Lazard Select Australian Equity Fund

August 2026

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$59.4m
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

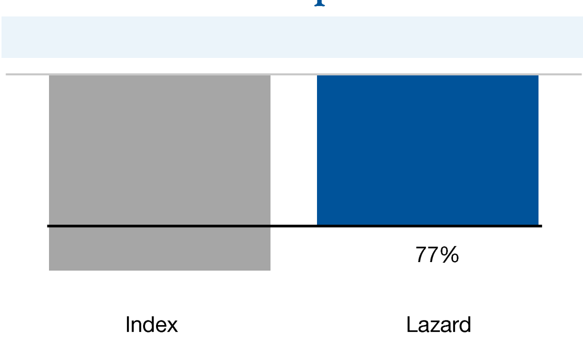
Disciplined ‘Value’ Investment Approach

Longer-term independent thinking

Stability and Experience

Team together at Lazard for more than 20 years

Down Market Capture Ratio



Performance[2]

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

	1M	3M	1Y	Annualised 3Y	5Y	10Y	Since Inception
Lazard (W Class)	6.2	13.8	15.4	7.5	11.2	8.8	9.2
Benchmark	1.5	4.5	4.4	11.2	7.8	9.4	8.9
Excess Return	4.7	9.3	11.0	-3.7	3.4	-0.6	0.3

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	-	3.3	-3.3
Consumer Discretionary	23.3	6.5	16.7
Consumer Staples	15.2	3.7	11.4
Energy	9.6	4.6	5.0
Financials	10.9	32.1	-21.2
Health Care	9.8	6.5	3.3
Industrials	8.5	6.6	1.9
Information Technology	-	2.1	-2.1
Materials	15.7	27.7	-12.0
Real Estate	5.6	5.4	0.2
Utilities	-	1.4	-1.4
Cash	1.5	-	1.5

Top Holdings (%)

	Lazard	Index
CSL	7.9	3.0
Rio Tinto	6.8	2.4
Treasury Wine	5.5	0.2
Light & Wonder	5.5	0.0
Domino's Pizza	5.2	0.1

Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	35	200
Price/Cash Flow	8.3	11.6
Price/Book Value	1.8	2.6
Dividend Yield (%)	3.2	3.3
Forward Price/Earnings	15.8	18.7
Active Share (%)	78.8	-
3 Year Turnover (%pa)	55.2	-

Commentary

The S&P/ASX 200 rose approximately 1.1% in August 2026. Global equity markets advanced more broadly, as technology, materials and energy led gains. The ongoing US-Iran standoff over the Strait of Hormuz kept oil prices elevated near multi-month highs and geopolitical risk firmly in focus, while gold surged nearly 10%. In Australia, financials came under earnings and rate-outlook, despite a late-month rally in bank stocks. Materials rallied on a broader commodity rebound led by rare earths and critical minerals names. Within the S&P/ASX 200, the strongest performing sectors were Materials, Energy and Health Care, while Financials and Real Estate were the weakest performers during the month.

During the month ended August 2026, the Lazard Select Australian Equity Fund returned 6.2% (net of W Class fees), outperforming the S&P/ASX 200 Accumulation Index which returned 1.5%.

Contributors to Performance

CSL outperformed the market by 38% over August largely after its results confirmed that its immunoglobulins business was growing in line with the overall industry. The lower growth the company had delivered in this key product over the last 12 months had greatly influenced the recent negative sentiment towards CSL. We trimmed the position into the rally but with valuations still low relative to history, we believe there is still further value in the stock.

RWC's share price strength was primarily driven by Brookfield Capital Partners' non-binding takeover proposal at A$4.75/share, announced alongside the FY26 result. While FY26 earnings were softer, management highlighted underlying sales growth, strong cash generation, debt reduction and improving second-half margins, helping reinforce confidence that earnings had likely troughed.

Detractors from Performance

Ridley had delivered strong share price performance ahead of its FY26 result, reflecting investor confidence following the acquisition of the Incitec Pivot Fertilisers business. While the reported result was strong, much of the earnings growth was acquisition-driven and largely anticipated by the market. Excluding Fertilisers, the legacy businesses delivered a softer performance, with some operational and margin pressures across Bulk Stockfeeds and Packaged & Ingredients. Looking ahead, management expects earnings growth across all segments in FY27, supported by volume growth, market share gains and improved utilisation in Bulk Stockfeeds, alongside operational recovery and improving commodity conditions in Packaged & Ingredients. We believe this should support a return to modest organic growth from the legacy operations following a subdued FY26.

IDP Education's share price underperformed following its FY26 result. The result was broadly in line with guidance, with a modest beat at the final dividend level. Investor focus remained on the cautious FY27 outlook, reflecting ongoing weakness in international student placement volumes. The business continues to face a challenging policy backdrop as governments in Australia, the UK and Canada tighten visa settings, increase scrutiny of student quality and seek to moderate migration levels. In the near term, management's key earnings lever remains cost reduction, and its entry into China's IELTS market could provide a meaningful earnings contribution from its testing business, helping offset weakness in student placements while migration policies stabilize. The balance sheet remains exceptionally strong, providing flexibility for further cost initiatives and capital management. With the stock trading at more than half of the market multiples and well below its historical premium ratings, we believe much of the near-term uncertainty is likely already reflected in the share price.

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.

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or visit www.lazardassetmanagement.com

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