

Lazard

Emerging Markets Equity Fund

June 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	\$236.1m
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

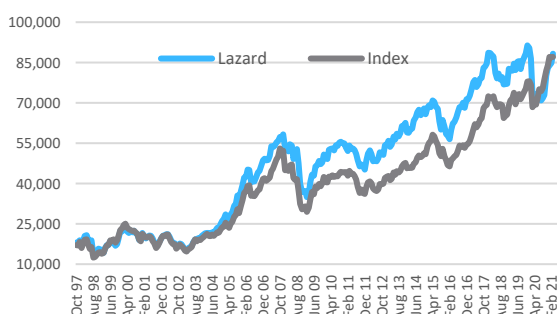
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	9.5	14.7
Forward Return on Equity (%)	15.3	13.4
Price/Cash Flow	6.7	11.9
Dividend Yield (%)	3.6	1.8
Active Share (%)	83.7	-
3 Year Turnover (% pa)	21.0	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.4	3.3	-1.9
3 Months	7.2	6.6	0.6
1 Year	29.9	29.2	0.6
3 Years (pa)	6.1	10.7	-4.6
5 Years (pa)	7.9	12.8	-4.9
10 Years (pa)	6.1	8.1	-2.0
Since Inception (pa)	6.8	6.7	0.1

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	6.8	11.3	-4.4
Consumer Discretionary	6.9	17.6	-10.7
Consumer Staples	5.9	5.6	0.3
Energy	10.2	5.0	5.1
Financials	28.7	17.8	10.9
Health Care	2.9	5.0	-2.2
Industrials	4.6	4.9	-0.3
Information Technology	20.4	20.4	-0.1
Materials	9.4	8.4	1.0
Real Estate	1.0	2.0	-1.0
Utilities	1.4	1.9	-0.5
Cash	1.9	-	1.9
Region			
China	17.8	37.5	-19.7
Korea	14.6	13.2	1.4
Brazil	8.1	5.2	2.9
South Africa	6.1	3.5	2.6
Russia	10.8	3.3	7.5
India	9.7	9.9	-0.2
Indonesia	3.7	1.1	2.6
Taiwan	9.3	13.9	-4.7
Mexico	5.6	1.7	3.8
Hungary	2.5	0.2	2.3
Thailand	2.4	1.6	0.8
Other	7.5	8.7	-1.1
Cash	1.9	0.0	1.9

Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	4.1	4.0
SK hynix	3.9	0.7
China Construction Bank	3.4	0.9
Lukoil	2.9	0.4
Sberbank Russia	2.6	0.0

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.

LAZARD
ASSET MANAGEMENT

Commentary

Equity markets in the developing world advanced in the second quarter on investor confidence that the global economic recovery will continue uninterrupted despite the emergence of considerable inflation risk. This was due to supply-chain bottlenecks, a surge in commodity prices, and sharp increases in China's factory-gate prices. Investors were increasingly worried that stimulus measures, combined with post-pandemic economic recoveries, would result in a significant rise in global inflation, which, in turn, could force key central banks to retreat from their accommodative monetary policies. In June, the Federal Reserve increased its expectations for short term inflation but not for mid and long-term inflation. In the quarter, the MSCI Emerging Markets Index advanced 6.6%, raising its year-to-date gain to 10.4%. (Index returns are net of fees and in Australian dollar terms.)

Contributors to Performance:

- Hungary-based lender OTP Bank gained after reporting strong first-quarter earnings, with profits reaching a historically high level and loan volumes increasing sharply.
- Sinopharm Group rose on expectations that the China-based pharmaceuticals and medical devices distributor would benefit from distributing vaccines domestically and internationally.
- Russian oil and gas company Lukoil traded higher on rising oil prices and increased demand from economic reopenings.
- Brazil-based lender Banco do Brasil advanced on improving investor sentiment as Brazil's vaccination program begins to pick up and banks continue to deliver a better earnings outlook. Brazil-based lender Banco do Brasil climbed after reporting a return on equity of 15.1%, reported its highest profitability since the pandemic began.

Detractors from Performance:

- China-based insurer Ping An Insurance retreated after reporting muted first-quarter growth due to impairment charges for its China Fortune Land investments. Shares came under additional pressure over concerns about potential dilutive mergers and acquisition in restructured assets. To combat the weakness in sales growth, Ping An Insurance has been launching new products and sales promotions.
- Chinese real estate developer China Vanke fell after reporting disappointing first-quarter earnings due to a decline in gross profit margins.
- Taiwan-based display drive integrated circuit (IC) supplier Novatek Microelectronics faltered on concerns of the panel cycle peaking and driver IC prices falling.
- China-based lender China Construction Bank traded lower as part of a larger decline in the Chinese and Hong Kong financial sector.

The pace of recovery globally has varied widely, but with vaccinations trending higher and a restart for global capital expenditures, we expect emerging markets to continue to recover in the second half of this year. In emerging markets, inflation is also trending up, pushed by a combination of pandemic-related uncertainty, supply bottlenecks and logistical issues, and higher energy prices. The return of inflation is generally a good sign for economic growth, and therefore, good for emerging markets equities—particularly those with the highest levels of operating leverage.

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