

Lazard

Global Equity Franchise Fund

Jul 2022
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	25
Total Fund Size	\$174.5m
Inception Date	1 October 2013
Total Management Costs	1.25%
Index	MSCI World
Minimum Investment	\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Annually
APIR Code	LAZ0025AU

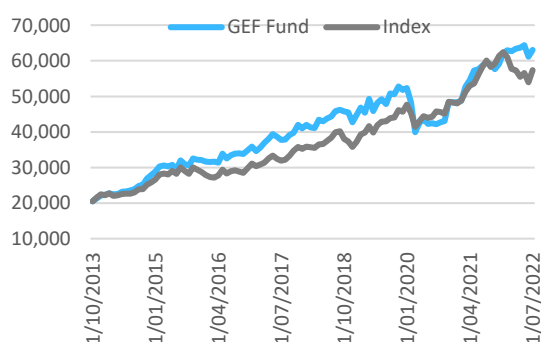
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	13.9	16.4
Forward Return on Equity (%)	14.8	16.1
Sharpe Ratio (Since Inception)	1.04	0.98
Dividend Yield (%)	2.4	2.1
Active Share (%)	97.5	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	3.1	6.4	-3.3
3 Months	-1.0	0.5	-1.4
1 Year	7.5	-4.3	11.8
3 Years (pa)	8.6	9.1	-0.5
5 Years (pa)	10.8	11.8	-1.0
Since Inception (pa)	13.9	12.3	1.6

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.

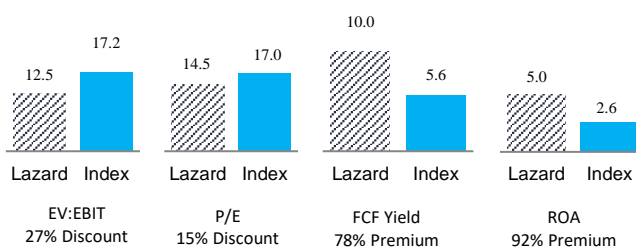
Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	1.9	7.5	-5.6
Financials	0.0	13.2	-13.2
Communication Services	10.2	7.2	3.0
Energy	0.0	4.9	-4.9
Real Estate	0.0	2.9	-2.9
Materials	0.0	4.1	-4.1
Health Care	22.5	13.5	9.0
Industrials	17.1	10.0	7.0
Information Technology	23.2	22.1	1.1
Consumer Discretionary	21.8	11.3	10.5
Utilities	0.0	3.1	-3.1
Cash	3.3	0.0	3.3
Region			
North America	68.4	73.0	-4.6
Continental Europe	25.2	13.1	12.2
United Kingdom	0.0	4.2	-4.2
Asia Pacific ex-Japan	0.0	3.4	-3.4
Japan	3.1	6.0	-2.9
Middle East	0.0	0.2	-0.2
Cash	3.3	0.0	3.3

Top 5 Holdings (%)

	Lazard
International Game Technology	6.6
Omnicom	6.5
Tapestry	6.3
CVS Health	6.0
Fiserv	5.3

Investment Characteristics



As at 30 June 2022. 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

Optimism that inflation had crested and recessionary pressures would cause central banks to retreat from planned rate hikes sustained the markets in July 2022. This held even in the face of another 75-basis-point increase by the US Federal Reserve and hawkish rhetoric from other major central banks. With about half of corporations reporting, earnings surprised to the upside; a majority exceeded estimates, although at a lower percentage than in the past few quarters. Recessionary fears weighed on oil prices, which retreated close to pre-Russia-Ukraine conflict levels.

The Lazard Global Equity Franchise Fund rose 3.1% (net of fees) during the month ending 31 July 2022, underperforming the MSCI World Index which rose 6.4%.

Leading payment processor Fiserv rose after posting strong second quarter results and increasing guidance for FY 22. Fiserv's Acceptance segment, which processes payments for merchants, grew 17% in the quarter ended 30 June 2022, while the overall business grew 12% organically.

Luxury retail company Tapestry benefitted in July 2022 from the rebound in global markets and from the gradual lifting of COVID-19 lockdowns in China. The group remains valued at very attractive levels and offers some of the highest upside in our investible universe.

Omnicom, the second largest advertising & marketing services firm in the world, rose in July after reporting another strong quarterly result. Organic revenues rose 11.3% and management increased full year revenue guidance. Omnicom shares trade at less than 10x forward earnings and are undervalued even assuming a recession over the next 1-2 years.

eBay contributed to fund performance on little news, although reported 2Q22 results are expected to be below expectations on negative currency movements.

H&R Block Inc. (HRB) is a leading provider of tax preparation services. The company provides assisted income tax return preparation, do-it-yourself (DIY) tax solutions and other products and services associated with income tax return preparation in the United States, Canada and Australia. In spite of little company specific news during the month HRB's shares continued to perform well now having gained more than 60% over the past year. The outperformance partly reflects better-than-expected earnings and revenue performance in the last four quarters. We believe the main drivers of the company's performance post the pandemic will include continued client addition and retention in both Assisted and DIY, as well as its expanded offering for small businesses. In spite of the strong share price performance HRB still trades on 10x forward earnings

The share price of dialysis provider Fresenius continued to fall this month, after disclosing greater inflationary pressures and continued nursing staff shortages in Q2 2022. Guidance for FY22 has been further reduced, and they've withdrawn FY25 guidance, as a precaution. The company expects these issues to be temporary, however the timeframe for resolution has increased. We believe the shares remain extremely cheap assuming these issues can be resolved.

Leading satellite operator SES fell during July on little company specific news. We believe SES fell in sympathy following the announcement of the merger of its geostationary (GEO) rival Eutelsat with Low-Earth Orbit (LEO) player OneWeb; which created disruption to the industry status quo. Although we see limited direct impact for SES operations, the market response was negative, selling both GEO satellite companies during the month. In terms of industry implications, we believe SES is well-positioned for revenue growth post-pandemic, given it operates multi-orbit assets, which we believe offers a strategic advantage. We continue to see SES as well-positioned to benefit from industry revenue growth in maritime, In-Flight Connectivity (IFC) and government as the only commercial multi-orbit Medium-Earth Orbit (MEO)/Geostationary (GEO) satellite operator. SES has significant growth capex being spent on its MEO satellite constellation, O3b, and geostationary satellite SES-17. In particular, capex for 2022 is just under €1 billion, however this funding impact is softened by first instalment of US\$874m in pre-tax from US C-Band spectrum proceeds received early in the year. The second (Phase II) payment of almost \$3bn is due in 2024 equates to almost €6.50 per share. As at 31 July 2022, the SES share price was €7.37.

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 sizeable discount to intrinsic value as well as 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

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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.