

Lazard World Trust Fund

New initiatives to boost shareholder value

Lazard World Trust Fund (WTR, formerly The World Trust Fund) seeks capital growth by investing globally in closed-end funds and holding companies that are trading at a discount to the value of their assets. Part of its approach involves working with portfolio holdings to unlock this value, and recent moves by the fund show it is prepared to practise what it preaches. So far in FY17, WTR has changed its name to link it more explicitly with its manager since launch in 1991; adopted a new benchmark that better reflects the make-up of the portfolio; announced a tender offer for up to 10% of shares at 98% of NAV minus costs; and proposed a new dividend policy, whereby investors will receive a distribution of 3.5% of the year-end NAV. Strong recent NAV performance has propelled the fund close to the top of its peer group over one, three and five years.

12 months ending	Share price (%)	NAV (%)	MSCI AC World (%)	MSCI ACW ex-US (%)	DS World Inv't Cos (%)
31/07/12	(5.1)	(2.0)	1.5	(7.5)	0.7
31/07/13	21.5	21.3	25.2	21.4	18.3
31/07/14	(0.2)	0.7	4.6	4.1	0.9
31/07/15	18.9	18.0	11.8	3.7	3.8
31/07/16	9.5	9.4	17.7	11.6	10.5

Source: Thomson Datastream. Note: Total returns, sterling-adjusted.

Investment strategy: Seeking catalysts for re-rating

Lazard's Discounted Assets Strategies team, led by Kun Deng, follows a disciplined process to identify and assess funds and holding companies that are trading at attractive and unwarranted discounts to the value of their assets. Fundamental to the approach is finding (or working with companies to create) a catalyst for re-rating. Portfolio construction is risk-aware, combining an assessment of downside potential with a focus on appropriate diversification. Short positions may be used for hedging.

Market outlook: Costs and benefits of Brexit

Uncertainty following the UK's EU referendum has seen global market volatility continue, exacerbated by thin summer trading volumes. Investors remain focused on monetary policy, with central bankers apparently as concerned with protecting fragile market sentiment as reacting to economic realities. Sterling weakness has boosted returns from funds investing overseas and UK companies with international earnings; this is likely to persist at least until there is clarity on the Brexit process.

Valuation: Opportunity from double discount

WTR's managers note that the level of discount on the fund's holdings is currently at its widest level since the global financial crisis, averaging 28.1% at 30 June. WTR's own discount to NAV at 1 August stood at 11.8%, narrower than the averages over one, three and five years. Applying this discount to the portfolio discount gives a combined discount of 36.7%, meaning that each £1 invested buys £1.58 worth of assets based on underlying NAVs. WTR's discount narrowed sharply after the announcement of its new distribution policy at the end of June, suggesting the move has been well received by shareholders.

Investment companies

2 August 2016

Price 285.1p
Market cap £115.4m
AUM £130.7m

NAV* 323.1p

Discount to NAV 11.8%

*Including income. Data at 1 August 2016.

Yield 2.2%

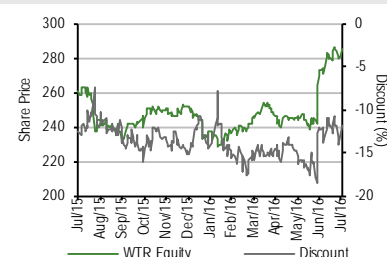
Ordinary shares in issue 40.5m

Code WTR

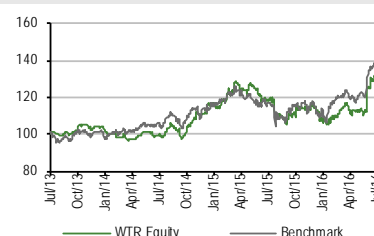
Primary exchange LSE

AIC sector Global

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low 286.4p 229.0p

NAV* high/low 325.5p 253.4p

*Including income.

Gearing

Gross* 0.0%

Net cash* 4.1%

*As at 30 June 2016.

Analysts

Sarah Godfrey +44 (0)20 3681 2519

Mel Jenner +44 (0)20 3077 5720

investmenttrusts@edisongroup.com

[Edison profile page](#)

**Lazard World Trust Fund is a
research client of Edison
Investment Research Limited**

Exhibit 1: Fund at a glance
Investment objective and fund background

Lazard World Trust Fund (formerly The World Trust Fund) seeks to achieve long-term capital appreciation by investing primarily in a diversified portfolio of closed-end funds and companies whose shares trade at a discount to the underlying asset value. Since 2009 the fund has measured its performance against the MSCI AC World Index but this will change to the MSCI ACW ex-US Index subject to approval at the 2016 AGM.

Recent developments

- 12 July 2016: Annual results for the year ended 31 March. Sterling NAV TR of -5.0% compared with -1.2% for MSCI ACWI. Share price total return of -7.4%.
- 29 June 2016: Proposal for new dividend policy, tender offer for up to 10% of shares at 98% of NAV minus costs, and change of benchmark from MSCI ACWI to MSCI ACWI ex-US.
- 10 May 2016: Change of name from The World Trust Fund to Lazard World Trust Fund.

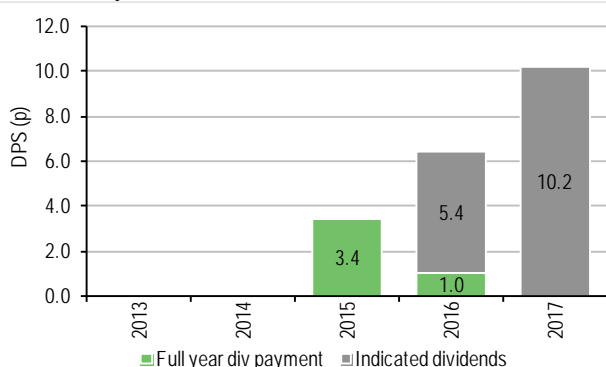
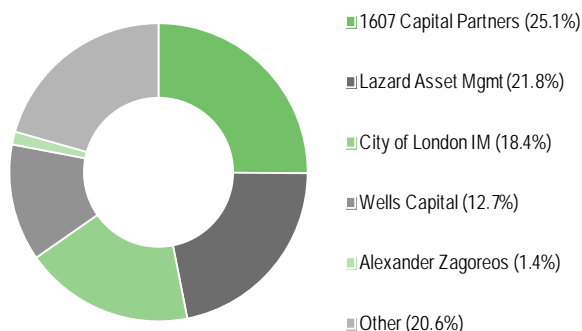
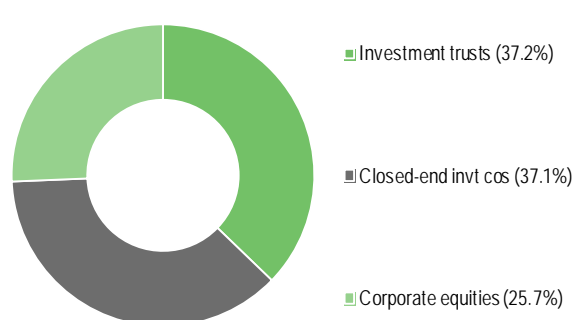
Forthcoming		Capital structure		Fund details	
AGM	August 2016	Ongoing charges	1.39% (FY16)	Group	Lazard Asset Management LLC
Interim results	November 2016	Net cash	4.1% (30 June 2016)	Manager	Kun Deng
Year end	31 March	Annual mgmt fee	0.75% of NAV	Address	30 Rockefeller Plaza, New York, NY 10112 USA
Dividend paid	January, August	Performance fee	See page 7	Phone	+1 212 632 6000
Launch date	1991	Trust life	Indefinite (subject to annual vote)	Website	www.theworldtrustfund.com
Continuation vote	Annual	Loan facilities	\$25m		

Dividend policy and history

No dividends paid until FY15. Under a new policy announced in June 2016, a distribution of 3.5% of year-end NAV will be paid in two instalments (January and August). Previous policy, adopted with effect from the start of FY15, was to pay out substantially all of net income.

Share buyback policy and history

WTR is authorised to repurchase up to 14.99% of its ordinary shares. The chart below includes buybacks via tender offers and issuance through exercise of warrants (the last of which were exercised at the end of FY14).


Shareholder base (as at 8 July 2016)

Portfolio exposure by company type (as at 30 June 2016, adjusted for cash)

Top 10 holdings (as at 30 June 2016)

Company	Country of listing	30 June 2016		30 June 2015*	
		Portfolio weight %	Discount to NAV %	Portfolio weight %	Discount to NAV %
Naspers	South Africa	6.5	21.0	N/A	N/A
General American Investors	US	5.5	18.7	5.5	14.5
Eurazeo	France	5.5	18.1	5.1	24
JPMorgan European Smaller Cos	UK	4.7	16.3	5.5	6.1
JPMorgan Japanese	UK	4.6	15.4	4.3	8.8
First Pacific	Hong Kong	4.6	52.6	4.6	43.8
Investor AB	Sweden	4.5	24.1	4.4	21.8
Adams Diversified	US	4.4	16.1	4.3	13.7
HarbourVest Global Private Equity	UK	4.4	31.1	N/A	N/A
JPMorgan Emerging Markets	UK	4.0	13.2	N/A	N/A
Top 10 (% of portfolio)/average discount of top 10		48.7	22.7	49.1	22.6

Source: Lazard World Trust Fund, Edison Investment Research, Morningstar, Bloomberg. Note: *N/A where not in June 2015 top 10.

Recent developments

The financial year to 31 March 2017 has so far seen WTR announce a range of new initiatives, many of them in response to feedback from shareholders, aimed at increasing the appeal and marketability of the fund. The main points are summarised below.

- **Change of name.** On 15 April WTR announced a proposal to change its name from the World Trust Fund to Lazard World Trust Fund. The board felt this would make clearer the association with Lazard Asset Management, which has managed the fund since launch. The change of name was approved by shareholders and came into effect on 10 May 2016.
- **New dividend policy.** In response to the wishes of shareholders – and in line with what WTR's managers expect from the companies they invest in – WTR began paying a dividend in FY15. Its policy then was to distribute substantially all of its net income, which led to dividends of 3.4p in FY15 and 6.4p in FY16. In order to increase visibility of future dividend payments, a new policy has been proposed (29 June announcement, along with the two initiatives below) whereby distributions are set at 3.5% of year-end NAV. This is in line with the historical yield on the portfolio, so the board and managers are confident that meeting the commitment will not have an adverse impact on capital growth, which remains WTR's primary objective. Distributions will continue to be made in January and August. If the new policy is approved, the FY17 dividend will be 10.2p (3.5% of NAV at 31 March 2016), a 59% increase on the FY16 dividend. However, because the distribution is a fixed percentage of NAV, the actual amount in future years may be lower or higher, depending on NAV performance during the year.
- **Change of benchmark.** Since the beginning of FY11 WTR has measured its performance versus the MSCI All Country World Index (ACWI). Prior to this it had used the MSCI World Index, which was felt to have become inappropriate owing to its exclusion of emerging markets, a significant area of focus for WTR. However, the ACWI is heavily biased towards the US (53.4% at 30 June 2016), which has consistently made up less than 35% of the WTR portfolio. To reflect this, the MSCI AC World ex-US Index was adopted as an additional reference benchmark during FY14. The board has now proposed to adopt the ex-US index as a formal benchmark, retaining the ACWI as a reference. Asset allocation is not restricted by benchmark weightings and following adoption of the new benchmark, WTR will still be permitted to invest up to 20% of assets in the US. At 30 June 2016, US exposure was exactly 20%.
- **Tender offer.** From time to time WTR offers investors the opportunity to tender some of their shares in order to achieve an exit from their investment at a price closer to NAV. Until the end of FY14 the use of tender offers was linked explicitly to performance relative to the benchmark and the average level of discount during a financial year, but this policy has been replaced with a more flexible approach that takes into account the wishes of investors. Under the proposed tender offer announced on 29 June, investors will be able to tender up to 10% of their shares at a price of 98% of NAV minus costs.

Fund profile: Global portfolio of discounted assets

Lazard World Trust Fund (WTR), formerly The World Trust Fund, has been managed by Lazard Asset Management since its launch in 1991. It aims to achieve capital growth by investing in a global portfolio of closed-end funds and holding companies that its managers believe are trading at unwarranted discounts to their net asset value, and where the underlying assets are also undervalued. There is significant exposure to emerging markets. Incorporated in Luxembourg as a *société d'investissement à capital fixe* (SICAF) and listed in London, WTR is managed by Lazard's mainly New York-based Discounted Assets Strategies team, led by Kun Deng. It has proposed (see above) to adopt the MSCI AC World ex-US Index as its benchmark, with the MSCI AC World Index used as an additional reference. If approved, the change will be backdated to 1 April 2016.

The fund manager: Kun Deng

The manager's view: Opportunity on a historic scale

WTR lead manager Kun Deng sees the current market uncertainty as a source of significant opportunity for the fund, given unusually wide discounts on the kinds of funds and companies in which it invests. "The fund thrives when the world is consumed by fear," he says, adding that "this is one of the most attractive periods in our history in terms of discounts". Emerging market funds are close to their widest discounts in 20 years, he says, with Japan, Europe and, to a lesser extent, the UK and US also providing attractive discount opportunities. The manager has a 'shopping list' and currently has a small net cash position to allow him to take advantage of discount volatility.

Deng says investors globally are concerned about the economy, the possibility of recession, and interest rate increases. However, while discounts may continue to widen in the short term, the manager sees the global backdrop as broadly positive, driven by accommodative monetary policy, with even US interest rate rises pushed further into the future as a result of the UK's vote to leave the EU. While Brexit has created uncertainty in the UK and Europe, WTR's managers say underlying valuations remain attractive, and Deng is likely to invest more in these areas if discounts widen.

The manager also sees WTR's high emerging markets exposure as a key differentiating factor, highlighting their greater growth potential in a generally sluggish economic environment. Over 13% of the fund is invested in China, which Deng says has been misunderstood by investors. While the drivers of the Chinese economy in recent decades – resources, construction and industrials – are in decline, WTR's focus is on the growing areas of e-commerce, social media, education and healthcare. As well as the exposure to Tencent and other Chinese stocks through Naspers (see below), WTR owns several explicitly China-focused investments, including [Fidelity China Special Situations](#).¹ The fund also has investments in markets such as India, Vietnam and the Philippines.

As well as emerging markets, WTR also has significant smaller companies exposure. The manager points out that the closed-end structure of its holdings is more suited to owning less liquid assets like small-caps; [JPMorgan European Smaller Companies Trust](#)¹ is a top 10 holding and has been a source of good performance in recent years.

Asset allocation

Investment process: Seeking hidden value with catalysts

WTR is managed by the largely New York-based Discounted Assets Strategies team at Lazard Asset Management. The six-strong team is led by Kun Deng and seeks to build a portfolio of discounted investments with identifiable catalysts for revaluation. The team also has access to the macro and industry views of the wider Lazard group globally. There are broadly four stages to choosing investments for the WTR portfolio:

Screening: the universe of closed-end funds, investment trusts and holding companies is monitored to identify those that are trading at discounts that are high relative to peers or to history, or situations where there may be opportunities from short-term volatility.

Macro analysis: potential investments identified through screening are assessed to see if market and economic conditions favour a narrowing of the discount.

Fundamental analysis: stocks that pass the first two screens are analysed to assess the competitive landscape and the quality of management and governance, and to gain an understanding of whether their underlying assets are also trading at an unwarranted discount.

¹ Research client of Edison Investment Research.

Catalysts for revaluation: aiming to avoid assets that are 'cheap for a reason', potential investments must have an identifiable catalyst, such as a tender offer or restructuring or the potential for an asset class to return to favour. The team is willing to engage with the companies it invests in, in order to encourage initiatives that may help unlock value for shareholders. Examples of recent engagement with holdings include encouraging [HarbourVest Global Private Equity](#)¹ and [VinaCapital Vietnam Opportunity Fund](#)¹ to move their listings to the Main Market of the London Stock Exchange, thus qualifying them for index inclusion and boosting liquidity. Normally an investment would be made with the expectation of a catalyst occurring within 12 months, although holdings may remain in the portfolio for the longer term.

Having identified suitable investments, the team will reaffirm the value opportunity and downside risk before investing. The managers may make use of hedging, usually by taking short positions in ETFs, in order to mitigate market risk. During FY16, WTR held short positions in ETFs linked to the NASDAQ Biotechnology and MSCI China indices. Currency exposure is not usually hedged.

Current portfolio positioning

At the FY16 year-end (31 March) WTR had 37 holdings. This is a slightly shorter stock list than its peers, but gives access to a diversified portfolio of 1,000+ underlying investments. The fund has a bias towards Asian and emerging markets, with c 44% of the portfolio (adjusted for cash) invested in these areas (including c 10% in Japan) at 30 June. Europe is the next-largest allocation, at c 29% (including c 7% in the UK). The US exposure, which has always been broadly less than 35%, has fallen most over the last 12 months to stand at 20% at 30 June (Exhibit 2). Given that under its new MSCI ACWI ex-US benchmark, the fund is informally limited to a maximum US allocation of c 20%, it is reasonable to expect this may fall further. Geographical exposures are on a look-through basis.

Exhibit 2: Geographical exposure vs MSCI AC World Index (% unless stated)

	Portfolio end June 2016	Portfolio end June 2015	Change (% pts)	Index weight	Active weight vs index (% pts)	Trust weight/ index weight (x)
US	20.0	28.9	-8.9	53.6	-33.6	0.4
China	13.4	7.6	5.8	2.9	10.5	4.6
Japan	10.2	9.2	1.0	7.6	2.6	1.3
UK	6.5	9.4	-2.9	6.4	0.1	1.0
France	4.4	5.2	-0.8	3.2	1.2	1.4
Sweden	4.0	4.3	-0.3	0.9	3.1	4.4
Switzerland	3.6	5.7	-2.1	3.1	0.5	1.2
Hong Kong	3.6	N/A	N/A	1.0	2.6	3.6
Philippines	3.2	3.4	-0.2	0.2	3.0	16.0
India	3.1	N/A	N/A	0.9	2.2	3.4
Other	28.0	26.3	1.7	20.2	7.8	1.4
	100.0	100.0		100.0		

Source: Lazard World Trust Fund, Edison Investment Research. Note: Exposures are on a look-through basis.

While much of the portfolio has remained the same over the past six to nine months, there have been a few notable changes. Naspers, a South African-listed holding company, is a recent addition and is now the fund's largest position. Naspers invests in tech and media companies and its largest holding is a 34% stake in Chinese internet giant Tencent. WTR's manager notes that this holding allows the fund to access the growth in China's new economy at a substantial discount. Based on 20 July share prices and exchange rates, Naspers' Tencent stake was worth £57bn while its own market capitalisation was £52bn. Another new holding is Tetragon Financial Group (TFG), a UK-listed closed-end fund with a diversified portfolio of income-generating alternative assets. WTR has also increased its position in VinaCapital Vietnam Opportunity Fund (VOF); both TFG and VOF are now just outside the top 10 holdings.

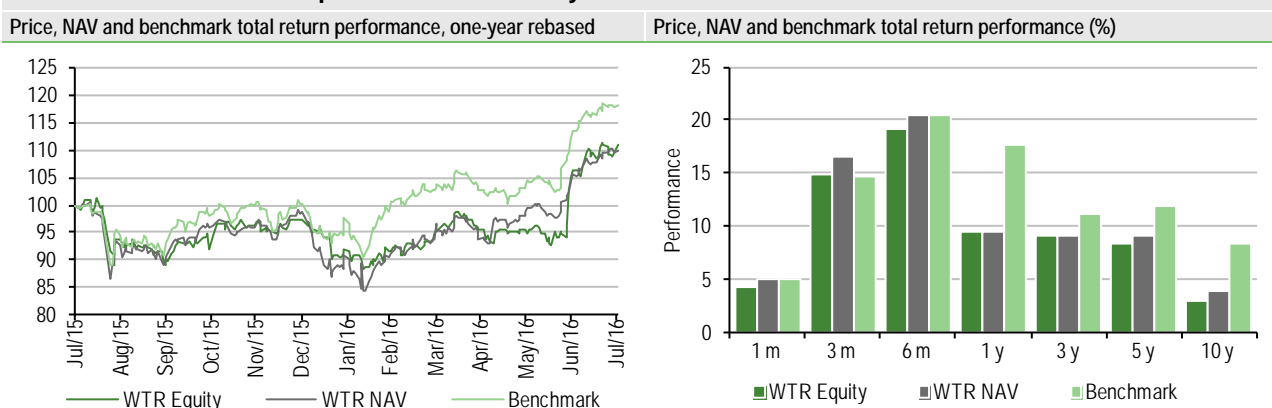
The most significant recent exit was from [BB Biotech](#)¹ previously the largest holding. WTR's managers continue to favour the biotech sector ([International Biotechnology Trust](#)¹ is a top 20 position), but sold out of the Swiss-listed specialist after it moved from a double-digit discount to a premium. Allianz Technology Trust was also sold in the second half of the 2016 financial year.

Performance: Positive absolute returns

In absolute terms WTR's NAV and share price total return performance has been positive over both the short and longer term (Exhibit 3), boosted by sterling weakness (the majority of underlying assets are non-UK) in the aftermath of the EU referendum. Relative to benchmarks – the MSCI World Index until 1 April 2010 and the MSCI AC World Index thereafter – the fund has lagged, although this perhaps says more about the choice of benchmark than WTR's performance. The new benchmark, MSCI AC World ex-US, while still an imperfect comparator, is a better reflection of the fund's low US and high emerging market exposure. As seen in Exhibit 4, WTR has comfortably outperformed the index over three and five years, and underperformance over some shorter periods has been marginal. Over most periods shorter than 10 years WTR's performance has also been ahead of or broadly in line with the universe of investment companies.

As reported in WTR's annual results, positive contributors to performance over the 12 months to 31 March came from stock selection – particularly in European smaller company specialists and frontier markets – and corporate actions and restructuring of some underlying holdings, while a general widening in investment company discounts was a negative factor. However, the managers point out that the unusually wide average discount on underlying holdings (28.1%, a level only exceeded in the last 20 years during the financial crisis of 2008/09) means there is significant value in the portfolio: adding WTR's own 11.8% discount (at 1 August) to the portfolio discount means that each £1 invested effectively buys £1.58 worth of assets based on underlying NAVs.

Exhibit 3: Investment trust performance to 31 July 2016



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised. Benchmark is MSCI World Index until 31 March 2010 and MSCI AC World Index thereafter.

Exhibit 4: Share price and NAV total return performance, relative to indices (%)

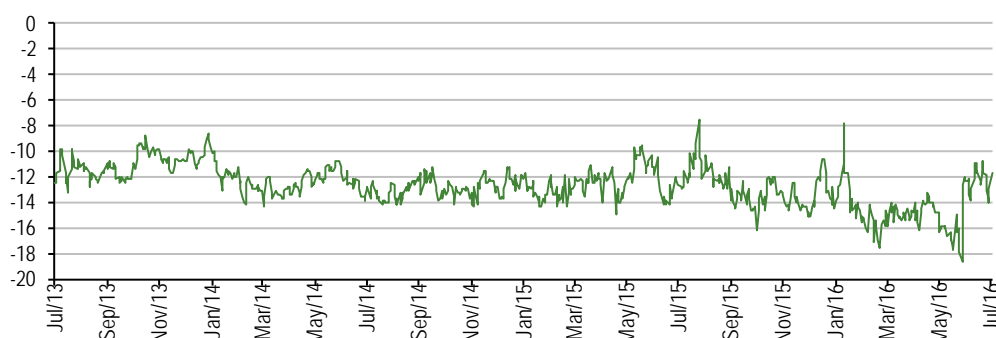
	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI AC World	(0.8)	0.1	(1.1)	(7.0)	(5.7)	(14.5)	(41.9)
NAV relative to MSCI AC World	0.0	1.6	(0.1)	(7.0)	(5.5)	(11.7)	(37.2)
Price relative to MSCI AC World ex US	(1.3)	2.2	(0.4)	(1.9)	7.7	10.7	(26.4)
NAV relative to MSCI AC World ex US	(0.6)	3.8	0.7	(1.9)	8.0	14.3	(20.4)
Price relative to DS World Inv Cos	(1.8)	1.5	0.2	(1.0)	12.2	8.6	(23.3)
NAV relative to DS World Inv Cos	(1.0)	3.1	1.3	(1.0)	12.4	12.2	(17.2)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-July 2016. Geometric calculation.

Discount: Signs of reversal in widening trend

WTR's shares had broadly traded at a discount to cum-income NAV of 10-14% in recent years before widening in a climate of heightened risk aversion from the start of 2016 (Exhibit 5). Over one, three and five years the discount has averaged 13.7%, 12.7% and 12.0%, respectively. It reached a five-year high of 18.6% on 27 June 2016 in the immediate aftermath of the UK's Brexit vote, although it subsequently narrowed sharply after the announcement of new initiatives including an enhanced distribution policy, and stood at 11.8% at 1 August. A tender offer for up to 10% of WTR's shares has been proposed, at a 2% discount to NAV minus costs.

Exhibit 5: Share price discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

WTR is a closed-end fund (SICAF) incorporated in Luxembourg. It has one class of share, with 40.5m in issue at 1 August and 10.2m held in treasury without voting rights. A continuation vote is held each year, and the board may also propose a tender offer as a method of managing the discount, allowing shareholders to exit a portion of their investment at a price closer to NAV. There is a \$25m line of credit with Citibank, which, if fully drawn, would equate to 14.8% gearing based on 31 March net assets. The manager is permitted to gear up to 15% but at 30 June 2016 had 4.1% net cash.

Lazard is paid an annual management fee of 0.75% of net assets. A performance fee may be paid on a sliding scale of between 5% and 20% of outperformance of the benchmark, measured over a two-year period. No performance fee has been paid in any of the last five years. Ongoing charges were 1.39% at the FY16 year-end.

Dividend policy and record

WTR is focused on capital growth, but in response to investor interest it has, since FY15, paid out a significant portion of its investment income (net of fees) as dividends, with an interim payout in January and a final in August subject to AGM approval. The FY15 total dividend was 3.4p, rising to 6.4p (assuming approval of the 5.4p final dividend) for FY16. This represents a prospective yield of 2.2% based on the 1 August share price. Under a new policy announced in June 2016 (subject to shareholder approval), from FY17 WTR will pay a distribution equal to 3.5% of its opening NAV at the start of the financial year. Based on the NAV of 290.3p on 1 April 2016 (the first day of the financial year), the distribution for FY17 will be 10.2p per share, a prospective dividend yield of 3.6% (as at 1 August). Distributions under the new policy may be partly funded out of capital.

Peer group comparison

WTR is a member of the AIC's Global sector but has few direct comparators, as the majority of trusts in the sector invest solely or largely in mainstream equities. Exhibit 6 below shows a selection of peers with broadly similar (mainly fund of funds-type) strategies. Three of the peers are in the Global sector, while two ([Henderson Alternative Strategies Trust](#)¹ and [Milton Global Opportunities](#)¹) moved to the new Flexible Investment sector when it was launched at the start of 2016.

Strong recent performance has propelled WTR close to the top of the group in terms of NAV total return performance over one, three years and five years. It also ranks first for risk-adjusted performance as measured by the Sharpe ratio over both one and three years. The discount to NAV and ongoing charges are both somewhat above average. WTR is currently ungeared. Including the recently declared dividend, WTR has the highest yield in the group, and this is set to rise further subject to approval of the new 3.5% distribution policy.

Exhibit 6: Selected peer group as at 25 July 2016

% unless stated	Market cap £m	TR 1 year	TR 3 year	TR 5 year	Ongoing charge	Perf. fee	Discount (ex-par)	Net gearing	Dividend yield (%)	Sharpe 1y (NAV)	Sharpe 3y (NAV)
Lazard World Trust Fund	115.0	7.4	30.6	52.0	1.4	Yes	(11.9)	100	2.3	(0.8)	0.3
British Empire	691.8	8.6	15.1	25.5	0.9	No	(11.0)	108	2.2	(0.9)	(0.2)
F&C Managed Portfolio Growth	51.0	(0.8)	20.5	42.4	1.2	Yes	(1.0)	100	--	(1.3)	(0.0)
Henderson Alternative Strategies Trust	98.6	2.6	0.6	(19.2)	1.0	Yes	(18.1)	100	1.4	(1.3)	(0.6)
JPMorgan Elect Managed Growth	214.2	3.5	28.1	59.6	0.5	No	(3.1)	100	1.1	(1.0)	0.2
Milton Global Opportunities	45.4	6.8	18.9	25.2	1.2	No	(6.7)	106	--	(0.9)	0.0
Peer group weighted average		6.6	18.0	31.1	0.9		(9.7)	104.8	1.9	(1.0)	(0.1)
WTR rank in peer group	3	2	1	2	1		5	3	1.0	1	1

Source: Morningstar, Edison Investment Research. Note: TR=NAV total return. Sharpe ratio is a measure of risk-adjusted return. The ratios shown are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

The board

WTR has five directors, all non-executive and independent of the manager. Chairman (since 2010) Philip R McLoughlin has been a director since WTR's launch in 1991. Duncan Budge joined the board in 2006, while James Cave was appointed in 2008 and Howard Myles in 2011. Tony Morrongiello became a director in 2014. Founding portfolio manager Alex Zagoreos has recently stepped down as an adviser to the directors, a position he had occupied since retiring from the board in 2014. The directors all have backgrounds in investment management.

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Conduct Authority (www.fsa.gov.uk/register/firmBasicDetails.do?sid=181584). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2016 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Lazard World Trust Fund and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2016. "FTSE" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.