

Lazard

Defensive Australian Equity Fund

Jul 2023
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

Performance ¹ (%)

	Lazard	Cash Rate	S&P/ASX
1 Month	3.6	0.4	2.9
3 Months	4.9	1.0	2.0
1 Year	15.0	3.3	11.7
3 Years (pa)	18.9	1.2	12.0
5 Years (pa)	9.9	1.1	7.5
10 Years (pa)	9.3	1.5	8.3
Since Inception (pa)	11.6	1.7	9.9



Investment Characteristics

	Lazard	S&P/ASX
Volatility	10.5	13.6
Sharpe Ratio (Since Inception)	0.9	0.6
Net Yield (%)	4.8	4.3
Gross Yield (%)	6.1	5.8
3 Year Turnover (% pa)	39.6	-

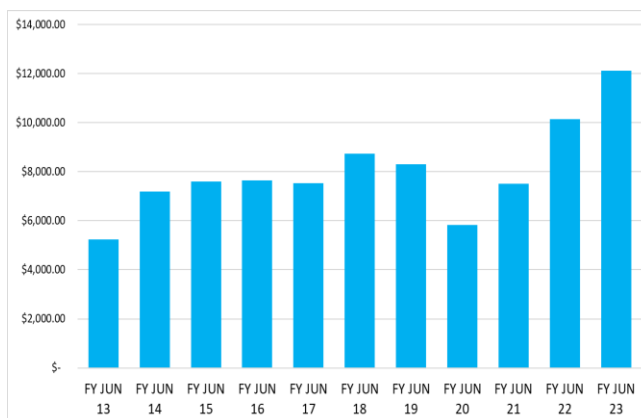
Fund Facts

Number of stocks	30
Total Fund Size	\$27.1m
Inception Date	03-Jul-12
Total Management Costs	0.77% p.a.*
Benchmark	RBA Cash Rate S&P ASX 200
Minimum Investment	\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Quarterly ²

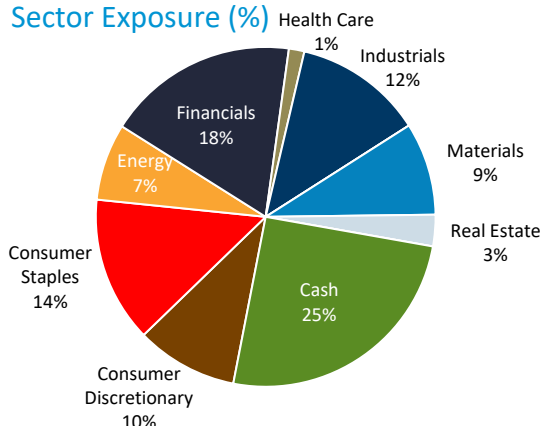
* Total reduces to 0.47% p.a. of the net asset value when the proportion of the Fund in Cash investments is greater than 50%. Total Management Costs include an estimated Indirect Costs of 0.02% p.a. of the NAV

Fund Distributions ³

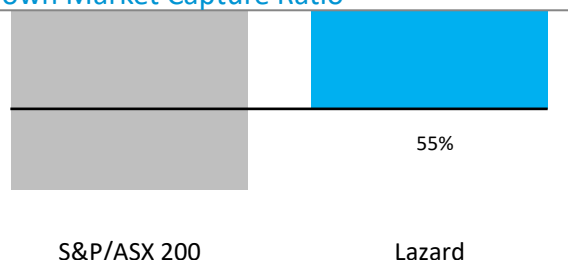
Based on \$100,000 Capital Invested at Fund Inception



Sector Exposure (%)



Down Market Capture Ratio⁴



LAZARD
ASSET MANAGEMENT

* 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 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.

² Distributions are made quarterly if of an economic size.

³ Distribution calculation is based on the Net Distributed grossed-up for Tax Credits. It assumes income is distributed and all distributed capital gains are immediately re-invested in the Fund. 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 net 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.

Commentary

As at 31 July 2023, the Fund is invested in 30 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 74.7% of assets and 25.3% of Fund assets were invested in cash deposits.

As at 31 July 2023, the Fund's aggregate forward yield continued to look attractive at 4.8%, or 6.0% when "grossed-up" for franking credits and tax deferral benefits*. This can be compared to the RBA annual cash rate at month end of 4.10%. 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 2.90% and 3.20%, respectively.

July 2023 saw two dividend payments and two ex-dates.

Collin's Foods (CKF) reported their FY23 annual result in June 23 which modestly beat expectations due to robust top line growth. It appears the margin impact from cost inflation is peaking with lower costs to boost margins later in FY24 and into FY25. The company is executing well on scaling up the Netherlands business which may lead to higher margins over time in that business. The market responded positively to the solid top line growth in a challenging consumer environment and is beginning to appreciate the long-term growth potential in the European business. While the near-term dividend yield on offer is modest at approximately three percent, our assessment of the long-term sustainable yield is higher with a solid double-digit CAGR in dividends expected over the near term.

Looking ahead, Aug 2023 will see three dividend receipts.

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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.

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