

Lazard

Global Equity Franchise Fund

Nov 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	\$220.7m
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

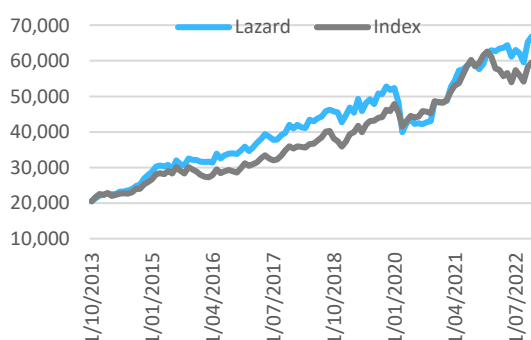
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	13.7	16.5
Forward Return on Equity (%)	13.6	15.8
Sharpe Ratio (Since Inception)	1.03	0.96
Dividend Yield (%)	2.7	2.1
Active Share (%)	97.7	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	2.3	2.1	0.2
3 Months	7.6	6.4	1.1
1 Year	13.1	-5.6	18.7
3 Years (pa)	8.2	7.9	0.3
5 Years (pa)	9.7	10.1	-0.3
Since Inception (pa)	14.1	12.3	1.8

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.

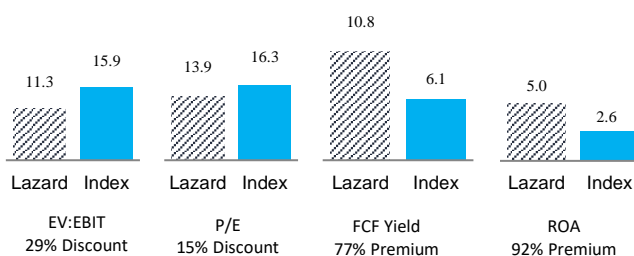
Allocations (%)

Sector	Lazard	Index	Overweight/ Underweight
Consumer Staples	1.0	7.7	-6.7
Financials	0.0	14.0	-14.0
Communication Services	10.1	6.6	3.5
Energy	0.0	5.6	-5.6
Real Estate	0.0	2.6	-2.6
Materials	0.0	4.4	-4.4
Health Care	25.3	14.1	11.2
Industrials	16.1	10.4	5.7
Information Technology	17.7	21.0	-3.2
Consumer Discretionary	20.0	10.5	9.5
Utilities	2.9	3.0	-0.1
Cash	6.8	0.0	6.8
Region			
North America	57.9	72.6	-14.7
Continental Europe	25.3	13.5	11.8
United Kingdom	5.9	4.3	1.6
Asia Pacific ex-Japan	0.0	3.4	-3.4
Japan	4.1	6.0	-1.9
Middle East	0.0	0.2	-0.2
Cash	6.8	0.0	6.8

Top 5 Holdings (%)

	Lazard
Tapestry	6.3
Omnicom	6.1
Cognizant	6.0
CVS Health	5.6
International Game Technology	5.5

Investment Characteristics



As at 30 September 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

Global equity markets rose as inflation showed definite signs of easing globally, increasing the potential for a slowing in the Federal Reserve's (Fed) interest rate hikes. European markets led the developed markets in November, with employment figures showing strong gains; the United States lagged largely due to the weaker dollar. While US equity markets moved higher, the US yield curve continued to invert, raising fears of a recession. The potential for less hawkish Fed policy caused the US dollar to fall sharply against most major currencies including the euro, UK pound, and yen.

The Lazard Global Equity Franchise Fund returned 2.29% (net of fees) during the month ending 30 November 2022, slightly outperforming the MSCI World Index which returned 2.12%.

International Gaming Technology (IGT), the world's largest lottery concession and gaming operator, rose after again reporting Q3 results above market expectations. IGT's Q3 revenue growth of 14% highlighted not only the resilience of its business segments, but also IGT's market-leading position. IGT reiterated its 2022 revenue outlook and noted it expects to come in at the high-end of the range for revenue, operating earnings and free cash flow. IGT's net leverage is currently at the lowest level in company history, with the vast majority of its debt in long-term fixed rate bonds, shielding the company from interest rate increases. Through October, IGT has returned \$224m in capital returns by cash dividends and share repurchases YTD in 2022. IGT trades on around 7x EBITDA, around half that of its international lottery and gaming peers.

Luxury fashion holding company, Tapestry, gained ground as the company was able to largely offset the continued disruptions in the Chinese market and made further progress on the execution of its performance improvement plan. This strategy includes a more nimble value chain and greater use of data analytics to understand consumer demand.

German braking systems manufacturer Knorr-Bremse added to performance after reassuring the market of its ability to absorb inflationary pressures through cost containment and price increases. The company's market share in China remains strong despite the standstill due to continued COVID-19 restrictions. We believe the company is putting its balance sheet to good use by securing inventories to continue its deliveries reliably. Lastly, the appointment of a new CEO is bringing hope of strategic clarity after several years of management uncertainty.

US e-commerce company eBay contributed in November after reporting better than expected Q3 22 figures. The difficult macro environment has been partially countered by Focus categories, and advertising and payments continue to improve. eBay's strategic pivot away from fixed price listings, logistics and first party inventory towards what is arguably its core competency; price-discovery in non-transparent value-based markets, is working well.

Pediatrix Medical Group provides specialist physician services to hospitals, intensive care units, and other medical units. The company detracted from performance after reporting a poor Q3 2022 result due to lower births, negative payor mix fluctuations, and the poorly managed transition of their internal revenue collection department to an outsourced provider. The company has taken advantage of its lower share price, buying back 5% of its outstanding shares over Q2 and Q3 of 2022. In Q3, the company used the balance of its free cashflow to make a small acquisition and lower overall debt levels. The company has been challenged by ongoing declines in birth numbers, however we believe it remains significantly undervalued.

Medtronic, the world's leading medical device manufacturer, fell after reporting weaker than expected second quarter results and lowering full year earnings guidance. Revenues missed expectations by 150bps, with organic growth of 2.2% about 100bps below expectations and currency headwinds comprising the remainder. The company pointed to certain procedure volumes being slower to recover, primarily in developed markets, as a result of continued healthcare system staffing challenges, as well as a slower pace of improvement in their supply chain. While disappointing, these issues appear temporary, and the shares remain attractive to us even assuming fairly modest growth rates in the years ahead.

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.