

# Lazard

## Emerging Markets Equity Fund

May 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	\$233.8m
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

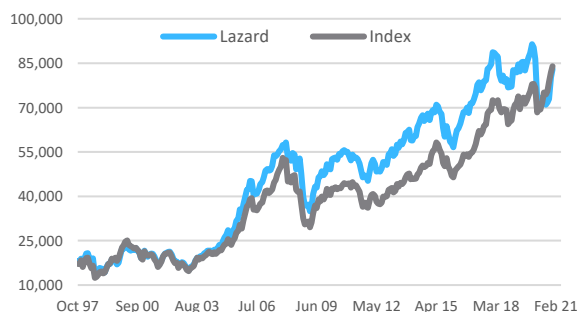
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	9.9	14.9
Forward Return on Equity (%)	14.9	13.1
Price/Cash Flow	6.8	11.8
Dividend Yield (%)	3.6	1.8
Active Share (%)	84.2	-
3 Year Turnover (% pa)	21.4	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	5.8	2.1	3.7
3 Months	10.1	3.3	6.8
1 Year	27.4	29.5	-2.1
3 Years (pa)	4.8	8.8	-4.0
5 Years (pa)	8.2	12.4	-4.2
10 Years (pa)	5.8	7.5	-1.7
Since Inception (pa)	6.7	6.6	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	6.9	11.4	-4.5
Consumer Discretionary	6.8	16.8	-10.0
Consumer Staples	6.2	5.7	0.4
Energy	8.9	4.9	4.0
Financials	29.2	18.3	10.9
Health Care	3.1	5.0	-1.9
Industrials	4.1	4.7	-0.6
Information Technology	20.0	20.4	-0.4
Materials	9.6	8.7	0.9
Real Estate	1.1	2.1	-1.0
Utilities	1.5	2.0	-0.5
Cash	2.7	-	2.7
Region			
China	18.1	37.6	-19.5
Korea	14.7	13.0	1.6
Brazil	6.7	5.0	1.7
South Africa	6.2	3.8	2.3
Russia	10.4	3.2	7.2
India	9.8	10.0	-0.1
Indonesia	3.8	1.2	2.6
Taiwan	9.3	13.9	-4.6
Mexico	5.6	1.8	3.9
Hungary	2.5	0.2	2.3
Thailand	2.5	1.7	0.8
Other	7.8	8.7	-0.9
Cash	2.7	0.0	2.7

### Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	4.1	4.0
SK hynix	3.8	0.7
China Construction Bank	3.5	0.9
Sberbank Russia	2.6	0.0
OTP Bank	2.5	0.1

## Commentary

Despite concerns over global inflation and possible new regulation of Chinese internet companies, continuing confidence in a global economic recovery helped markets in the developing world in May. The MSCI Emerging Markets Index rose by 2.1%, in Australian dollar terms, over the month as Eastern European markets performed particularly strongly, rising by 10.4%. Latin American markets also experienced robust performance, with an increase of 7.8%. Asian markets performed less well, but still recorded a gain, increasing by 1%. A weakening US dollar helped emerging markets perform better than developed markets despite still-high COVID-19 infection rates in countries like India and Brazil.

### Contributors to Performance:

- UPL, an Indian agro-chemical company, outperformed on strong demand for ag-chem products and upbeat guidance.
- OTP, a Hungarian bank, reported strong first quarter earnings.
- Shares of Banco do Brasil, a Brazilian bank, gained on improving investor sentiment as Brazil's vaccination program begins to pick up and banks continue to deliver a better earnings outlook.
- Coway, a Korean manufacturer and distributor of air and water purifiers, reported robust first quarter results.
- Sberbank, a Russian bank, outperformed with the Russian economy benefiting from robust commodity prices, leading to upward revisions for ROE guidance from the bank.

### Detractors from Performance:

- Novatek Microelectronics, a Taiwanese manufacturer of integrated circuits, experienced profit taking on concerns that margins may be near a peak.
- ASM Pacific Technology, manufacturer of back-end equipment for the semiconductor industry including for assembly, packaging and surface mounting, experienced profit taking as did most Asian semiconductor related stocks.
- Shares of Kasikorn Bank, a Thai bank, fell on the back of a subdued growth trajectory as the pandemic continues in Thailand, leading to concerns around asset quality.
- Shares of Siam Cement, a Thailand-based industrial manufacturer of cement, petrochemicals, paper, and building materials, declined on concerns regarding the third wave of COVID-19 in Thailand.
- Quanta Computer, a Taiwanese manufacturer of notebook computers and related equipment, reported strong first quarter profits, but management indicated concerns that component shortages could affect sales.

Our outlook for emerging markets equities remains positive, although interest rates remain a factor to watch. When bond yields rise gradually due to strong growth, emerging markets equities can outperform, particularly traditional value securities. Should yields rise sharply and suddenly, the asset class may weaken, as we witnessed in March.

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