

Lazard Global Equity Franchise Fund

July 2025

LAZARD
ASSET MANAGEMENT

The **Lazard Global Equity Franchise Fund** ('Fund') is an actively managed portfolio that seeks long-term, defensive returns by investing globally in a range of economic franchises. The Fund's objective is to achieve total returns (including income and capital appreciation and before the deduction of fees and taxes) in excess of the MSCI World Index with lower risk over the long term. It invests in listed companies which we consider have an "economic franchise", meaning companies which possess a combination of high degree of earnings forecastability and large competitive advantages. The investment team employs a valuation driven investment process that leverages a unique scoring methodology to rank investable companies by expected returns.

Fund Facts

Inception Date	1 Oct 2013
Total Fund Size (AUD)	A\$317.7m
Number of Holdings	27
Total Management Costs	1.25% p.a.
Minimum Investment	A\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Annually
APIR Code	LAZ0025AU
Benchmark	MSCI World Index

Strategy Highlights

Concentrated and Active

High conviction global equity portfolio.

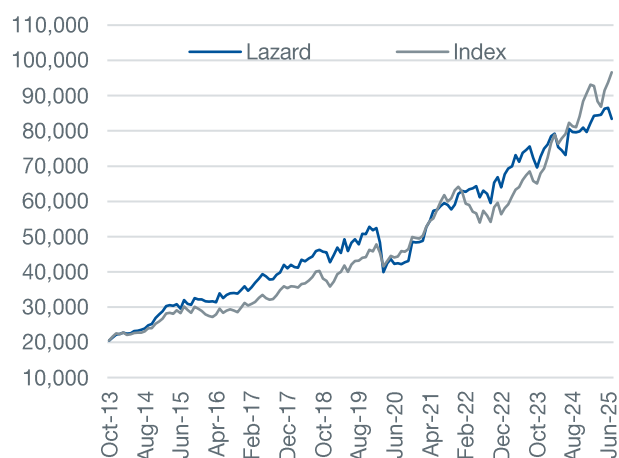
Companies with an Economic Franchise

Large economic moats with a history of stable forecastable earnings

Strict Valuation Discipline

Benefits of Economic Franchises at a Discount to Intrinsic Value.

Growth of \$20,000¹



Performance¹

(%; net of fees. As of 31 July 2025)

	Annualised						Since Inception
	1M	3M	1Y	3Y	5Y	10Y	
Fund	-3.7	-1.4	3.5	9.7	14.4	10.1	12.8
Benchmark	3.1	11.2	17.4	19.0	16.3	12.1	14.0
Excess Return	-6.8	-12.6	-13.9	-9.2	-1.8	-2.0	-1.1

¹Investments 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

Region

	Lazard (%)	Benchmark (%)	Over/Underweight (%)
North America	34.7	75.7	-41.0
Continental Europe	35.4	12.4	22.9
United Kingdom	19.2	3.6	15.5
Asia Pacific ex-Japan	-	2.7	-2.7
Japan	6.3	5.3	1.0
Middle East	3.2	0.2	2.9
Cash	1.3	-	1.3

Sector

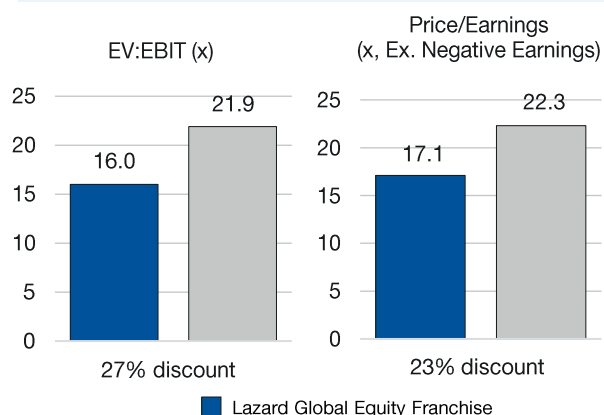
	Lazard (%)	Benchmark (%)	Over/Underweight (%)
Communication Services	10.1	8.5	1.6
Consumer Discretionary	16.3	10.1	6.2
Consumer Staples	8.2	5.7	2.5
Energy	-	3.5	-3.5
Financials	20.7	17.0	3.8
Health Care	11.7	9.1	2.6
Industrials	12.0	11.4	0.5
Information Technology	5.2	26.8	-21.7
Materials	-	3.1	-3.1
Real Estate	-	2.0	-2.0
Utilities	14.6	2.7	11.9
Cash	1.3	-	1.3

Top Holdings

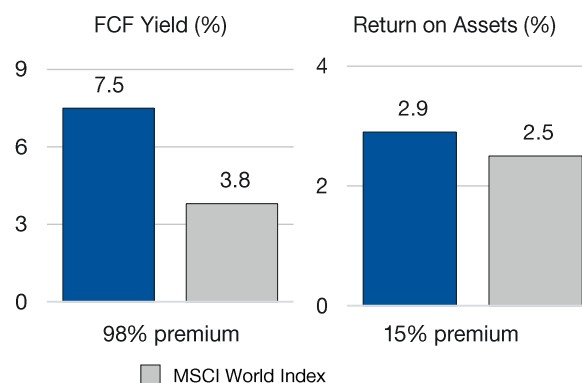
	Lazard (%)
Brightstar Lottery	6.5
Omnicom	6.3
Nexi	6.3
H&R Block	5.2
Fiserv	5.2

Portfolio Characteristics²

Discounted valuations



Superior portfolio characteristics



Allocations and securities mentioned are based upon a portfolio which represents the proposed investments for a fully discretionary account. Allocations and security selection are subject to change. Please note that cash is not viewed as a strategic asset class. The information provided in this material should not be considered a recommendation or solicitation to purchase or sell any security. There is no assurance that any securities referenced herein will remain in the account's portfolio or that securities sold have not been repurchased. The securities discussed may not represent the account's entire portfolio.

² As at 30 June 2025. 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

Equity markets around the world rose in July amid guarded optimism that the US would strike deals with its trading partners to lower proposed tariffs, and, in the process, mitigate downside risks to the global economy. The US Federal Reserve held interest rates steady, despite political pressure to lower borrowing costs. In the EU, tariff negotiations concluded with a 15% level imposed across most goods; other markets continued to negotiate, including Switzerland. Inflation numbers continued to inch higher, increasing the likelihood that the European Central Bank will pause its rate-cutting policies.

The Lazard Global Equity Franchise Fund returned -3.65% (net of fees) during the month ending 31 July 2025, underperforming the MSCI World Index, which returned 3.10%.

It is important to note that since 2019, the markets have been experiencing regular cycles of momentum and momentum reversal, contributing to the volatility in our relative returns. By continuing to prioritize companies with strong and consistent earnings growth, we aim to achieve steady returns without depending on market sentiment or temporary valuation increases.

Key contributors

Brightstar Lottery (BRLS) is the leading global lottery business and global gaming equipment company, serving as the "preferred" partner in over 100 countries. On 1 July 2025, International Game Technology PLC (IGT) began operating under the BRLS name, following the sale of its Gaming & Digital business to Apollo Global Management. As of 30 June 2025, adjusted for the sale, BRLS's remaining lottery business is trading at less than 4x EBITDA, while comparable listed lottery businesses trade at 10-15x EBITDA. We support the exit from IGT Gaming and believe the stock could be appropriately re-rated.

Rentokil Initial (RTO) is the world's largest pest control company and primarily delivers essential, recurring services in two main areas: pest control and hygiene. The company operates in over 90 countries and holds the number one or two market position in most of these markets. In July, RTO's share price rose following the release of its H1 results, which broadly met market expectations. The company also provided a positive outlook for H2 and beyond. RTO is currently trading at its lowest valuation multiple in nearly a decade.

Omnicom is currently the second largest advertising & marketing services company in the world. The company is able to generate high returns on capital due to its competitive advantages from leading agency brands and global scale. Omnicom contributed positively to performance during the period after reporting solid earnings results. Revenues grew 3% organically, with its Media & Advertising and Precision Marketing segments - together represent two-thirds of its revenue - grew by 7% in the quarter. The company also confirmed that its merger with IPG had cleared US FTC review. Omnicom is currently trading at its lowest multiple in 30 years.

Key detractors

Baxter, a US-based supplier of vital hospital products boasts a broad range of healthcare offerings with an extensive global presence. The stock declined after the release of its second-quarter earnings. While the results aligned with prior guidance, the market appeared concerned about the company's slightly reduced FY25 outlook due to the voluntary withdrawal of its Novum infusion pump. Baxter expects this issue to be temporary, with the product anticipated to return to the market later in 2025. Baxter is currently trading at its lowest valuation multiple in a decade.

FDJ United holds a strong leadership position in the European lottery, betting, and gaming sectors, supported by a diverse product portfolio encompassing traditional lotteries, sports betting, and online gaming. The company's share price declined in July. The drop was partly due to Crédit Agricole Assurances selling its entire 3.3% stake in the company. At the end of the month, FDJ reported its 2025 earnings expectations were lowered due to higher taxes, regulatory costs, declining retail sports betting revenue, and integration costs from the Kindred acquisition. Despite these challenges, we remain confident in our investment in FDJ United and believe its shares are undervalued.

Fiserv, the largest payment processor for merchants in the U.S., provides financial solutions including payment processing, digital banking, and merchant services, making it a one-stop solution for financial institutions. The company was a detractor to performance after reporting second-quarter earnings. While the overall results were strong, they were slightly below consensus expectations. Management tightened guidance slightly but still expects earnings per share growth in FY 2025. Despite this, Fiserv is trading at its lowest multiple in 13 years.

Outlook

The Global Equity Franchise portfolio currently holds market leaders and monopolies with higher long run earnings predictability than those of the market and that are trading at reasonable valuations. Our portfolio is now trading at a sizable 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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