

Lazard

Emerging Markets Equity Fund

Jul 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	71
Total Fund Size	\$242.8m
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

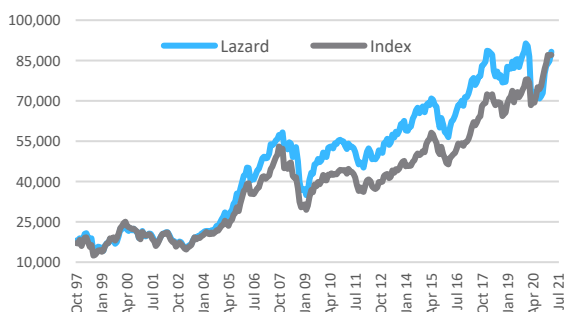
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.9	13.5
Forward Return on Equity (%)	15.5	13.9
Price/Cash Flow	6.1	10.8
Dividend Yield (%)	3.9	2.0
Active Share (%)	84.2	-
3 Year Turnover (% pa)	21.8	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	-1.8	-4.7	2.9
3 Months	5.3	0.5	4.9
1 Year	25.7	17.7	8.0
3 Years (pa)	4.7	8.3	-3.6
5 Years (pa)	6.8	11.1	-4.3
10 Years (pa)	6.2	7.9	-1.7
Since Inception (pa)	6.7	6.4	0.2

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	7.4	10.7	-3.3
Consumer Discretionary	6.7	16.3	-9.6
Consumer Staples	5.6	5.6	0.0
Energy	10.2	5.1	5.1
Financials	28.3	18.4	9.9
Health Care	2.8	4.9	-2.1
Industrials	4.6	4.9	-0.3
Information Technology	19.8	21.2	-1.4
Materials	9.4	9.2	0.2
Real Estate	0.9	1.8	-0.9
Utilities	1.3	2.0	-0.8
Cash	3.1	-	3.1
Region			
China	16.5	34.6	-18.1
Korea	14.1	13.4	0.7
Brazil	7.9	5.3	2.6
South Africa	6.2	3.7	2.5
Russia	10.8	3.5	7.3
India	8.7	10.7	-2.0
Indonesia	4.0	1.2	2.9
Taiwan	9.8	14.6	-4.8
Mexico	6.0	1.9	4.0
Hungary	2.6	0.2	2.4
Thailand	2.3	1.6	0.7
Other	7.9	9.2	-1.3
Cash	3.1	-	3.1

Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	4.1	4.1
SK hynix	3.5	0.7
China Construction Bank	3.2	0.8
Lukoil	2.8	0.4
Sberbank Russia	2.7	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.

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ASSET MANAGEMENT

Commentary

Emerging markets equities were negatively affected mainly by changing regulatory issues and rumors of possible other business adjustments in China during July 2021. Additionally, growing infection rates of the COVID-19 Delta variant dampened investors' expectations of economic recovery. The MSCI EM Index fell by 4.7% over the month, with Latin America falling by 2.0% and Asian shares finishing 6.1% lower. Emerging markets stocks across the region encompassing Europe, the Middle East, and Africa (EMEA) ended the month up 2.2%. Chinese shares dropped by 12.0% in July 2021. (Index returns are net of fees and in Australian dollar terms.)

Contributors to Performance:

- Shares of America Movil traded higher after the Mexico-based telecom announced solid second-quarter results and a positive outlook for the second half of the year, thanks to the reopening of the Mexican economy.
- Shares of ASE Technology climbed after the integrated circuit packaging and testing services provider reported strong second-quarter results, with favorable margins and a positive outlook.
- UK-based iron ore miner Anglo American saw its stock price benefit from strong performance across all divisions due to high commodity prices, operating improvements (higher production and lower costs) and de-stocking.
- Shares of Commercial International Bank gained after the Egypt-based lender reported strong-second quarter results and a positive outlook, driven by rising loan growth and falling cost of risk.
- The stock price gain of South Korea-based home appliance maker Coway was attributable to strong overseas sales in the US and Malaysia.

Detractors from Performance:

- Shares of South Korean chipmakers SK Hynix and Samsung Electronic both declined in conjunction with DRAM spot prices as component shortages impacted customers of memory chips.
- Shares of China-based property management company A-Living Smart City Services fell on as part of a larger decline in the Chinese real estate sector on worries about leverage issues and knock-on effects from increased regulatory scrutiny in the country.
- Shares of China-based drugmaker Sinopharm fell as part of a larger retreat in the Chinese healthcare sector on mounting concerns that the recent regulatory pressure applied to the technology and real estate sector could soon be refocused on reducing healthcare costs.
- Shares of China-based lender China Construction Bank faltered on news of a cut to the reserve requirement ratio for China banks, leading to concerns about GDP growth.

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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