

Lazard Global Equity Franchise Fund

March 2026

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\$162.3m
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.

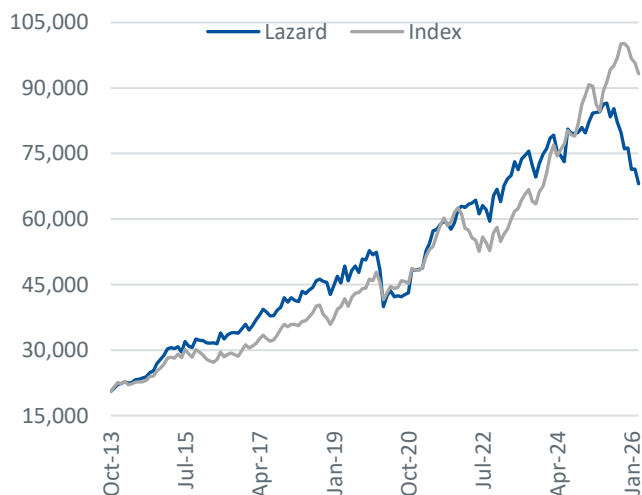
Companies with an Economic Franchise

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

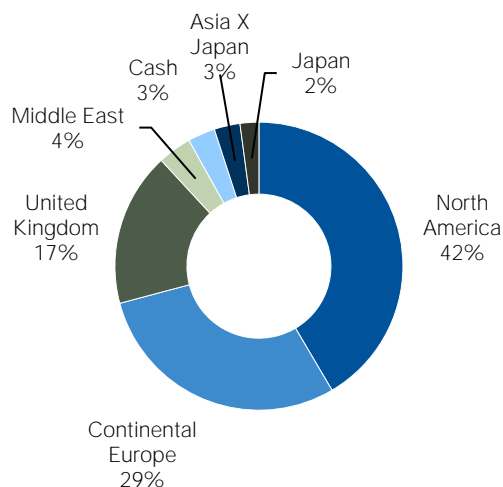
(%: net of fees. As of 31 March 2026)

	Annualised						
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Fund	-4.6	-10.7	-19.3	-0.9	5.3	8.0	10.3
Benchmark	-2.6	-6.1	8.2	15.9	12.6	13.1	13.1
Excess Return	-2.1	-4.6	-27.5	-16.8	-7.4	-5.2	-2.8

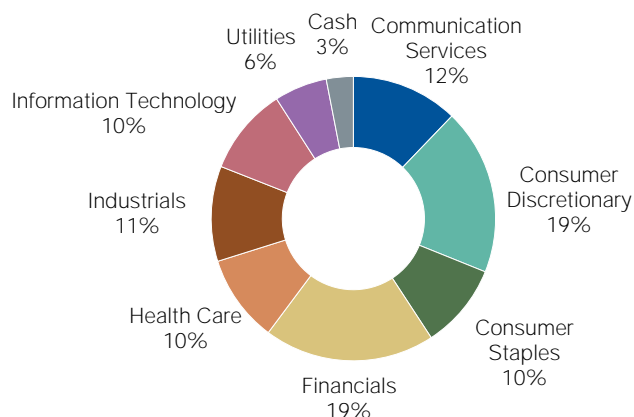
¹Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

Allocations (%)

Region



Sector

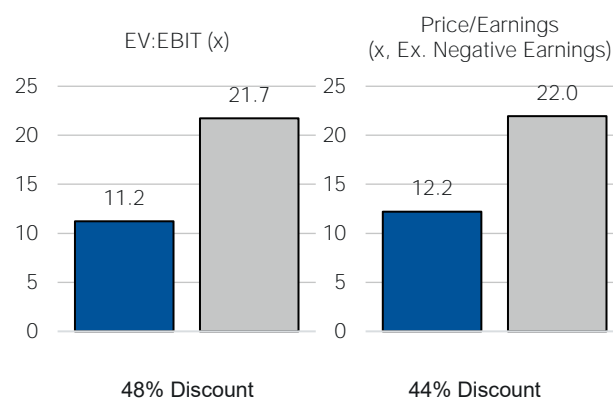


Top Holdings (%)

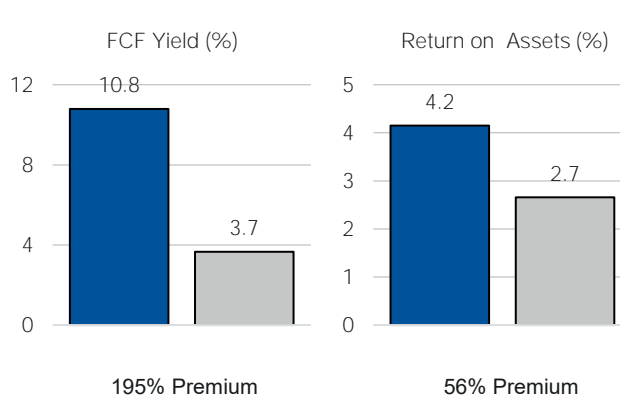
	Lazard
Edenred	6.6
FDJ United	6.6
H&R Block	6.3
Brightstar Lottery	6.0
Omnicom	6.0

Portfolio Characteristics²

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.

² As at 31 March 2026. 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 equity markets fell in the first quarter, as investors were buffeted by geopolitical risks, an uncertain outlook for global interest rates, and evolving sentiment about artificial intelligence (AI). News that Iran had imposed a near-total blockade of the Strait of Hormuz in response to airstrikes rattled investors, who feared that the effective closure would have dire consequences for the global economy. This concern arises from the fact that one-fifth of the **world's** oil and natural gas as well as roughly one-third of the **world's** fertiliser used to sustain global crops, passes through the narrow waterway. The future path of global interest rates grew more uncertain over the course of the period, as the economic fallout from the war in Iran emerged as a major factor in deliberations about monetary policy by major central banks. The US Federal Reserve (the Fed) held interest rates steady at its policy meetings in January and March. Similarly, both the European Central Bank and the Bank of England left interest rates unchanged at their policy meetings in February and March.

The Lazard Global Equity Franchise Fund returned -10.68% (net of fees) during the March quarter, underperforming the MSCI World Index, which returned -6.11% during the same period.

Equity markets had a challenging start to 2026, entering the year in negative territory amid heightened macroeconomic and geopolitical uncertainty. Markets appear to be severely de-rating companies facing near-term earnings pressure, which we believe reflects growing investor nervousness around elevated valuations. As a result, we expect market volatility to remain elevated.

In our view, those trading at a discount typically face identifiable challenges. These include perceived risks from AI disruption (e.g. H&R Block and Omnicom), competitive pressure from new market entrants (payments companies such as Fiserv and Nexi), macroeconomic headwinds (e.g. Diageo), or industry-specific issues such as vaccine scepticism and cyclically elevated plasma prices (CSL). In many cases, delays in resolving these company-specific issues have led to further valuation de-rating.

In response, we have increased the frequency of valuation reviews and heightened scrutiny around the sustainability of business franchises. This process has resulted in several valuation downgrades and the removal of certain companies from both the portfolio and the broader investment universe.

Following these adjustments, our disciplined trading framework allows us to selectively increase positions in holdings that have experienced further share-price weakness while maintaining firm underlying value. Overall, we continue to believe the portfolio is materially undervalued and relatively insulated from AI-related disruption and inflationary pressures.

Key Contributors

Unicharm, a leading Japanese consumer goods company contributed positively during the March quarter after pre-reporting FY2025 earnings and unveiling its new 13th Mid-Term Management Plan (MTP) in mid-February. Management was upbeat about the benefits of an Asian

recovery, the fading of temporary issues in China and Indonesia, ongoing structural reforms, and lower raw-material costs. We sold our position into this strength.

Severn Trent and United Utilities performed well during the March quarter, as both companies benefited from their safe-haven status in a deteriorating macro environment. In addition, both companies benefit from continued elevated inflation in the UK. In their most recent trading updates, the companies confirmed that they are on track to meet both operational and environmental targets.

Key Detractors

Carl Zeiss, a global leader in ophthalmic and microsurgical technology, issued a profit warning just 6 weeks after releasing its FY results. The interim management has confirmed plans to present new performance targets with the Q2 results in May 2026. Short-term weakness in elective procedures in the US and China has further hurt demand amid a soft hospital purchasing environment and tariff pressures. However, with strong fundamentals and leading technology, new management should benefit from long-term growth drivers such as an aging population and expanding access to eye care.

Nexi, **Europe's** largest merchant acquirer, card issuer, and payment processing business, saw its shares sell off following the investor day as the market questioned the credibility of **management's** targets, despite a broadly reassuring strategic presentation. While underlying fundamentals remain solid—supported by mid-single-digit organic growth (excluding bank M&A losses), long-dated bank contracts, and progress in AI and digital payments—the ongoing drag from M&A-related contract losses into 2026–27 was under-communicated, weakening confidence in the growth outlook. Near-term financial momentum is set to reset, with higher reinvestment and Italian taxes compressing margins and reducing 2026 free cash flow to around €750m. The absence of buybacks and a platform strategy perceived as conservative further weighed on sentiment. Overall, the investor day reduced downside risk but failed to provide a clear catalyst to restore momentum.

The **world's** largest tax preparation firm, H&R Block (HRB) detracted from performance over the March quarter, despite a recovery in March that partially offset weakness earlier in the period. The February sell-off occurred in the absence of company-specific news, despite two consecutive quarterly results that exceeded expectations and reaffirmed full-year guidance and appears to have been driven by investor concerns around AI disruption, which we view as misplaced. March performance was supported by a favourable “**macro refund**” environment, with average IRS refunds rising 10.9% year on year, alongside record adoption of the **company's** AI Tax Assist platform, which has grown 152% since launch, and increased tax complexity that continues to favour assisted tax preparation over DIY solutions. Nevertheless, the rebound was insufficient for the stock to be a contributor for the quarter, with HRB ending the period trading on less than 6x earnings.

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, 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 value on both an absolute and relative basis.

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

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