

Lazard

Emerging Markets Equity Fund

Nov 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	74
Total Fund Size	\$217.4m
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

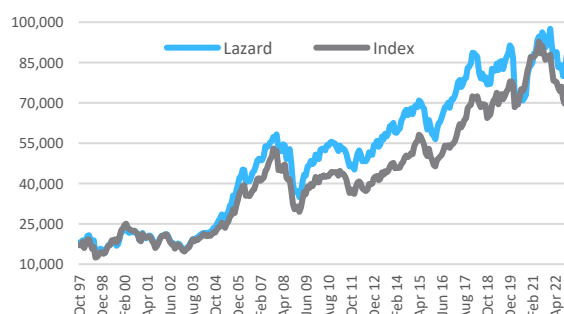
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	7.5	11.8
Forward Return on Equity (%)	14.6	12.0
Price/Cash Flow	4.4	7.4
Dividend Yield (%)	6.6	3.3
Active Share (%)	83.1	-
3 Year Turnover (% pa)	30.2	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	8.4	9.6	-1.3
3 Months	4.2	0.5	3.7
1 Year	-4.7	-12.6	7.9
3 Years (pa)	-0.4	0.5	-0.9
5 Years (pa)	0.9	2.1	-1.2
10 Years (pa)	5.6	6.7	-1.1
Since Inception (pa)	6.0	5.5	0.6

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.6	9.3	-3.8
Consumer Discretionary	9.7	13.2	-3.5
Consumer Staples	5.9	6.3	-0.4
Energy	10.0	5.2	4.9
Financials	26.2	22.3	3.8
Health Care	3.8	3.8	-0.1
Industrials	3.7	6.0	-2.3
Information Technology	19.7	19.7	0.0
Materials	7.7	9.1	-1.4
Real Estate	2.4	2.1	0.3
Utilities	1.8	3.0	-1.2
Cash	3.6	-	3.6
Region			
China	24.0	30.1	-6.1
Korea	13.5	12.0	1.5
Brazil	11.0	5.4	5.6
South Africa	7.3	3.8	3.4
Russia	0.0	-	0.0
India	6.9	14.9	-8.0
Indonesia	4.4	2.0	2.4
Taiwan	11.0	14.5	-3.5
Mexico	4.5	2.4	2.1
Hungary	2.4	0.2	2.2
Thailand	2.3	2.1	0.2
Other	9.2	12.5	-3.4
Cash	3.6	0.0	3.6

Top 5 Holdings (%)

	Lazard	Index
China Construction Bank	3.4	0.9
Samsung Electronics	3.3	3.5
SK Hynix	2.6	0.6
Taiwan Semiconductor Manufacturing	2.6	6.2
Galp Energia, SGPS S.A.	2.5	0.0

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

Developing countries witnessed a sharp market recovery in November, led by north Asian markets, particularly Chinese equities, including many technology and internet platform company shares. The MSCI Emerging Markets Index rose by 9.6% in Australian dollar terms with stocks in Asia rising by over 13%. Latin American shares ended the month down 4% while those in Eastern Europe, the Middle East, and African region were down 0.08%.

Energy producing countries suffered over the month with share prices in Saudi Arabia, the United Arab Emirates, and Qatar declining as crude oil prices fell. Eastern European shares rose significantly over the month as the Ukrainian conflict looked more manageable. Egyptian share prices bounced sharply as Ukrainian grain shipments resumed and a major environmental conference occurred in the country. South African equities performed well on optimism over economic recovery and strong metals prices.

In Latin America, Brazilian equities finished the month down close to 7% on nervousness over the election of President Luis Ignacio Lula de Silva and concerns over budgetary pressures. All other regional markets finished higher with Chilean investors re-evaluating the new pensions draft.

Across Asia, some markets which have recently been strong, like Indonesia, generated lower returns in November. Countries where stock prices have been under pressure, such as in South Korea, Taiwan, and China, enjoyed strong returns ranging from just under 10% to nearly 24%. The Chinese market benefited from a recovery in internet platform company shares as well as other areas due to measures enacted to relieve financing risks in the property sector and, despite some public disturbances, fewer Covid-19 lockdowns.

Contributors to Performance:

- Shares of Chinese insurance companies, including Ping An Insurance, rebounded on the back of real estate policy support in China and hopes for loosening of Covid-restrictions.
- Shares of Chinese companies China Vanke and A-Living Smart City Services, respectively, a real estate developer and a property management company, rebounded from recent weakness after the government introduced policy support for the industry.
- Shares of Galp, a Portuguese energy company with global assets including in Latin America and Africa, bounced back from recent weakness as market sentiment improved with expectations that US interest rate hikes would soon reach a peak.

Detractors from Performance:

- Shares of CCR, a Brazilian toll-road operator, declined after third quarter revenues missed estimates and on the back of heightened political concerns in Brazil after the election of Lula da Silva.
- Indonesian stocks, including Telekom Indonesia, a telecom services company, and Astra International, an assembler and distributor of automobiles, underperformed during the month.
- Shares of Vibra Energia, a Brazilian operator of petrol stations, declined on the back of heightened political concerns after the elections of Lula da Silva. Shares of United Tractors, an Indonesian distributor and leaser of construction and mining equipment and provider of contract mining services, declined on expectations that coal prices might have peaked.

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.

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