Q1 2025 STRATEGY REVIEW

Lazard
Global Listed Infrastructure

LAZARD
ASSET MANAGEMENT

Market Summary

Equity markets worldwide receded in the first quarter, as investors trod cautiously amid growing risks and mounting uncertainty about the global economic outlook. All eyes were on the US, where market enthusiasm for the newly installed Trump administration's anticipated business-friendly policies gave way to anxiety after a barrage of on-again, off-again tariff announcements sowed uncertainty and confusion about the scope of these import taxes. The European Central Bank reduced interest rates at its policy meetings in January and March and noted that the "disinflation process remained on track" in the eurozone.

Listed infrastructure outperformed global equities during the quarter. Infrastructure assets generally offer stable returns and protection against inflation, and we believe this made the asset class more attractive during this period of economic uncertainty and possible rising inflation.

Portfolio Performance

The Lazard Global Listed Infrastructure strategy ("the strategy") outperformed both the MSCI World Core Infrastructure Index and the MSCI World (Local) Index over the quarter ended 31 March 2025.

During the first quarter, performance came from a diverse range of stocks in the strategy.

Exhibit 1
Q1 2025 Contributors and Detractors

Contributors	Explanation
Exelon	US diversified utility Exelon posted gains after a strong set of Q4 results and its safe haven status in a turbulent market. The visibility of its regulated returns, combined with the attractiveness of its valuation, made the company a key focus for investors. Notably, the company raised its guidance for 2025. Exelon continues to strategically reallocate capital toward higher return Federal Energy Regulatory Commission (FERC) transmission investments, which are expected to drive long-term value creation and sustained earnings growth.
Vinci	French toll road operator Vinci delivered solid performance during the quarter supported by robust traffic levels across its motorway network and airports, now standing around 8% above 2019 levels overall. Following a year marked by political uncertainty in France, the company's shift in focus toward international opportunities is becoming evident. A notable example is Vinci's 50%-owned Gatwick airport in the UK, which received support from the UK government to advance plans for a second runway. This expansion would significantly increase the airport's capacity and, if executed effectively, we believe it could unlock substantial value.
Snam	Italian gas utility Snam rose during the quarter after unveiling an updated investment plan for 2025-2029. The plan highlights significant investments in transforming the network to accommodate hydrogen and biogas blending. Additionally, investments are directed at improving Europe's security of supply, bringing greater flexibility to the network to adapt to changing gas flows. We believe that Snam offers a compelling opportunity at current prices, in light of its robust and consistent regulatory framework.
Italgas	Italian gas utility Italgas shares were underpinned by the regulatory approval of the acquisition of 2i ReteGas, paving the way for a capital increase. We view this transaction as value accretive, primarily due to the high level of discipline on the price paid by management. Additionally, we believe that the synergies could create additional value due to Italgas' superior operating efficiency.
SES	Satellite operator SES rose after delivering solid Q4 revenues and also as a result of sentiment shifts towards European satellite operators along with the broader geopolitical changes and potential shifts in European defense strategies. In spite of the share price rise, SES still offers compelling value with the Intelsat transaction on track, with management reconfirming total cash synergies of more than €370 million per year.

Detractors	Explanation
Power Assets CK Infrastructure	Sister listed infrastructure investment holding companies, Power Assets (PAH) and CK Infrastructure (CKI), both experienced declines during the quarter, continuing a period of price volatility. Rumours have been circulating regarding the potential sale of UK Rail's business Eversholt Rail for a combined price of GBP 4 billion, which is a premium to the purchase price paid in 2015. Additionally, we understand both companies have interest in acquiring UK regulated water utility Thames Water. It is understood that CKI has made a preliminary bid for a majority stake in Thames Water, valued at £7 billion, contingent on Thames Water's bondholders agreeing to significant debt write-downs. We believe acquiring Thames Water at a discount to Regulatory Capital Value would be a value accretive transaction.
CSX	The share price of US freight railroad network CSX was lower during the quarter as a result of the ongoing uncertainty regarding tariffs. The tariffs are expected to impact the domestic US economy as well as freight volumes of goods traded with Mexico and Canada. The portfolio currently has no exposure to freight railroads in Canada or Mexico.
United Utilities	Shares in UK water utility United Utilities (UU) faced pressure during the quarter, driven by rising UK government gilt yields and broader weakness across the UK water sector as several peers appealed Ofwat's regulatory decision issued in December 2024. Unlike its peers, UU accepted the regulator's final determination of tariffs for the 2025-2030 regulatory period. We view this regulatory review positively, as it not only improved the allowed return, but also de-risked critical items such as power costs and the Output Delivery Incentives, leaving greater potential for outperformance over the next five years. We maintain a positive view on the company's top quartile operational performance and its readiness for the significant capital programme ahead, positioning it as one of the most attractive investment opportunities within our universe.
Auckland International Airport	Auckland International Airport (AIA) detracted over the quarter following a softer-than-expected 1H25 result. In March, the Commerce Commission deemed AIA's aeronautical pricing to be targeting excessive returns over the next five years. AIA quickly responded by agreeing to discount pricing for 2026/27 to align with regulatory allowances. While below market expectations, we view this adjustment as consistent with the proven regulatory framework and our assumptions, supporting long-term operational stability.

As of 31 March 2025

Source: Lazard

Impact of the US Tariffs

As President Trump's sweeping tariffs take effect, global markets are experiencing significant volatility. We believe the actual impact of these tariffs, however, would depend on two critical factors: the retaliatory measures from other countries and the duration for which the tariffs remain in place. Economists' estimate a potential 1%-2% hit to real GDP alongside a corresponding 1%-2% increase in the Consumer Price Index (CPI). We are monitoring the evolving situation, following a similar methodical approach from past crises like the Global Financial Crisis (GFC) and the COVID-19 pandemic which has served us well. We believe the Lazard Global Listed Infrastructure strategy (the 'strategy') is defensively positioned and has been performing well.

Although we have not made any direct portfolio adjustments in response to President Trump's administration outcomes, we remain mindful of their potential effects on GDP growth and valuations. We have long held the view that interest rates have been artificially low and should normalise at around 5% in the US. Policies from the U.S. administration could accelerate this normalisation, leading to higher inflation and increased market turbulence. We believe global listed infrastructure as an asset class, which includes essential or heavily regulated infrastructure, will be relatively less impacted by these recent events than most trade related companies and therefore, we do not expect to see any major valuation adjustments. That said, there will be some differences by individual sectors and stocks. For example, US railroads will be more impacted than UK water utilities; airports may see volatility in terms of cargo volumes and passenger numbers; and toll roads may see more volatility in truck traffic volume compared to passenger vehicles due to their correlation to industrial production.

The strategy is constructed to capitalise on the opportunity for infrastructure to deliver low-risk, inflation-linked returns. The strategy will only invest in companies we consider as "Preferred Infrastructure", those of which have inflation protection in their revenues. We then seek those companies with high operating margins and/or variable cost structures so that these inflation protected revenues flow through to equity holders in the form of profits, dividends or distributions. The types of events we are currently facing are embedded into our long-term valuations for the companies held in the strategy. The investment team ensures that consistent economic and valuation assumptions are made across all stocks in the investment universe, regardless of geography, and asset risk premiums are also applied with consistency among assets with similar risk characteristics. We take a long-term view on the stocks in our investable universe. Stocks with higher asset risk premiums (ARP) are more sensitive to the economy and stocks which are less sensitive have a lower ARP. The businesses we typically own in the strategy are more defensive than the average industrial business. While we currently do not believe any of the stocks in our portfolio will have any major first order effects from the tariffs imposed, they are not immune from second order effects, especially if there is any slow down in international trade.

We are maintaining slightly elevated cash levels and concentrating our strategy on what we believe are significantly undervalued companies. Over the next 12 months, we expect continued market fluctuations, but this is precisely what creates compelling buying opportunities. Our strategy is to remain patient, selective, and ready to act when the right opportunities arise. By staying disciplined and focusing on valuation, we aim to deliver strong long-term returns, even in the face of current market uncertainties. Historically, market corrections have presented some of the best long-term investment opportunities.

Trading Activity

There were no new buys or complete sells during the quarter ended 31 March 2025.

Portfolio Composition

Based on our estimates, the fair value of a A$100 investment into Lazard Global Listed Infrastructure is worth approximately A$98. Which means, as at 31 March 2025, our strategy was trading at approximately 1.9% premium to fair value.

Despite the relatively strong performance over the quarter, we continue to see strong valuation upside across the portfolio. The chart below illustrates that the current portfolio of stocks as at 31 March 2025 is trading at a 21% discount compared to the strategy's average trading levels over the past 15 years.

Exhibit 2

Lazard Global Listed Infrastructure vs MSCI World Index – Relative P/E

Data as of 31 March 2025.

Investment characteristics are based upon a representative account. P/E is using a forward-looking P/E (NTM). This information is for illustrative purposes only.

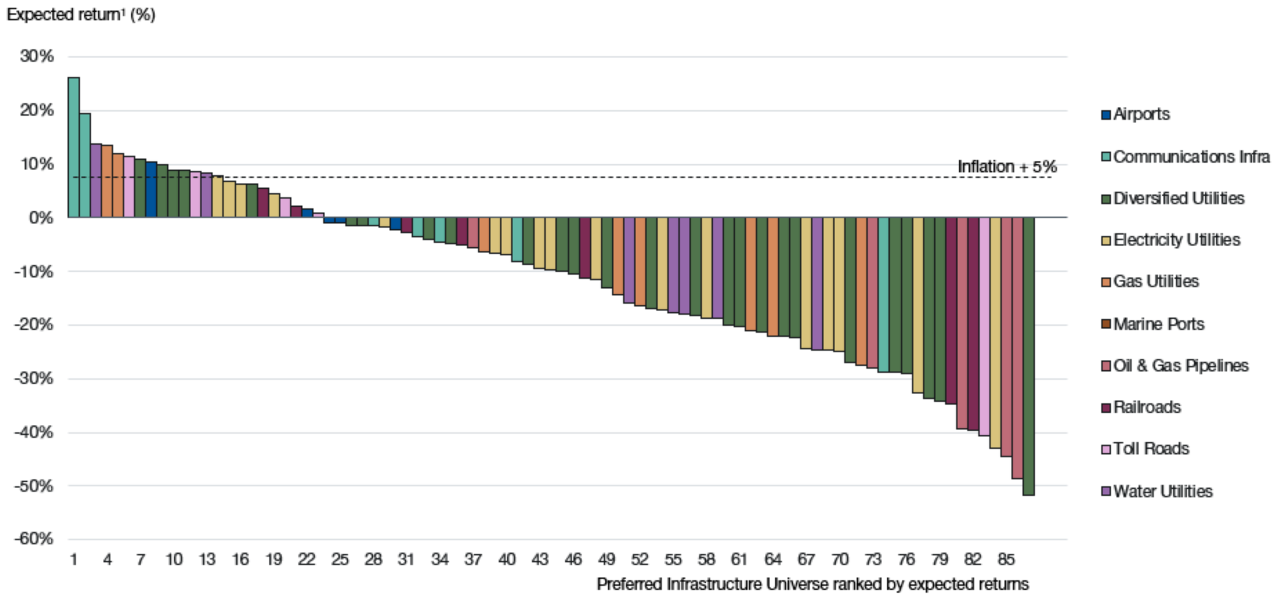
Please refer to "GIPS® Composite Information" for additional information, including net-of-fee results. The performance quoted represents past performance. Past performance does not guarantee future results. The index is unmanaged and has no fees. One cannot invest directly in an index. Lazard estimates based on historical financial accounts of companies held in the Portfolio. All estimates are based on current information and are subject to change.

Source: FactSet, Lazard.

The number of opportunities available in our Preferred Infrastructure Universe has not dramatically changed. It remains our view that security selection in listed infrastructure is critically important. Exhibit 3 shows a wide dispersion in our value-ranked return expectations across our Preferred Infrastructure Universe. In Exhibit 3, each bar represents a stock in our Preferred Infrastructure Universe and our expected annual return over three years, based on the assumption that all of the stocks will trade at our valuation in three years' time. As the chart shows, we believe there is wide dispersion in the asset class.

We see select areas of opportunity, specifically in European-listed toll roads, UK water utilities, US railroads, and satellite companies. We are also beginning to see some specific stock opportunities within the US utilities sector. Our portfolio today is diversified by infrastructure sectors (Exhibit 4), and the companies in which we invest collectively own over 400 individual infrastructure assets.

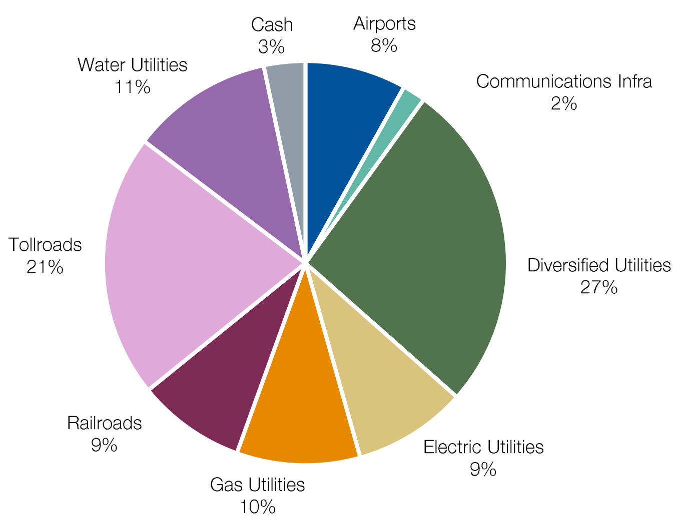
Exhibit 3
Lazard Global Listed Infrastructure—Value Ranked by Sector



As of 31 March 2025

[1]Over 3 years, assuming all the stocks trade at our valuation in 3 years' time. The opinions and estimates contained in this graph are based on current information and are subject to change. It should not be assumed that any investment was or will be profitable. Expected returns do not represent a promise or guarantee of future results and are subject to change. Shown for illustrative purposes only. Each bar represents an individual stock's expected return per annum for the next three years. This is based on a comparison of Lazard's Global Listed Infrastructure team's intrinsic valuation of the stock three years out, the market price of the stock today, and the interim forecast dividends. Source: Lazard

Exhibit 4
Portfolio by Sector



As of 31 March 2025

The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account for the AUD Hedged version of the strategy. Allocations are subject to change. Portfolio summary is based on underlying company assets. This information is for illustrative purposes only and is supplemental to the "GIPS® Standards Composite Information." Source: Lazard, FactSet

Outlook

Our market outlook remains broadly unchanged even amidst a turbulent geo-political backdrop. The combination of volatile equity markets and our conservative approach leads us to view current market conditions cautiously. We see pockets of attractive value opportunities, particularly in Europe. We have long cautioned investors about the valuation of the US utility sector and we have been underweight this sector for some time. While we remain cautious, we are beginning to see specific stock opportunities within the sector, which we may pursue in the months ahead.

The scarce valuation opportunities have led to a relatively concentrated portfolio where we believe the risk/return trade-off is favourable, however this brings a higher degree of stock-specific risk. In our opinion, the only way to generate returns that properly compensate for the risk taken is through highly selective stock-picking. We caution investors to expect increased volatility in the short to medium term.

Value is emerging now and on a 5-year view and valuations look more attractive on a risk/return basis. We believe returns available in the strategy look relatively attractive at this time when compared to a passive investment in infrastructure indices, bonds or in broader equity markets. We believe the preferred infrastructure characteristics we seek for all our investments will continue to serve our investors well over the longer term.

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