

# Lazard Global Equity Franchise Fund

LAZARD  
ASSET MANAGEMENT

December 2025

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\$236.6m
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.

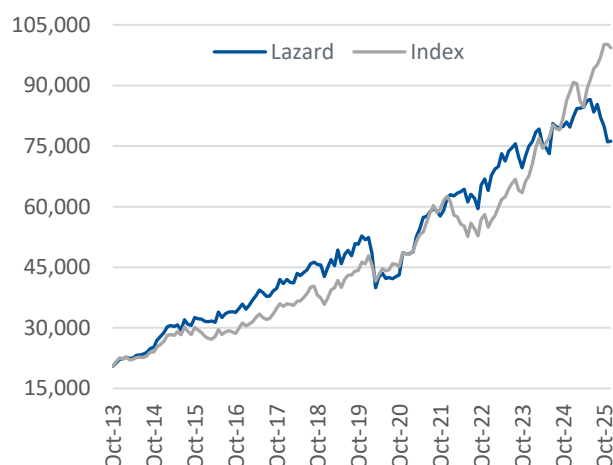
### Companies with an Economic Franchise

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 \$20,000<sup>1</sup>



## Performance<sup>1</sup>

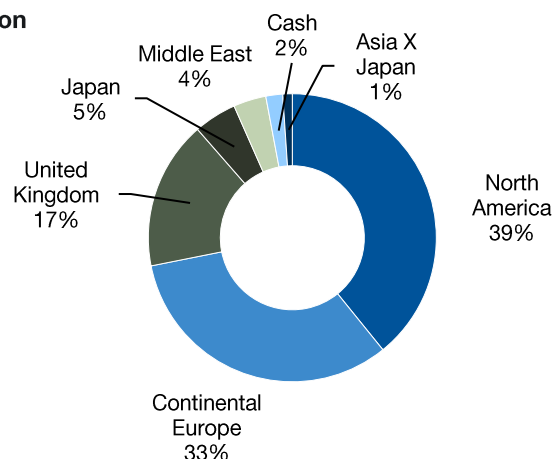
(%; net of fees. As of 31 December 2025)

	1M	3M	1Y	Annualised			
				3Y	5Y	10Y	Since Inception
Fund	0.3	-7.2	-4.3	6.0	9.6	9.0	11.5
Benchmark	-0.9	2.5	12.4	21.8	15.5	13.2	13.9
Excess Return	1.2	-9.7	-16.8	-15.8	-5.9	-4.1	-2.4

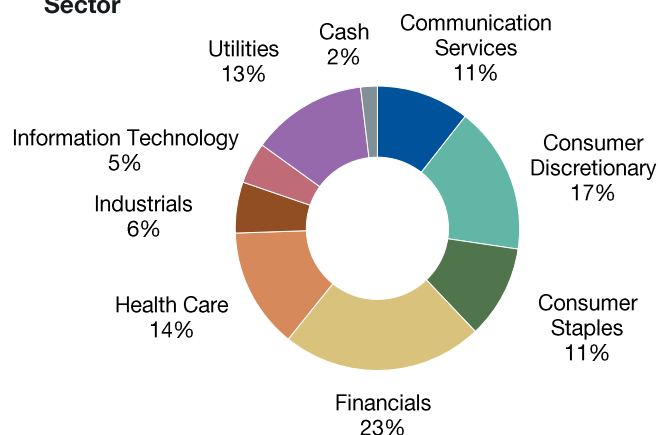
<sup>1</sup>Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

## Allocations (%)

### Region



### Sector

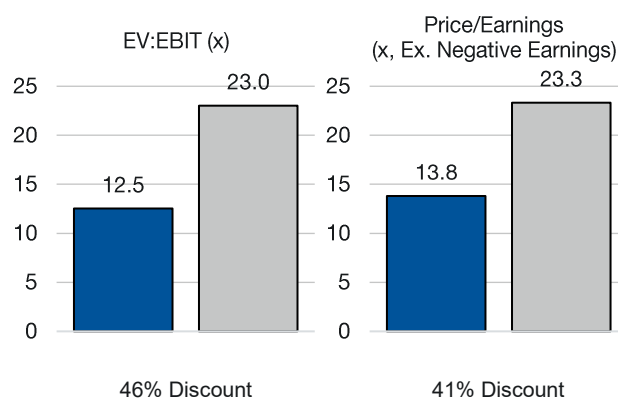


## Top Holdings (%)

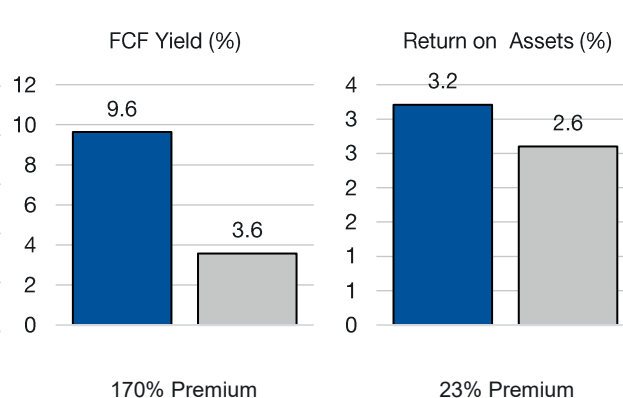
	Lazard
Omnicom	7.2
Brightstar Lottery	6.7
Nexi	6.7
Fiserv	5.7
Edenred	5.6

## Portfolio Characteristics<sup>2</sup>

### Discounted valuations



### Superior portfolio characteristics



■ Lazard Global Equity Franchise

■ MSCI World Index

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. Total may not add to 100% due to rounding. 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.

<sup>2</sup>As at 31 December 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

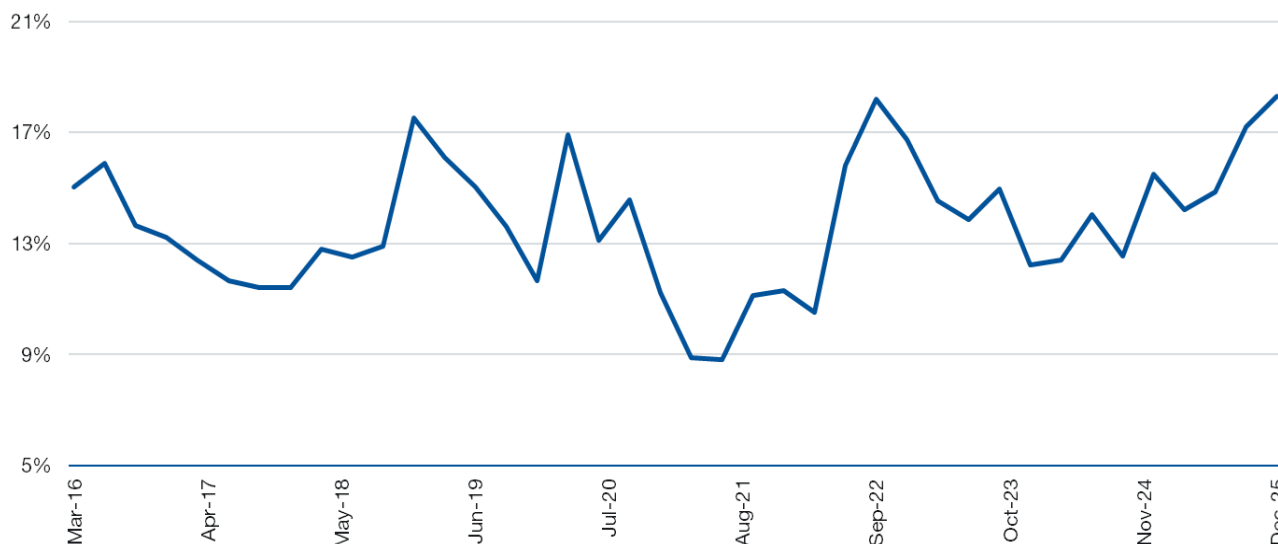
Global equities rose in the fourth quarter as shifting artificial intelligence (AI) sentiment and uncertainty around global interest rate policy drove markets. The AI driven rally showed signs of entering a new phase, with initial enthusiasm giving way to concerns about heavy tech-sector spending, debt financed expansion, overvaluation, and the risk of an AI bubble. AI linked technology stocks dominated performance, with nine of the top 10 contributors to the MSCI ACWI—three from the “Magnificent Seven”—accounting for the majority of the quarter’s gains. The Federal Reserve delivered three 25 bp cuts before signaling a pause in December, lifting market sentiment despite unclear US inflation and labor trends. In Europe, the European Central Bank (ECB) held rates steady and indicated its rate cutting cycle had ended amid improving conditions. The Bank of England (BOE) held rates unchanged before delivering a December cut but suggested further reductions may slow given weak growth and mixed inflation signals.

The Lazard Global Equity Franchise Fund returned -7.19% (net of fees) during the quarter ending December 2025, underperforming the MSCI World Index, which delivered a 2.48% return.

We believe that all positions held within the portfolio retain their respective competitive advantages, have good (and in some cases improved) management in place to navigate these issues and do not face insurmountable headwinds. All stocks in the portfolio fulfil our criteria for an Economic Franchise, hence our confidence in the robustness of their medium and long-term earnings trajectories. Having revisited our investment thesis for each stock, we do not believe these companies are value traps. In our view, their respective balance sheets are in good shape, cash flows robust and debt manageable. Some are undergoing a period of adjustment, but we believe revenue should continue to grow, margins should, at least, be maintained, and profits should rise over time.

Furthermore, we believe that all holdings in our Lazard Global Equity Franchise portfolio provide an opportunity for countercyclical investors today. The expected Static Portfolio IRR is one of the highest in the strategy’s history. As of 31 December 2025, this expected return is higher, in excess of 18% p.a. The only other time we observed current levels of IRR occurred briefly in March 2020, in the midst of the COVID-19 pandemic.

### Lazard Global Equity Franchise: Static Portfolio Internal Rate of Return (IRR)



Data as of 31 December 2025. Fair value of stocks quarterly from March 2016 through to 31 December 2025. Fair value of stocks are calculated over 3 years, assuming all stocks trade at our valuation in 3 years time; annualised in AUD. The information presented is theoretical and is shown for information purposes only. It is based on Lazard’s assumptions underlying the calculation of fair value at each point in time and is subject to change should our assumptions change. The information does not represent a promise or guarantee that the stocks will achieve fair value. Source: Lazard

## Key Contributors

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. Operating in over 90 countries, Rentokil holds the number one or two market position in most of these markets. Following a challenging period, Rentokil's Q3 2025 trading update provided clear evidence that its recovery plan is gaining traction, triggering a sharp rise in the share price. The company reiterated its full-year 2025 outlook, signalling that performance is back on track despite earlier softness. Following the stock's outperformance, we sold out of the position during the quarter.

Shares of Italian gas utility Snam rose after the company upgraded its 2025 targets. While the revision was largely anticipated following a strong first half, the market welcomed the confirmation. In addition, regulator ARERA announced that the allowed return will remain unchanged in 2026 despite lower bond yields. The decision underscores the constructive and consistent regulatory approach that has long defined the Italian regulatory environment.

Cognizant is a multinational professional services firm providing information technology, consulting, and business process outsourcing to help clients modernize for the digital era. Cognizant contributed to performance after disclosing continued improved bookings and stabilising growth in health and financial services sectors. The company also announced the acquisition of 3Cloud, a Microsoft Azure aligned engineering firm, which will bring 1000 Azure-certified experts with significant experience in cloud and AI integration and development.

## Key Detractors

Fiserv is a global financial technology company providing a wide range of financial technology solutions and services to clients across the financial services sector. The company shares declined following the announcement of Q3 results. Additionally, the new CEO, Mike Lyons, substantially reduced revenue and earnings guidance for both 2025 and 2026, citing a need to reinvest in product and distribution, and to pull-back on short term revenue initiatives in order to put the company on a more sustainable competitive footing. While it is not unusual for a new CEO to reset expectations, the degree of adjustment in this case was exceptional, reversing the trend of margin expansion seen in recent years. In our view, it also suggests that previous management may have underinvested in the business, despite strong results since merging with First Data. While the reduction in earnings guidance was both surprising and disappointing, we believe Lyons's approach appears sensible and likely the correct decision for the company's long-run competitive position. Our view of Fiserv as a strong economic franchise remains unchanged. Our valuation has been materially reduced, but at under 7.5x FY26 earnings — its lowest market valuation in 30 years — we believe that the stock offers attractive long-term value.

Nexi, Europe's largest merchant acquirer, card issuer, and payment processing business, experienced a share price decline despite commendable Q3 results and the confirmation of full-year guidance. The company is adapting well to its changing competitive landscape, as illustrated by strong growth in the German market, where it is competing against established incumbents. We remain convinced that Nexi's continued strong cash flow generation will eventually be rewarded by the market.

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 after reporting weaker-than-expected Q3 2025 revenue, prompting a slight reduction in FY2025 profitability guidance. We have long argued that the Kindred acquisition diluted the group's value, but we continue to see value in the shares, given the strength and undervaluation of the core lottery business.

## Outlook

The Global Equity Franchise portfolio currently holds market leaders and monopolies with more predictable long-term earnings than the market and reasonable valuations. At present, our portfolio is trading at a sizable discount to intrinsic value as well as the broader MSCI World Index on a number of valuation measures. Despite the disappointing performance in recent months, we believe the economic franchise characteristics we seek in all our investments will continue to serve our investors well over the long run. In our view, the current portfolio offers exceptional value on both an absolute and relative basis.

For more information, call us on 1800 825 287  
or visit [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com)

## Important Information

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