

# Lazard Select Australian Equity Fund

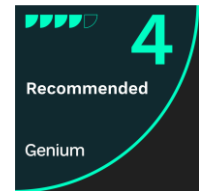
LAZARD  
ASSET MANAGEMENT

April 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\$53.2m
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

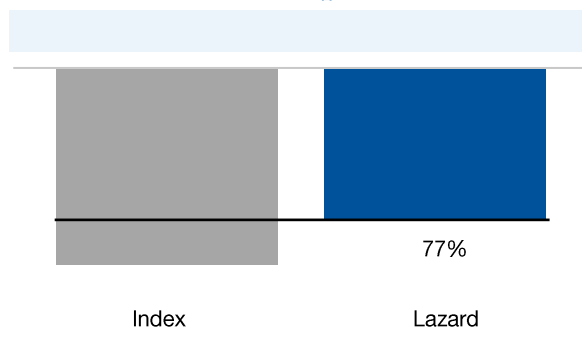
### Disciplined 'Value' Investment Approach

Longer-term independent thinking

### Stability and Experience

Team together at Lazard for more than 20 years

## Down Market Capture Ratio



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<sup>2</sup>

(%; net of fees. As of 30 April 2026)

	Annualised						
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	0.4	-5.6	11.1	4.7	11.1	7.8	8.7
Benchmark	2.2	-1.2	10.1	9.7	8.4	9.3	8.8
Excess Return	-1.8	-4.4	1.0	-5.0	2.7	-1.5	-0.1

<sup>1</sup> 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](http://www.lazardassetmanagement.com) for performance of the I Class.

## Allocations (%)

### Sector

	Lazard	Benchmark	Over/Underweight
Communication Services	-	3.7	-3.7
Consumer Discretionary	21.6	6.4	15.2
Consumer Staples	14.9	3.5	11.4
Energy	9.7	4.8	4.9
Financials	14.3	34.5	-20.1
Health Care	7.3	5.5	1.8
Industrials	9.2	7.1	2.1
Information Technology	-	2.1	-2.1
Materials	17.0	25.0	-8.0
Real Estate	5.6	5.9	-0.3
Utilities	-	1.5	-1.5
Cash	0.3	-	0.3

## Top Holdings (%)

	Lazard	Index
Rio Tinto	7.4	2.4
CSL	5.9	2.3
Woodside Energy	5.6	2.4
Treasury Wine Estates	5.2	0.1
Domino's Pizza Enterprises	4.7	0.0

## Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	36	200
Price/Cash Flow	8.1	10.9
Price/Book Value	1.6	2.4
Dividend Yield (%)	3.7	3.3
Forward Price/Earnings	14.8	18.1
Active Share (%)	77.3	-
3 Year Turnover (%pa)	55.0	-

## Commentary

The S&P/ASX 200 index ended April 2026 with a gain of 2.2% despite the intra-month volatility driven by global macro and geopolitical developments. Global equity markets rallied in April during temporary pauses in the fighting, as investors grew more optimistic that tensions between the US and Iran would ease, stabilising global oil supplies and limiting longer-term economic fallout. Elevated geopolitical risk, a renewed energy-driven inflation shock, and shifting RBA expectations dominated investor sentiment. On a sectoral basis within the S&P/ASX 200 index, the Information Technology, Real Estate and Materials sectors outperformed, while the Health Care, Consumer Staples and Energy sectors underperformed during the month.

During the month ended April 2026, the Lazard Select Australian Equity Fund returned 0.4% (net of W Class fees), underperforming the S&P/ASX 200 Accumulation Index which returned 2.2%.

### Contributors to Performance

AMP's share price rose by over 11% in April. This was partly driven by a continuing recovery from the February sell-off, and the broader rise in the S&P ASX200 over the month, which directly benefits AMP's wealth businesses. However, the most significant catalyst was the release of the Q1 trading update. Platform flows have steadily improved, with the total Wealth division is now in net inflow. AMP also increased guidance for full-year bank deposits in AMP GO from A\$1bn to A\$1.5bn. The AMP GO strategy remains central to improving returns in the low-ROE bank. Combined with the late March announcement of A\$150m buyback, these positive developments have increased EPS expectations and investor confidence, leading to the narrowing of the valuation discount from February 2026. Our forecasts and valuation remain broadly unchanged.

In late April 2026, Treasury Wine Estates (TWE) released a trading update showing depletions of data that was materially ahead of market expectations, along with a debt refinancing that indicated lender confidence in the company's balance sheet. As a result, the shares responded positively to the update.

### Detractors from Performance

IDP Education (IEL) has experienced continued share price pressure, as investors remain concerned about persistent government policy uncertainty towards international students, which is reflected in weak visa application data across Australia, the UK and Canada. While student placement volumes for IEL are proving more challenging than previously expected in the near term, management remains confident in its cost-rationalisation initiatives and sees potential to partially offset weaker volumes through natural tuition fee increases and upselling opportunities. IEL's share price has now fallen to its lowest level since its 2015 IPO. Historically trading at a premium valuation, the stock is currently valued at around half the market multiple, highlighting potential upside should regulatory conditions stabilise and improve.

Metcash's (MTS) share price declined over April 2026, underperforming the broader market as investor sentiment remained cautious toward discretionary retail and housing-exposed names. There was no company-specific news during the month, however, declining construction activity has led analysts to push out consensus recovery forecasts for hardware earnings by several years, contributing to the MTS's weaker performance in April.

### Outlook

The global geopolitical and economic environment is more unsettled than in the past, influenced by several major wars, increases in protectionism, vast fiscal deficits in the US and a global AI capex boom, all major influences. At present, we view 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. Combined with extraordinary fiscal profligacy in the US, the issuer of the reserve currency, we believe such an environment to be more inflationary. In Australia, this may be further amplified by the re-regulation of labour markets since 2022, and a rapid rise in government spending relative to GDP. US market equity prices have broadly doubled over the last three and a half years, and the S&P500 trades at over 39x cycle adjusted P/E, a 99% percentile observation only exceeded previously in 1999/2000. In the past, higher rates of inflation have been associated with lower P/E ratios, due to higher discount rate risk premium and an erosion of the depreciation tax shelter for firms.

We believe the market outlook is dominated by two factors:

- **Relatively High Aggregate Multiples:** The ASX 200 price index rose about 30% since mid-2022, while consensus forward earnings eased slightly. Consequently, the forward price to earnings (P/E) multiple has risen 30% over this period, even after the market falls in March 2026. The ASX200 trades on 19.2x actual trailing earnings as of end March 2026, and about 16x forward estimates. While off the mid-2025 peak due to recovering mining and energy earnings estimates, they remain high based on 21st century benchmarks.
- **High Valuation Dispersion:** Higher than usual multiples remain concentrated amongst the top quintile of valuations, banks and a few industrial stocks such as Wesfarmers, although these extremes have eased since the peak in Q3 of 2025. Dispersion of valuations across the ASX 200 remains high. This measure stood at the 98th percentile at its peak in September 2025 and remains in the top decile of observations over the last third of a century of ASX history at end March 2026.

In summary, the market still appears both expensive and distorted relative to long-term valuations. The pull-back from Q3 2025 extremes in both measures has delivered positive relative performance for our portfolios since that time, but this initial normalisation is still far from returning the market to the long-term equilibrium state. We believe that, if market valuations were to continue to normalise, relative returns for value strategies are likely to reflect those observed following prior peaks in valuation dispersion.

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