

Lazard

Emerging Markets Equity Fund

Feb 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	74
Total Fund Size	\$208.6m
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

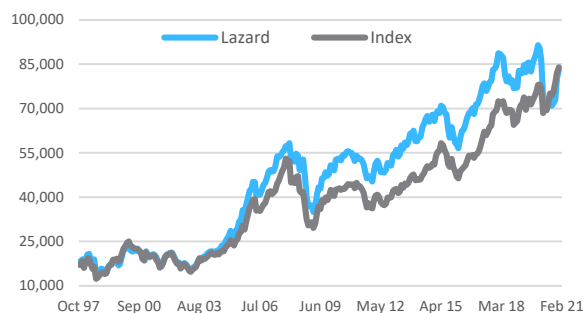
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	11.0	17.8
Forward Return on Equity (%)	14.2	12.4
Price/Cash Flow	6.4	12.6
Dividend Yield (%)	3.9	1.9
Active Share (%)	82.9	-
3 Year Turnover (% pa)	21.1	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.1	-0.1	1.3
3 Months	5.8	6.1	-0.3
1 Year	-2.0	13.3	-15.3
3 Years (pa)	-1.4	6.6	-8.0
5 Years (pa)	8.4	13.4	-5.0
10 Years (pa)	5.0	7.3	-2.3
Since Inception (pa)	6.4	6.5	-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	7.0	12.4	-5.3
Consumer Discretionary	6.6	18.6	-12.0
Consumer Staples	6.7	5.4	1.3
Energy	8.3	4.7	3.6
Financials	28.9	17.5	11.4
Health Care	2.4	4.4	-2.1
Industrials	3.4	4.2	-0.8
Information Technology	21.0	21.0	0.0
Materials	10.8	7.7	3.1
Real Estate	1.5	2.1	-0.6
Utilities	1.7	1.9	-0.3
Cash	1.8	-	1.8
Region			
China	18.5	39.8	-21.2
Korea	15.3	13.1	2.2
Brazil	6.0	4.2	1.8
South Africa	6.3	3.6	2.8
Russia	9.4	2.9	6.5
India	10.9	9.3	1.6
Indonesia	4.4	1.3	3.1
Turkey	-	0.3	-0.3
Taiwan	8.2	13.7	-5.5
Mexico	5.7	1.6	4.1
Hungary	2.3	0.2	2.1
Thailand	2.7	1.8	0.9
Pakistan	-	0.0	0.0
Other	8.5	8.2	0.3
Cash	1.8	0.0	1.8

Top 5 Holdings (%)

	Lazard	Index
SK hynix	4.6	0.8
Samsung Electronics	4.6	4.3
China Construction Bank	3.8	0.9
Sberbank Russia	2.5	0.0
OTP Bank	2.3	0.1

Commentary

Shares in the developing world rose modestly in February as optimism increased over increasing global vaccinations early in the month but were mostly offset by rising US Treasury yields towards month-end. The MSCI Emerging Markets Index fell by 0.1%, in Australian dollar terms, over the month with markets in Eastern Europe and Asia finishing higher and Latin American equities falling by about 4%. Commodities such as copper and crude oil performed very strongly in the month and helped certain currencies.

Contributors to Performance:

- SK Hynix, a Korean semiconductor company, rose on the back of rising memory prices.
- Novatek Microelectronics, a Taiwanese designer of integrated circuits, reported stronger gross margins in its most recent quarter.
- GlobalWafers, a Taiwanese developer of semiconductor wafers, rebounded as its acquisition of Siltronic grew more likely over the month.
- China Vanke, a property development and management company, rose as its January sales value hit a new high. Additionally, real estate was a top performing sector over the month following the rise in US bond yields.

Detractors from Performance:

- Brazilian financial Banco do Brasil traded lower following the replacement of Petrobras' CEO by President Jair Bolsonaro as political risk has increased for other state-owned enterprises like Banco do Brasil. Speculation that Banco do Brasil's CEO would also be stepping down further pressured the share price.
- Unilever, a global consumer goods company, reported weaker operating margin performance from an increase in marketing spending and COVID-19 related costs.
- Petrobras Distribuidora, the fuel distribution network of Brazil's Petrobras, also weakened on an increase in political risk following the replacement of Petrobras' CEO.
- Russian telecom company Mobile TeleSystems weakened over the period.

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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