

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	25
Total Fund Size	\$138.8m
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

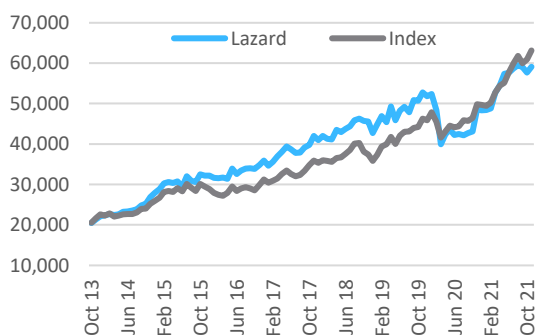
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	15.2	19.6
Forward Return on Equity (%)	15.5	15.2
Sharpe Ratio (Since Inception)	1.0	1.2
Dividend Yield (%)	2.4	1.7
Active Share (%)	98.0	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	2.4	3.6	-1.2
3 Months	-0.7	2.1	-2.8
1 Year	21.8	26.6	-4.8
3 Years (pa)	9.1	18.0	-9.0
5 Years (pa)	11.2	15.6	-4.4
Since Inception (pa)	14.2	14.7	-0.5

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.

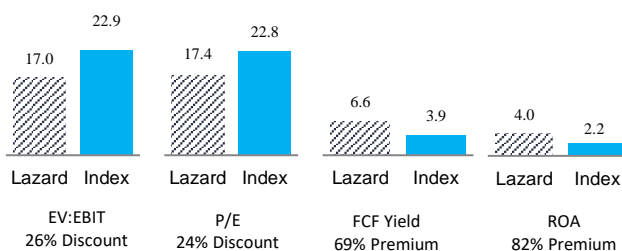
Allocations (%)

Sector	Lazard	Index	Overweight/Underweight
Consumer Staples	2.0	6.7	-4.8
Financials	0.0	13.2	-13.2
Communication Services	10.3	8.5	1.8
Energy	0.0	3.1	-3.1
Real Estate	0.0	2.7	-2.7
Materials	0.0	4.1	-4.1
Health Care	26.8	12.3	14.5
Industrials	19.6	10.1	9.5
Information Technology	10.1	24.1	-13.9
Consumer Discretionary	17.2	12.6	4.6
Utilities	9.3	2.7	6.7
Cash	4.8	0.0	4.8
Region			
North America	56.9	72.5	-15.6
Continental Europe	26.9	13.8	13.0
United Kingdom	6.4	4.0	2.4
Asia Pacific ex-Japan	0.0	3.1	-3.1
Japan	5.1	6.4	-1.3
Middle East	0.0	0.2	-0.2
Cash	4.8	0.0	4.8

Top 5 Holdings (%)

	Lazard
CVS Health	6.5
McKesson	6.5
National Grid	6.4
H&R Block	6.2
International Game Technology	6.1

Investment Characteristics



As at 30 September 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

Commentary

Global equity markets retreated in November 2021 as the emergence of a new COVID-19 variant, 'Omicron', and hawkish comments from U.S. Federal Reserve Chair Jerome Powell offset a very strong corporate earnings season. Volatility surged with the uncertainty over the severity and transmissibility of the mutated virus and the efficacy of current vaccines. Inflationary pressures continued, as did labor shortages, supply chain disruptions, and commodity price increases, sending interest rates higher.

The Lazard Global Equity Franchise Fund returned 2.45% (net of fees) during the month of November 2021, underperforming the MSCI World Index which returned 3.61%.

Discount variety store owner Dollar Tree performed strongly in November 2021 following a report in the Wall Street Journal (WSJ) that activist fund Mantle Ridge had taken a large stake in Dollar Tree (5.7% of shares directly and call options for 4.2% of outstanding shares). The WSJ reported that Mantle Ridge is recommending Rick Dreiling (who was previously the CEO of rival company Dollar General) to lead Dollar Tree, in order to speed up the turnaround of Family Dollar-bannered stores. We believe that Dollar Tree's strong share price performance in November has already factored in the benefits from a successful turnaround, whilst all of the execution is yet to occur. As a result, we have exited our position in the stock.

McKesson rose after delivering stronger than expected 2Q results, largely due to an increase in volumes of COVID-19 vaccines and ancillaries. These will likely reduce as the COVID-19 pandemic subsides and don't change our overall outlook for the business.

National Grid performed strongly in November 2021. Following the release of robust 1H 21/22 results, the company held an investor day focused on the future growth of the business. We think that the current 6 to 8% annual growth in the asset base is likely to persist as energy transition policies require substantial investments in the energy networks. Additionally, National Grid highlighted that those investments will be compatible with affordability criteria, a key issue to ensure that returns are sustainable and accepted by consumers and regulators.

World leading tax preparation firm H&R Block (HRB) rose after announcing lower quarterly loss of EPS of US-\$0.78 versus consensus of US-\$1.07. Higher than expected revenues, particularly in Wave and Emerald Card made up the majority of the beat, along with better cost performance. The company reiterated its FY22 guidance provided in 1Q22, which reflects the change in FY end from April to June 2021. HRB bought back US\$166mm of shares during the quarter to 30 November 2021, equating to approximately 4% of shares out. HRB also announced it had signed a new employment agreement with President and Chief Executive Jeff Jones. The tax-preparation company said it agreed to a second five-year term for Mr. Jones, who took the helm in late 2017. We view the extension of Mr Jones contract as a positive outcome and should signal a continued focus on the current strategy of HRB, which we support.

Stericycle fell after reporting 3Q21 numbers that disappointed on the sorted office paper (SOP) front. Volumes are down 18% since pre-COVID, and SOP was fully operational for the long-awaited ERP which will incur approximately US\$30m of extra costs in 2021. This isn't a long-term issue in our view and the company hasn't changed long-term guidance. Medical waste was up 6.9% organically.

Leading satellite operator SES fell in spite of reporting 3Q21 results which were better than expected. Revenues were 0.5% ahead, EBITDA is 2.6% ahead, and although top-end of full year revenue guidance was trimmed, the mid-point was unchanged at €1,780m, with no change to earnings guidance. SES have also altered the phasing of its capex plan, with spend being pushed out from 2021 to 2023 (without any change in the total envelope). SES now expects to spend €300m in 2021 (prev. €660m), €950m in 2022 (prev. €880m) and €510m in 2023 (prev. €220m). Overall, this has resulted in no changes to near term forecasts or our thesis, leaving the share price decline a mystery.

Fresenius Medical fell on limited news. 3Q21 reporting was in-line with previously announced headwinds from higher patient mortality due to COVID-19, and higher staffing costs lowering margins. These issues will resolve themselves post-COVID-19 and the company remains on track to achieve its longer-term guidance. Spanish listed diversified infrastructure owner and operator Ferrovial (FER) underperformed despite no negative news. Ferrovial's 9M21 results confirmed that traffic is recovering rapidly once the rollout of the vaccination campaigns allows the elimination of travel restrictions and that stronger traffic growth sustains higher pricing, FCF generation and dividend payments. Traffic on its Texan Managed Lane Projects are now above 2019 levels and the 407ETR last week resumed dividend payments with CAD 300m passed on to shareholders, which we see as a strong message of confidence in the business. We can only speculate that the market is concerned that the new variant of the COVID-19 virus, Omicron, will delay reopening and or lead to further travel restrictions and lockdowns.

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 at a modest discount to intrinsic value and a sizable discount to the broader MSCI World Index on a number of valuation measures. 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

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As notified to unitholders in the 'Updated Information' page on our website, from the financial year commencing 1 July 2020, the Fund will operate as an attribution management investment trust (AMIT). Generally, it is expected that the tax position of unitholders will not substantially change as a result of the Fund becoming an AMIT. For the financial year commencing 1 July 2020, and for each financial year thereafter, instead of receiving an annual tax statement, unitholders will receive an AMIT Member Annual Statement (AMMA statement), and will be required to include information from the AMMA statement, including any income attributed to them, when preparing their tax return for that financial year and thereafter. To be clear, annual tax statements will be sent to unitholders for the financial year ended 30 June 2020. For further information please refer to our website: https://www.lazardassetmanagement.com/au/en_us/funds/updated-information. You can also contact our Client Services Team on 1800 825 287 or by email at investorqueries@lazard.com.