

# Lazard

## Emerging Markets Equity Fund

Aug 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	\$251.3m
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

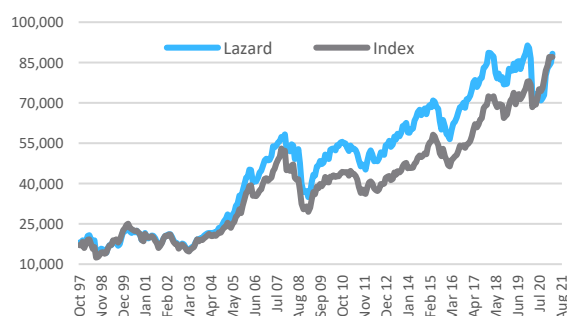
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	9.0	13.6
Forward Return on Equity (%)	16.0	13.7
Price/Cash Flow	6.0	10.1
Dividend Yield (%)	4.3	2.1
Active Share (%)	84.3	-
3 Year Turnover (% pa)	22.3	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	3.6	3.2	0.4
3 Months	3.1	1.5	1.5
1 Year	35.5	22.6	12.9
3 Years (pa)	6.9	9.5	-2.6
5 Years (pa)	7.0	11.0	-4.0
10 Years (pa)	7.0	8.9	-1.9
Since Inception (pa)	6.8	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	7.8	10.6	-2.8
Consumer Discretionary	7.6	15.2	-7.6
Consumer Staples	5.6	5.8	-0.2
Energy	10.8	5.3	5.5
Financials	28.7	19.2	9.5
Health Care	2.7	4.7	-2.0
Industrials	4.7	5.0	-0.3
Information Technology	19.1	21.3	-2.3
Materials	9.0	8.9	0.1
Real Estate	1.0	1.8	-0.8
Utilities	0.7	2.2	-1.5
Cash	2.4	-	2.4
Region			
China	18.4	33.9	-15.5
Korea	13.2	13.0	0.2
Brazil	7.5	5.0	2.5
South Africa	6.6	3.2	3.4
Russia	10.6	3.6	7.1
India	8.5	11.7	-3.2
Indonesia	4.5	1.2	3.2
Taiwan	9.7	14.8	-5.1
Mexico	5.9	2.0	4.0
Hungary	2.2	0.3	2.0
Thailand	2.5	1.7	0.7
Other	8.0	9.6	-1.6
Cash	2.4	-	2.4

### Top 5 Holdings (%)

	Lazard	Index
Samsung Electronics	3.8	3.9
China Construction Bank	3.4	0.9
SK hynix	3.2	0.6
Sberbank Russia	2.8	0.0
Lukoil	2.7	0.4

## Commentary

In the midst of global events and headlines over the Taliban victory in Afghanistan, increasing Chinese regulations, and a tempered tone by the US Federal Reserve, equity markets in the developing world still advanced 3.2% in August. Stock markets in Eastern Europe and the Middle East were strongest, rising by over 5%. Despite ongoing news over new regulations and practices in areas like hours of gaming and tutoring in China, powerful rebounds in Southeast Asian equity markets resulted in Asian returns increasing by 3.2%. Equity markets in Latin America were the laggard region but still finished 1.4% higher.

### Contributors to Performance:

- Mexico-based telecom company America Movil outperformed as economic sentiment and profit outlooks increased in Mexico.
- Chinese state-owned coal mining company China Shenhua gained after reporting strong year-over-year increases in coal sales and power generation.
- Hungary-based lender OTP Bank traded higher after reporting better-than-expected second-quarter earnings led by strong operating performance.
- Russia-based lender Sberbank advanced after reporting strong second-quarter results driven by payment business growth, improving core business, and business-to-business services performance.
- India-based lender Axis Bank climbed after reporting strong earnings, highlighted by robust year-over-year growth in net interest income and retail loans.

### Detractors from Performance:

- Chinese appliance manufacturer Gree declined after reporting lower-than-expected air conditioning sales during peak season.
- Despite posting strong second-quarter earnings, shares of Coway faltered as the firm's earnings outlook deteriorated due to the lockdowns in Malaysia.
- China-based insurer Ping An Insurance retreated after disclosing an ongoing regulatory probe into its past real estate transactions.
- Taiwan-based integrated circuit drive supplier Novatek Microelectronics fell amid concerns over a decline in flat screen prices due to weakening demand.
- Korea-based chipmaker SK Hynix trade lower amid concerns of memory demand slowdown.

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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