

Lazard

Emerging Markets Equity Fund

Sep 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	73
Total Fund Size	\$199.2m
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

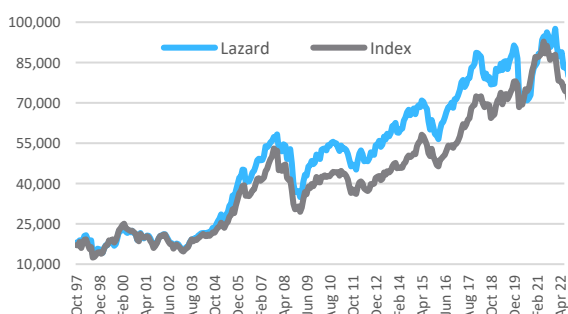
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	6.6	10.7
Forward Return on Equity (%)	15.3	13.0
Price/Cash Flow	4.0	6.9
Dividend Yield (%)	7.1	3.5
Active Share (%)	84.3	-
3 Year Turnover (% pa)	28.8	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	-4.8	-5.9	1.0
3 Months	-4.1	-5.4	1.3
1 Year	-15.7	-19.2	3.5
3 Years (pa)	-2.2	-0.5	-1.7
5 Years (pa)	0.1	2.2	-2.0
10 Years (pa)	4.5	6.0	-1.6
Since Inception (pa)	5.7	5.2	0.5

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	6.1	9.7	-3.6
Consumer Discretionary	9.3	14.0	-4.7
Consumer Staples	6.3	6.6	-0.3
Energy	10.5	5.3	5.3
Financials	26.7	22.6	4.1
Health Care	3.7	3.9	-0.2
Industrials	3.7	5.8	-2.1
Information Technology	19.1	18.3	0.8
Materials	7.1	8.7	-1.6
Real Estate	2.2	2.0	0.1
Utilities	2.1	3.2	-1.1
Cash	3.3	-	3.3
Region			
China	23.3	31.3	-8.0
Korea	12.8	10.7	2.1
Brazil	12.7	5.8	7.0
South Africa	6.9	3.5	3.5
Russia	0.0	-	0.0
India	7.2	15.3	-8.1
Indonesia	5.6	2.2	3.4
Taiwan	11.0	13.8	-2.8
Mexico	4.2	2.2	2.0
Hungary	1.9	0.2	1.8
Thailand	2.3	2.1	0.2
Other	8.6	12.9	-4.3
Cash	3.3	0.0	3.3

Top 5 Holdings (%)

	Lazard	Index
China Construction Bank	3.6	1.0
BB Seguridade	2.9	0.1
Samsung Electronics	2.9	3.1
Petrobras Petroleo Brasileiro	2.8	0.4
SK Hynix	2.7	0.6

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

Intensifying inflationary pressures, which caused another round of central bank interest rate hikes, the ongoing Russo-Ukrainian conflict, and hardening opinions toward recessionary conditions in the global economy, all helped to depress emerging markets further in the third quarter of 2022. The MSCI Emerging Markets Index fell by 5.4% in Australian dollar terms in the three months with the largest declines being registered in Eastern Europe, where markets dropped by almost 17%. Neither were Asian shares immune, falling by about 8%, with further weakness in Chinese stock prices. Conversely, Latin American stocks held up well, with the region finishing almost 11% higher. A characteristic of the quarter was a stronger US dollar, to a significant extent caused by Federal Reserve Governor Jerome Powell's comments and decision to raise US short-term interest rates considerably to fight intensifying inflationary pressures, which caused another round of central bank interest rate hikes.

Across Latin America, strength was most evident in Brazil and Chile, the former experiencing the first round of the presidential election and the latter recording a vote on a new Constitution, which was not passed. Peruvian shares were resilient as the new left-leaning government of Pedro Castillo found it challenging to implement its agenda. Mexican stock prices slightly up in AUD terms, although shares were affected by a high inflation reading and interest rate increases.

Chinese equities resumed their negative trend in the third quarter as worries about the economy overpowered news of negotiations aimed at resolving the Chinese securities' de-listing legislation in the United States. Further concerns about demand weakness in semiconductor and hardware orders resulted in sharp declines in stock prices in South Korea and Taiwan. Indian equities continued to perform well as the country's economic dynamism attracted investors, although some are beginning to show concern about valuations.

Eastern European markets continued to be adversely affected by the Russo-Ukrainian conflict and its likely recessionary effect on the region's economy. Share prices in the Czech Republic, Hungary, and Poland all dropped appreciably as estimates of higher inflation and recession became consensus and the flow of gas from Russia to Europe was interrupted by "urgent maintenance" and actual explosions.

Contributors to Performance:

- Shares of Brazil-based energy company Petrobras gained as part of a larger rally in the energy sector.
- Shares of Bank Mandiri rose on bullish sentiment about the Indonesia-based lender's improving outlook for growth and margin expansion.
- Shares of Banco do Brasil advanced after the Brazil-based lender reported better-than-expected second quarter earnings and provided upbeat guidance regarding provisions and net interest income.

Detractors from Performance:

- Shares of Chinese real estate management company A-Living faltered on weakening industry sentiment due to the recent mortgage-boycott crisis in the country.
- The fall in the stock price of China-based diesel engine maker Weichai Power was attributed to worries about coronavirus-driven lockdowns in China, and a poor economic environment which impacted demand for heavy duty trucks.
- Shares of Ping-An Insurance after the China-based insurer disappointing second-quarter results that were weighed down by ongoing coronavirus-driven lockdowns in Chinese cities.

Despite widespread investor concerns about global recessionary conditions and geopolitical risks, we have a constructive outlook on the emerging markets asset class given relatively low valuations, and still decent fundamentals. We see the current period as an excellent opportunity to enter or add to emerging markets.

**For more information, call us on 1800 825 287
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