

Lazard

Emerging Markets Equity Fund

Feb 2023
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	\$166.3m
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

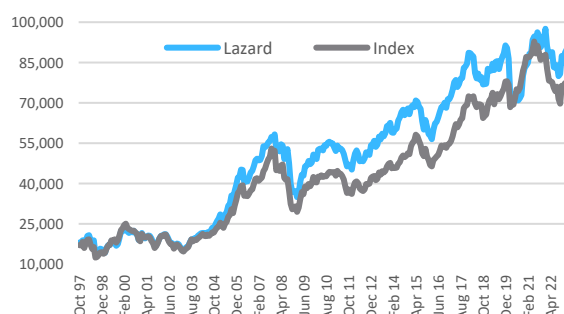
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.4	12.6
Forward Return on Equity (%)	14.0	11.7
Price/Cash Flow	4.5	7.8
Dividend Yield (%)	6.7	3.3
Active Share (%)	82.2	-
3 Year Turnover (% pa)	30.3	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	1.3	-2.3	3.6
3 Months	2.6	-1.2	3.8
1 Year	-1.4	-8.8	7.4
3 Years (pa)	1.2	-0.5	1.8
5 Years (pa)	0.3	1.0	-0.7
10 Years (pa)	4.8	5.8	-1.0
Since Inception (pa)	6.1	5.4	0.7

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.0	10.3	-5.3
Consumer Discretionary	10.1	13.6	-3.5
Consumer Staples	5.9	6.4	-0.5
Energy	9.7	4.7	4.9
Financials	26.0	21.7	4.4
Health Care	3.9	3.9	0.0
Industrials	3.6	6.0	-2.4
Information Technology	22.6	20.2	2.4
Materials	5.3	8.8	-3.5
Real Estate	1.8	1.9	-0.1
Utilities	2.4	2.6	-0.2
Cash	3.8	-	3.8
Region			
China	24.7	32.1	-7.4
Korea	12.7	11.7	1.0
Brazil	10.5	5.0	5.4
South Africa	6.7	3.5	3.1
Russia	0.0	-	0.0
India	6.1	13.2	-7.1
Indonesia	4.5	1.9	2.6
Taiwan	13.7	15.3	-1.6
Mexico	4.5	2.6	1.9
Hungary	2.5	0.2	2.3
Thailand	1.5	2.1	-0.6
Other	8.8	12.2	-3.4
Cash	3.8	0.0	3.8

Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	3.5	6.5
China Construction Bank	3.3	0.9
Samsung Electronics	3.0	3.4
SK Hynix	2.6	0.6
BB Seguridade	2.5	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

Following a very strong January, emerging markets equities experienced significant profit-taking in February. The MSCI Emerging Markets Index fell by more than 2% over the month in Australian dollar terms, with fairly similar performance in both Asian and Latin American markets and modestly better returns in Europe and the Middle East. The month included generally weaker commodity prices and currencies versus the US dollar.

Share prices in Saudi Arabia fell by more than 3% on further profit-taking following considerable strength last year. Concerns over lower commodities prices pressured South African stock prices. Most Eastern European countries enjoyed positive performance on an improving economic outlook, helped to some extent by relatively warm weather. Turkish equity prices rose solidly despite experiencing a tragic and widespread earthquake.

Latin American markets were dragged down by Brazil and Colombia where share prices were hurt by political uncertainty and marginally weaker crude oil prices. Elsewhere, Chile and Peru saw somewhat less turbulence despite ongoing political strife. Mexican equities held up best, finishing higher, aided by a stable peso that was supported by nearshoring trends.

Sizable share price losses were recorded across Asia. Ongoing geopolitical and regulatory issues caused further weakness in Chinese stock prices and helped pressure currencies and equity prices in South Korea and Thailand. Indian shares acted fairly independently, finishing little changed amid investor wariness over valuations and the recent Adani group events and news. Equities in Indonesia and Taiwan fared better due to signs of economic growth in the former and improved hardware industry stability in the latter.

Contributors to Performance:

- Lenovo Group, a Chinese manufacturer of computers, laptops, and data center equipment, saw its shares climb in February after reporting stronger-than-expected third quarter results. The company also signaled the PC inventory correction would end soon.
- Shares of Sinopharm Group, a Chinese distributor of pharmaceuticals and medical devices and operator of pharmacy chains, rose on an improved growth outlook with the end of China's zero COVID-19 policy.
- Novatek Microelectronics shares advanced after the Taiwanese manufacturer of integrated circuits reported stronger-than-expected fourth quarter results and guided for higher margins while speculating that the company would soon enter the Apple supply chain.

Detractors from Performance:

- Shares of Korean banks, including KB Financial, declined on concerns for potential regulatory measures after President Yoon Suk-yeol called on domestic banks to curb excess profits and help ease the financial burden on customers.
- Shares of Ping An Insurance, a Chinese insurance company, pulled back after a period of strength as January premium growth remained weak.
- Shares of Chinese banks, including China Merchants Bank, pulled back from recent strength, after regulators called on the banks to speed up mortgage payments which could limit loan growth this year.

After the profit taking witnessed in February, we believe the market recovery may resume if global economic growth begins to stabilize and if no major geopolitical shocks occur. In such an environment, we would expect investors to start to refocus their attention on recovering growth, decelerating inflation, and improving fundamentals. After the steep drop in equity markets overall in 2022, we believe that emerging markets equity may be a particularly mispriced asset class with attractive valuations compared to historical levels and compared to many other asset classes.

For more information, call us on 1800 825 287
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