Lazard
Global Equity Franchise Fund

Apr 2021
Factsheet

Concentrated and Active
High conviction global equity portfolio

Companies with an Economic Franchise
Large economic moats with a history of stable forecastable earnings

Strict Valuation Discipline
Benefits of Economic Franchises at a Discount to Intrinsic Value

Fund Facts

Number of stocks	29
Total Fund Size	$125m
Inception Date	1 October 2013
Total Management Costs	1.25% p.a.
Index	MSCI World
Minimum Investment	$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Annually
APIR Code	LAZ0025AU

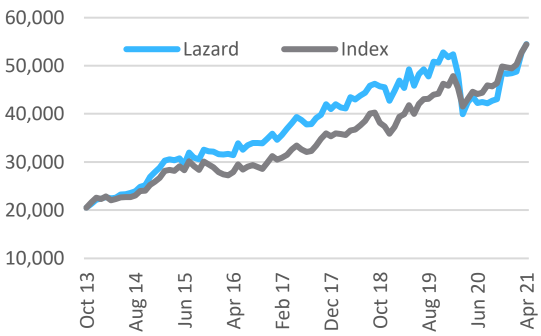
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	16.8	21.0
Forward Return on Equity (%)	15.4	13.9
Sharpe Ratio (Since Inception)	1.0	1.1
Dividend Yield (%)	2.4	1.7
Active Share (%)	98.0	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	3.3	3.2	0.2
3 Months	12.5	10.2	2.3
1 Year	28.4	23.2	5.2
3 Years (pa)	7.8	13.2	-5.4
5 Years (pa)	11.6	13.8	-2.1
Since Inception (pa)	14.1	13.7	0.4

Growth of $20,000



Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

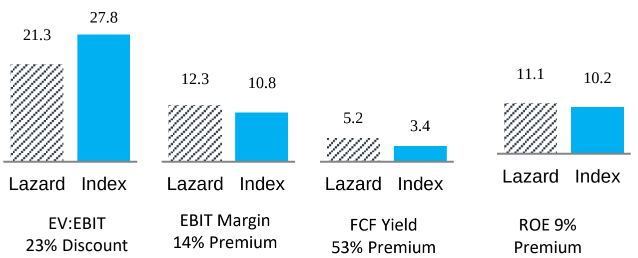
Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	3.2	7.1	-3.9
Financials	0.0	13.8	-13.8
Communication Services	9.1	9.2	-0.2
Energy	0.0	3.0	-3.0
Real Estate	0.0	2.7	-2.7
Materials	0.0	4.6	-4.6
Health Care	26.5	12.3	14.2
Industrials	22.1	10.7	11.5
Information Technology	6.7	21.5	-14.8
Consumer Discretionary	13.8	12.1	1.6
Utilities	13.8	2.9	10.9
Cash	4.8	0.0	4.8
Region			
North America	49.6	70.2	-20.6
Continental Europe	34.4	14.7	19.7
United Kingdom	9.1	4.3	4.8
Asia Pacific ex-Japan	2.1	3.5	-1.5
Japan	0.0	7.1	-7.1
Middle East	0.0	0.2	-0.2
Cash	4.8	0.0	4.8

Top 5 Holdings (%)

	Lazard
CVS Health	6.0
H&R Block	6.0
Nielsen	6.0
Omnicom	5.6
Fresenius Medical Care	5.3

Investment Characteristics



Aa T 31 March 2021. Lazard estimates based on historical financial accounts of companies held in the Lazard Global Equity Franchise strategy. All estimates are based on current information and are subject to change.
Source: Lazard, Factset, MSCI

LAZARD
ASSET MANAGEMENT

Commentary

Global equity markets continued their year-long rally into April 2021, rising over 3% in the month. Surging corporate profits, meaningful vaccine progress, and a continuation of the accommodative policies from the US Federal Reserve and European Central Bank provided ample support to sustain the rally. The United States led the major markets in the month, driven in part by a significant increase in company reported earnings in the quarter, which was well ahead of expectations. European markets were also comparatively strong as industrial figures showed a strong pick-up in new orders, overcoming another recession (as the eurozone reported two consecutive quarters of negative GDP growth).

The Lazard Global Equity Franchise Fund returned 3.34% (net of fees) during the month, outperforming the MSCI World Index which returned 3.19%.

Omnicom Group rose after delivering solid first quarter results, with margins above Q1 2020 levels and revenues better than expected. As a leading advertising and marketing services provider, Omnicom should be a clear beneficiary of the re-opening of developed economies in 2021. Apart from the Q1 result, CEO John Wren struck a confident tone, stating that he expects Omnicom's target of 'GDP plus' revenue growth to be achieved beyond any recovery from COVID-19. Given Omnicom has not achieved this target in years, we believe that such an outcome would likely lead to a material re-rating in the shares.

Dialysis provider Fresenius Medical Care performed well during the month as the market began to view the company's guidance of a 20% downturn in FY21 profit due to COVID-19 related mortality, as too conservative. Solid growth in Asia-Pacific, U.S. payor mix improvements and growth in products all should compensate for the mortality increases and the company's inexpensive valuation make it attractive.

Anheuser-Busch (ABI) performed strongly in April 2021. ABI is the world's largest brewer with approximately 25% market share and is one of the world's top consumer products companies, managing a portfolio of well over 200 beer brands and occupying the number one or two market position in 25 countries.

U.S. drug distributor McKesson performed poorly during the month on concerns that generic drug prices may be falling. The issue for McKesson is the spread rather than the absolute prices and it is unclear as yet where the greatest pressure will be felt. McKesson earns considerably higher margins on generics as distribution power is critical, in contrast with branded drugs where patent exclusivity means the manufacturer has the market power.

Terna fell marginally, as the market started to focus on the WACC reset for the 2022 tariff review. The regulator is expected to release indications in late 1H or early 2H 2021. We do not expect meaningful changes to the formula set up and regulatory consistency has been one of the major benefits of the Italian energy regulatory regime.

The Global Equity Franchise portfolio currently holds high-quality franchise companies with higher financial productivity than the market and that are trading at reasonable valuations. Our portfolio is now trading broadly in-line with intrinsic value but at a sizable discount to the broader MSCI World Index on a number of measures, most notably the EBIT multiple where the portfolio trades on a 20% discount. In spite of a sizable value discount, the financial productivity of the portfolio on a range of measure is a sizable premium to the MSCI World Index. We believe the economic franchise characteristics we seek for all our investments will continue to serve our investors well over the long run.

For more information, call us on 1800 825 287
or visit www.lazardassetmanagement.com.au