



**i-Watch Rating System:**

**Date** August 1, 2024

**Fund Manager** Lazard Asset Management

**i-Watch Status** ● **On-Watch**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

**Product affected**

Manulife Lazard Global Small Cap Equity (8931)

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**Summary**

- 1 Lazard Global Small Cap Equity Fund has experienced a significant loss of assets.
- 2 Following multiple team changes over the last year, the loss of assets could impact investor confidence and raises concerns of future dissolution of the Fund.
- 3 The Fund has been downgraded from Increased Scrutiny to On-Watch as a result.

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**Commentary**

Lazard Global Small Cap Equity Fund (the 'Strategy') has experienced a significant loss in AUM (83% of assets) between 2023 and Q1 2024, most notably due to loss of clients. The Strategy AUM stands at USD\$244.9mn as of March 31, 2024. As a result, the Lazard Small Cap Team's AUM has also shrunk over 20% to the current USD\$3.7bn.

**Impact**

The investment philosophy and process has experienced no change due to the outflows.

**Closing Remarks**

Given the size of the outflows, there are impact on investor confidence and concerns of future dissolution, though these concerns are somewhat mitigated by the continuous efforts by Lazard since June 2023 to bolster the Small Cap Equity platform by adding focused resources to the team, including the newly minted Global Head of Small Cap Equity Sean Gallagher. Global Manager Research ('GMR') continues to monitor the liquidity, concentration, and redemption risks of the Strategy.



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