Q2 2025 STRATEGY REVIEW

Lazard
Global Listed Infrastructure

LAZARD
ASSET MANAGEMENT

Market Summary

Global equity markets rose in the second quarter, in a volatile period marked by a steep sell-off after the rollout of US tariffs in early April, which was then followed by a recovery through May and June. US trade policy remained a focal point for investors, as negotiations between the US and its major trading partners continued amid hopes that the US will adopt a more accommodating stance on import taxes. The US stock market ended the quarter at a new record high despite uncertainty about tariffs and the Federal Reserve's decision to hold interest rates steady because of it. The strong rally staged by European equity markets in the first two months of the quarter fizzled in June, with most major markets posting minor losses in local terms. Inflation numbers picked up in June, fueling speculation that the European Central Bank might pause its rate-cutting campaign.

Listed infrastructure underperformed global equities during the quarter. However, calendar year to date, global listed infrastructure has outperformed global equities due to its defensive characteristics and resilience apparent amid market uncertainty.

Portfolio Performance

The Lazard Global Listed Infrastructure strategy ("the strategy") outperformed the MSCI World Core Infrastructure Index over the quarter ended 30 June 2025.

During the second quarter, performance came from a diverse range of stocks in the strategy.

Exhibit 1
Q2 2025 Contributors and Detractors

Contributors	Explanation
CSX	US freight railroad CSX performed strongly against the backdrop of a rising market. This was driven by a number of factors including the partial de-escalation of the US-China trade tariff negotiations, as well as some industry rumours being stoked about the prospect for railroad mergers. On this latter news, despite the high barriers in place, including requirements that mergers pass a public interest test and that any merger would enhance competition, we believe a successful merger could substantially reduce friction at interchange points between railroads, and unlock greater efficiency across the network. In our view, the likelihood of such mergers remains speculative. We maintain our position in CSX based on its intrinsic valuation, which we believe offers reasonable long-term value.
Vinci	French toll road operator Vinci continued its strong start to the year as the Q1 2025 revenue release confirmed not only the positive revenue expectations for motorways and airports but also suggested continued strong cash flow generation, one of Vinci's key strengths. Vinci's 50%-owned Gatwick Airport has also amended its proposal for a second runway to maximize the chances of government support.
Ferrovial	Global Infrastructure owner and operator Ferrovial (FER) added to performance after reporting a 19.1% increase in earnings in Q1 2025, reflecting solid operational momentum. We believe the company's focus on high-return, inflation-protected infrastructure assets, including the recent acquisition of the 407 ETR motorway in Canada, has been beneficial. In late March, FER agreed to acquire up to a 5.1% stake in the 407 ETR motorway. With this transaction, FER's total ownership in 407 ETR will increase to 48.3%. We believe FER paid a fair price for the stake in the 407 ETR which constitutes around half of our valuation of the company.
United Utilities	UK utility United Utilities (UU) performed well during the quarter, as its regulated monopolistic business model was immune to both trade tariffs and economic slowdowns. The company's regulatory agreement foresee a full pass-through of inflation; as a result, any tariff-induced inflation increase would be reflected in the growth of customer bills and their regulated asset base. UU is starting the first of its five year regulatory period, which may see considerable increases in investment generating steady inflation-linked returns.
Italgas	Italian gas utility Italgas rose after completing its rights issue to finance the completed acquisition of 2i ReteGas. The market responded positively, albeit with considerable delay, to the highly synergistic nature of the acquisition and the very disciplined acquisition price.

Detractors	Explanation
Exelon	US utility Exelon experienced share price weakness during the quarter, likely due to broader market rotation, despite delivering solid financial results.
American Electric Power	Similar to Exelon, US regulated utility AEP's share price fell despite producing solid Q1 results which beat market expectations. The company maintained its FY 25 guidance, as well as maintaining its 5 year US$54 billion capital plan, which it expects to drive 6-8% annualized earnings per share growth.
Eutelsat	Satellite operator Eutelsat's share price exhibited notable volatility during the quarter, retreating from the sharp gains seen in Q1. Late in the quarter, the company announced plans for a €1.35 billion capital increase to be completed by year-end. This initiative is aimed at bolstering Eutelsat's financial flexibility, accelerating debt reduction, and supporting strategic investments in its Low Earth Orbit (LEO) satellite capabilities, including the development of the IRIS² constellation.
Auckland International Airport	Auckland International Airport declined during the quarter after reporting a 3% year-on-year drop in passenger numbers for March 2025, mainly due to an 18% reduction in USA route capacity by Air NZ and United Airlines, with Easter timing also affecting the comparison. Additionally, New Zealand's competition regulator released its final decision on Auckland Airport's pricing, requiring the airport to lower its prices by about 11% in both 2026 and 2027—slightly more than the market had expected.
Crown Castle	Crown Castle's share price fell primarily due to the company's announcement of a significant cut in its quarterly dividend. This dividend reduction was part of Crown Castle's strategic efforts to increase free cash flow and financial flexibility amid its ongoing fiber business sale and restructuring initiatives. The company also announced a US$3 billion share repurchase program and plans to pay down US$6 billion in debt. These positive steps following the agreement in March 2025 to sell Crown Castle's fiber and small cell businesses for a combined US$8.5 billion, seemed to go unrewarded by the market.

As of 30 June 2025
Source: Lazard

Impact of US Tariffs and Our Valuation Assumptions

The investment team considers economic statistics to be critical assumptions when making earnings forecasts and for valuation assumptions. Our team applies fundamental analysis to forecast asset earnings and value securities, which requires assumptions of interest rates, GDP and inflation. To be clear, the team does not pick stocks or sectors based on macroeconomic themes. Rather, the portfolio is constructed of stocks which we believe trade at a discount to their intrinsic values using long-term, and through-the-cycle economic assumptions. While we currently assume a recession in our earnings forecasts, we otherwise forecast earnings and value cashflows using long-term forecast interest rates which are much higher than present interest rates.

We have maintained a long-term US 10-year bond yield assumption of 5.0%, even after accounting for recent fiscal and tariff policies. While the overall rate remains unchanged, the factors driving it have shifted. Our outlook now incorporates higher inflation expectations and lower real GDP growth for the US, reflecting the impact of protectionist tariffs and fiscal changes under the Trump administration. These policies are expected to raise prices and slow economic growth, leading investors to demand a higher risk premium for holding US government debt. Our approach continues to align long-term nominal GDP growth with nominal interest rates, but we now anticipate lower GDP growth and inflation likely exceeding the Federal Reserve's 2% target.

Lastly, we add that the investment team ensures that consistent economic and valuation assumptions are made across all stocks in the investment universe, regardless of geography, and asset risk premiums are also applied with consistency among assets with similar risk characteristics.

Trading Activity

During the quarter ended 30 June 2025, we initiated a position in leading US mobile tower company, Crown Castle (CCI), following a prolonged period of relative underperformance. Our interest in CCI grew after they announced plans to sell its fiber business, which we viewed as having inferior Preferred Infrastructure characteristics relative to the core tower business. Today, CCI remains the largest provider of shared communications infrastructure in the US; owning, operating, and leasing more than 40,000 cell towers. Their growth is supported by long-term agreements with major mobile network operators, which typically carry 3% annual increase in fees. Mobile phone towers are a crucial underpinning of the telecommunications industry's growth, driven by increasing mobile data demand and the rollout of 5G network, necessitating more towers and infrastructure to enhance coverage and capacity.

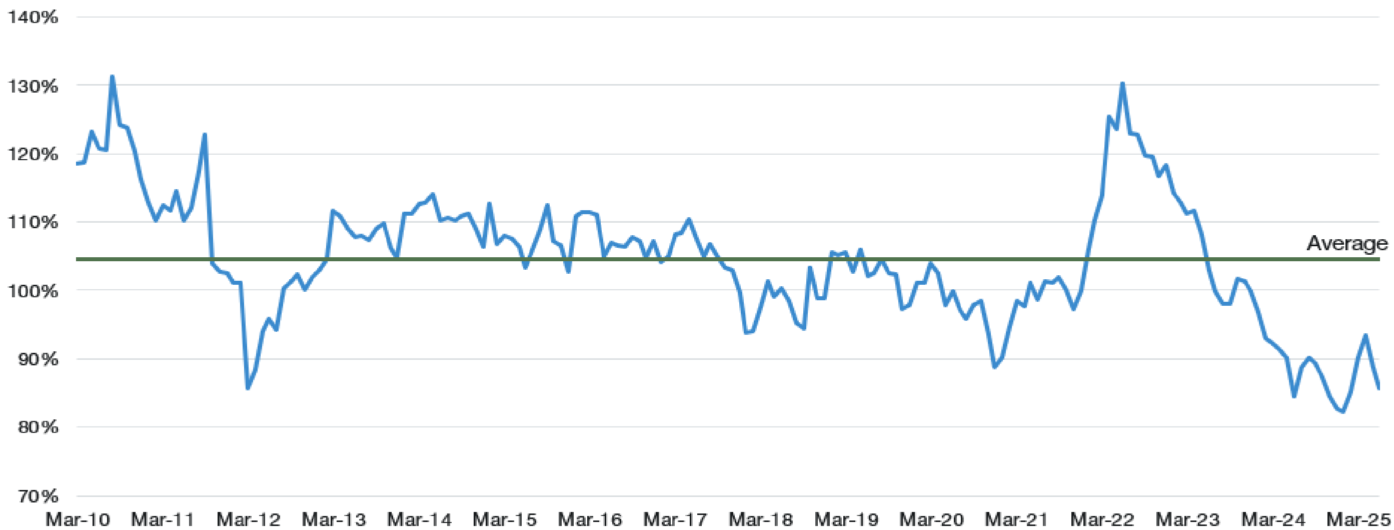
We also initiated a position in Eversource Energy during the period as the stock appeared attractive on the Value Rank. Eversource Energy is an energy company headquartered in Hartford, Connecticut, and Boston, Massachusetts. It is New England's largest energy delivery company, serving approximately 4.4 million customers across Connecticut, Massachusetts, and New Hampshire with regulated electricity, natural gas, and water services.

Portfolio Composition

Whilst the strategy continues to deliver strong performance for clients, and we have observed high valuations in specific pockets of the global listed infrastructure universe, we do continue to see valuation upside across the portfolio. The chart below illustrates that the current portfolio of stocks as at 30 June 2025 is trading at a 19% discount compared to the strategy's average trading levels over the past 15 years.

Exhibit 2

Lazard Global Listed Infrastructure vs MSCI World Index – Relative P/E



Data as of 30 June 2025.

Investment characteristics are based upon a representative account. P/E is using a forward-looking P/E (NTM). This information is for illustrative purposes only.

Please refer to "GIPS® Composite Information" for additional information, including net-of-fee results. The performance quoted represents past performance. Past performance does not guarantee future results. The index is unmanaged and has no fees. One cannot invest directly in an index. Lazard estimates based on historical financial accounts of companies held in the Portfolio. All estimates are based on current information and are subject to change.

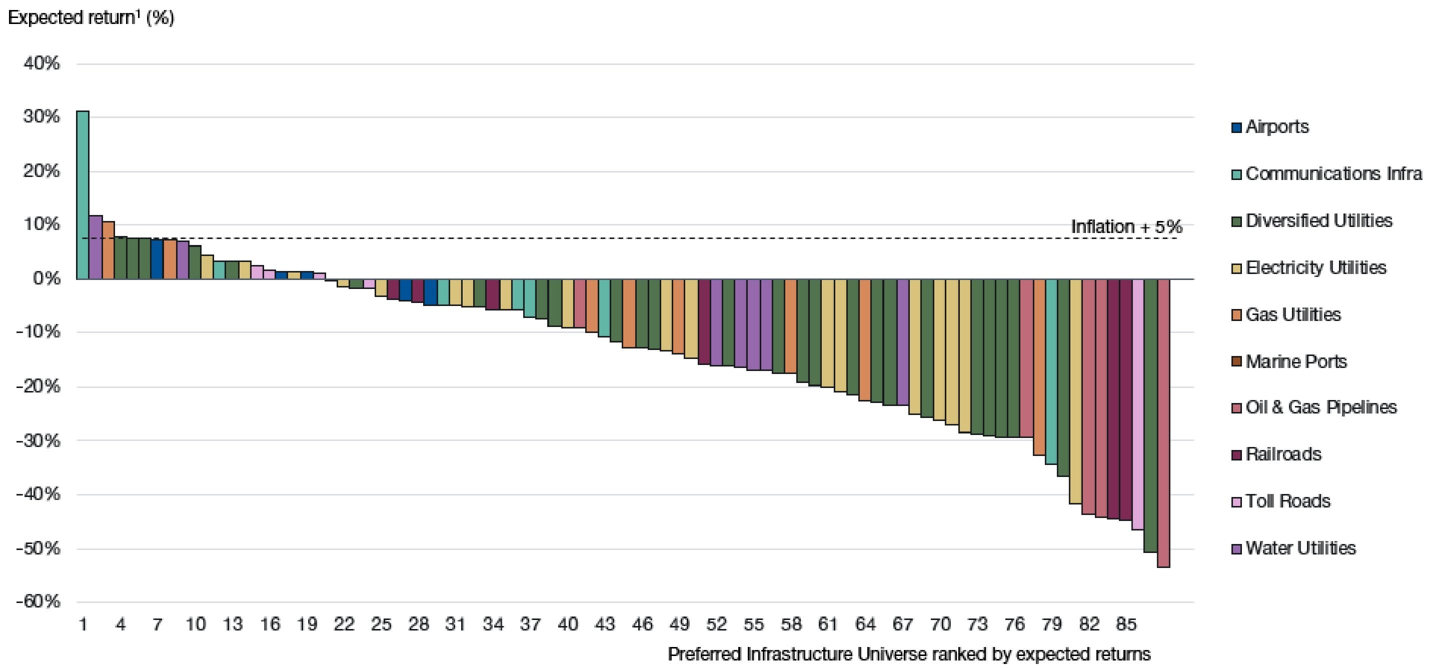
Source: FactSet, Lazard.

The number of opportunities available in our Preferred Infrastructure Universe has not dramatically changed. It remains our view that security selection in listed infrastructure is critically important. Exhibit 3 shows a wide dispersion in our value-ranked return expectations across our Preferred Infrastructure Universe. In Exhibit 3, each bar represents a stock in our Preferred Infrastructure Universe and our expected annual return over three years, based on the assumption that all of the stocks will trade at our valuation in three years' time. As the chart shows, we believe there is wide dispersion in the asset class.

We see select areas of opportunity, specifically in European-listed toll roads, UK water utilities, US railroads, and satellite companies. We are also beginning to see some specific stock opportunities within the US utilities sector. Our portfolio today is diversified by infrastructure sectors (Exhibit 4), and the companies in which we invest collectively own over 400 individual infrastructure assets (excluding Crown Castle's ~40,000 mobile phone towers).

Exhibit 3

Lazard Global Listed Infrastructure—Value Ranked by Sector

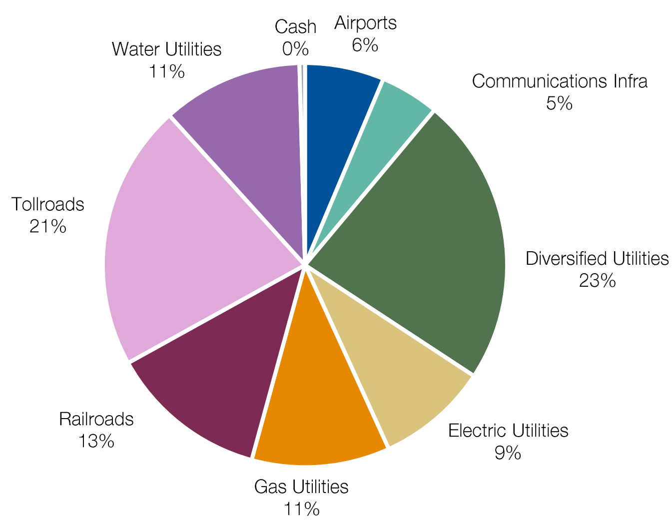


As of 30 June 2025

[1]Over 3 years, assuming all the stocks trade at our valuation in 3 years' time. The opinions and estimates contained in this graph are based on current information and are subject to change. It should not be assumed that any investment was or will be profitable. Expected returns do not represent a promise or guarantee of future results and are subject to change. Shown for illustrative purposes only. Each bar represents an individual stock's expected return per annum for the next three years. This is based on a comparison of Lazard's Global Listed Infrastructure team's intrinsic valuation of the stock three years out, the market price of the stock today, and the interim forecast dividends. Source: Lazard

Exhibit 4

Portfolio by Sector



As of 30 June 2025

The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account for the AUD Hedged version of the strategy. Allocations are subject to change. Portfolio summary is based on underlying company assets. This information is for illustrative purposes only and is supplemental to the "GIPS® Standards Composite Information." Source: Lazard, FactSet

Outlook

Our market outlook remains broadly unchanged even amidst an unstable geo-political backdrop. The combination of volatile equity markets and our conservative approach leads us to view current market conditions cautiously. We see pockets of attractive value opportunities, particularly in Europe. We have long cautioned investors about the valuation of the US utility sector and we have been underweight this sector for some time. While we remain cautious, we are beginning to see specific stock opportunities within the sector, which we may pursue in the months ahead.

The scarce valuation opportunities have led to a relatively concentrated portfolio where we believe the risk/return trade-off is favourable, however this brings a higher degree of stock-specific risk. In our opinion, the only way to generate returns that properly compensate for the risk taken is through highly selective stock-picking. We caution investors to expect increased volatility in the short to medium term.

Value is emerging now and on a 5-year view and valuations look more attractive on a risk/return basis. We believe returns available in the strategy look relatively attractive at this time when compared to a passive investment in infrastructure indices, bonds or in broader equity markets. We believe the preferred infrastructure characteristics we seek for all our investments will continue to serve our investors well over the longer term.

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