

Lazard

Emerging Markets Equity Fund

Dec 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 | \$182.8m |
| 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 |

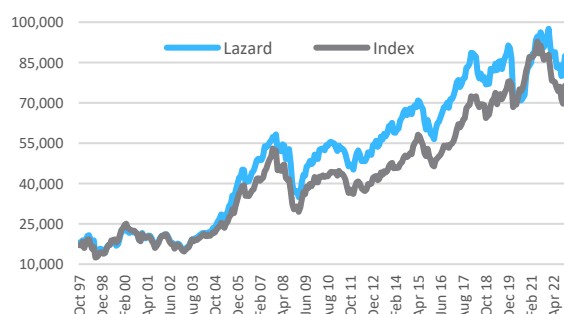
Investment Characteristics

| | Lazard | Index |
|------------------------------|--------|-------|
| Forward Price/Earnings | 7.2 | 11.5 |
| Forward Return on Equity (%) | 14.5 | 12.1 |
| Price/Cash Flow | 4.2 | 7.6 |
| Dividend Yield (%) | 6.7 | 3.3 |
| Active Share (%) | 83.1 | - |
| 3 Year Turnover (% pa) | 30.4 | - |

Performance (%)

| | Lazard | Index | Excess Return |
|----------------------|--------|-------|---------------|
| 1 Month | -3.0 | -2.6 | -0.4 |
| 3 Months | 6.2 | 4.0 | 2.1 |
| 1 Year | -9.3 | -14.3 | 5.1 |
| 3 Years (pa) | -2.5 | -1.5 | -1.0 |
| 5 Years (pa) | 0.0 | 1.5 | -1.4 |
| 10 Years (pa) | 4.6 | 5.8 | -1.3 |
| Since Inception (pa) | 5.9 | 5.4 | 0.5 |

Growth of \$20,000



Allocations (%)

| Sector | Lazard | MSCI EM | Overweight/Underweight |
|------------------------|--------|---------|------------------------|
| Communication Services | 5.4 | 9.9 | -4.5 |
| Consumer Discretionary | 10.2 | 14.1 | -3.9 |
| Consumer Staples | 6.4 | 6.4 | 0.0 |
| Energy | 10.1 | 4.9 | 5.3 |
| Financials | 26.6 | 22.1 | 4.5 |
| Health Care | 4.0 | 4.1 | 0.0 |
| Industrials | 3.6 | 6.1 | -2.4 |
| Information Technology | 20.0 | 18.6 | 1.3 |
| Materials | 7.4 | 8.9 | -1.4 |
| Real Estate | 2.4 | 1.9 | 0.4 |
| Utilities | 1.8 | 3.0 | -1.2 |
| Cash | 2.0 | - | 2.0 |
| Region | | | |
| China | 25.8 | 32.3 | -6.5 |
| Korea | 13.0 | 11.3 | 1.7 |
| Brazil | 11.1 | 5.3 | 5.9 |
| South Africa | 6.9 | 3.7 | 3.2 |
| Russia | 0.0 | - | 0.0 |
| India | 6.7 | 14.4 | -7.7 |
| Indonesia | 4.2 | 1.9 | 2.3 |
| Taiwan | 11.6 | 13.8 | -2.2 |
| Mexico | 4.3 | 2.3 | 2.0 |
| Hungary | 2.4 | 0.2 | 2.2 |
| Thailand | 2.4 | 2.2 | 0.2 |
| Other | 9.5 | 12.6 | -3.1 |
| Cash | 2.0 | 0.0 | 2.0 |

Top 5 Holdings (%)

| | Lazard | Index |
|------------------------------------|--------|-------|
| China Construction Bank | 3.6 | 1.0 |
| Samsung Electronics | 3.1 | 3.3 |
| Taiwan Semiconductor Manufacturing | 2.9 | 5.7 |
| Galp Energia, SGPS S.A. | 2.8 | 0.0 |
| 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

Aided by declining investor pessimism in Europe and a significant rally in China on the reopening of its economy, emerging markets rebounded strongly in the fourth quarter of 2022. The MSCI Emerging Markets Index rose by 4% in Australian dollar terms over the quarter with a return of almost 38% generated in European emerging markets. The prospect of a reopening in China helped Asian equities rise just over 5% while Latin American shares rose by 0.25%.

Major gains were registered across most Asian markets as geopolitical concerns moderated in the months following the meeting of the National Congress of the Chinese Communist Party. However, later in the quarter, after some demonstrations over the zero-COVID policy, China started to materially reduce COVID restrictions. Measures were also established to relieve financing risks in the property market. These factors also helped stock prices in neighboring markets, especially those in places like South Korea, which exports heavily to China. Equities in Thailand finished stronger, as investors anticipated a major recovery in Chinese tourism. Other regional markets, such as India and Indonesia, saw muted or even negative returns after strong gains.

Latin American markets were also stronger over the quarter. The robust US dollar helped Mexican share prices. Despite political turmoil in Peru, which involved the impeachment of President Pedro Castillo following his attempt to dissolve Congress and form a provisional government, share prices rose substantially over the quarter. More muted returns were registered in Brazil following a close presidential election as former President Luiz Inácio Lula da Silva was re-elected and investors became increasingly worried about its administration and spending ambitions.

European emerging markets rebounded very powerfully over the quarter as investors became less pessimistic about the economic prospects, to some degree affected by Russia's poor military performance in Ukraine. Share prices rose by more than 29% in Hungary, more than 40% in Poland and over 22% in Greece. Despite very high inflation in Turkey, equity prices there rose slightly over 60%, aided by expectations of lower energy prices and inflation. Despite a political scandal that challenged President Ramaphosa, South African stocks were helped by robust metals prices. Gulf markets finished weaker on lower crude oil prices.

Contributors to Performance:

- Galp, a Portuguese energy company with global assets including in Latin America and Africa, saw its stock price bounce back from recent weakness on improved market sentiment stemming from expectations that US interest rate hikes would soon reach a peak.
- Shares of BB Seguridade traded higher after the Brazil-based insurer reported better-than-expected third-quarter net income.
- The rise in the stock price of Hungary-based lender OTP Bank was attributed to an improving outlook for currency and the macro climate due to higher interest rates.

Detractors from Performance:

- Shares of Petrobras faltered on news that politicians would be able to more easily take roles in the Brazil-based state-owned energy company.
- Shares of Indonesian stocks, including telecom services company Telekom Indonesia and automobile distributor Astra International fell despite the absence of any company-specific news.
- United Tractors, an Indonesian distributor and leaser of construction and mining equipment and provider of contract mining services, saw its stock price fall on expectations that coal prices might have peaked.

We expect this recovery to continue if certain market factors persist, including relatively recovering growth, decelerating inflation, a weaker US dollar, and improving fundamentals. After the steep drop in equity markets overall in 2022, we believe that emerging markets equity is a mispriced asset class with attractive valuations compared to historical levels.

For more information, call us on 1800 825 287
or visit www.lazardassetmanagement.com

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