

Lazard Global Equity Franchise Fund

August 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\$345.3m
Number of Holdings	26
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.

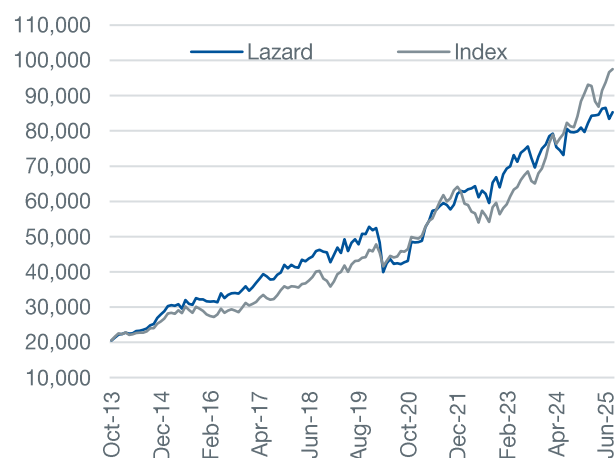
Companies with an Economic Franchise

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

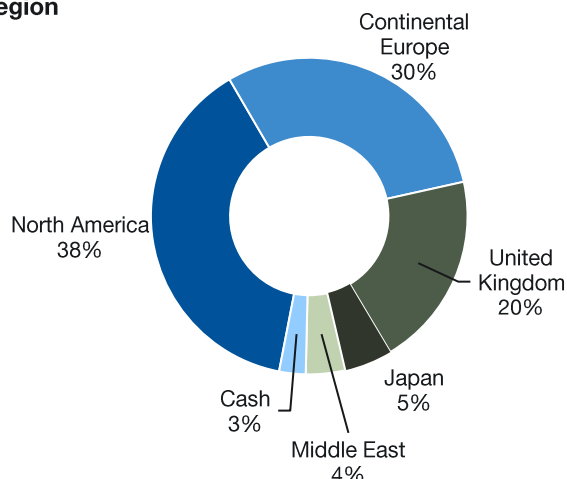
(%; net of fees. As of 31 August 2025)

	Annualised						Since Inception
	1M	3M	1Y	3Y	5Y	10Y	
Fund	2.3	-1.2	7.0	11.1	15.1	10.7	12.9
Benchmark	0.9	6.6	19.9	20.3	15.7	12.5	13.9
Excess Return	1.3	-7.8	-12.9	-9.2	-0.6	-1.9	-1.0

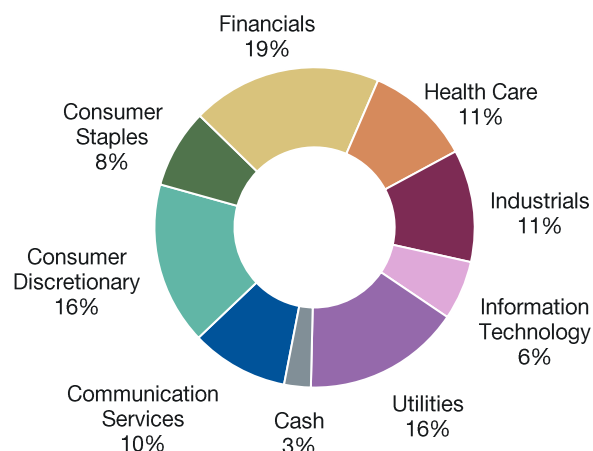
¹Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

Allocations

Region



Sector

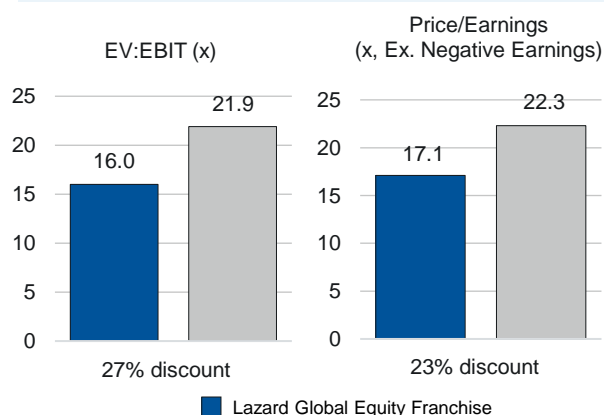


Top Holdings

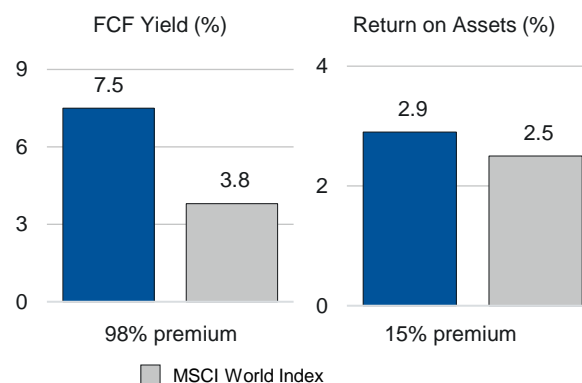
	Lazard (%)
Brightstar Lottery	6.6
Omnicom	6.4
Nexi	6.3
Fiserv	5.2
H&R Block	5.0

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

In August, global equity markets rose due to optimism about the potential of US interest rates being revised downwards. Mixed economic reports from the US fuelled speculation about the Federal Reserve's (Fed) policy decisions ahead of its September meeting. In a late-August speech, Fed Chair Jerome Powell hinted at a possible rate cut, citing labour market vulnerabilities and emphasizing cautious policy adjustments. In Europe, the European Central Bank (ECB) is expected to hold interest rates steady at its policy meeting next month, as the eurozone showed signs of resilience and inflation hovered near the ECB's 2% target. In the UK, the Bank of England lowered interest rates.

The Lazard Global Equity Franchise Fund returned 2.28% (net of fees) during the month ending 31 August 2025, outperforming the MSCI World Index, which returned 0.94%.

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 (BRSL) is the leading global lottery business serving as the "preferred" partner in over 100 countries. The company delivered strong performance in August following the release of its Q2 results, which exceeded expectations for both revenue and EBITDA. We believe the market has yet to fully recognize the value of the additional revenues associated with digital lotteries under the new concession arrangements. We continue to see significant upside in BRSL, which trades at approximately half the EBITDA multiple of listed peers and recent PE transactions.

Nexi, Europe's largest merchant acquirer, card issuer and payment processor, is well-positioned to benefit from growing electronic payment penetration. The company has maintained strong performance following the release of solid 1H results and the confirmation of targets for FY2025. In our view, Nexi shares present a compelling opportunity, supported by high and growing free cash flow generation and sound capital allocation.

Bunzl, a UK-based global leader in non-food consumables like toilet paper, coffee cups, and work boots, leverages its scale to offer competitive pricing and a reliable supply chain, helping clients lower working capital and procurement costs. The company contributed to performance during the period following the release of its second quarter results. Operating margins in their underperforming North American segment were better than expected, and management confirmed they are in the process of restoring their historically successful decentralized operating model in the region. The results are supportive of our view that the North American operational issues are likely a temporary issue.

Key detractors

H&R Block's (HRB) is the largest tax agent in the U.S. HRB benefits from robust cash flow, excellent returns on capital, and has consistently paid a growing quarterly dividend for over 50 years, though it is influenced by economic conditions and unemployment rates. The decline in HRB share price in August 2025 was mainly due to the company missing earnings per share (EPS) expectations for its fourth quarter. Additional contributing factors included weaker-than-expected earnings guidance for the coming fiscal year and the announcement of CEO Jeff Jones's retirement, which created some market uncertainty.

Unicharm is a global leader in personal and pet care, renowned for innovative hygiene products. With flagship brands like Moony, MamyPoko, Sofy, and Lifree, it dominates the Asian market and is expanding worldwide. Unicharm detracted from performance after lowering sales and operating profit guidance in Q2. Issues in Chinese feminine care and Indonesian baby care have been worse than expected. However, we expect that investments in marketing and advertising will improve results over time. Even with conservative assumptions, Unicharm remains attractively priced.

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 August, the company's share price fell despite producing H1 results that met expectations and showing better-than-expected performance in its troubled North American pest control division.

Outlook

The Global Equity Franchise portfolio currently holds market leaders and monopolies with more predictable long-term earnings than the market and 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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