

Lazard

Emerging Markets Equity Fund

Jan 2021
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	\$214.9m
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

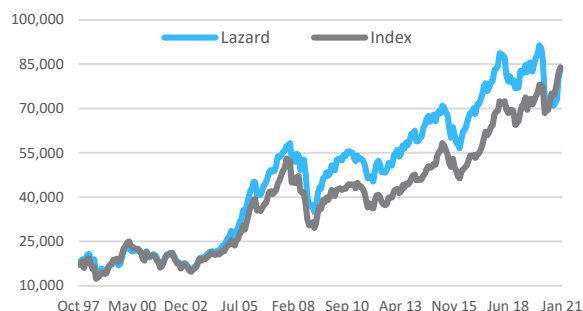
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	11.8	19.8
Forward Return on Equity (%)	14.2	12.2
Price/Cash Flow	6.5	12.7
Dividend Yield (%)	3.9	1.9
Active Share (%)	83.2	-
3 Year Turnover (% pa)	20.3	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.0	3.7	-2.6
3 Months	14.9	10.6	4.3
1 Year	-7.3	11.6	-18.9
3 Years (pa)	-1.9	6.3	-8.2
5 Years (pa)	7.7	13.2	-5.5
10 Years (pa)	4.6	7.0	-2.4
Since Inception (pa)	6.3	6.5	-0.2

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	7.0	12.3	-5.3
Consumer Discretionary	6.6	19.3	-12.7
Consumer Staples	6.3	5.7	0.7
Energy	6.5	4.6	2.0
Financials	28.7	17.1	11.6
Health Care	2.4	4.7	-2.3
Industrials	3.5	4.2	-0.7
Information Technology	22.9	20.9	2.0
Materials	10.5	7.4	3.2
Real Estate	1.3	1.9	-0.7
Utilities	2.2	1.9	0.3
Cash	1.9	-	1.9
Region			
China	17.7	40.1	-22.4
Korea	16.2	13.3	2.9
Brazil	5.9	4.6	1.3
South Africa	6.1	3.5	2.6
Russia	9.5	2.8	6.7
India	11.8	8.9	2.9
Indonesia	4.7	1.3	3.4
Turkey	-	0.4	-0.4
Taiwan	7.7	13.3	-5.6
Mexico	5.5	1.6	3.9
Hungary	2.8	0.2	2.6
Thailand	2.4	1.8	0.7
Pakistan	-	0.0	0.0
Other	7.8	8.2	-0.4
Cash	1.9	0.0	1.9

Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	5.8	4.4
SK hynix	4.5	0.7
China Construction Bank	3.1	0.9
OTP Bank	2.8	0.1
Sberbank Russia	2.8	0.0

Commentary

Despite the emergence of several new COVID-19 variants, equities in the developing world rebounded in January. Many of last year's leaders, mostly technology-oriented company stocks were favored. The MSCI Emerging Markets Index rose by 3.7%, in Australian dollar terms, over the month as Asian equities resumed their place as the clear outperforming region. Eastern European markets fell modestly, and stock prices in Latin America dropped by more than 6%.

Contributors to Performance:

- Weichai Power, a Chinese manufacturer of heavy-duty diesel engines, gained on expectations for stronger heavy-duty truck sales in 2021 and optimism regarding its strategy to focus on fuel cell technology.
- China Merchants Bank, a Chinese bank, posted strong fourth quarter performance with an improving retail credit cost outlook.
- Shares of Hon Hai Precision, a Taiwanese company offering manufacturing services to the technology industry, rose on the back of positive momentum for its electric vehicle platform after announcing a few recent joint ventures.
- Shares of Hyundai Mobis, a Korean auto parts manufacturer, gained on the potential for it benefiting from electric vehicle growth, including electrification at the Hyundai Motor Group and other emerging markets auto companies, and reports of potential collaboration with Apple on electric vehicles.
- Shares of UPL, an Indian manufacturer and distributor of agricultural chemicals, rose on the back of strong global grain prices.

Detractors from Performance:

- Shares of Banco do Brasil, a Brazilian bank, declined on rumors of a change in the CEO and government intervention of the proposed cost-cutting plans.
- America Movil, a Mexican telecom services company, experienced profit taking following strength in its shares at the end of 2020.
- Sberbank, a Russian bank, experienced profit taking after a strong fourth quarter.
- Following strong performance at the end of 2020, GlobalWafers, a Taiwanese manufacturer of silicon wafers, experienced profit taking on concerns that the Siltronic take-over deal might fall through.
- CCR, a Brazilian toll-road operator, was hurt by reduced traffic volumes as a result of a new wave in the COVID-19 pandemic.

We believe 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, would bode well for value companies, in particular.

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

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