

Lazard

Emerging Markets Equity Fund

Oct 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	\$201.2m
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

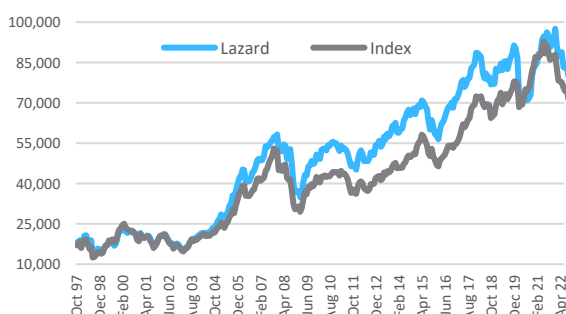
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	6.8	10.5
Forward Return on Equity (%)	14.9	12.6
Price/Cash Flow	4.0	6.6
Dividend Yield (%)	7.2	3.6
Active Share (%)	83.8	-
3 Year Turnover (% pa)	28.3	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.0	-2.6	3.6
3 Months	-2.7	-6.3	3.5
1 Year	-11.0	-19.0	8.0
3 Years (pa)	-2.5	-2.0	-0.5
5 Years (pa)	-0.6	0.5	-1.1
10 Years (pa)	4.7	5.8	-1.1
Since Inception (pa)	5.7	5.1	0.6

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	6.1	8.7	-2.6
Consumer Discretionary	9.2	12.3	-3.0
Consumer Staples	6.1	6.5	-0.4
Energy	10.6	5.6	5.0
Financials	27.7	23.6	4.1
Health Care	3.6	4.1	-0.5
Industrials	3.8	6.1	-2.3
Information Technology	19.0	19.1	-0.1
Materials	7.0	9.1	-2.2
Real Estate	1.5	1.7	-0.2
Utilities	1.9	3.2	-1.3
Cash	3.4	-	3.4
Region			
China	20.3	26.9	-6.6
Korea	13.5	11.9	1.6
Brazil	13.4	6.4	7.0
South Africa	7.4	3.7	3.7
Russia	0.0	-	0.0
India	7.4	16.2	-8.8
Indonesia	5.7	2.3	3.4
Taiwan	10.5	13.5	-3.0
Mexico	4.9	2.6	2.2
Hungary	2.2	0.2	2.0
Thailand	2.4	2.2	0.2
Other	8.8	14.1	-5.3
Cash	3.4	-	3.4

Top 5 Holdings (%)

	Lazard	Index
BB Seguridade	3.4	0.1
China Construction Bank	3.3	0.9
Samsung Electronics	3.3	3.6
Petrobras Petroleo Brasileiro	2.9	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.

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ASSET MANAGEMENT

Commentary

Share prices in emerging markets continued to be weaker in October, mainly due to Asian markets. The MSCI EM Index fell by 2.57% in Australian dollar terms, considerably underperforming developed country markets, with Asian markets dropping by 5.34%. Latin American equities continued to be resilient, climbing by 10.3% and stock prices in Europe, the Middle East, and Africa rebounded by close to 5%.

Asian shares fell significantly in the month. In particular, the National Congress of the Chinese Communist Party appeared to reinforce general opinions that Xi Jinping was accumulating considerably more power and that nationalism and technological development was being prioritized over economic management. This caused further weakness as investors believed the economy was likely to remain under pressure and Chinese share prices fell by 16.35%. The Taiwanese market also fell markedly as worries about a conflict with China remained high. Elsewhere across Asia, markets generally finished modestly stronger.

Latin American markets all performed well in October, capping off a strong multi-month recovery period. Brazilian equity prices rallied by 9.2% as a remarkably close presidential election finished in favor of socialist former President Luis Ignacio Lula da Silva. Sizeable rebounds were witnessed in Mexican and Peruvian share prices on the strong US dollar and steady commodity prices.

After recent weak performance, Eastern European equities experienced a much stronger period in October. Polish and Hungarian stocks rallied on a slightly improved economic scenario. Turkish stocks continued to benefit, despite high inflation, from regional reallocations. Small positive returns were registered in most markets in the Middle East and in South Africa.

Contributors to Performance:

- The management of BB Seguridade, a Brazilian insurance company, indicated an improving outlook for insurance premium growth and higher investment returns.
- The management of Grupo Financiero, a Mexican bank, gave an upbeat quarterly update with improving margins and a focus on returning excess capital to shareholders.
- Shares of OTP Bank, a Hungarian bank, rose on the back of an improving outlook for currency and macro due to higher interest rates.

Detractors from Performance:

- The stock price of China Vanke, a Chinese real estate developer, fell due to negative sentiment in the sector due to a slump in Chinese real estate sales with an oversupply of inventory amidst falling demand.
- Shares of Ping An Insurance, a Chinese insurance company, underperformed amidst a macroeconomic slowdown, COVID restrictions and a mediocre earnings report.
- Shares of Chinese banks, including China Merchants Bank and China Construction Bank, were hurt by the macroeconomic slowdown with low consumer and business confidence. Furthermore, the decline in interest rates resulted in pressure on net interest margins, negatively impacting the earnings outlook.

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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