

# Lazard

## Emerging Markets Equity Fund

Oct 2020  
Factsheet

**Proven Relative Value Process**  
Value creation through bottom-up stock selection

**Active Management in a Dynamic Universe**  
Seeks to capture the full opportunity set through diversification

**Experienced Perspective**  
Lazard has over 20 years experience in emerging markets investing

### Fund Facts

Number of stocks	72
Total Fund Size	\$197.5m
Inception Date	22 October 1997
Total Management Costs	1.15% p.a.
Index	MSCI Emerging Markets
Minimum Investment	\$20,000
Buy/Sell Spread	+0.35%/-0.35%
Distributions	Annually
APIR Code	LAZ0003AU

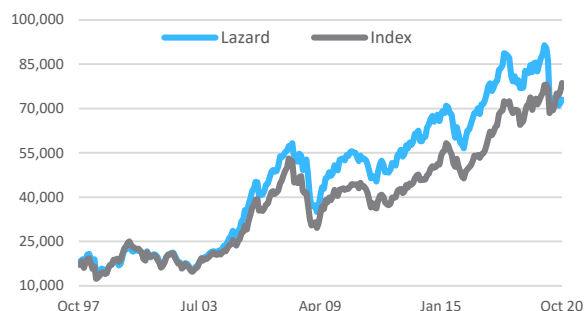
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	10.9	17.7
Forward Return on Equity (%)	12.3	11.3
Price/Cash Flow	5.4	10.1
Dividend Yield (%)	4.5	2.3
Active Share (%)	81.7	-
3 Year Turnover (% pa)	18.1	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	1.7	4.2	-2.5
3 Months	-1.3	4.8	-6.1
1 Year	-16.2	6.2	-22.4
3 Years (pa)	-4.3	5.0	-9.2
5 Years (pa)	2.8	8.3	-5.5
10 Years (pa)	2.8	5.9	-3.1
Since Inception (pa)	5.8	6.1	-0.4

### Growth of \$20,000



Investments can go up and down. Past performance is not necessarily indicative of future performance. Fund returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

### Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	10.2	13.2	-3.0
Consumer Discretionary	5.9	20.9	-15.0
Consumer Staples	5.9	5.9	0.0
Energy	7.1	4.9	2.2
Financials	26.9	17.1	9.8
Health Care	1.8	4.3	-2.4
Industrials	4.2	4.3	-0.1
Information Technology	22.5	18.4	4.1
Materials	9.4	6.8	2.5
Real Estate	0.9	2.3	-1.4
Utilities	1.9	1.9	0.0
Cash	3.3	-	3.3
Region			
China	21.7	43.2	-21.6
Korea	15.4	11.9	3.5
Brazil	4.2	4.4	-0.2
South Africa	5.8	3.5	2.3
Russia	8.1	2.7	5.5
India	12.6	8.1	4.5
Indonesia	4.6	1.3	3.3
Turkey	-	0.3	-0.3
Taiwan	7.4	12.7	-5.3
Mexico	5.0	1.6	3.3
Hungary	2.4	0.2	2.2
Thailand	1.5	1.7	-0.2
Pakistan	-	0.0	0.0
Other	8.0	8.3	-0.3
Cash	3.3	-	3.3

### Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	5.0	3.7
SK hynix	3.7	0.6
China Construction Bank	3.2	1.0
Sberbank Russia	2.6	0.0
Taiwan Semiconductor Manufacturing	2.5	5.7

## Commentary

Despite a surge in COVID-19 cases in both Europe and the United States, share prices in the developing world continued to rise in October. The MSCI Emerging Markets Index rose by 4.2%, in Australian dollar terms, with sharply divergent regional performance between Eastern Europe, which fell by almost 8% and Asia, which rose by 5.4%. Latin American equities finished just under 1% higher.

### Contributors to Performance:

- Bank Mandiri, an Indonesian bank, reported third quarter earnings that were ahead of consensus and demonstrated lower credit costs and stable non-performing loans.
- Shares of China Construction Bank, a Chinese bank, rose on expectations for an earnings recovery in the next few quarters.
- Axis Bank, an Indian bank, is expected to benefit from a recovery in economic activity, leading to lower non-performing loans and a pick-up in loan growth.
- Shinhan Financial, a Korean bank, conducted a rights offering which improved its Tier-1 ratio.

### Detractors from Performance:

- Sberbank and Mobile Telesystems, a Russian bank and telecom services company, respectively, both fell on concerns that a Democrat victory in the US elections could result in increased sanctions pressure on Russia.
- Shares of Lukoil, a Russian energy company, fell on concerns that Russia's new planned tax policy would stunt the company's potential for a recovery post Covid-19.
- Anhui Conch, a Chinese cement company, experienced weaker-than-expected demand driven by heavy rains, which led to higher inventory levels and weaker pricing.
- Coway, a Korean manufacturer and distributor of air and water purifiers, experienced sluggish domestic sales.

Emerging markets stocks are currently on their way back up, but the foundation supporting the rise is very narrow indeed, begging the question of how much further growth it can support. It's too soon to tell whether a recent global tech sell-off is the beginning of a trend reversal, but it's something we will continue to watch closely. Furthermore, the threat of another wave of the COVID-19 virus in emerging markets, some of which have not yet tamed their first wave, makes the level of national planning for vaccine development all the more important.

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