

# Lazard

## Emerging Markets Equity Fund

Mar 2022  
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       | 75                    |
| Total Fund Size        | \$227.4m              |
| 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             |

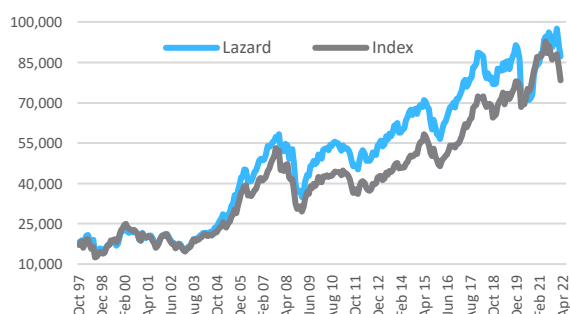
### Investment Characteristics

|                              | Lazard | Index |
|------------------------------|--------|-------|
| Forward Price/Earnings       | 8.0    | 12.6  |
| Forward Return on Equity (%) | 16.6   | 13.8  |
| Price/Cash Flow              | 5.5    | 8.7   |
| Dividend Yield (%)           | 4.5    | 2.6   |
| Active Share (%)             | 83.6   | -     |
| 3 Year Turnover (% pa)       | 26.3   | -     |

### Performance (%)

|                      | Lazard | Index | Excess Return |
|----------------------|--------|-------|---------------|
| 1 Month              | -4.2   | -5.6  | 1.4           |
| 3 Months             | -6.6   | -9.9  | 3.3           |
| 1 Year               | -1.2   | -10.1 | 8.9           |
| 3 Years (pa)         | 2.1    | 3.0   | -0.9          |
| 5 Years (pa)         | 3.1    | 6.3   | -3.2          |
| 10 Years (pa)        | 5.2    | 6.7   | -1.5          |
| Since Inception (pa) | 6.2    | 5.7   | 0.5           |

### Growth of \$20,000



### Allocations (%)

| Sector                 | Lazard | MSCI EM | Overweight/Underweight |
|------------------------|--------|---------|------------------------|
| Communication Services | 4.9    | 10.1    | -5.2                   |
| Consumer Discretionary | 8.8    | 12.3    | -3.5                   |
| Consumer Staples       | 4.5    | 5.8     | -1.3                   |
| Energy                 | 8.7    | 4.8     | 3.9                    |
| Financials             | 29.3   | 22.1    | 7.2                    |
| Health Care            | 3.8    | 3.9     | 0.0                    |
| Industrials            | 4.2    | 5.4     | -1.1                   |
| Information Technology | 21.8   | 21.6    | 0.2                    |
| Materials              | 8.3    | 9.4     | -1.1                   |
| Real Estate            | 2.0    | 2.1     | -0.1                   |
| Utilities              | 1.8    | 2.6     | -0.8                   |
| Cash                   | 1.8    | -       | 1.8                    |
| <b>Region</b>          |        |         |                        |
| China                  | 22.4   | 30.0    | -7.6                   |
| Korea                  | 13.3   | 12.6    | 0.7                    |
| Brazil                 | 12.6   | 5.8     | 6.8                    |
| South Africa           | 8.1    | 4.1     | 4.1                    |
| India                  | 7.8    | 13.1    | -5.3                   |
| Indonesia              | 4.9    | 1.7     | 3.1                    |
| Taiwan                 | 11.5   | 16.1    | -4.6                   |
| Mexico                 | 5.2    | 2.3     | 2.9                    |
| Hungary                | 1.6    | 0.2     | 1.4                    |
| Thailand               | 1.7    | 1.9     | -0.2                   |
| Other                  | 9.0    | 12.1    | -3.1                   |
| Cash                   | 1.8    | -       | 1.8                    |

### Top 5 Holdings (%)

|                               | Lazard | Index |
|-------------------------------|--------|-------|
| China Construction Bank       | 4.1    | 1.0   |
| SK Hynix                      | 3.5    | 0.7   |
| Samsung Electronics           | 3.5    | 3.7   |
| Petrobras Petroleo Brasileiro | 2.9    | 0.4   |
| BB Seguridade                 | 2.6    | 0.1   |

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 experienced a challenging and dramatic series of events in the first quarter, highlighted by global monetary tightening and Russia's invasion of Ukraine. The MSCI Emerging Markets Index fell 9.9% over the period, with dramatically differing regional performance. Eastern European stock prices fell over 70%, as Russia's invasion into Ukraine resulted in unprecedented sanctions and Russia's ultimate removal from the universe of MSCI indices. Emerging Asian stocks also suffered, falling 11.6%, as ongoing issues in China worried investors. Latin American markets actually rose 23.2%, as they were viewed as ignored and likely beneficiaries of higher commodity prices caused by the West's sanctions on Russia.

Unsuccessful diplomatic attempts to ease geopolitical tensions stemming from a major Russian troop build-up along the Ukrainian border starting in November 2021 led ultimately to a full-scale Russian invasion of Ukraine on 24 February 2022. This caused widespread destruction and casualties and prompted the US and its Western allies to levy sanctions on Russia, which proved to be so severe that they forced country's central bank to establish capital controls and close the Moscow Exchange. The Russian stocks were ultimately removed from the MSCI Emerging Markets Index and therefore experienced a 100% decrease in value over the quarter. While sanctions adversely impacted some regional markets, most prominently Hungary and Poland, they also helped some stock markets in developing countries that stand to benefit from higher expected commodity prices caused by a shortage of Russian goods due to harsh punitive measures. Middle Eastern markets, as well as crude oil producers, were clear beneficiaries.

### Contributors to Performance:

- Shares of Banco do Brasil gained after the Brazil-based lender demonstrated healthy loan growth and robust asset quality that looks favourable compared to its peers.
- Shares of BB Seguridade traded higher after the Brazil-based insurer reported solid quarterly earnings and an improving outlook, with higher interest rates and a normalisation of pandemic related loss ratios.
- South Africa-based lender Nedbank saw its stock price climb on improving returns due to lower impairments and a positive outlook with the rising interest rate environment.
- GALP, a Portuguese energy company with global assets including in Brazil and Africa, and Petrobras, a Brazilian energy company, both saw their stock prices advance in sympathy with the rally in crude oil futures.

### Detractors from Performance:

- Russian stocks fell to a zero-valuation following their removal from the MSCI Emerging Markets Index. These included lender Sberbank, telecom services company Mobile TeleSystems, supermarket chain operator X5, and energy companies Lukoil and Gazprom.

We believe, because of the war in Ukraine, worldwide economic growth could fall from our previous expectations of 4%-5% to 3%-4%. Global inflation is likely to rise at a faster rate, possibly as high as 4%, over the next five years. Emerging markets, particularly the more vulnerable economies where external financing needs are significant, may be pressured by a stronger US dollar as the Federal Reserve increases interest rates to tame inflation. However, many emerging markets countries are running current account surpluses or, if they have deficits, these are generally small. Our expectations, therefore, are that emerging markets stocks should still benefit from a rebound on global corporate, government and consumer spending, although the recovery is likely to be less strong than previously expected and likely to be more focused in economy-sensitive industries.

For more information, call us on 1800 825 287  
or visit [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com)

#### Disclaimer

The information in this Fact Sheet was prepared by Lazard Asset Management Pacific Co ABN 13 064 523 619, AFS License 238432, and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this Fact Sheet are presented to illustrate companies and sectors in which the Fund may invest. Holdings are subject to change daily. This Fact Sheet has been prepared without taking account of any investor's objectives, financial situation or needs. Investors should get professional advice as to whether investment in the strategy is appropriate having regard to their particular investment needs, objectives and financial circumstances before investing. Lazard has prepared a target market determination (TMD) for the Emerging Markets Equity Fund ('Fund') which sets out the class of consumers for whom the Fund, including the Fund's key attributes, would likely be consistent with their likely objectives, financial situation and needs. A copy of the TMD is available at [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com), by contacting [investorqueries@lazard.com](mailto:investorqueries@lazard.com), or from their IDPS operator. It is recommended that investors consider whether their objectives, financial situation and needs are consistent with the target market of the Fund. Investors should obtain a copy of the current Product Disclosure Statement (PDS) for the Fund, available at [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com), by contacting [investorqueries@lazard.com](mailto:investorqueries@lazard.com), or from their IDPS operator and should consider the PDS before making any decision about whether to acquire or to continue to hold the Fund. Neither Lazard nor any member of the Lazard Group, including Lazard Asset Management LLC and its affiliates guarantees in any way the performance of the strategy, repayment of capital from the strategy, any particular return from or any increase in the value of the strategy.

Certain information included herein is derived by Lazard in part from an MSCI index or indices (the "Index Data"). However, MSCI has not reviewed this product or report, and does not endorse or express any opinion regarding this product or report or any analysis or other information contained herein or the author or source of any such information or analysis. Neither MSCI nor any third party involved in or related to the computing or compiling of the Index Data makes any express or implied warranties, representations, or guarantees concerning the Index Data or any information or data derived therefrom, and in no event will MSCI or any third party have any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) relating to any use of this information. Any use of MSCI data requires a license from MSCI. None of the Index Data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.