

# Lazard

## Emerging Markets Equity Fund

Mar 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	76
Total Fund Size	\$173.0m
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

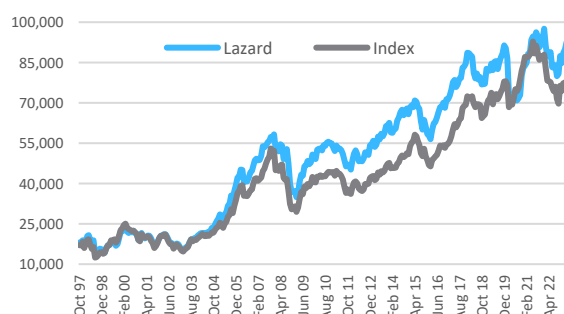
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.6	12.9
Forward Return on Equity (%)	13.8	11.7
Price/Cash Flow	4.6	7.8
Dividend Yield (%)	6.7	3.3
Active Share (%)	82.1	-
3 Year Turnover (% pa)	30.6	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	3.1	3.7	-0.6
3 Months	9.1	5.3	3.8
1 Year	6.1	0.1	6.0
3 Years (pa)	8.1	4.6	3.5
5 Years (pa)	1.1	1.8	-0.7
10 Years (pa)	5.6	6.6	-1.0
Since Inception (pa)	6.2	5.5	0.7

### Growth of \$20,000



### Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	4.6	10.6	-6.0
Consumer Discretionary	9.9	13.9	-4.0
Consumer Staples	5.8	6.3	-0.5
Energy	9.1	4.7	4.4
Financials	25.1	21.0	4.1
Health Care	3.8	3.8	0.0
Industrials	4.9	6.0	-1.1
Information Technology	22.9	20.5	2.4
Materials	6.6	8.6	-2.0
Real Estate	1.5	1.9	-0.4
Utilities	2.4	2.6	-0.2
Cash	3.5	-	3.5
<b>Region</b>			
China	24.1	32.7	-8.6
Korea	13.2	11.9	1.3
Brazil	10.3	4.9	5.4
South Africa	6.6	3.5	3.1
Russia	0.0	-	0.0
India	5.8	13.0	-7.2
Indonesia	4.6	1.9	2.7
Taiwan	13.7	15.2	-1.5
Mexico	4.3	2.6	1.7
Hungary	2.3	0.2	2.1
Thailand	1.5	2.1	-0.6
Other	10.0	11.9	-1.9
Cash	3.5	0.0	3.5

### Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	3.5	6.6
China Construction Bank	3.4	1.0
Samsung Electronics	3.2	3.6
SK Hynix	2.6	0.6
ASE Technology	2.5	0.2

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

Emerging markets equities enjoyed another period of price strength in the first quarter of 2023 as the reopening of China increased the likelihood of a more stable global economy. The MSCI Emerging Markets Index rose by 5.3% in Australian dollar terms with fairly similar and balanced performances in Asia and Latin America.

In China, an announcement by internet giant Alibaba to split itself into five businesses helped strengthen market performance. Stock prices in Indonesia recorded sharp rises as investors became more optimistic on the trajectory of the economy. Equities in Taiwan and South Korea benefited from expectations of improving hardware and semiconductor orders. Indian share prices were negatively impacted by concerns over valuations in the market and issues related to the highly indebted Adani group companies.

Europe, the Middle East, and Africa witnessed diverse performance. The Czech market rose very sharply on strong earnings results from utility CEZ. Greek shares rallied on good macroeconomic indicators. Hungarian stock prices finished modestly higher while the Polish market closed little changed. Turkey witnessed a very large and tragic earthquake which ultimately helped cause significant share price declines. Markets in both Saudi Arabia and South Africa finished little changed.

Political uncertainty fueled by the continued public disagreement between President Luiz Inácio Lula da Silva and central bank president Roberto Campos Neto helped depress equity prices in Brazil. Weak oil prices sent Colombian share prices sharply lower. The Peruvian and Chilean markets were aided by higher copper prices. Mexican stocks recorded very strong performance on higher economic indicators.

Contributors to Performance:

- Shares of Lenovo traded higher after the China-based PC maker reported better-than-expected third-quarter results and signaled that the PC inventory correction would end soon.
- Shares of Novatek Microelectronics climbed after the Taiwan-based integrated circuits maker reported better-than-expected fourth-quarter results and guided for higher margins. Shares received another boost on speculation that the company would soon enter the Apply supply chain.
- Shares of semiconductor testing and packaging company ASE Technology gained as part of broader gains by Taiwanese semiconductor-related stocks.

Detractors from Performance:

- Shares of GALP, a Portugal-based energy company with assets in Brazil and Africa, receded in sympathy with falling crude oil prices and as part of a broader decline in European stocks.
- Shares of Indus Towers slid after the India-based mobile tower instillation company reported disappointing fourth-quarter results.
- The fall in the stock price of China-based real estate developer China Vanke was attributed to worries about the health and stability of the Chinese real estate sector.

We expect this recovery to continue with reasonably stable economic growth, modestly decelerating inflation, and improving fundamentals. After the steep drop in equity markets overall in 2022, and the subsequent recovery over the past six months, we believe that emerging markets equities remain a mispriced asset class, with attractive valuations compared to historical levels.

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