

# Lazard Select Australian Equity Fund

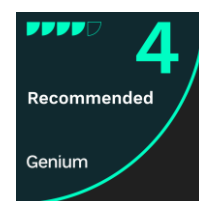
LAZARD  
ASSET MANAGEMENT

October 2025

The **Lazard Select Australian Equity Fund** is a highly concentrated portfolio that will hold our "best ideas." It is an actively managed portfolio that typically invests in Australian equities that we believe are trading below their intrinsic value. It is a high conviction portfolio with high active share and low beta characteristics over time. The Fund's objective is to achieve total returns (including income and capital appreciation and before the deduction of fees and taxes) that exceed those of the S&P/ASX 200 Accumulation Index over the long term.

## Fund Facts

Inception Date	22 Aug 2002
Total Fund Size	A\$68.2m
Total Management Costs (W class)	0.90% p.a.
Minimum Investment	A\$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Quarterly <sup>1</sup>
APIR Code	LAZ0013AU
Benchmark	S&P ASX 200 Accumulation Index



## Strategy Highlights

### High Conviction

Benchmark unconstrained, with high active share and best ideas

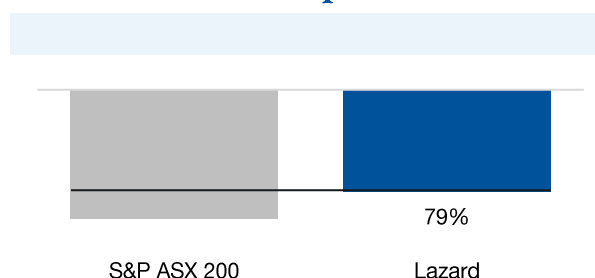
### Disciplined 'Value' Investment Approach

Longer-term independent thinking

### Stability and Experience

Team together at Lazard for more than 20 years

## Down Market Capture Ratio



## Performance<sup>2</sup>

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

	Annualised						
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	2.8	2.7	5.6	5.9	15.2	8.4	8.8
Benchmark	0.4	2.7	12.5	13.1	12.6	9.7	9.0
Excess Return	2.4	0.0	-6.9	-7.2	2.6	-1.3	-0.2

Down Market Capture Ratio is calculated since inception and based on performance net of fees. Down Market Capture is a statistical measure of an investment manager's overall performance in down markets, defined as the number of calendar months where the Index experiences negative performance. A Down Market Capture Ratio (or percentage) of less than 100 (or 100%) reflects that the manager has outperformed the Index during periods of negative index returns.

<sup>1</sup> Distributions are made quarterly if of an economic size.

Performance is presented net of W Class fees, please refer to [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com) for performance of the I Class.

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

## Allocations (%)

### Sector

	Lazard	Benchmark	Over/Underweight
Communication Services	-	3.9	-3.9
Consumer Discretionary	20.4	7.5	12.9
Consumer Staples	12.3	3.4	8.9
Energy	15.9	3.6	12.3
Financials	13.2	34.4	-21.2
Health Care	6.2	7.4	-1.2
Industrials	10.8	7.4	3.4
Information Technology	-	3.2	-3.2
Materials	16.6	21.0	-4.4
Real Estate	4.3	6.8	-2.5
Utilities	-	1.4	-1.4
Cash	0.3	-	0.3

## Top Holdings (%)

	Lazard	Index
Woodside Energy	7.6	1.7
Rio Tinto	7.5	1.8
Domino's Pizza	6.6	0.0
CSL	5.1	3.2
Aurizon Holdings	4.7	0.2

## Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	35	200
Price/Cash Flow	7.7	11.8
Price/Book Value	1.5	2.5
Dividend Yield (%)	4.0	3.1
Forward Price/Earnings	16.6	19.9
Active Share (%)	77.1	-
3 Year Turnover (%pa)	50.9	-

## Commentary

The S&P ASX200 increased gradually throughout October 2025, closing the month higher by 0.4%. This performance fell short against global equity markets however, with the MSCI Developed Markets increasing by 2.6% and Emerging Markets by 5.3% during the month. On a sectoral basis within the S&P/ASX200 index, the Materials, Energy and Financials sectors outperformed, while the Information Technology, Health Care and Consumer Discretionary sectors underperformed during the month.

During the month ended October 2025, the Lazard Select Australian Equity Fund returned 2.8% (net of W Class fees), outperforming the S&P/ASX 200 Accumulation Index which returned 0.4%.

### Contributors to Performance

Domino's (DMP) share price surged 35% in October, driven primarily by media reports that a private equity firm was considering a takeover bid for the company. Although DMP stated it has had no engagement with a bidder, the share price's depressed level underscores the company's vulnerability to a takeover. Broader takeover interests in other QSR brands such as Papa Johns and Restaurant Brands, further suggests that financial sponsors may view the prospects of the industry improving. DMP remains in the early stages of a turnaround to enhancing franchisee profitability and reducing its internal cost base. We expect updates on both areas at the upcoming AGM.

Rio Tinto (RIO) showed strong performance during the month, driven by rising copper and aluminium prices, along with resilience in the iron ore price. Copper prices increased by 20% and aluminium prices by 15% over the last three months. Additionally, the world's top copper producers have cut back their production guidance for the next couple of years, which will likely tighten the market. Aluminium has also benefited from the stronger copper price momentum, as it substitutes some uses of copper.

### Detractors from Performance

Light and Wonder (LNW) experienced some challenges during the month due to ongoing litigation with Aristocrat and market concerns about a potentially soft third quarter. This led to expectations of a full-year earnings downgrade. However, the actual third-quarter results, released on November 6th, exceeded market expectations due to better margin performance in their gaming business.

IDP Education (IEL) gave up some of the recent gains following a strong recovery post their full-year 2025 results in August. IEL affirmed their FY26 earnings guidance at the AGM but mentioned that the operating environment continues to be tough, with near-term headwinds in both the UK and Canada due to changes in immigration policy towards international students. On a positive note, there are some green shoots in Australia, as the government's cap on universities was better than anticipated.

### Outlook

In Q2 and Q3 2025, stock markets rebounded strongly from their post "Liberation Day" declines, as it became less likely that the US administration would proceed with the initial "worst case" tariff policy. However, there is still significant uncertainty regarding the impact of current policy on US economic growth, inflation, and future policy changes. It seems likely is that US tariff rates will remain significantly higher than pre-2025 levels, and that the Western economies may be entering an era of increased military expenditure, slower economic growth, and a focus on energy security, defense, and self-sufficiency. Overall, we believe such an environment would be more inflationary. The USA market equity prices have broadly doubled over the last three years and the S&P500 now trades at 40x cycle adjusted P/E, a 99% percentile observation only exceeded previously in 1999/2000.

The August reporting season in Australia was overall favourable for us. As observed in prior periods, reporting day volatility continued to rise, which may be due to lower market liquidity as the share of passive investment rises.

We believe that the market outlook is dominated by two factors:

- **High Aggregate Multiples:** The ASX 200 price index rose over 37% over the last three years, while consensus forward earnings have declined over 10%. Consequently, the forward price to earnings (P/E) multiple has risen 55% over this period. Consequently, the ASX 200 currently trades on 20x forward earnings and approximately 21x actual trailing earnings. The forward multiple is the highest in 33 years and may be the highest since the 1960s or indeed ever. These multiples and consideration of other valuation benchmarks lead to the conclusion that the market is expensive based on 21st century benchmark trends.
- **High Valuation Dispersion:** The 55% rise in the market's forward multiple was not uniform but was instead concentrated within highest multiple quintiles of the market and a selection of large-cap stocks. Thus, the top quintile of forward P/Es across the ASX traded on 56x at the end of September 2025, a multiple only matched for one month (in 2021) over the last 33 years. Similarly, Commonwealth Bank's (CBA) NTM forward multiple rose 81% (to 30x) and Wesfarmers' increased by 66% (to 33x) over the last three years to end June, both to all-time records by wide margins.

In summary, the market appears both expensive and distorted relative to long-term valuations, following an extended period of multiple-based and momentum-dominated returns. While it is impossible to predict short-term market sentiments and dynamics, we believe the current market environment reflects previous periods of extreme valuation dispersion, such as 1999/2000 and 2020/2021. We believe if market valuations were to normalize, relative returns for value strategies are likely to be similar to those following prior peaks in valuation dispersion.

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

#### Disclaimer

The information in this Fact Sheet was prepared by Lazard Asset Management Pacific Co ABN 13 064 523 619, AFS License 238432, and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this Fact Sheet are presented to illustrate companies and sectors in which the Lazard Select Australian Equity Fund ("Fund") may invest. Holdings are subject to change daily. This Factsheet has been prepared without taking account of any investor's objectives, financial situation or needs. Investors should get professional advice as to whether investment in the Fund is appropriate having regard to their particular investment needs, objectives and financial circumstances before investing. Lazard has prepared a target market determination (TMD) for the Fund which sets out the class of consumers for whom the Fund, including the Fund's key attributes, would likely be consistent with their likely objectives, financial situation and needs. A copy of the TMD is available at [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com), by contacting [investorqueries@lazard.com](mailto:investorqueries@lazard.com), or from their IDPS operator. It is recommended that investors consider whether their objectives, financial situation and needs are consistent with the target market of the Fund. Investors should obtain a copy of the current Product Disclosure Statement (PDS) for the Fund, available at [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com), by contacting [investorqueries@lazard.com](mailto:investorqueries@lazard.com), or from their IDPS operator and should consider the PDS before making any decision about whether to acquire or to continue to hold the Fund. Neither Lazard nor any member of the Lazard Group, including Lazard Asset Management LLC and its affiliates guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from or any increase in the value of the Fund.

The Lonsec (assigned October 2025) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Lazard Asset Management Pacific Co. product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <https://irate.lonsec.com.au/page/ResearchMethodology>

The Zenith Investment Partners ("Zenith") ABN 27 103 132 672 rating (assigned June 2025) referred to in this document is limited to "General Advice" (as defined by the Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Zenith usually charges the product issuer, fund manager or a related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessment's and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

The Genium rating (assigned May 2025) presented in this document is issued by Genium Investment Partners Pty Ltd ABN 13 165 099 785, which is a Corporate Authorised Representative of Genium Advisory Services Pty Ltd ABN 94 304 403 582, AFSL 246580. The Rating is limited to "General Advice" (s766B Corporations Act 2001 (Cth)) and has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without notice. Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision in relation to this financial product(s). Genium receives a fee from the Fund Manager for researching and rating the product(s). Visit [Geniumip.com.au](http://Geniumip.com.au) for information regarding Genium's Ratings methodology.