

Lazard Select Australian Equity Fund

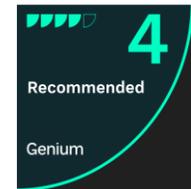
LAZARD
ASSET MANAGEMENT

February 2026

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\$56.3m
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



Strategy Highlights

High Conviction

Benchmark unconstrained, with high active share and best ideas

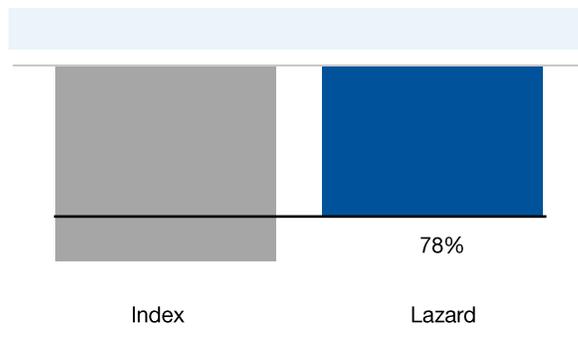
Disciplined 'Value' Investment Approach

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.

Performance²

(%; net of fees. As of 28 February 2026)

	Annualised						
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	-2.2	2.5	12.0	6.4	12.1	9.4	8.9
Benchmark	4.1	7.3	16.2	12.2	10.8	10.8	9.1
Excess Return	-6.3	-4.8	-4.2	-5.8	1.3	-1.4	-0.2

¹ Distributions are made quarterly if of an economic size. 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. Performance is presented net of W Class fees, please refer to www.lazardassetmanagement.com for performance of the I Class.

Allocations (%)

Sector

	Lazard	Benchmark	Over/Underweight
Communication Services	-	3.5	-3.5
Consumer Discretionary	20.5	6.5	14.0
Consumer Staples	15.5	3.4	12.1
Energy	15.0	3.9	11.1
Financials	12.7	33.9	-21.3
Health Care	6.1	6.0	0.1
Industrials	8.5	7.2	1.3
Information Technology	-	2.0	-2.0
Materials	16.5	26.2	-9.7
Real Estate	4.8	5.9	-1.2
Utilities	-	1.4	-1.4
Cash	0.5	-	0.5

Top Holdings (%)

	Lazard	Index
Rio Tinto	7.8	2.2
Woodside Energy	7.7	1.9
CSL	5.3	2.5
Domino's Pizza Enterprises	5.0	0.1
Waypoint REIT	4.8	0.1

Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	35	200
Price/Cash Flow	8.0	11.5
Price/Book Value	1.6	2.6
Dividend Yield (%)	3.6	3.1
Forward Price/Earnings	16.9	19.8
Active Share (%)	75.7	-
3 Year Turnover (%pa)	52.5	-

Commentary

February reporting season drove the S&P ASX200 to reach an all-time high during the month. Global equity markets showed a mixed performance, with the S&P 500 shifting down by -0.8% whilst Emerging Markets rose by +5.3% in USD terms. The strength in the Australian equity market through February was overwhelmingly driven by outperformance from the Financials sector supported by the big four banks and Materials stocks. The Reserve Bank of Australia (RBA) hiked its target cash rate by 25 basis points to 3.85% during the February 2026 meeting. Within the S&P/ASX 200 Index, the Financial and Materials sectors outperformed, while Health Care and Information Technology sectors underperformed.

During the month ended February 2026, the Lazard Select Australian Equity Fund returned -2.2% (net of W Class fees), underperforming the S&P/ASX 200 Accumulation Index which returned 4.1%.

Contributors to Performance

Rio Tinto (RIO) rebounded after the initial sell-off following its merger announcement with Glencore, ultimately maintaining value discipline by walking away from the deal, a move well received by the market. Commodity prices for RIO remain strong, with aluminium recovering to its previous high levels it traded in January. The full-year results were mostly in line with expectations, supported by a robust balance sheet and healthy dividend payouts.

Aurizon (AZJ) reported the recent H1 2026 results, which beat the market expectations, leading to earnings upgrades which led to the share price increase over the month. An increase in dividend payout ratio and an upsizing of the share buyback added to the positive sentiment around the result.

Detractors from Performance

Light & Wonder (LNW) delivered results in line with expectations and reaffirmed its outlook for strong earnings growth over the next few years. The recent share price weakness appears to stem from broad technology sector's sell-off amid AI concerns, though LNW's business model remains hardware-led and highly regulated, with strong barriers to competition. The stock is only trading at 10x forward P/E, with double digit EPS growth and high cash generation expected to reduce gearing in the coming years.

AMP's share price fell 23% over February, despite an in-line 2025 full year result. The major disappointments for the market were a larger decline in platform revenue fees than expected, the company's refusal to rule out M&A and the pre-announcement of a low 4cps dividend for 2026 and 2027. The company expects stable margins in 2026. We have included some margin compression, and the guidance was offset by higher-than-expected FuM. We see the risks of a bid for either Colonial or Panorama as low. As AMP runs off legacy deferred tax assets, cashflows (and regulatory capital accumulation) will likely exceed reported earnings for the next few years, but this also constrains the ability to frank dividends. In our view, we believe that in this situation the company should pay out all franking credits and return additional capital via buybacks. At current prices such buybacks would be very accretive. On the

positive side of the ledger, the North platform has gone into net funds inflow, AMP Bank GO is hitting expectations and China Life's earnings and payout ratio rose strongly. While the market trimmed future EPS by ~7% following the result, our more conservative forecasts remain broadly unchanged. At a 10% discount to NTA and less than 11x next year's EPS, we believe AMP is currently an attractive investment.

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. In our view, it seems likely that US tariff rates will remain higher than pre-2025 levels, and that 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 trades at 40x cycle adjusted P/E, a 99% percentile observation only exceeded previously in 1999/2000.

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 by 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. These multiples and consideration of other valuation benchmarks lead 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 the 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 2025, 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. Accordingly, we believe that if market valuations were to normalise, relative returns for value strategies are likely to be like those following prior peaks in valuation dispersion.

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

Important Information

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, by contacting 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, by contacting 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 for information regarding Genium's Ratings methodology.