Lazard Defensive Australian Equity Fund

September 2026

LAZARD
ASSET MANAGEMENT

The **Lazard Defensive Australian Equity Fund** is designed to provide regular, tax effective income that grows over time. It sources that income by investing in Australian companies with sustainable dividends, or by investing in cash, depending on where thebest opportunities exist. The Fund's objective is to achieve reduced exposure to S&P/ASX200 Accumulation Index drawdowns; a total return that exceeds the Reserve Bank of Australia Cash Rate; and an income return at a premium to the S&P/ASX200 Accumulation Index dividend yield.

Fund Facts

Inception Date	3 July 2012
Total Fund Size (AUD)	A$139.8m
Total Management Costs~	0.77% p.a.
Minimum Investment	A$20,000
Buy/Sell Spread	+0.20%/-0.20%
Distributions	Quarterly[1]
APIR Code	LAZ0022AU
Benchmark	RBA Cash Rate^/ S&P ASX 200 Accumulation#

~ Total reduces to 0.45% p.a. of the net asset value when the proportion of the Fund in Cash investments is greater than 50%.Total Management Costs include an estimated Indirect Costs of 0.02% p.a. of the NAV

Strategy Highlights

Reduce Drawdowns

Emphasis on avoiding large drawdowns compared to the S&P ASX 200 Accumulation Index

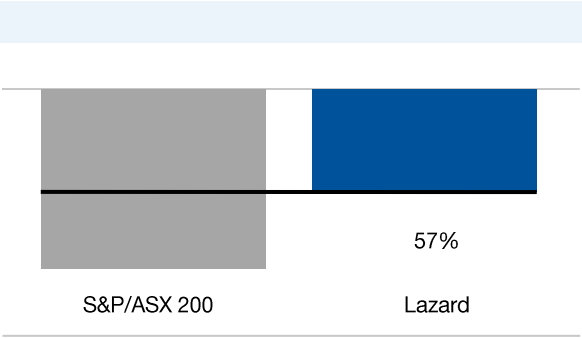
Total Return

Securities selected for both income and long-term growth opportunities

Sustainable Income

Exposure to companies with sustainable income streams

Down Market Capture Ratio[2]



Performance[3]

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

				Annualised			
	1M	3M	1Y	3Y	5Y	10Y	Since Inception
Fund	-1.0	3.2	11.6	8.5	9.6	8.6	10.7
RBA Cash Rate Index	0.4	1.1	4.1	4.3	3.4	2.2	2.3
S&P ASX 200	-2.4	1.3	2.7	11.4	7.7	9.0	9.8

[1] Distributions are made quarterly if of an economic size.

[2] Down Market Capture Ratio is calculated since inception and based on performance net of all fees.

Down Market capture is a statistical measure of an investment manager's overall average performance in down markets, being calendar months where the S&P/ASX 200 Accumulation Index ("Index") experiences negative performance. A drawdown ratio (or percentage) of less than 100 (or 100%) reflects that the manager has outperformed the Index during such down markets.

[3] Performance is presented net of fees. 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.

Allocations (%)

Sector

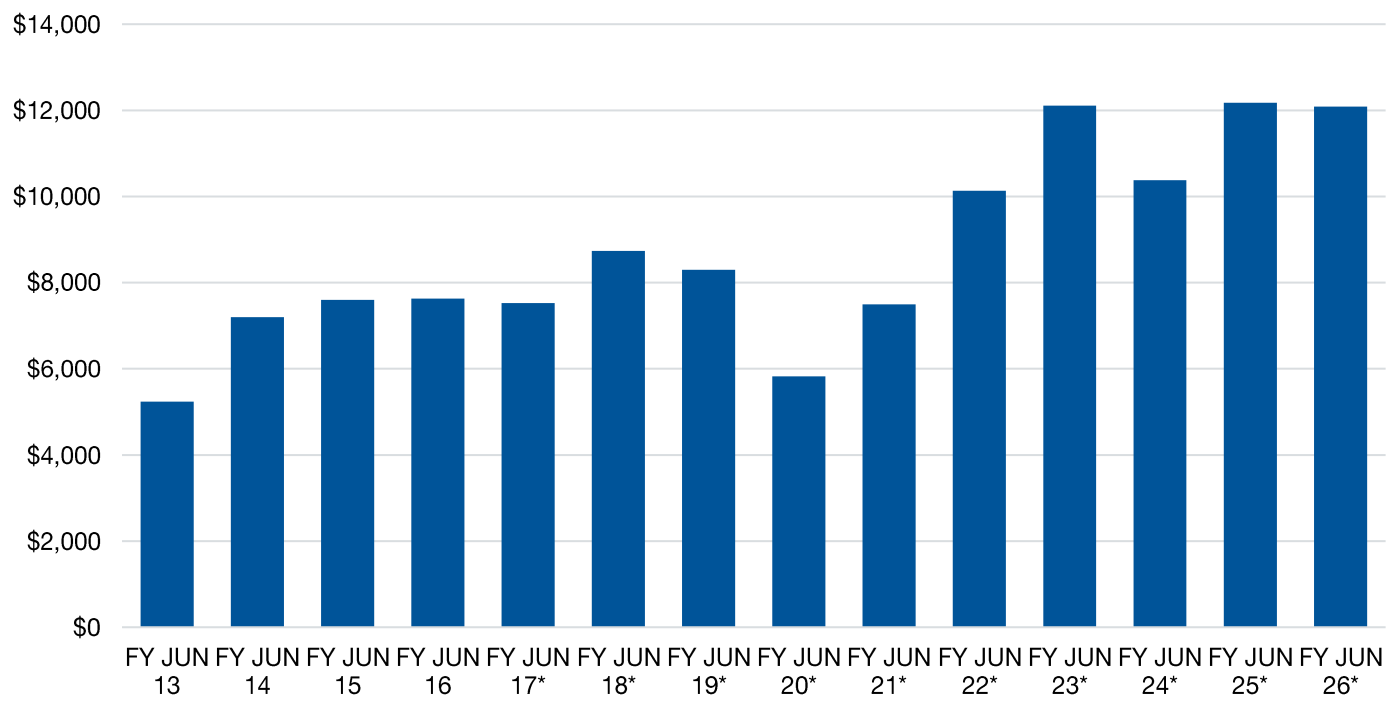
	Lazard
Communication Services	-
Consumer Discretionary	13.2
Consumer Staples	13.4
Energy	7.0
Financials	15.2
Health Care	11.7
Industrials	8.2
Information Technology	-
Materials	14.7
Real Estate	11.4
Utilities	-
Cash	5.2

Portfolio Characteristics

	Lazard	Index
Number of Holdings	40	200
Volatility (Since Inception)	10.1	12.9
Sharpe Ratio (Since Inception)	0.8	0.6
Net Yield (%)	4.1	3.4
Gross Yield (%)	5.2	4.4
3 Year Turnover (% p.a.)	60.1	-

Fund Distributions[4]

Based on $100,000 Capital Invested at Fund Inception



[4] Distribution calculation is based on the Net Distributed grossed-up for Tax Credits. It assumes income is distributed and all distributed capital gains are immediately re-invested in the Fund. Distribution calculation is for illustrative purposes only. Distributions can go up and down. Past distributions are not necessarily indicative of future distributions.

* The Fund opted into the Attribution Managed Investment Trust (AMIT) regime from 1 July 2017. The cash distribution policy of the Fund following the election is a gross income cash distribution policy. That is, the expenses of the Fund will be funded from remaining capital in the Fund. The payment of income before expenses will mean that part of the cash distribution will represent a non-taxable amount. This will appear on AMMA statement as a non-assessable non-exempt amount.

Commentary

As at 30 September 2026, the Fund is invested in 40 companies which meet the criteria of a dividend yield above the cash rate, capital appreciation potential and sustainability of dividend. Given between 1% and 3% of Fund assets will be invested in each qualifying company at month end, listed shares accounted for 94.8% of assets and 5.2% of Fund assets were invested in cash deposits.

The Fund's aggregate forward yield continued to look attractive at 4.0%, or 5.0% when "grossed-up" for franking credits and tax deferral benefits*. This can be compared to the RBA annual cash rate at month end of 4.60%. The RBA measurements of term deposit rates in the Australian market, the "Average Rate (all terms)" ended the month at 3.55%.

September saw fifteen ex-dates and sixteen dividend payments within the portfolio.

Deterra Royalties (DRR) is a mining royalty company based in Perth. Its key asset is the Mining Area C (MAC) royalty, where the company receives 1.2% of FOB revenue from BHP's Tier-1 Area C mine, as well as A$1 million for every million dry tonne increase in annual production above the previous highest level. In recent years, DRR has also diversified its commodity exposure across lithium and copper through the acquisition of Trident Royalties and Santa Cruz Copper Royalty. However, MAC Royalty still accounts for approximately 90% of DRR's valuation. We view DRR as a unique and high-quality business, with minimal maintenance capex and operating expenditure, meaning it generates an operating profit margin of above 90%. Accordingly, with our assessment of long-run commodity prices, we think that DRR offers a prospective dividend yield of at least 4%.

Looking ahead, we expect six dividend receipts during October 2026 within the portfolio.

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

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*Assumes tax deferred distributions are equivalent to 60% franked, based on an assumed marginal tax rate of 35% and an assumed holding period of 3 years. A higher assumed marginal tax rate, or a longer assumed holding period would have increased the assumed/equivalent franking level. Conversely, a lower assumed marginal tax rate, or a shorter assumed holding period would have decreased the assumed/equivalent franking level.