source: FactSet, Haver Analytics, International Monetary Fund

5. IMPROVED ECONOMIC BACKDROP

EM inflation has fallen, and central banks are beginning to cut

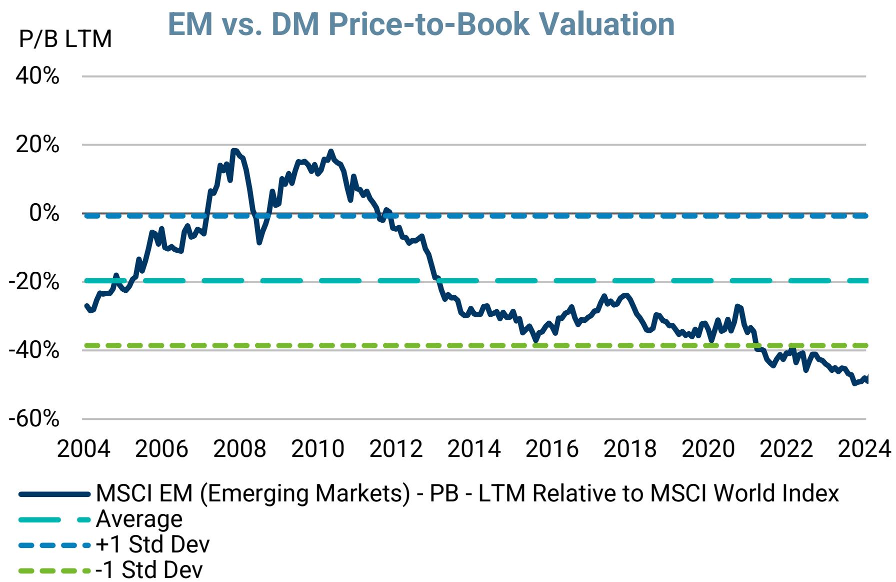
- Headline inflation peaked across EM in Q3 2022 while core inflation peaked in Q4 2022. Headline inflation has already returned to pre-2021 levels while core has further to go.
- Most major emerging markets central banks had completed their rate-hike cycles and started to cut rates by the end of September. Yet in many countries, policy rates are still in the double digits.
- Historically, EM equities have enjoyed some of their strongest years of outperformance following a peak in the US federal funds rate and strong risk-adjusted returns after rate-cut cycles commence.

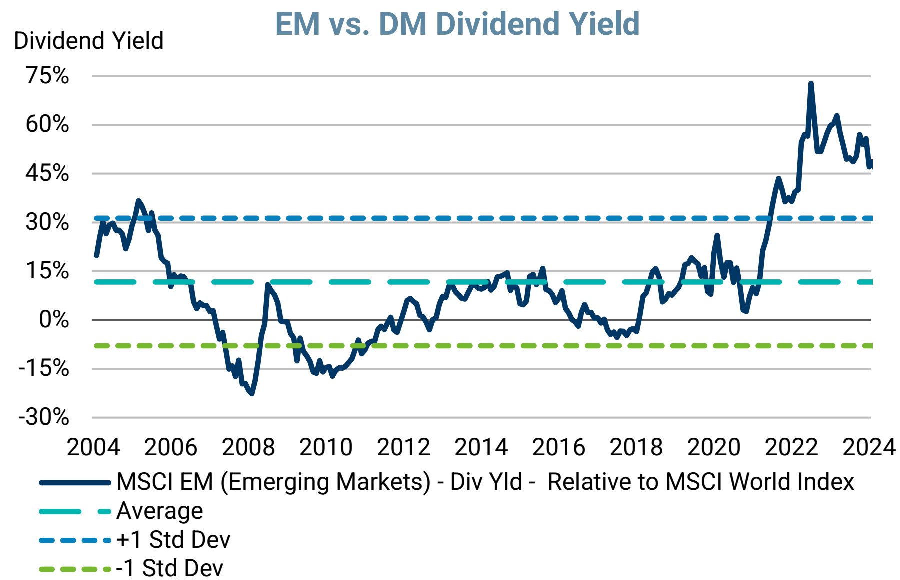


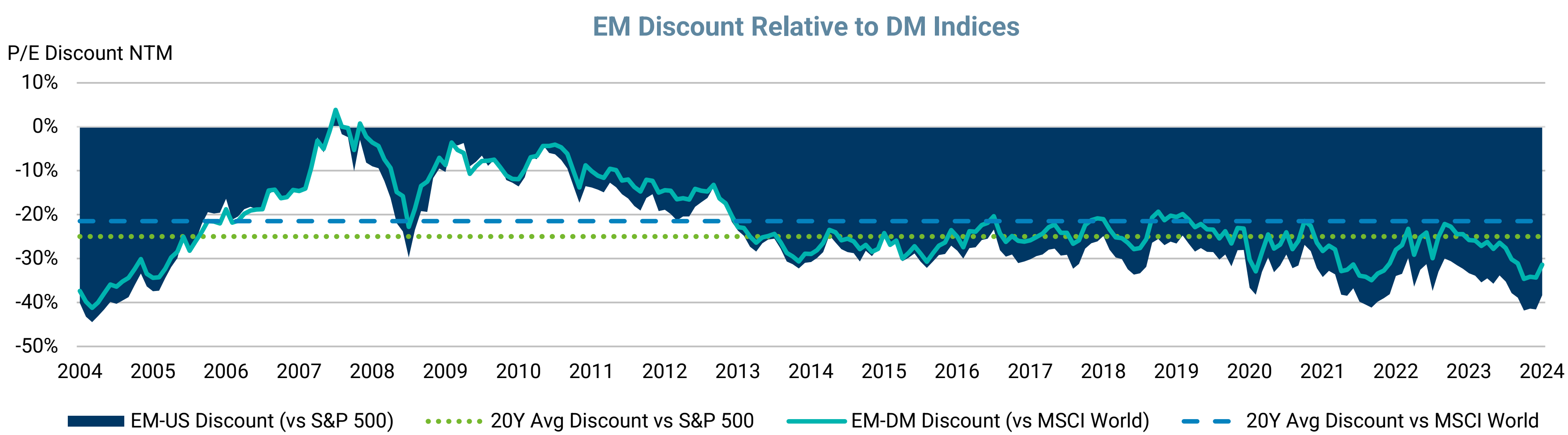


As of 30 September 2024. EM economic data is calculated as an index-weighted average of JPM GBI-EM GD Index countries.
Source: Lazard, Bloomberg estimates, BLS, Haver Analytics, JP Morgan

6. EM VALUATION DISCOUNTS ARE VERY WIDE RELATIVE TO LONG-TERM AVERAGES





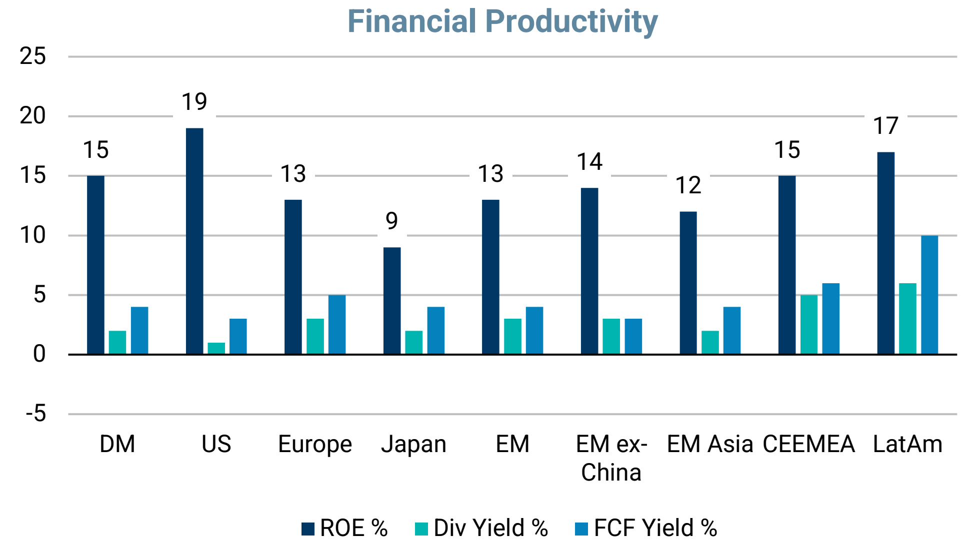


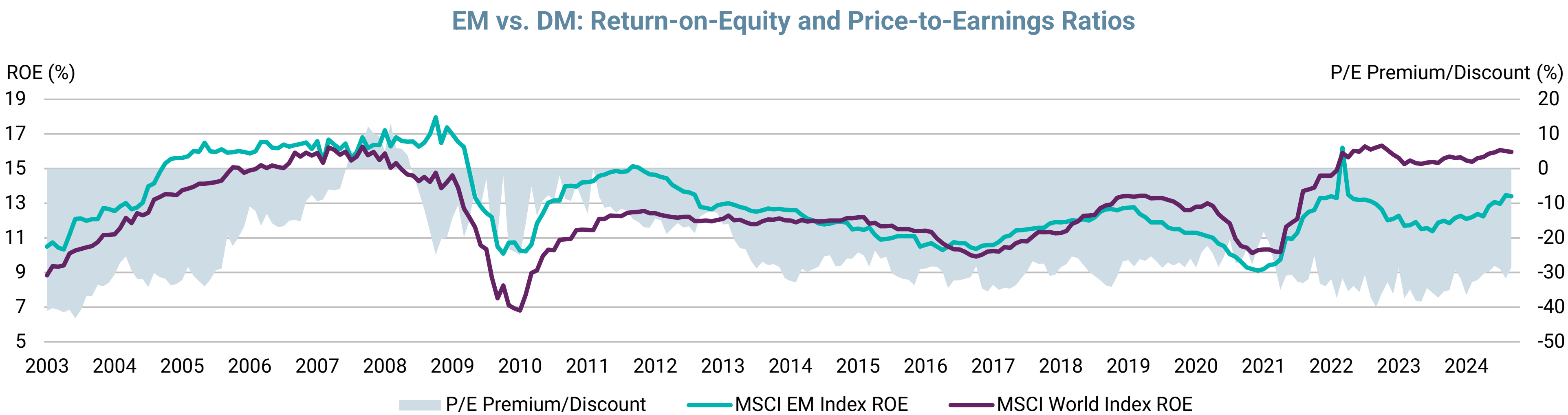
As of 30 September 2024
Source: FactSet

7. ROE IMPROVEMENT ACROSS ASIA CAN BOOST EM PROFITABILITY

EM equities trade at a valuation discount of more than 30%

- The valuation divergence between developed and emerging markets equity indices has actually widened over the years. The MSCI EM Index currently trades at a 32% discount to the MSCI World Index, with improving ROEs.
- EM equities are attractively valued assets with relatively high profitability, or return on equity, free cash flow, and dividend yields.
- Relative to DM, EM discounts are approaching record levels, financial productivity is moving higher, and we expect earnings growth to outpace DM in 2024–2025.



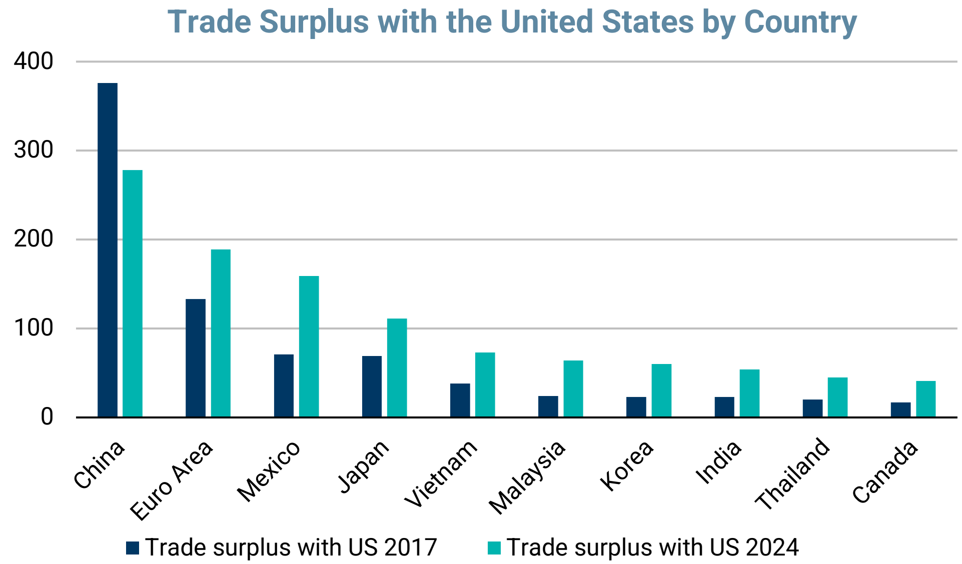


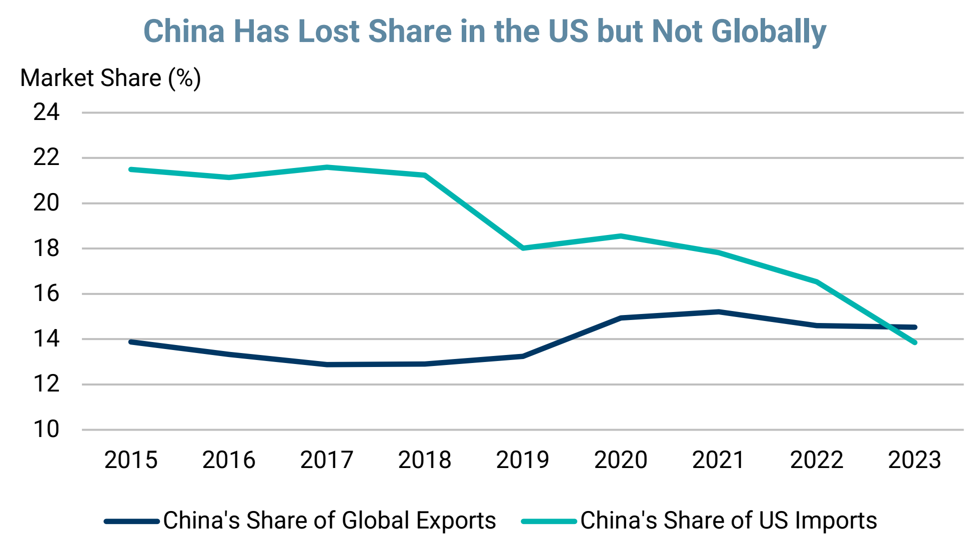
As of 30 September 2024
Characteristics shown are calculated on a trailing 1-year basis.
Source: Lazard, FactSet, MSCI

8. TARIFFS AND PROTECTIONISM

US tariff risks are growing – supply chain reconfiguration is expected to continue

- In 2017, China had the largest trade surplus with the US. Today, though China still has the largest surplus, the size of the trade surplus for other economies has increased.
- US imports from China declined as a share of total US imports to 14% in 2023 from 22% in 2017. However, China's market share in total global exports did not decline.
- Chinese exporters expanded market share elsewhere, especially in emerging markets.
- As China lost market share in the US, Mexico, Vietnam, Taiwan, Canada, and Korea became the top five market share gainers, reflecting nearshoring, friendshoring, and supply chain reconfiguration.
- Lower-end consumer goods from China seem to be especially vulnerable to substitution and competition from other economies.





Trade surplus as of May 2024 on a trailing 12-month basis. Source: CEIC, Morgan Stanley Research
China's annual share of US imports and global exports calculated using monthly data as of 31 December 2023. Source: IMF, Haver Analytics

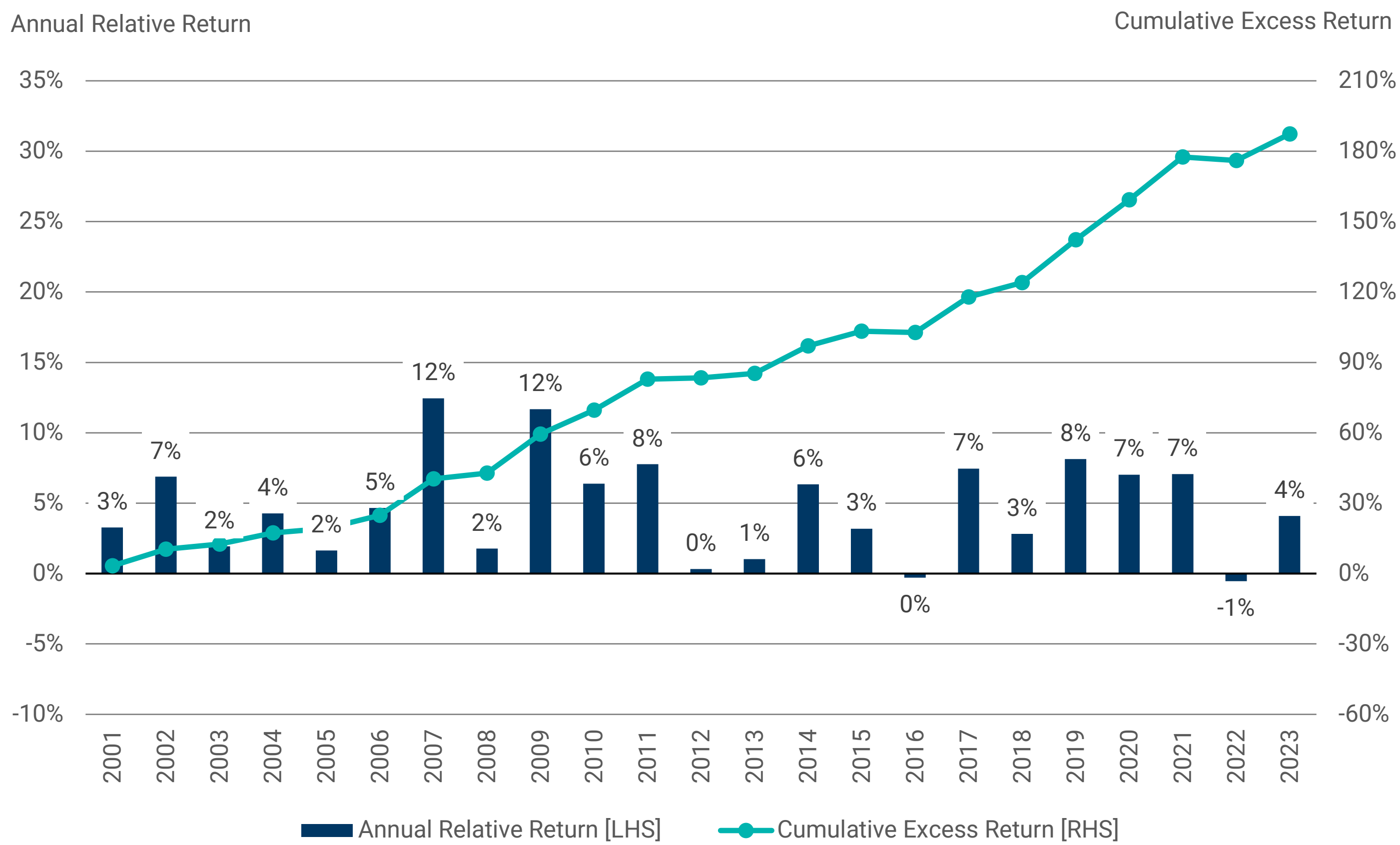
2.

Quality

1. HIGH QUALITY COMPANIES HAVE HISTORICALLY DELIVERED CONSISTENT OUTPERFORMANCE

We believe companies that can sustain the highest levels of financial productivity will outperform.

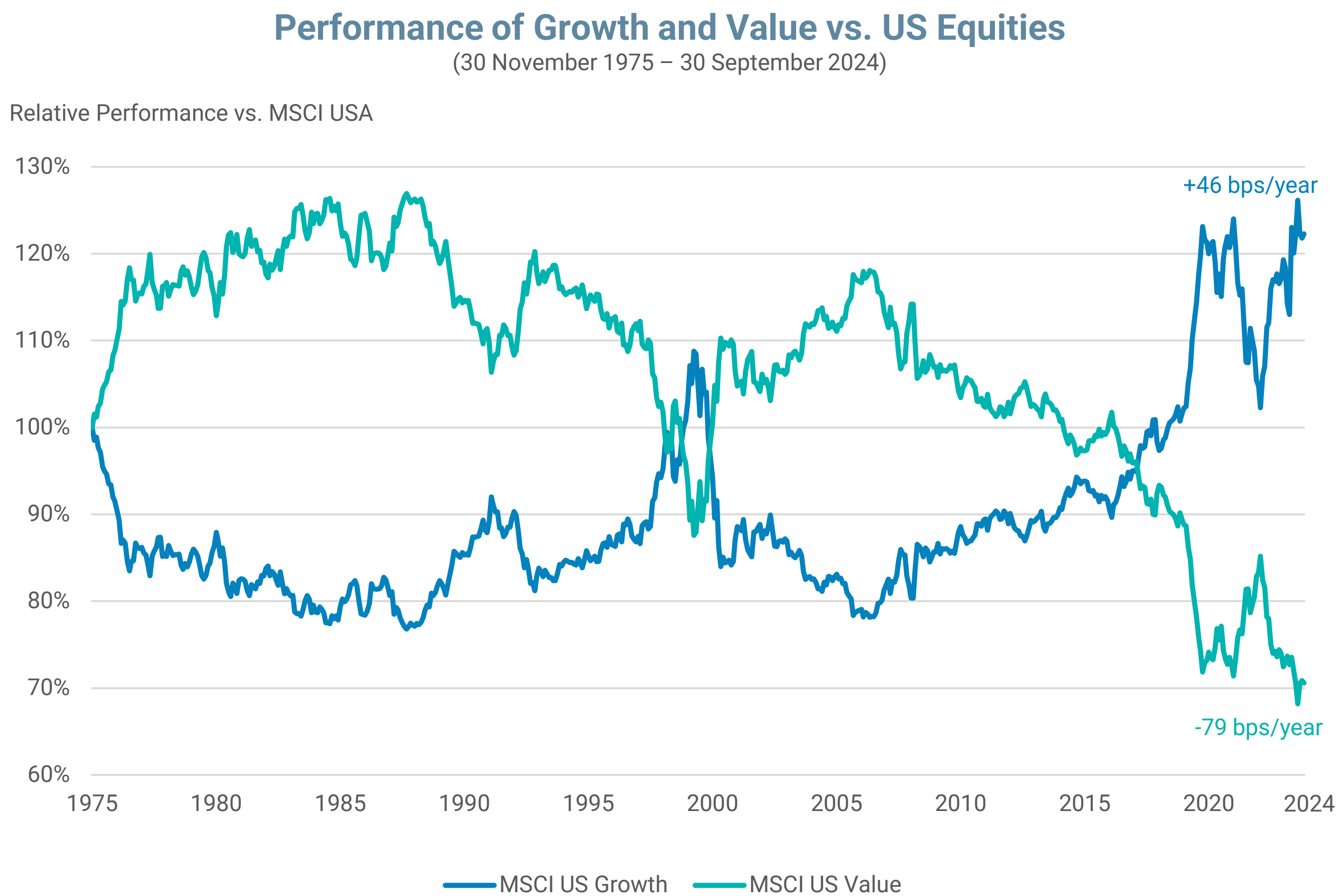
Relative Returns from Quality[1]



As of 31 December 2023
1 Relative returns represent the equally weighted MSCI ACWI companies that were in the top decile for financial productivity (Cash Flow Return on Investment (CFROI)) relative to companies in their MSCI Industry Group and maintained that decile ranking for the following year.
Past performance is not a reliable indicator of future results.
Source: Lazard, Bloomberg, Credit Suisse, MSCI

2. WHILE 40+ YEARS OF GROWTH VS. VALUE DID NOT ADD MUCH TO PERFORMANCE …

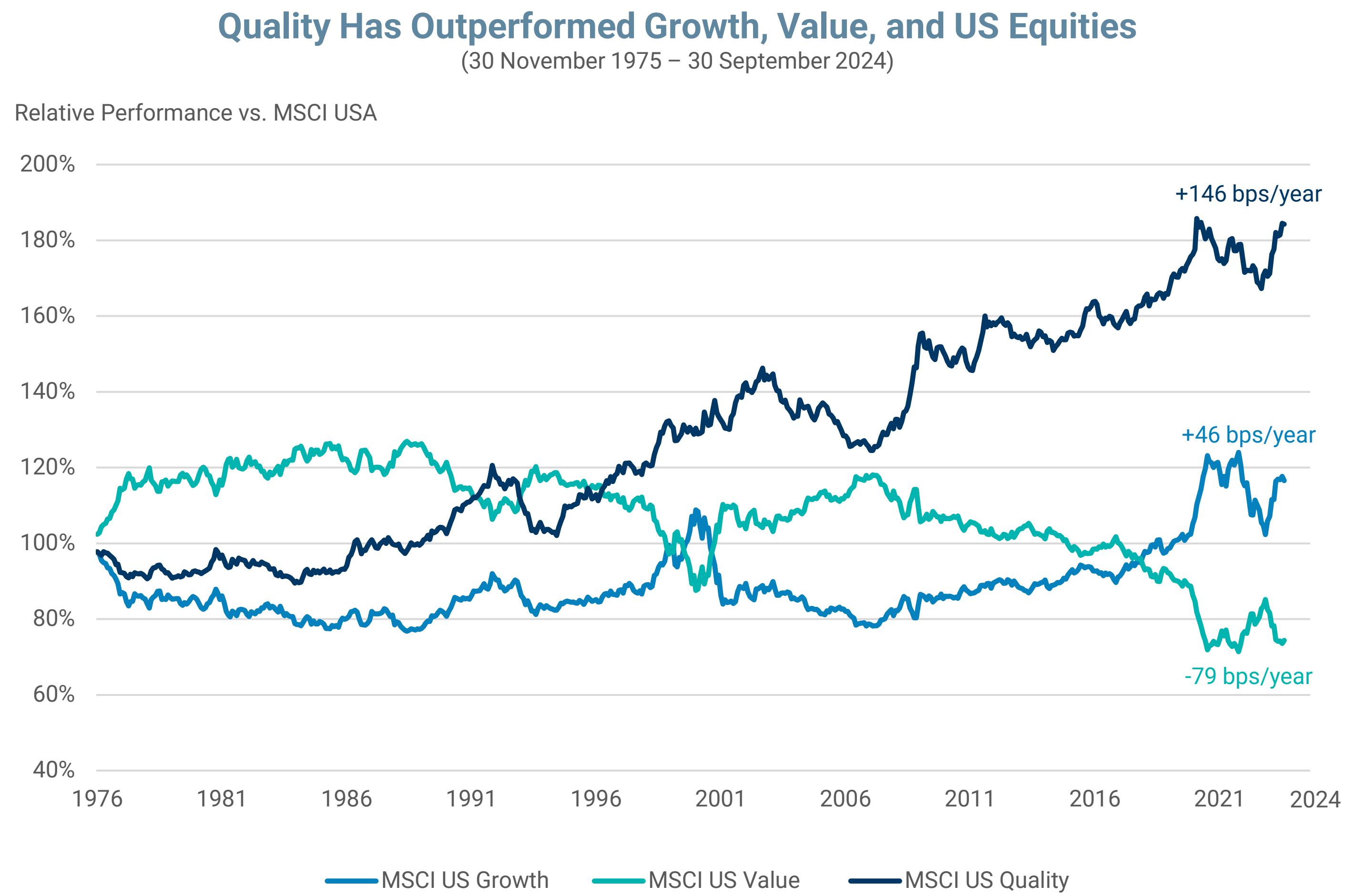
Over the last 40+ years, neither the growth nor value style has added significant performance compared with the market.



As of 30 September 2024. All data in USD.
Indices are Net Total Return. The performance quoted represents past performance. Past performance is not a reliable indicator of future results. The indices mentioned are unmanaged and have no fees. One cannot invest directly in an index.
Source: FactSet

… QUALITY HAS OUTPERFORMED

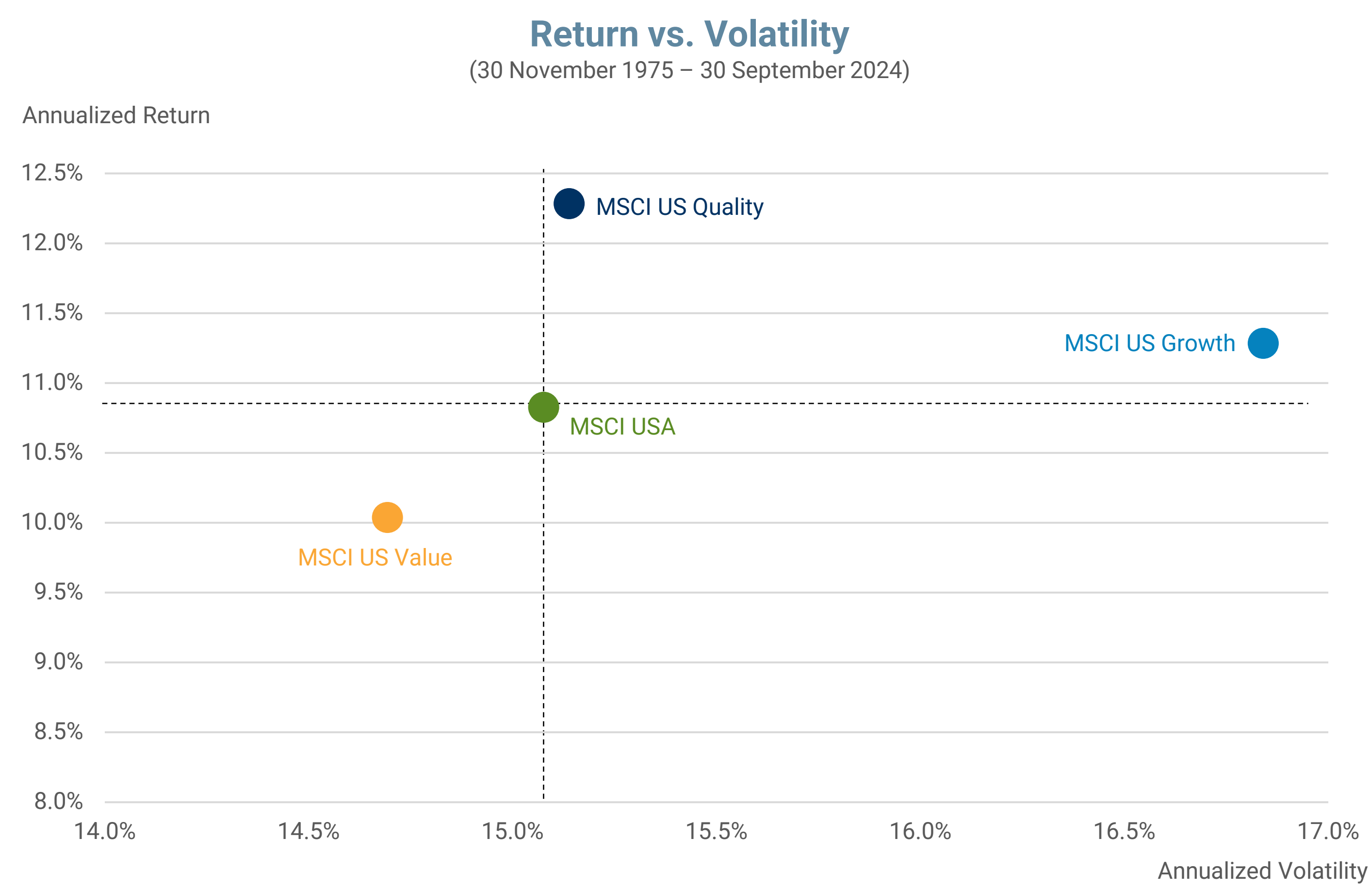
Over that same period, quality has consistently outperformed the MSCI USA Index (and growth and value) by over 140 bps/year.



As of 30 September 2024. All data in USD.
Indices are Net Total Return. The performance quoted represents past performance. Past performance is not a reliable indicator of future results. The indices mentioned are unmanaged and have no fees. One cannot invest directly in an index.
Source: FactSet

3. QUALITY HAS HISTORICALLY OFFERED A VERY ATTRACTIVE RISK/RETURN PROFILE

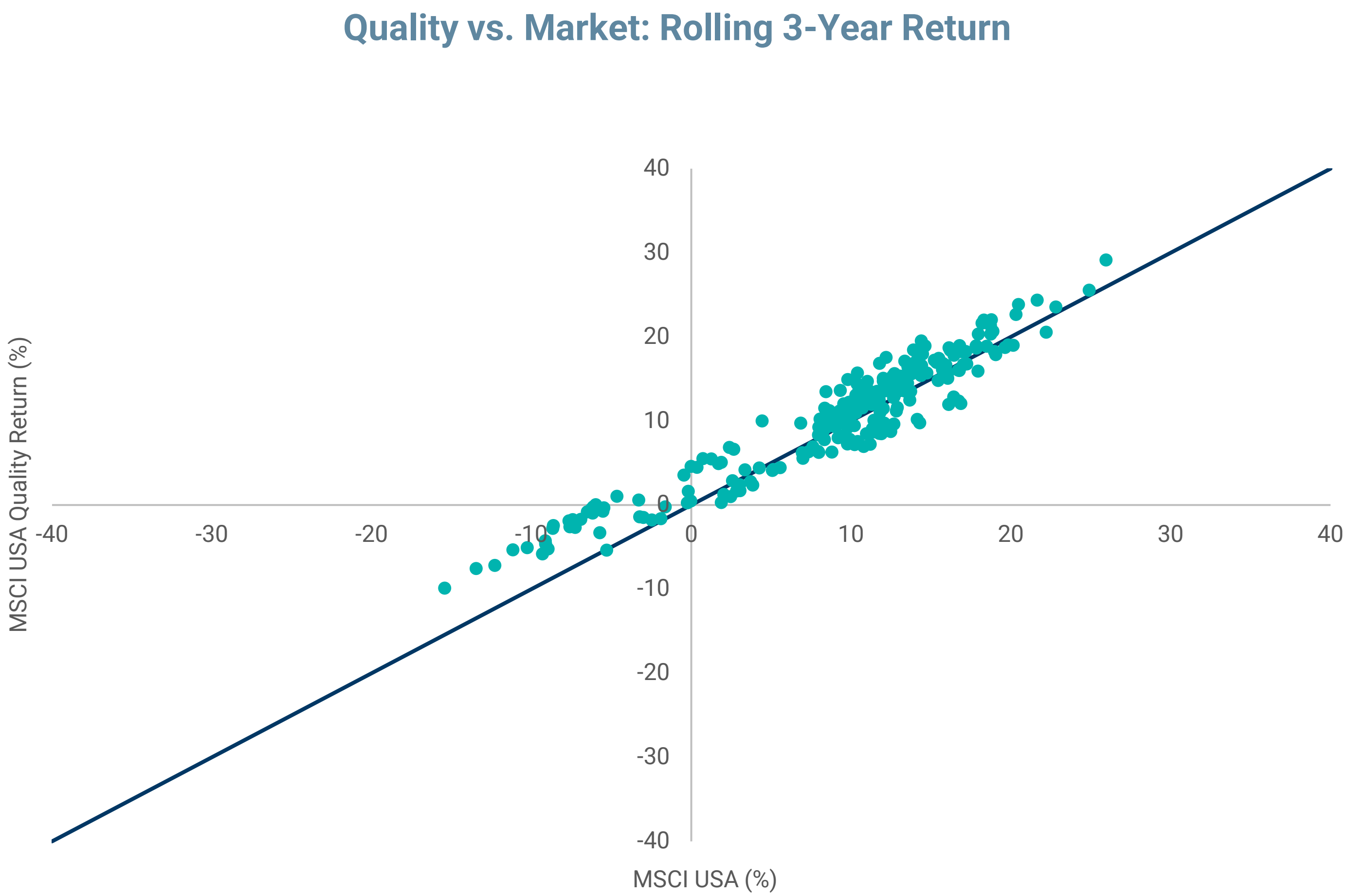
Quality investing has historically offered a very compelling risk/reward trade-off compared to the market, growth, and value.



As of 30 September 2024. All data in USD.
Indices are Net Total Return. The performance quoted represents past performance. Past performance is not a reliable indicator of future results. The indices mentioned are unmanaged and have no fees. One cannot invest directly in an index.
Source: FactSet

4. QUALITY HAS CONSISTENTLY OUTPERFORMED THE MARKET

The MSCI USA Quality Index has outperformed the market over rolling 3-year periods over 70% of the time from 12/2003 through 9/2024.



As of 30 September 2024. Rolling 3-year return calculated using monthly returns since 31 December 2003.
The performance quoted represents past performance. Past performance is not a reliable indicator of future results. The indices mentioned are unmanaged and have no fees.
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Source: FactSet

3.

Infrastructure

PREFERRED INFRASTRUCTURE

"Preferred Infrastructure" is a subset of the infrastructure market that we believe has higher revenue certainty, profitability, and lower volatility.

Not all infrastructure assets will deliver these investment characteristics. To identify the ones which we call "Preferred Infrastructure" we focus on the following factors:

Infrastructure assets can have attractive investment characteristics, including:

- Long-life assets
- Inflation-linked returns
- Lower risk of capital loss
- Low correlations (portfolio diversifier)

What parameters to focus on …

a) Revenue Certainty	▪ Stable demand ▪ Monopoly-like characteristics ▪ Price regulated and inflation-linked ▪ Long-term
b) Profitability	▪ High operating margins ▪ Sustainable leverage ▪ Appropriate cost structure
c) Longevity	▪ ESG risk and considerations

Information and opinions are subject to change.

NOT ALL INFRASTRUCTURE IS CREATED EQUAL …

We believe a strict adherence to our Preferred Infrastructure investment philosophy is critical to delivering on the attractive characteristics of infrastructure.

Preferred	Non-Preferred
Regulated Utility (e.g., National Grid; Consolidated Edison) ✓ Monopoly-like assets ✓ Regulated return ✓ Explicit/implicit inflation pass through = Stable, consistent pattern of return	**Merchant Electricity Generator (e.g., Drax Power; Constellation Energy Group)** ✗ Competitive markets ✗ Commodity price volatility ✗ High fixed cost structure = Volatile, uncertain pattern of return

Other examples

Preferred	Non-Preferred
✓ Toll roads	✗ Construction companies, road services
✓ Airports	✗ Airlines, baggage handling
✓ Broadcast towers	✗ Telecommunication services companies
✓ OECD countries	✗ Emerging/developing countries

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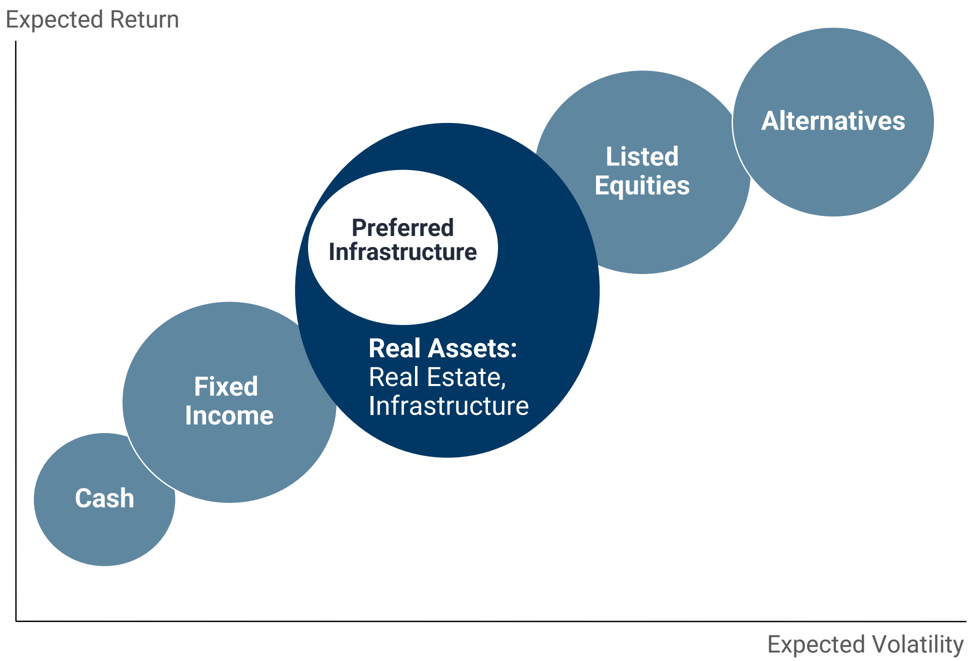
EXPECTED RISK AND RETURN

A Historically Consistent Pattern of Return



Infrastructure's risk/reward profile sits between equities and fixed income

- Historically, Lazard's Global Listed Infrastructure strategy has performed well, with risk consistently lower than those of global equities

	Annualized 5 Year (%)			Annualized 10 Year (%)		
	Return Net	Volatility	Beta[3]	Return Net	Volatility	Beta[3]
Lazard Global Listed Infrastructure Strategy (USD Hedged)[1]	**7.4**	**13.8**	**0.69**	**9.3**	**11.6**	**0.62**
Global Listed Infrastructure Index (USD Hedged)[2]	6.3	15.0		8.4	12.3	
MSCI World (Local) Index	13.2	16.3		10.8	13.9	
Bloomberg Global Treasury (USD Hedged) Index	0.1	4.4		2.2	3.8	

For illustrative purposes only. As of 30 September 2024.
1 Represents the Lazard Global Listed Infrastructure (USD Hedged) Composite.
2 The Global Listed Infrastructure Index (USD Hedged) from inception to 31 March 2015, is the UBS Global 50/50 Infrastructure and Utilities Net Index (USD Hedged); from 1 April 2015 to 30 June 2018, the FTSE Developed Core Infrastructure 50/50 100% Hedged to USD Net Tax Index; and thereafter, the MSCI World Core Infrastructure 100% Hedged to USD Index.
3 Beta vs MSCI World Index (Local Currency)
Performance is presented as net of fees. Please refer to "GIPS® Standards Composite Information" for additional information, including net-of-fee results. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.
Source: Lazard, Bloomberg, FTSE, MSCI, UBS

IMPORTANT INFORMATION

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The JPMorgan Government Bond Index-Emerging Markets Global Diversified Index is a comprehensive global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

The MSCI Emerging Markets Index is a free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of emerging markets country indices including: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.

The S&P 500 Index is a market capitalization-weighted index of 500 companies in leading industries of the US economy.

The MSCI World Index is a free-float-adjusted market capitalization index that is designed to measure global developed market equity performance comprised of developed market country indices.

The MSCI ACWI ex-USA Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 22 Developed Markets countries and 24 Emerging Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

The MSCI ACWI ex-USA Value Index captures large and mid cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI ACWI ex-USA Quality Index is based on MSCI ACWI ex USA, its parent index, which includes large and mid cap stocks across 22 Developed Market (DM) and 24 Emerging Markets (EM) countries. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year over-year earnings growth and low financial leverage. The MSCI Quality Indexes complement existing MSCI Factor Indexes and can provide an effective diversification role in a portfolio of factor strategies.

The MSCI All Country World ex-US Index (ACWI ex-US) is a free-float-adjusted, market capitalization–weighted index designed to measure the performance of developed and emerging equity markets outside the United States.

The MSCI All Country World Index (ACWI) is a free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

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The MSCI EAFE Index (Europe, Australasia, Far East) is a free-float-adjusted market capitalization index that is designed to measure developed market equity performance, consisting of developed market country indices excluding the United States and Canada.

The MSCI Emerging Markets EMEA Index is a free-float-adjusted market capitalization index that is designed to measure equity market performance in the emerging markets countries of Europe, the Middle East, and Africa.

The MSCI Emerging Markets Small Cap Index includes small cap representation across Emerging Markets countries.

The MSCI Frontier Markets Index captures large and mid cap representation across the frontier markets countries covering approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Japan Index is a free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan.

The indices are unmanaged and have no fees. One cannot invest directly in an index.

Certain information contained herein constitutes "forward-looking statements" which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intent," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events may differ materially from those reflected or contemplated in such forward-looking statements.

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The performance quoted represents past performance. Past performance does not guarantee future results.

No risk management technique or process can guarantee return or eliminate risk in any market environment.

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Emerging markets securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging markets countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in these countries.

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