Lazard Select Australian Equity Fund

October 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$60.1m
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

5 Highly Recommended Lonsec Research

Zenith HIGHLY RECOMMENDED

4 Recommended Genium

Strategy Highlights

High Conviction

Benchmark unconstrained, with high active share and best ideas

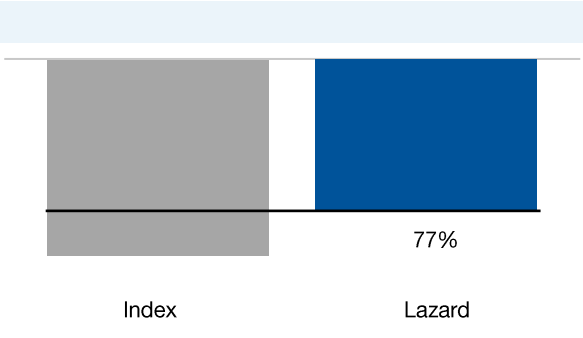
Disciplined 'Value' Investment Approach

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 31 October 2026)

				Annualised			
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Lazard (W Class)	2.3	7.6	17.4	9.7	11.1	8.8	9.2
Benchmark	1.4	0.5	3.7	13.4	8.0	9.4	8.8
Excess Return	0.9	7.1	13.7	-3.7	3.1	-0.6	0.4

[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	21.3	6.6	14.7
Consumer Staples	17.2	3.7	13.5
Energy	9.8	4.7	5.1
Financials	10.3	34.5	-24.2
Health Care	9.4	7.3	2.1
Industrials	8.3	6.9	1.4
Information Technology	-	2.0	-2.0
Materials	15.0	24.2	-9.2
Real Estate	5.9	5.5	0.4
Utilities	-	1.5	-1.5
Cash	2.8	-	2.8

Top Holdings (%)

	Lazard	Index
Rio Tinto	6.8	2.0
CSL	6.6	3.6
Light & Wonder	5.8	0.3
Woodside Energy	5.6	2.3
Treasury Wine	5.6	0.2

Portfolio Characteristics (%)

	Lazard	Index
Number of Holdings	35	200
Price/Cash Flow	8.0	10.9
Price/Book Value	1.7	2.5
Dividend Yield (%)	3.2	3.3
Forward Price/Earnings	15.4	18.4
Active Share (%)	79.4	-
3 Year Turnover (%pa)	54.2	-

Commentary

After a strong start to the month in October, global equity markets saw some volatility during the month on the concerns around AI sector, mainly those markets with larger representation of AI companies. The AI sector-related jitters in the market contributed to the US tech-heavy Nasdaq index, ending the month 5% lower, while the S&P500 fell by 0.9%. AI-exposed equity markets in Korea and Japan fell by 16% and 5%. Amidst this backdrop, Australian Equities performed strongly during the month, with the S&P/ASX 200 Accumulation Index gaining by 1.4%. During the month, the Financials and Utilities sectors were the strongest performers, while Information Technology and Materials detracted from market returns.

During the month ended October 2026, the Lazard Select Australian Equity Fund returned 2.3% (net of W Class fees), outperforming the S&P/ASX 200 Accumulation Index which returned 1.4%.

Contributors to Performance

Light & Wonder (LNW) rebounded from its September underperformance despite no major company-specific news. Continued resilience in the US casino market, together with positive industry feedback on LNW's new products showcased at the G2E gaming conference, likely supported the stock's stronger performance during the month.

Treasury Wine Estates (TWE) shares gained strongly in October outperforming the market. During the month, the company held its AGM and provided a Q1 FY27 trading update, confirming that trading remained in line with plan across all regions, Penfolds depletions in China were slightly ahead of schedule, and FY27 EBITS guidance was maintained. The completion of the Rosemount and associated brand divestments was consistent with TWE's strategy to streamline its portfolio from around 75 to 35 brands, while the planned reduction of approximately 170 roles under Project Ascent reinforced management's focus on cost discipline, underpinning the recovery thesis.

Detractors from Performance

Rio Tinto's (RIO) underperformed the market in October, mainly due to weaker commodity prices. RIO's Q3 26 operational results were broadly in line with expectations. Late in the month, a seismic incident at its Oyu Tolgoi copper mine temporarily halted and disrupted production, with operations subsequently resuming following safety inspections.

Viva Energy's (VEA) stock declined during the month as we believe VEA has become increasingly correlated with refining margins, which have remained volatile amid tight global refined-product supply. Disruptions through the Strait of Hormuz and ongoing Ukrainian attacks on Russian refineries added to further supply uncertainty. Asian refining margins have eased by around 50% from recent record highs but remained well above historical levels, continuing to provide a supportive earnings backdrop for VEA.

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 over 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 a higher discount rate risk premium and an erosion of the depreciation tax shelter for firms. Recent rises in Developed Market sovereign bond yields support these views.

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 fell by 1%. Consequently, the forward price to earnings (P/E) multiple has risen 36% over this period. The ASX 200 trades on 19x actual trailing earnings as of end March 2026, and about 17.4x 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. Relative forward multiples for the top quintile of the ASX200 eased from a peak of 5.7x relative to the bottom quintile at end of September 2025, to 4.6x by end of September 2026 – but this remains very high relative to the 34-year median value of 2.8x.

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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