

# Lazard

## Emerging Markets Equity Fund

May 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	\$226.3m
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

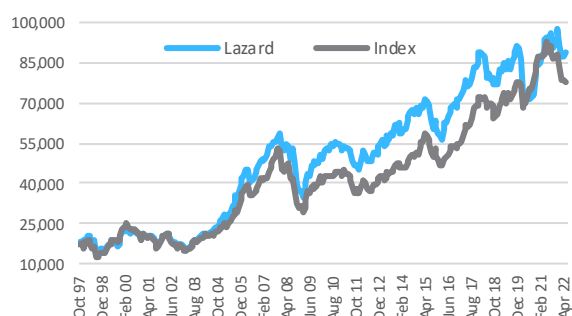
## Investment Characteristics

	Lazard	Index
Forward Price/Earnings	7.8	11.9
Forward Return on Equity (%)	16.2	13.2
Price/Cash Flow	5.1	8.1
Dividend Yield (%)	5.4	3.0
Active Share (%)	83.4	-
3 Year Turnover (% pa)	26.2	-

## Performance (%)

	Lazard	Index	Excess Return
1 Month	1.7	-0.5	2.2
3 Months	-2.4	-6.2	3.9
1 Year	-4.7	-13.5	8.8
3 Years (pa)	2.6	3.8	-1.2
5 Years (pa)	2.5	4.6	-2.1
10 Years (pa)	6.3	7.4	-1.1
Since Inception (pa)	6.2	5.7	0.6

## Growth of \$20,000



## Allocations (%)

Sector	Lazard	MSCI EM	Overweight/ Underweight
Communication Services	5.0	9.6	-4.7
Consumer Discretionary	10.1	12.9	-2.8
Consumer Staples	5.3	6.0	-0.7
Energy	8.3	5.0	3.3
Financials	25.8	22.0	3.8
Health Care	3.7	3.6	0.0
Industrials	4.2	5.6	-1.3
Information Technology	21.6	21.2	0.4
Materials	8.1	9.2	-1.1
Real Estate	2.4	2.1	0.3
Utilities	1.8	2.7	-0.9
Cash	3.6	-	3.6
Region			
China	23.5	30.3	-6.8
Korea	14.7	12.8	1.9
Brazil	12.2	5.6	6.6
South Africa	7.0	3.8	3.2
Russia	0.0	-	0.0
India	6.8	12.9	-6.1
Indonesia	4.3	1.9	2.4
Taiwan	11.9	16.1	-4.2
Mexico	4.2	2.3	1.9
Hungary	1.1	0.2	0.9
Thailand	1.5	1.9	-0.4
Other	9.2	12.2	-3.1
Cash	3.6	0.0	3.6

## Top 5 Holdings (%)

	Lazard	Index
China Construction Bank	3.8	1.0
Samsung Electronics	3.4	3.8
SK Hynix	3.3	0.7
Petrobras Petroleo Brasileiro	2.7	0.4
BB Seguridade	2.7	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.

## Commentary

Amid multiple interest rate increases across the world, equity market performance diverged across various countries in the developing world in May. Weighed down by the Australian dollar appreciating 1.6% against the US dollar, the MSCI Emerging Markets Index fell 0.5% in the month.

Latin America was the best performing region in May, with stock markets rebounding from last month's pessimistic macro backdrop and rising 7.2%, thanks to ongoing optimism over demand for certain commodities. The stalled agendas of several new left-leaning governments in Chile and Peru provided an additional boost to the equity markets there. Colombia's equity market rose 12.3% after a more moderate challenger, Rodolfo Hernández, emerged in the country's presidential election, and Brazil's stock market climbed 7.4%, as investors appeared to be getting more comfortable with the likelihood of a Lula government.

In emerging Asia, equity markets finished marginally lower and modestly underperformed the broader market index. Indian and Indonesian equities were the region's worst performers after recent strong gains. Helped by more stimulative measures, Chinese share prices ended the month modestly higher on some expectations that authorities would ease up on regulating internet platform companies, and news that COVID-19-driven lockdowns in several major cities might end soon. Thai stock prices rallied on improving prospects for tourism.

### Contributors to Performance:

- Shares of Brazilian energy company Petrobras gained in sympathy with the ongoing rally in crude futures.
- Brazil-based lender Banco do Brasil saw its stock price climb on news of strong loan growth.
- Shares of BB Seguridade traded higher after the Brazil-based insurer reported better-than-expected quarterly revenues.
- Shares of Brazilian transportation company CCR advanced on news of increased traffic and passenger volumes.
- Shares of Taiwan-based integrated circuits packaging and testing provider ASE Technology traded higher as COVID-19-related lockdown restrictions began to ease in China.

### Detractors from Performance:

- Shares of OTP Bank on news that the Hungary-based lender's exposure to Ukraine and Russia weighed on earnings and investor sentiment.
- Shares of lender Bank Mandiri fell as part of a larger decline in Indonesian stocks due to worries about economic growth and the outlook for interest rates.
- South African health care provider Life Healthcare saw its stock price fall on concerns in clinician growth.

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.

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