

Lazard

Defensive Australian Equity Fund

Aug 2022
Factsheet

Reduce Drawdowns

Emphasis on avoiding large drawdowns compared to the S&P ASX 200 Accumulation Index

Total Return

Securities selected for both income and long-term growth opportunities

Sustainable Income

Exposure to companies with sustainable income streams

Fund Facts

Number of stocks	31
Total Fund Size	\$15.4m
Inception Date	03-Jul-12
Total Management Costs	0.77% p.a.*
Benchmark	RBA Cash Rate
Minimum Investment	\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Quarterly ¹

* Total reduces to 0.47% p.a. of the net asset value when the proportion of the Fund in Cash investments is greater than 50%. Total Management Costs include an estimated Indirect Costs of 0.02% p.a. of the NAV

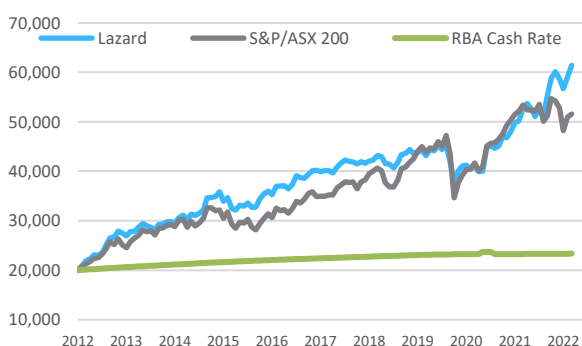
Investment Characteristics

	Lazard	S&P/ASX
Volatility	10.6	13.6
Sharpe Ratio (Since Inception)	1.0	0.6
Net Yield (%)	4.2	4.5
Gross Yield (%)	5.4	6.0
3 Year Turnover (% pa)	56.6	-

Performance ² (%)

	Lazard	Cash Rate	S&P/ASX
1 Month	4.1	0.2	1.2
3 Months	4.7	0.3	-2.4
1 Year	16.8	0.4	-3.4
3 Years (pa)	12.5	0.4	5.5
5 Years (pa)	8.9	0.8	8.1
Since Inception (pa)	11.7	1.5	9.8

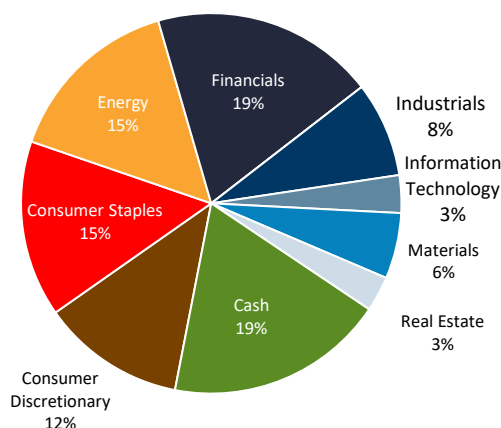
Growth of \$20,000 ²



Asset Allocation (%)

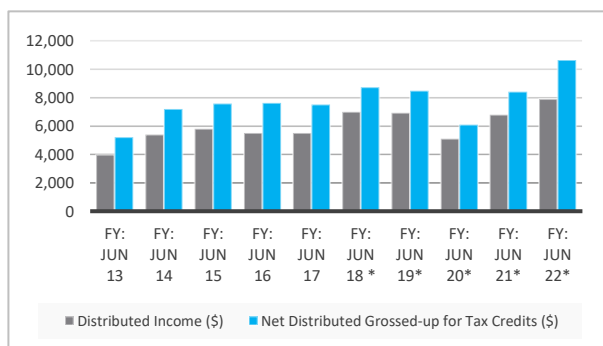
	Lazard	S&P/ASX
Equity	81.4	100
Cash Deposits	18.6	-

Sector Exposure (%)

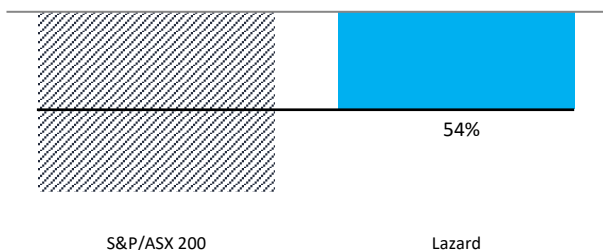


Fund Distributions ³

Based on \$100,000 Capital Invested at Fund Inception



Down Market Capture Ratio ⁴



* The Fund opted into the Attribution Managed Investment Trust (AMIT) regime from 1 July 2017. The cash distribution policy of the Fund following the election is a gross income cash distribution policy. That is, the expenses of the Fund will be funded from remaining capital in the Fund. The payment of income before expenses will mean that part of the cash distribution will represent a non-taxable amount. This will appear on AMMA statement as a non-assessable non-exempt amount.

1 Distributions are made quarterly if of an economic size.

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

3 Distribution calculation assumes income is distributed and all distributed capital gains are immediately re-invested. Distribution calculation is for illustrative purposes only. Distributions can go up and down. Past distributions are not necessarily indicative of future distributions.

4 Down Market Capture Ratio is calculated since inception and based on performance gross of all fees. Down Market capture is a statistical measure of an investment manager's overall average performance in down markets, being calendar months where the S&P/ASX 200 Accumulation Index ("Index") experiences negative performance. A drawdown ratio (or percentage) of less than 100 (or 100%) reflects that the manager has outperformed the Index during such down markets.

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ASSET MANAGEMENT

Commentary

As at 31 August 2022, the Fund is invested in 31 companies which meet the criteria of a dividend yield above the cash rate, capital appreciation potential and sustainability of dividend. Given between 1% and 3% of Fund assets will be invested in each qualifying company at month end, listed shares accounted for 81.4% of assets and 18.6% of Fund assets were invested in cash deposits.

As at 31 August 2022, the Fund's aggregate forward yield continued to look attractive at 4.9%, or 6.3% when "grossed-up" for franking credits and tax deferral benefits*. This can be compared to the RBA annual cash rate at month end of 1.85%. The two RBA measurements of term deposit rates in the Australian market, the "Average Rate (all terms)" and the "Special Rate (all terms)", ended the month at 0.80% and 1.20%, respectively.

August 2022 saw nine ex-dates and three dividend payments.

Waypoint REIT (WPR) is Australia's largest listed fuel and convenience retail-focused Real Estate Investment Trust (REIT) which owns a network of properties valued at over AUD\$3bn. Its portfolio comprises 404 properties across all states and territories, with a focus on high quality metro locations along the eastern seaboard. The portfolio is 99.9% occupied with an average lease expiry of 9.5 years and 3.2% weighted average rental escalation as at June 2022. Moreover, ~90% of leases are triple-net (NNN) structure, whereby the tenant is responsible for property taxes, insurance and maintenance. Management has continued to divest non-core assets and announced a further AU\$100m share buyback, in addition to the AU\$300m worth of capital returned via buybacks in FY21 and 22. Whilst management has stated its intention to explore acquisitions including and outside of fuel and convenience retail, it has remained disciplined with capital management. WPR's 30 June 2022 portfolio revaluation revealed a further ~5% increase in asset values over the prior 6-month period, resulting in a 8% increase in net tangible assets (NTA) per security to AU\$3.18/sh. WPR's distribution guidance of 16.4cps represents 4% growth YoY and ~6.3% yield, with the shares currently trading at a ~18% discount to NTA.

Looking ahead, September 2022 will be a busy month with nine dividend receipts expected.

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

*Assumes tax deferred distributions are equivalent to 60% franked, based on an assumed marginal tax rate of 35% and an assumed holding period of 3 years. A higher assumed marginal tax rate, or a longer assumed holding period would have increased the assumed/equivalent franking level. Conversely, a lower assumed marginal tax rate, or a shorter assumed holding period would have decreased the assumed/equivalent franking level.

Disclaimer

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