Lazard Select Australian Equity Fund

July 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$56.1m
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

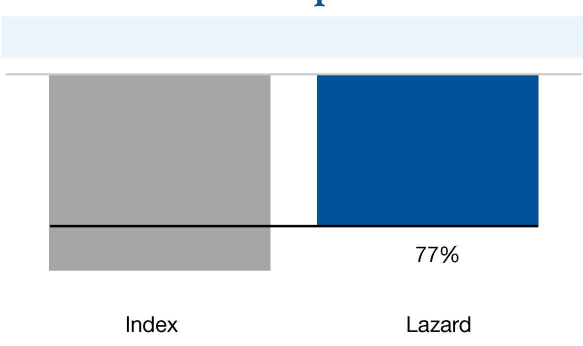
Disciplined 'Value' Investment Approach

Longer-term independent thinking

Stability and Experience

Team together at Lazard for more than 20 years

Down Market Capture Ratio



Performance[2]

(%; net of fees. As of 31 July 2026)

				Annualised			
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	5.9	6.8	12.1	5.0	10.8	8.2	8.9
Benchmark	2.3	4.1	6.0	10.4	8.0	9.0	8.9
Excess Return	3.6	2.7	6.1	-5.4	2.8	-0.8	0.0

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.

[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	-	3.4	-3.4
Consumer Discretionary	23.0	7.2	15.8
Consumer Staples	15.4	3.8	11.6
Energy	9.4	4.5	5.0
Financials	11.4	34.6	-23.2
Health Care	9.4	5.6	3.8
Industrials	8.5	6.8	1.7
Information Technology	-	2.0	-2.0
Materials	14.8	25.0	-10.2
Real Estate	5.8	5.9	-0.0
Utilities	-	1.4	-1.4
Cash	2.1	-	2.1

Top Holdings (%)

	Lazard	Index
CSL	7.9	2.2
Rio Tinto	7.1	2.3
Treasury Wine	5.7	0.1
Woodside Energy	5.5	2.3
Light & Wonder	5.0	0.3

Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	34	200
Price/Cash Flow	8.4	11.4
Price/Book Value	1.6	2.5
Dividend Yield (%)	3.7	3.1
Forward Price/Earnings	15.3	19.0
Active Share (%)	79.7	-
3 Year Turnover (%pa)	56.4	-

Commentary

The S&P/ASX 200 Accumulation Index advanced 2.3% in July 2026. Global equity market performance was mixed as heightened geopolitical tensions in the Middle East increased market volatility. Oil prices rose above US$100 per barrel, reviving inflation concerns and placing upward pressure on global bond yields. In Australia, bank stocks recovered strongly despite a weakening housing market, while Energy and Financials provided meaningful support to overall market returns. Within the S&P/ASX 200, the strongest performing sectors were Energy, Financials and Health Care, while Information Technology and Industrials were the weakest performers during the month.

During the month ended July 2026, the Lazard Select Australian Equity Fund returned 5.9% (net of W Class fees), outperforming the S&P/ASX 200 Accumulation Index which returned 2.3%.

Contributors to Performance

Following the 25% share price rally during Q2 2026, AMP's price rose a further 33% over the month of July 2026. The gain was driven by AMP upgrading its expected 1H26 NPAT guidance from A$170m to A$180m, mostly driven by a 24% uplift in the contribution from China Life to A$56m. This contributes almost one third of AMP's profit for the period. AMP's investment in China Life Pension Company's (CLPC) assets have generally had considerable valuation upside, given the rapid growth of China's Pillar II and Pillar III pension system, and CLPC's strong position in the structurally expanding market. However, this potential has been mitigated by the fact that AMP's 19.9% holding of CLPC is illiquid and that about 70% of these earnings are retained within CLPC and are thus non-cash to AMP. While we await further details at AMP's August 2026 1H26 result, particularly around any potential valuation uplift, we believe the magnitude of the share price appreciation is unlikely to be fully justified by this factor alone. Accordingly, we reduced our position in AMP during the period.

Dominos (DMP) outperformed the broader market by almost 17% in July following a trading update that indicated ongoing initiatives to improve franchise profitability were gaining traction. DMP reported same-store sales growth in its trial market, a particularly encouraging development after several reporting periods of negative same-store sales growth in Australia. The market responded favourably to evidence that operational initiatives are delivering results, supported by modest upgrades to medium-term earnings expectations and a valuation that remains near historically low levels.

Detractors from Performance

Reliance Worldwide (RWC) detracted from portfolio performance during the month. Whilst there was no company specific news, the re-escalation of conflict in the Middle East renewed concerns about inflationary pressures, potentially complicating the US Federal Reserve's path to monetary easing. This is particularly relevant for RWC given its significant exposure to the North American residential construction market, where activity levels remain sensitive to interest rate expectations.

Nickel Industries (NIC) underperformed in July following weaker-than-expected quarterly production, primarily due to planned RKEF maintenance outages and concerns around potential easing of Indonesian nickel ore quotas. Nickel prices have also softened, with LME nickel declining by approximately 10% in recent months. Despite these near-term challenges, NIC has successfully produced its first MHP from its Excelsior Nickel Cobalt (ENC) HPAL project. Production is expected to continue ramping up towards nameplate capacity by October 2026, supporting a favourable medium-term earnings outlook.

Outlook

The global geopolitical and economic environment is more unsettled than in the past, with major military conflicts, 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&P 500 trades at almost 40x cycle adjusted P/E, a 99th 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 34% since mid-2022, while consensus forward earnings rose less than 1%. Consequently, the forward price to earnings (P/E) multiple has risen 33% over this period. The ASX 200 trades on 20x actual trailing earnings as of end March 2026, and about 17x forward estimates. These are high valuations 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 in absolute terms since the peak in Q3 of 2025. Dispersion of valuations across ASX 200 remains very high, however. Forward multiples for the top quintile of the ASX200 were 5.6x multiples in the bottom quintile, 99.4 percentile monthly observations, which have only previously been exceeded once in 2025 and twice in early 2000.

In summary, we believe that 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.

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

Important Information