

Lazard

Emerging Markets Equity Fund

Dec 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	\$215.8m
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

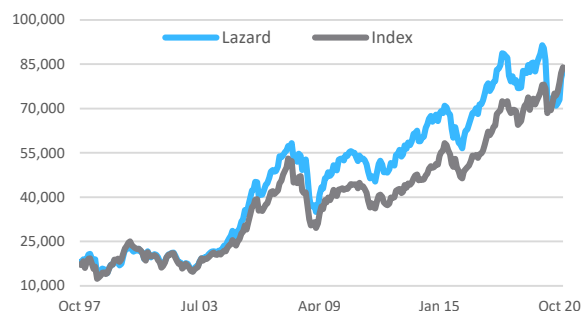
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	12.9	20.3
Forward Return on Equity (%)	13.0	11.8
Price/Cash Flow	6.6	11.5
Dividend Yield (%)	3.8	2.0
Active Share (%)	81.2	-
3 Year Turnover (% pa)	19.2	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	3.6	2.5	1.0
3 Months	15.6	11.2	4.5
1 Year	-9.3	7.8	-17.0
3 Years (pa)	-0.7	6.7	-7.3
5 Years (pa)	7.3	11.5	-4.2
10 Years (pa)	4.2	6.6	-2.4
Since Inception (pa)	6.3	6.4	-0.1

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	9.4	11.6	-2.2
Consumer Discretionary	5.7	18.3	-12.6
Consumer Staples	5.8	5.9	-0.1
Energy	7.0	5.0	2.0
Financials	28.3	18.0	10.3
Health Care	1.9	4.7	-2.8
Industrials	3.0	4.3	-1.4
Information Technology	23.3	20.5	2.9
Materials	9.7	7.6	2.2
Real Estate	0.8	2.1	-1.2
Utilities	2.3	2.0	0.3
Cash	2.7	-	2.7
Region			
China	19.1	39.1	-20.0
Korea	16.3	13.5	2.9
Brazil	5.6	5.1	0.5
South Africa	6.1	3.5	2.6
Russia	8.7	3.0	5.7
India	11.7	9.2	2.5
Indonesia	4.4	1.3	3.0
Turkey	-	0.4	-0.4
Taiwan	7.3	12.8	-5.4
Mexico	5.8	1.7	4.0
Hungary	2.7	0.2	2.5
Thailand	1.8	1.8	0.0
Pakistan	-	0.0	0.0
Other	7.8	8.4	-0.6
Cash	2.7	-	2.7

Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	5.9	4.5
SK hynix	4.5	0.8
Sberbank Russia	2.9	0.0
China Construction Bank	2.8	0.9
OTP Bank	2.7	0.1

Commentary

Share prices in the emerging markets rallied sharply in the fourth quarter of 2020 as announcements of high efficacy vaccines more than offset the negative impact of increasing COVID-19 infection rates in many countries. Additionally, a last-minute trade agreement between the European Union and United Kingdom and a fiscal stimulus bill in the United States supported markets. The MSCI Emerging Markets Index rose by 11.2%, in Australian dollar terms, during the quarter, with by far the largest increases being registered in Latin America, which recovered by about 25%. Asian and Eastern European markets increased by more than 10%. The period was somewhat different from previous quarters in that economy-sensitive stocks, for the first time in a considerable period, performed relatively well.

Contributors to Performance:

- Korean companies Samsung Electronics and SK Hynix, a manufacturer of electronic products and a semiconductor company, respectively, benefited from rising memory prices.
- OTP, a Hungarian bank, experienced higher loan volume and stabilizing net interest margins, and was boosted on optimism a COVID-19 vaccine is near.
- Globalwafers, a Taiwanese silicon wafer manufacturer, announced a takeover agreement with Siltronic, which could further consolidate the silicon wafer business.
- Shares of Baidu, a Chinese online search engine, rose as the Chinese advertising market continued to recover and after the company announced it would increase focus on its autonomous driving software.

Detractors from Performance:

- Shares of Chinese companies, CRRC and China Mobile, respectively, a manufacturer of train locomotives and carriages, and a telecom services company, all declined on confirmation, or concerns, that they would be on the list of companies included in an executive order signed by President Trump that barred US investors from investing in companies with links to the Chinese military.
- Anhui Conch, a Chinese cement company, experienced weaker-than-expected demand driven by heavy rains, which led to higher inventory levels and weaker pricing.
- CIB, an Egyptian bank, was hurt by uncertainty following the resignation of the Chairman due to pressure from the Central Bank of Egypt.
- UPL, an Indian agrochemicals business, underperformed on lingering concerns related to an auditor resigning from a project on ones of its subsidiaries.

We expect that emerging markets economies will benefit further as the vaccine is distributed in developed markets during the first half of 2021 and in emerging markets later in 2021 and 2022. So far there has not been strong reasons to raise interest rates given low inflationary pressure. However, if economic growth is very strong, interest rates may be adjusted higher. We believe these factors, along with a less strong US dollar, bode well for value companies, in particular.

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