Lazard Select Australian Equity Fund

November 2025

LAZARD ASSET MANAGEMENT

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$55.9 m
Total Management Costs (W class)	0.90% p.a.
Minimum Investment	A$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Quarterly[1]
APIR Code	LAZ0013AU
Benchmark	S&P ASX 200 Accumulation Index

5 Highly Recommended Lonsec Research

Zenith HIGHLY RECOMMENDED

4 Recommended Genium

Strategy Highlights

High Conviction

Benchmark unconstrained, with high active share and best ideas

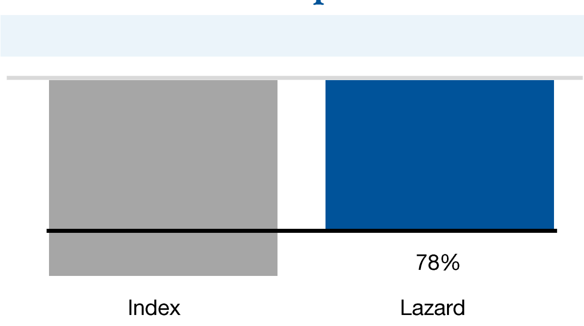
Disciplined 'Value' Investment Approach

Longer-term independent thinking

Stability and Experience

Team together at Lazard for more than 20 years

Down Market Capture Ratio



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.

Performance[2]

(%; net of fees. As of November 30, 2025)

				Annualised			
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	3.2	2.7	7.2	5.3	12.3	8.9	8.9
Benchmark	-2.7	-3.0	5.5	9.7	9.9	9.5	8.9
Excess Return	5.9	5.7	1.7	-4.4	2.4	-0.6	0.0

Inception Date (W Class): 22 August 2002

[1] Distributions are made quarterly if of an economic size.
Performance is presented net of W Class fees, please refer to 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	Index	Over/Underweight
Communication Services	-	3.9	-3.9
Consumer Discretionary	19.8	7.5	12.3
Consumer Staples	13.5	3.6	9.9
Energy	15.3	3.7	11.6
Financials	11.9	32.9	-20.9
Health Care	6.9	7.8	-0.9
Industrials	10.4	7.6	2.7
Information Technology	-	2.9	-2.9
Materials	16.1	22.0	-5.9
Real Estate	4.5	6.7	-2.2
Utilities	-	1.4	-1.4
Cash	1.6	-	1.6

Top Holdings (%)

	Lazard	Index
Rio Tinto	7.6	1.9
Woodside Energy	7.1	1.8
CSL	5.7	3.5
Domino's Pizza Enterprises	4.7	0.1
Waypoint REIT	4.5	0.1

Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	35	200
Price/Cash Flow	8.2	11.6
Price/Book Value	1.6	2.4
Dividend Yield (%)	3.8	3.2
Forward Price/Earnings	17.0	18.9
Active Share (%)	77.2	-
3 Year Turnover (%pa)	51.1	-

Commentary

The Australian equity market's upwards trend which had been in place since the Liberation Day scare, was broken through November 2025, with the S&P ASX200 declining by -2.7% for the month. In comparison, the Global equity markets remained relatively flat, with the S&P 500 closing higher by 0.2% and MSCI Developed Markets by 0.3% for month. The RBA held the cash rate at 3.60% in Nov-25 with a 9-0 vote as per consensus. On a sectoral basis within the S&P/ASX200 index, the Health Care, Consumer Staples and Materials sectors outperformed, while the Information Technology, Financials and Real Estate sectors underperformed during the month.

During the month ended November 2025, the Lazard Select Australian Equity Fund returned 3.2% (net of W Class fees), outperforming the S&P/ASX 200 Accumulation Index which returned -2.7%.

Contributors to Performance

Light and Wonder (LNW) experienced a share price recovery during November, largely attributed to stronger than expected third quarter results. This positive performance was supported by improved margins in its gaming business. In addition, the company completed its transition this month from its US listing to being solely listed on the Australian exchange.

SkyCity Entertainment (SKC) saw a share price recovery during the month. However, there was no material news that was a trigger for the price move.

Detractors from Performance

Ridley (RIC) underperformed during the month. Guidance provided at the AGM indicated that H1 trading is trending slightly below previous expectations due to weaker commodity pricing in the Ingredient Recovery segment. We do not consider this update to materially impact our investment thesis and continue to expect solid earnings growth over the next few years.

During November, Eagers Automotive (APE) retraced some of the strong outperformance the stock achieved this year. On the back of this strong YTD performance, we reduced our portfolio weight in the company while remaining attracted to the long-term earnings of drivers of the business.

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. What appears relatively likely is that US tariff rates will remain significantly higher than pre-2025 levels, and that the western world 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 now 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 about 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 normalise, 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