

LAZARD

F U N D M A N A G E R S

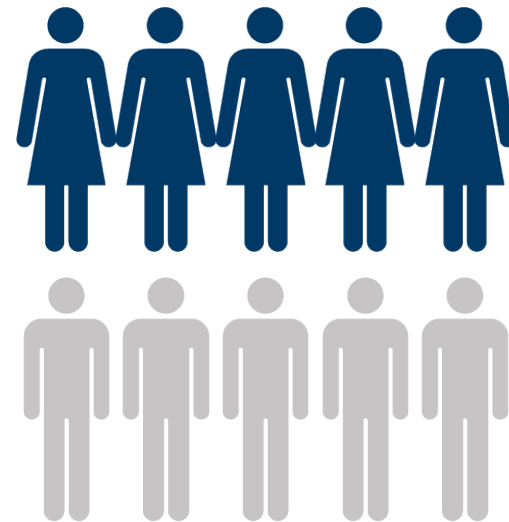
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Laura Nateri,
Managing Director
Country Head Italia Lazard Fund Managers

Why Invest in Gender Diversity?

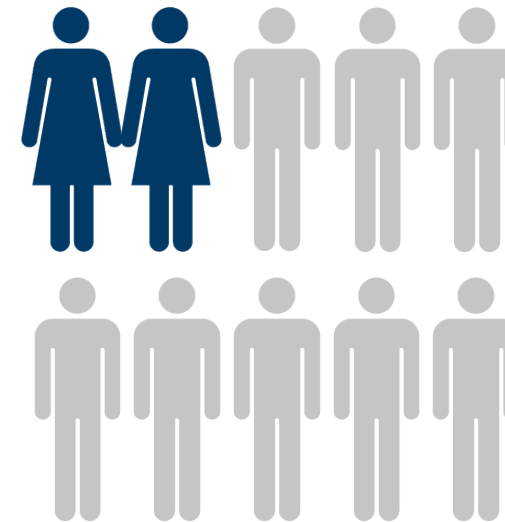
50%

Population



20%

Executive
Leadership



Active engagement to accelerate change

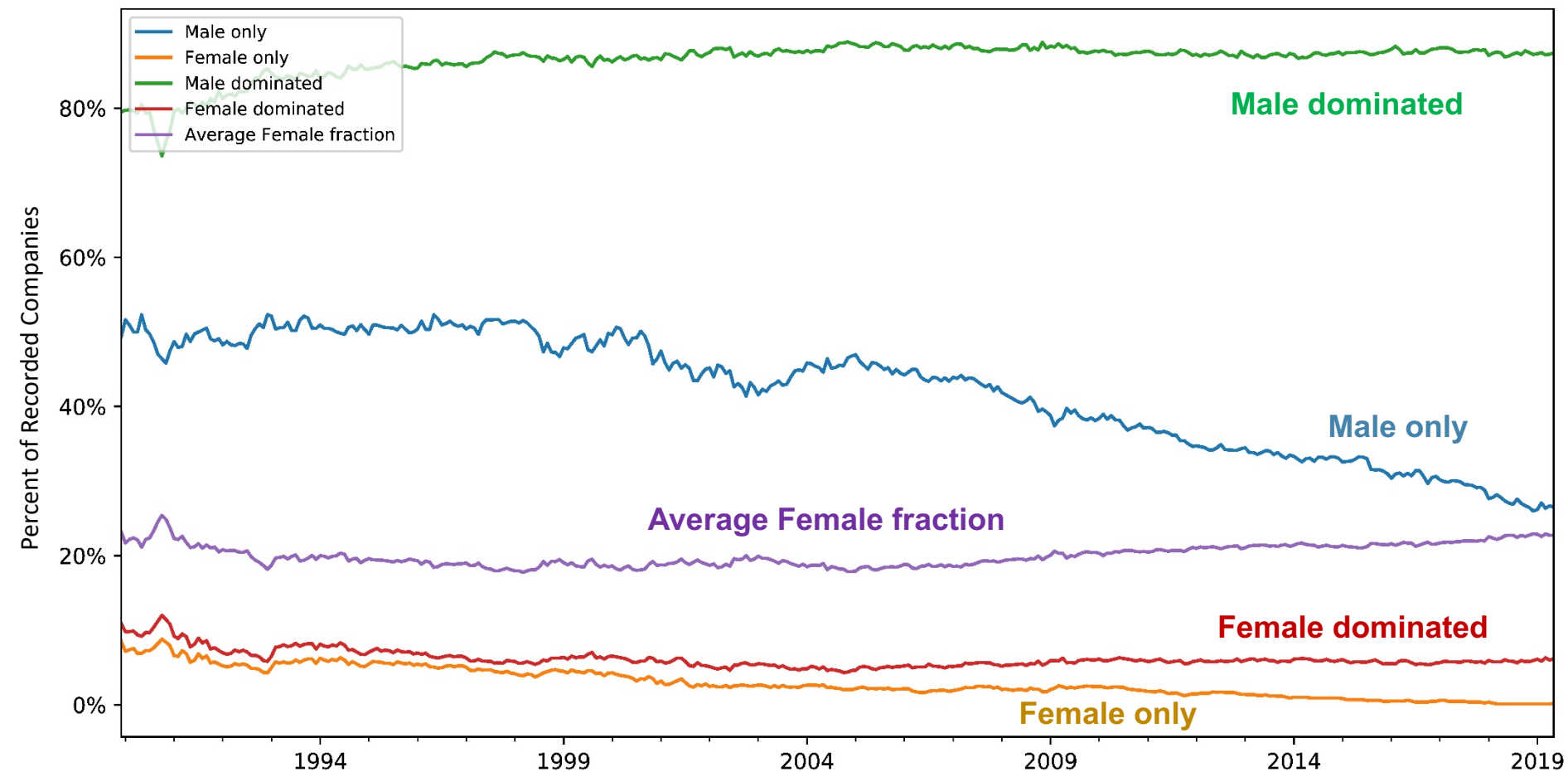
As of 31 August 2020.

Executive Leadership based on MSCI ACWI weighted average.

Sources: Population: World Bank, 2018; Executive Leadership: Bloomberg, Lazard

Progress has been Glacial

Executive Committee



As of 30 June 2019

Source: S&P BMI Developed Index, Thomson Reuters Datastream, Lazard

Gender Diversity Drives Quality



+25%

More likely to have above average profitability

Companies in top quartile for gender diversity versus fourth quartile¹

+2 ppt

EBITDA and Cash-Flow Return on Investment

Companies >20% women female leaders versus <15%²

+1 ppt

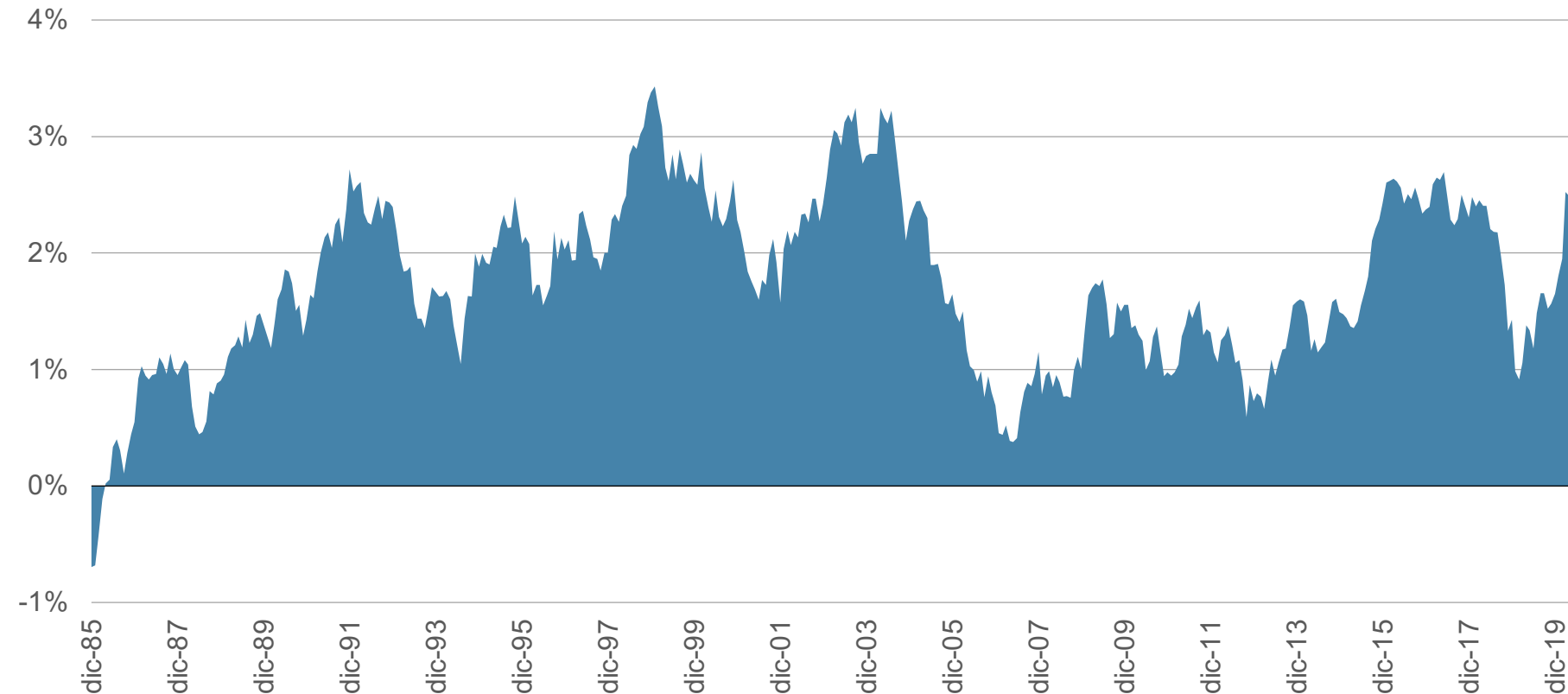
Net Margin

Companies >30% females leaders versus with no female leaders³

Academic research indicates that companies that have higher female representation in senior leadership have higher returns on capital, lower leverage and improved returns to shareholders.

The Case for Quality: Outperformance

Rolling Performance of MSCI USA Quality Index relative to the MSCI USA Index
(Rolling 10-year relative returns, annualised)



For an investor with a ten-year time horizon, March 1976 was the last time the investor should have bought the US market rather than US Quality

USD returns.

Data from December 2000 through August 2020. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

This information is provided for illustrative purposes only and does not represent the performance of any product or strategy managed by Lazard. An index is managed and has no fees. One cannot invest directly in an index

Source: Lazard, MSCI Bloomberg.

Investment Approach

Gender Diversity

Commitment to empowering women within organisations

Quality

High returns on capital, sustained by competitive advantages

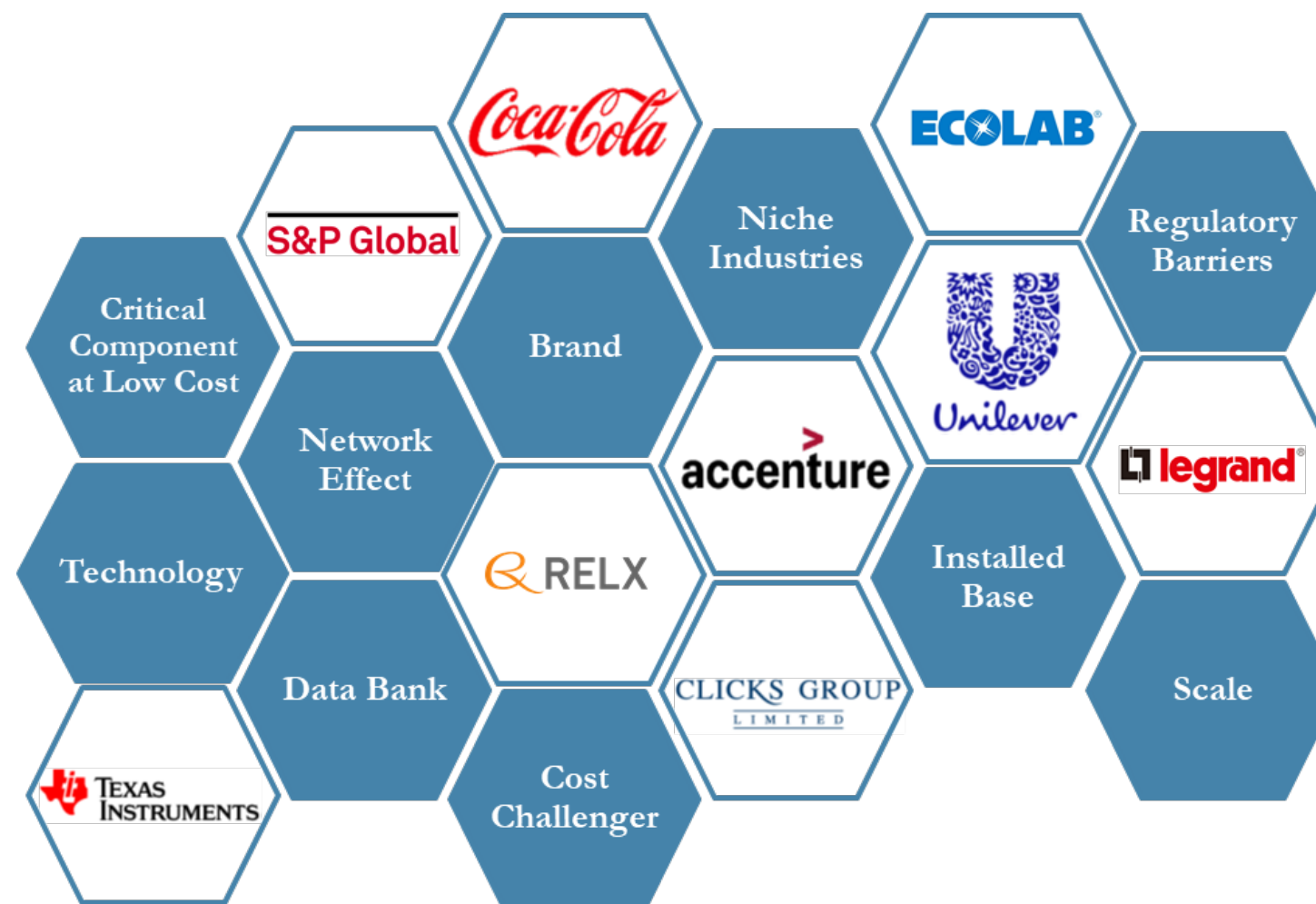
Growth

Reinvestment at similarly high returns on capital

Active global equity strategy that seeks to invest in high quality businesses that empower women

Underpinned by Financial Productivity

Sustained by Competitive Advantages



Mention of these securities should not be considered a recommendation or solicitation to purchase or sell the securities. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the portfolio or that securities sold have not been repurchased. The securities mentioned may not represent the entire portfolio.

Active Engagement

Beyond the Numbers



Every business is different and faces different challenges – but the core components of the solution show common themes.

Active Engagement

Financial Productivity

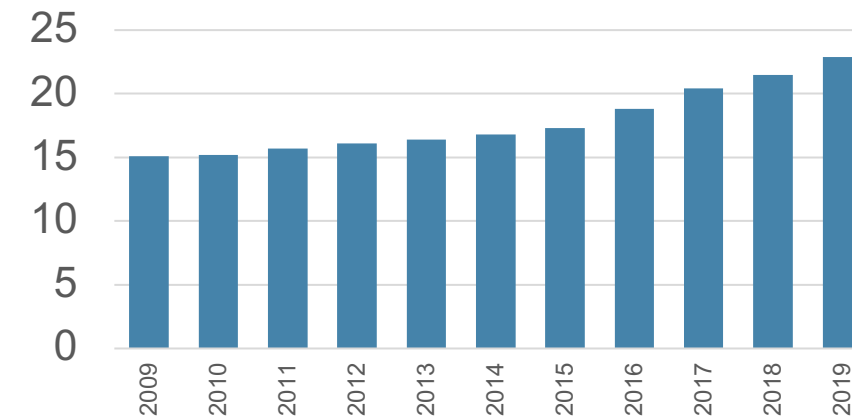


Competitive Advantages

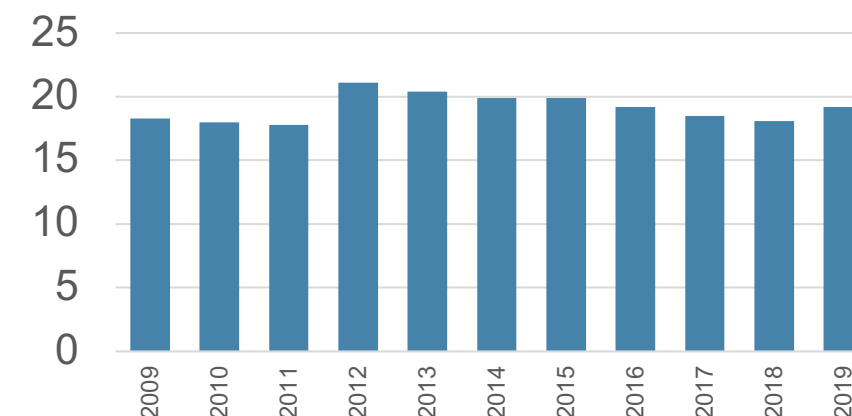
- Brand strength
- Strong distribution networks
- Emerging markets drive 80-90% of global consumer staples demand
- Unilever has 60% revenues in Emerging Markets
- Increased exposure to HPC drives structurally higher profitability

Financial Productivity

EBITDA Margin (%)



Return on Invested Capital (%)



As of 31 December 2019.

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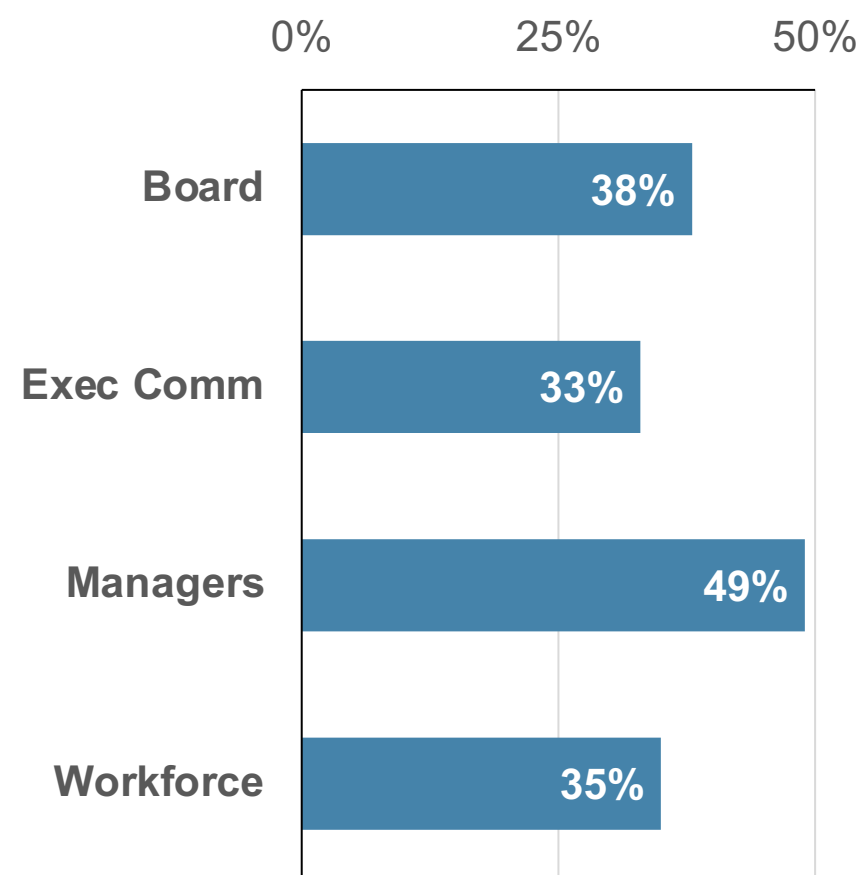
Source: Lazard, Unilever website, Unilever financial reports.

Active Engagement

Gender Diversity



Female representation



Female Empowerment

Why is gender diversity important?

- 70% of products bought by women
- Brands connect with consumers

Who drives this forward?

- Link to long-term management compensation

Who are the changes focused on?

- #Unstereotype campaign – challenge gender norms
- Positive social impact - supply chains and broader communities

What are your ambitions?

- Committed to gender balanced management by 2020

As of 31 December 2019.

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Source: Lazard, Unilever

Active Engagement

Gender Diversity



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Active Engagement

Beyond the Numbers



As of 31 December 2019.

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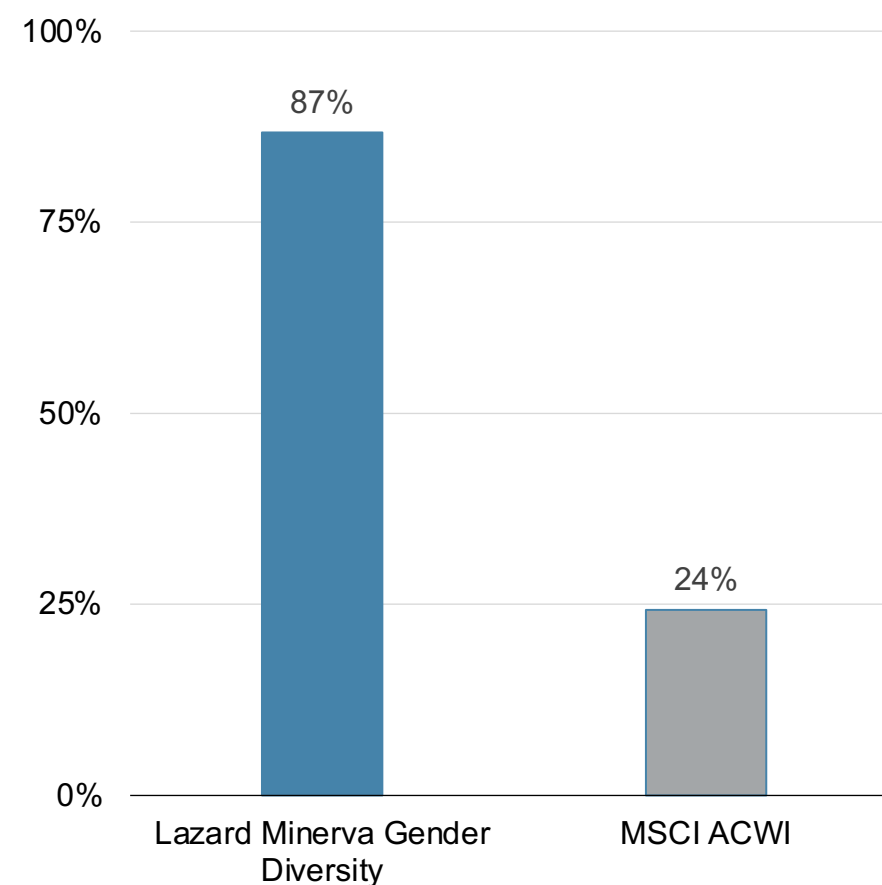
Source: Lazard.

LAZARD
FUND MANAGERS

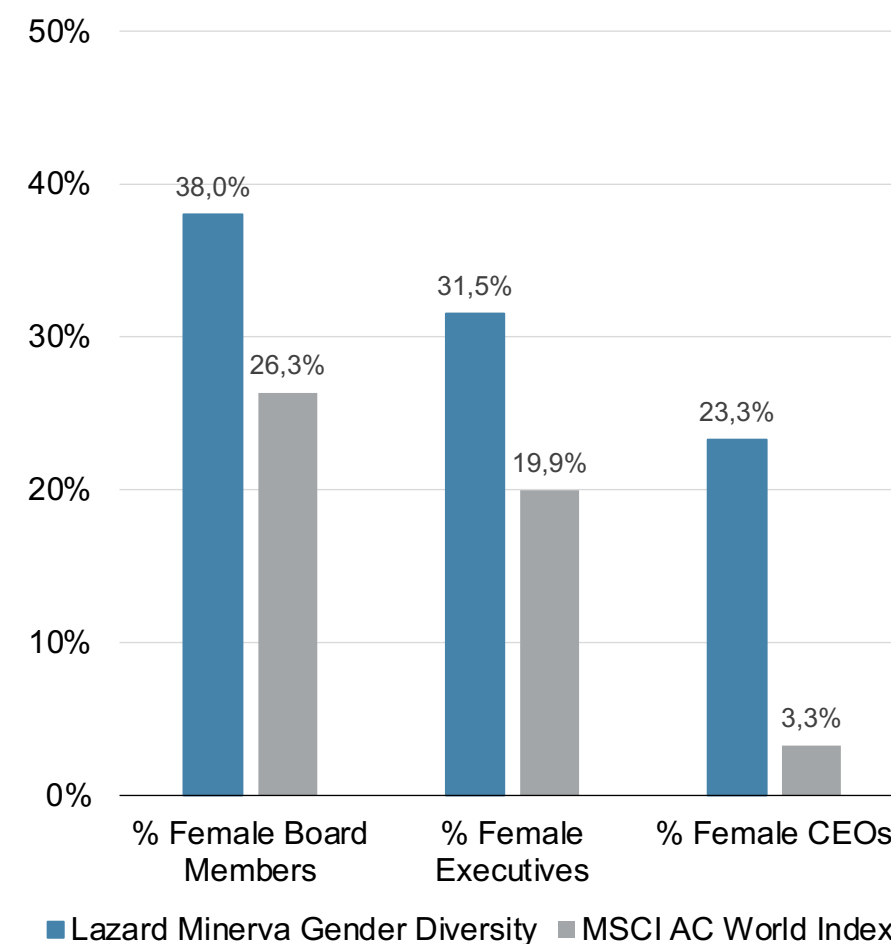
Portfolio Characteristics

Female Representation

Companies Meeting our Female Representation Thresholds¹



Female Representation



As of 31 August 2020.

¹Thresholds: >30% female representation on the Board and >15% on the Executive Committee

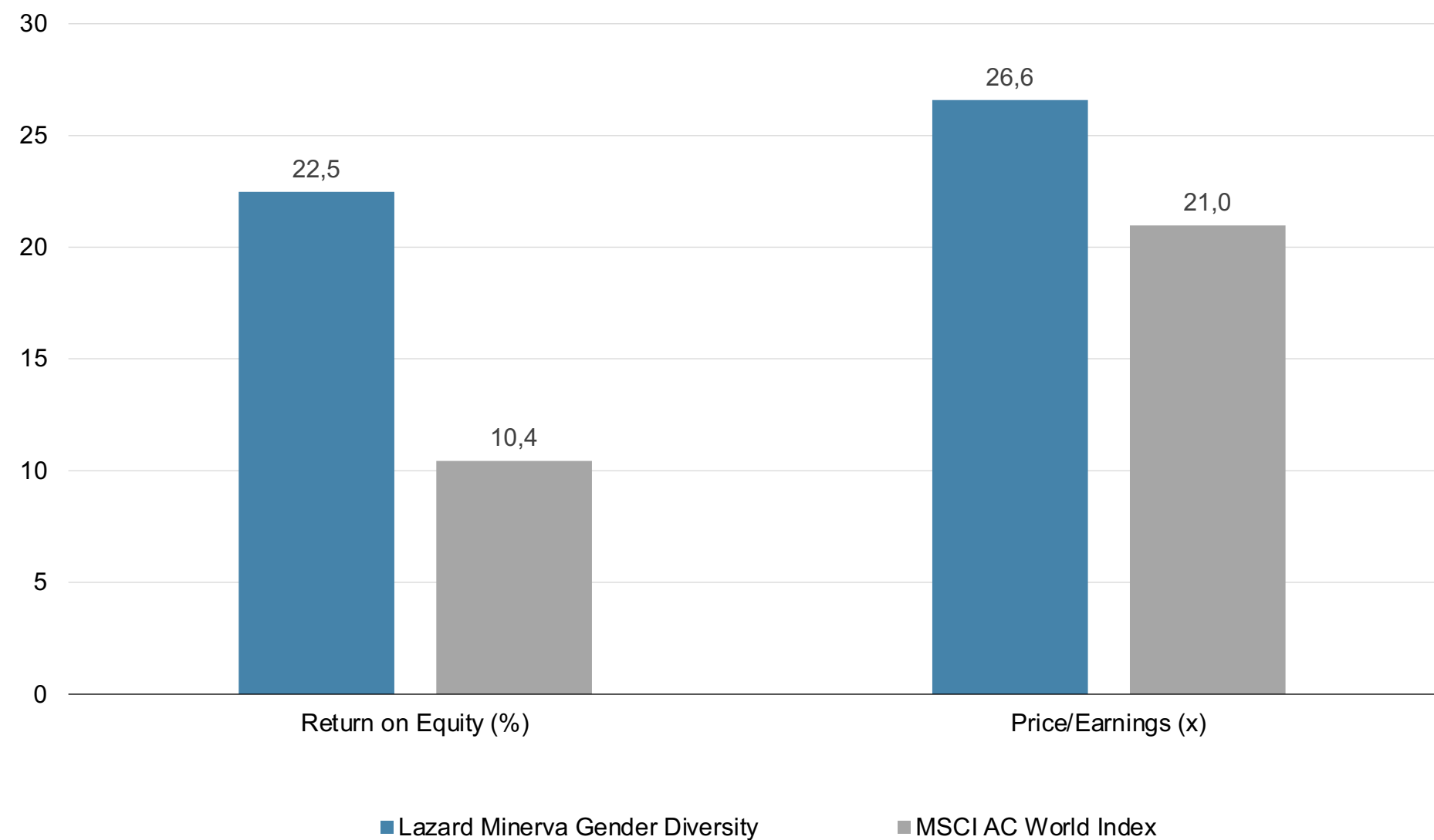
Up to 15% of the portfolio may be held in companies not meeting the quantitative levels, but have positive momentum as identified through our engagement activities.

The strategy and benchmark values are weighted averages.

Source: Lazard, portfolio company websites, Bloomberg.

Portfolio Characteristics

Financial Productivity and Valuation



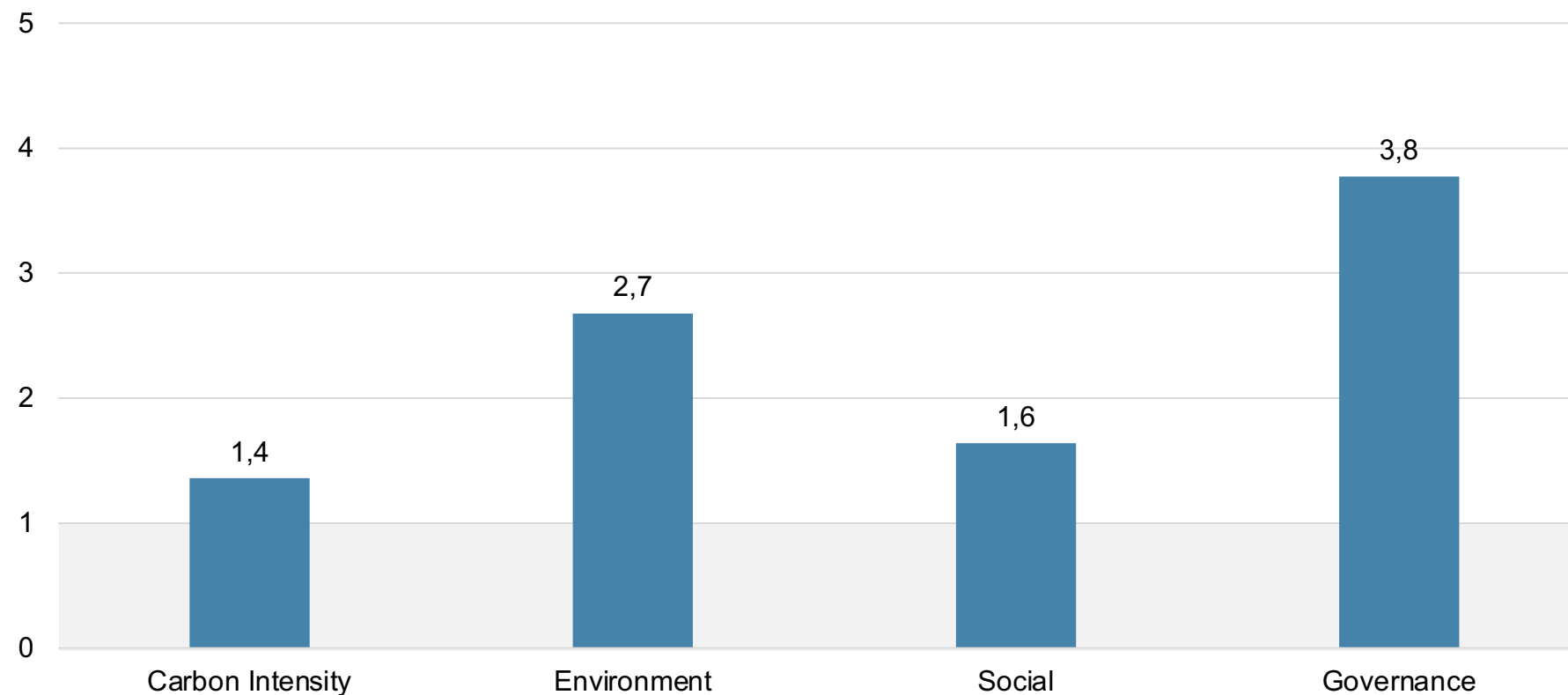
As of 30 June 2020.
Figures are NTM.
Source: Lazard

Portfolio Characteristics

ESG Risk Exposures

ESG Risk Exposures

(Style Tilt versus MSCI AC World Index)



Numbers above 1 represent significant positive tilts

As of 30 June 2020.

Tilts between -0.5 and +0.5 likely insignificant; Tilts less than -0.5 or more than +0.5 indicate tilt but may be insignificant; Tilts less than -1 or more than +1 are significant; Tilts less than -2 or more than +2 are very significant.

Source: Trucost, MSCI, Style Analytics, Lazard.

Why Invest in Gender Diversity?



Sources: Lazard
For illustrative purposes only

Lazard Minerva Gender Diversity

Summary

- Active **global equity strategy** with a positive gender lens
- Looks to invest in companies that:
 - Show commitment to **empowering women** within the organization
 - Achieve >30% female representation on the Board and >15% on the executive committee*
 - Are **financially productive** with attractive valuations
- **Active engagement** to accelerate change



*Up to 15% of the portfolio may be held in companies not meeting the quantitative levels, but have positive momentum as identified through our engagement activities.

Information is subject to change

Simulation Disclosure

Lazard Minerva Gender Diversity

The performance presented in this report from July 1, 2018 to September 30, 2019 (“the Period”) is for the Lazard Minerva Gender Diversity prior to it being offered and managed by Lazard Asset Management LLC (“Lazard”) and represents simulated performance of a paper portfolio (the “Simulated Model”).

The Simulated Model incepted with assumed assets under management of \$100 million. Performance for the Simulated Model is presented gross of fees and net of transaction costs. It is shown for illustrative and comparative purposes only. The Simulated Model’s returns were constructed by selecting stocks in the top three deciles of financial productivity (defined as Cash Flow Return on Investment – CFROI) for both trailing year and current year in the MSCI AC World Index and applying the Lazard Minerva Gender Diversity screen, which is discussed in detail on slide 8 of this presentation. A subset of those equity securities that satisfied these requirements were included in the Simulated Model. The Simulated Model purchased and sold securities periodically over the Period June 29, 2018 and October 14, 2019. Note that the paper portfolio was discontinued on October 14, 2019. As of September 9, 2019, the Lazard Minerva Gender Diversity is applied to a Lazard Asset Management LLC (“Lazard”) seed capital portfolio.

Lazard did not manage the Simulated Model with actual assets under management or portfolio trading during the Period. The simulated performance presented herein includes historical financial data to show what decisions would have been made if the Lazard Minerva Gender Diversity were employed. Simulated performance results are shown for illustrative purposes only and do not represent actual trading or the impact of material economic factors on Lazard’s decision-making process for an actual Lazard client account. Simulated performance results were achieved by means of paper trading pursuant to the Lazard Minerva Gender Diversity. Paper trading is designed to simulate actual trading but does not utilize actual assets under management or represent actual adjustments that Lazard may have made in response to material economic or market factors including, but not limited to, transaction costs, market movements and liquidity constraints.

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