Letter FROM THE Manager

LAZARD GLOBAL LISTED INFRASTRUCTURE

The Need for Diversification in Markets Currently Facing Just One Way

Strong corporate earnings helped by frenzied AI-related capex investment drove global stock markets higher in H1 2026, enabling indices to overcome the geopolitical uncertainty and oil price volatility created by the on–off Iran war.

In stoking already above-target inflation in the US and reawakening price pressures in Europe, the conflict in the Middle East has upended the interest rate outlook. Earlier market expectations of US rate cuts have faded in the face of more hawkish commentary by the Federal Reserve. In Europe, the European Central Bank raised rates in June, its first hike since 2023, with a further increase expected in September.

For the Lazard Global Listed Infrastructure team, unpredictable geopolitics aside, we believe this macro backdrop is unsurprising. We have cautioned for some time that inflation would remain above central bank targets and that interest rates would stay higher for longer.

The global listed infrastructure asset class behaved much as we would expect in this environment. Over the last 12 months, in a heavily momentum-driven market, listed infrastructure lagged the broader MSCI World Index in relative terms while still delivering solid absolute returns.

One Market, One Bet

The defining risk we see today is concentration. Whether through big technology, semiconductors, or even resource stocks now propelled by AI-linked copper demand, much of the market appears to be expressing a single view. We would caution against relying on just one singular bet. If market sentiment shifts even modestly, many investors could be exposed at once.

In our opinion, this is where the Lazard Global Listed Infrastructure strategy earns its place in a broad portfolio. It is very lowly correlated to AI-related demand. It also has a negative correlation to energy, the other area currently driven by geopolitical tensions. Taken together, we believe this potentially makes the strategy a valuable portfolio diversifier.

Earnings Exposure to AI-Driven Demand Growth

Our strategy is clearly not intended to be a vehicle to play the AI theme. However, many of our holdings do have some upside earnings exposure to AI-driven demand growth. In electric utilities, that exposure comes largely through the transmission assets built to connect data centers to the grid. In tower companies, it comes via growth in mobile data traffic, itself driven by AI-enabled smartphones. In the satellite sector, demand is shifting away from traditional video broadcasting towards high-speed, low-latency data transmission for cloud backhaul, edge computing, and government data and communications contracts.

Yet while AI touches many of our portfolio companies, the revenue it generates at the portfolio level remains modest. We apply a healthy degree of conservatism to the AI-linked capex forecasts of infrastructure companies, and we estimate that fewer than 5% of portfolio revenues are currently driven by AI-related activity.

Importantly, the strategy does not invest in data centers directly. Their contract lives are relatively short compared with the “preferred infrastructure” assets we favor. Furthermore, we identify several risks. Data centers lack the monopolistic characteristics of that are the hallmark of our “preferred infrastructure” investment universe. Barriers to entry are lower; the industry is immature, fast-growing, and fragmented; and pricing is highly competitive. They also carry technology risks. Changes in the pace of cloud adoption, denser use of physical space, or faster data speeds could each reduce demand. Lastly, they face competition risk. New entrants and the potential for overbuilding could erode returns on capital and raise price competition as tenants’s bargaining power grows. In combination, these factors result in data centers not being considered preferred infrastructure.

Defensive by Design

The Lazard Global Listed Infrastructure strategy has historically proven resilient through recessions and market downturns. It has exhibited an equity beta of around 0.7, downside capture of 0.56, and lower volatility (Exhibits 1 and 2) since its launch in 2005.

We believe this conservative risk profile stems from our focus on “preferred infrastructure.” These are monopolistic businesses with inflation-protected, regulated, or contracted revenue streams, which produce the consistent, forecastable earnings and cash flows that investors often gravitate towards when markets stumble.

Exhibit 1

Defensive Performance Profile

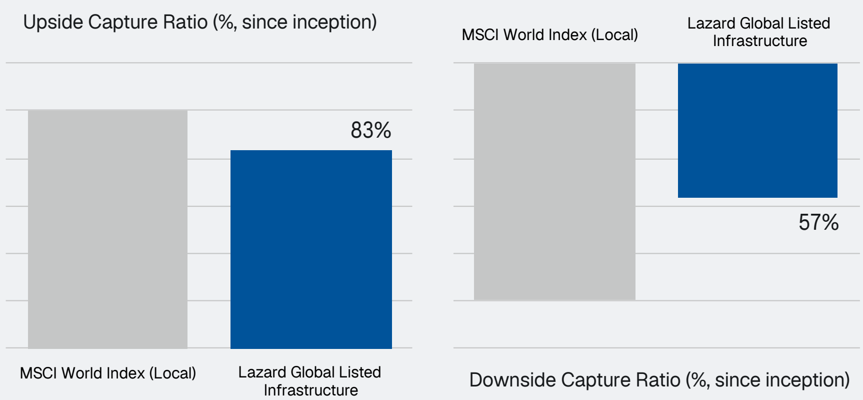
	Annualized 5 Years (%)			Annualized 10 Years (%)		
	Return Net	Volatility	Beta[3]	Return Net	Volatility	Beta[3]
Lazard Global Listed Infrastructure Strategy (AUD Hedged)[1]	10.9	12.8	0.64	10.3	13.0	0.67
Global Listed Infrastructure Index (AUD Hedged)[2]	6.8	13.2		7.5	12.6	
MSCI World (Local) Index	12.2	13.9		13.5	13.9	
Bloomberg Global Treasury (AUD Hedged) Index	-0.4	4.5		1.0	3.7	

For illustrative purposes only. As of 30 June 2026. [1] Represents the Lazard Global Listed Infrastructure (AUD Hedged) Composite. [2] The Global Listed Infrastructure Index (AUD Hedged) from inception to 31 March 2015, is the UBS Global 50/50 Infrastructure and Utilities Net Index (AUD Hedged); from 1 April 2015 to 30 June 2018, the FTSE Developed Core Infrastructure 50/50 100% Hedged to AUD Net Tax Index; and thereafter, the MSCI World Core Infrastructure 100% Hedged to AUD Index. [3] Beta vs MSCI World Index (Local Currency) Performance is presented as net of fees. Please refer to "GIPS® Standards Composite Information" for additional information, including net-of-fee results. The performance quoted represents past performance. Past performance is not a reliable indicator of future results. Source: Lazard, UBS, FTSE, MSCI, Bloomberg

Exhibit 2

Upside Downside Capture

November 2005 to 30 June 2026



	Volatility (%, Relative to Index, Annualised)[1]	Beta[1]
Lazard Global Listed Infrastructure Strategy (AUD Hedged)[1]	12.69	0.69
MSCI World (Local)	14.08	-

As of 30 June 2026. All data in AUD. [1] Since Inception: November 2005
Upside/downside capture ratio: A benchmark-relative ratio between a composite and its benchmark that seeks to explain portfolio construction in up and down markets.
The return-based characteristics are based on the gross-of-fees composite returns. Please refer to "GIPS® Composite Information" for additional information, including net-of-fee results. The performance quoted represents past performance. Past performance does not guarantee future results. The index is unmanaged and has no fees. One cannot invest directly in an index. For definitions, please refer to appendix. Benchmark: MSCI World Source: Lazard, MSCI, FactSet

Some European Opportunities, Still Underweight in the US

Given volatile, momentum-driven markets and our disciplined, conservative approach, we remain cautious, particularly in light of elevated geopolitical and economic risks. We currently see only limited pockets of value, most notably in Europe. We expect inflation to remain above most central banks's targets for several years—a backdrop with positive cash flow implications for toll roads, airports, railways, and non-US utilities, although the effect on US utilities should be weighed carefully, business by business.

The strategy retains its longstanding underweight exposure to US names. However, we are beginning to identify specific opportunities within the US communications sector, which we may pursue where market conditions and our investment process align.

The scarcity of value across our universe has left the portfolio relatively concentrated. We believe the portfolio's risk/return trade-off is favorable over the medium-to-longer term, but it brings greater stock-specific risk. In our view, the only way to be properly compensated for that risk is through highly selective stock-picking.

Long-Term Valuations Supportive

On a longer view, the case is compelling. Relative to its history and to the MSCI ACWI, the Lazard Global Listed Infrastructure portfolio trades at a discount on price-to-earnings, a substantial discount on EBITDA multiples, and a significant premium on dividend yield. On a five-year horizon, valuations look attractive on a risk/return basis—and, we believe, more appealing than a passive investment in infrastructure indices, bonds, or broader equities. In our opinion, the preferred infrastructure characteristics we seek should continue to serve our investors well over the long term.

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