

Lazard

Emerging Markets Equity Fund

May 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	\$176.0m
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

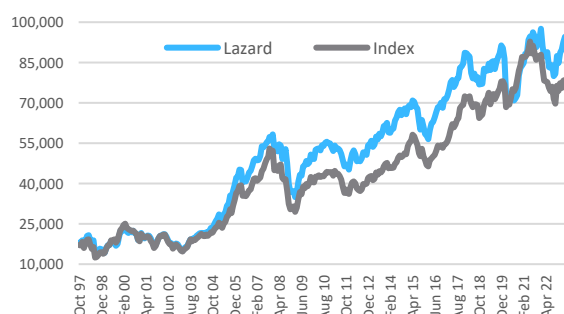
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.0	12.7
Forward Return on Equity (%)	13.8	11.5
Price/Cash Flow	4.5	7.8
Dividend Yield (%)	6.6	3.3
Active Share (%)	81.4	-
3 Year Turnover (% pa)	30.0	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	0.2	0.4	-0.2
3 Months	5.6	4.4	1.2
1 Year	6.6	1.4	5.2
3 Years (pa)	9.0	4.4	4.6
5 Years (pa)	3.2	2.5	0.7
10 Years (pa)	5.1	6.0	-0.9
Since Inception (pa)	6.3	5.5	0.8

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.5	9.7	-4.2
Consumer Discretionary	8.9	12.3	-3.4
Consumer Staples	5.5	6.3	-0.8
Energy	9.4	5.0	4.4
Financials	25.6	22.1	3.5
Health Care	3.7	3.8	-0.1
Industrials	5.8	6.2	-0.4
Information Technology	22.7	21.8	0.9
Materials	6.1	8.4	-2.3
Real Estate	1.2	1.8	-0.6
Utilities	1.9	2.7	-0.8
Cash	3.7	-	3.7
Region			
China	22.9	29.0	-6.1
Korea	13.4	12.8	0.6
Brazil	10.9	5.2	5.7
South Africa	5.8	3.1	2.7
Russia	0.0	-	0.0
India	7.8	14.4	-6.6
Indonesia	4.4	2.0	2.4
Taiwan	13.5	16.2	-2.7
Mexico	3.7	2.7	1.0
Hungary	2.9	0.2	2.7
Thailand	1.8	2.1	-0.3
Other	9.2	12.4	-3.2
Cash	3.7	0.0	3.7

Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	3.7	7.1
China Construction Bank	3.4	1.0
Samsung Electronics	2.9	4.1
ASE Technology	2.5	0.2
BB Seguridade	2.3	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.

Commentary

Emerging markets equities rose modestly in May in Australian dollar terms amid mixed economic signals. Asia, and Latin America, both finished more than one percent higher. Stocks fared worst in Europe, the Middle East and Africa (EMEA), dropping by about 4%. Commodity prices fell significantly in May, adding downward pressure on producers.

Technology company shares in South Korea and Taiwan rallied in May, fueling gains in Asia, amid new excitement over artificial intelligence and ChatGPT trends. That helped counter the weakness seen in other parts of the region which stemmed from concerns over China's slower-than-expected economic recovery. Chinese internet platform stocks also fell on mixed revenue and profit trends, while Malaysian equities slumped on weaker crude oil prices.

In Latin America, Argentina and Brazil outperformed, while Colombian equities were weighed down by lower commodity prices, especially crude oil. Peruvian shares also fell.

Eastern European, Middle East and African markets were impacted by several factors in May. South African shares were hit by ongoing political tensions, commodity price pressures and power outages, all of which hurt the rand. In Turkey, President Recep Tayyip Erdogan surprised commentators by eking out a close-fought victory in the elections. In Greece, stocks got a boost from Prime Minister Kyriakos Mitsotakis's stronger-than-expected election victory, albeit resulting in a minority government.

Contributors to Performance:

- Shares of South Korean semiconductor manufacturer SK Hynix and Samsung Electronics, a manufacturer of electronic consumer products and semiconductors, both rose on expectations that the memory industry is bottoming, and that the proliferation of artificial intelligence (AI) servers could help the transition to double data rate 5 memory chip known as DDR5 and help clear inventories.
- Quanta Computer, a Taiwanese manufacturer of notebook computers, is also expected to benefit from AI datacenter investments and the company recently outlined its growing auto electronics business.
- MediaTek, a Taiwanese fabless semiconductor company, recently launched a new Dimensity product for the auto market and formed a partnership with NVIDIA to help penetrate the auto market.

Detractors from Performance:

- Shares of BB Seguridade, a Brazilian insurance company, saw profit-taking after a period of strength.
- Shares of Galp Energia, a Portuguese energy company with exposure to Brazil and Africa, declined along with the slump in crude oil prices.
- Ping An Insurance, a Chinese insurance company, also experienced profit-taking after a brief rally in the share price.

For the rest of the year, we are hopeful that stocks will sustain their rebound 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.

For more information, call us on 1800 825 287
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