

# Lazard

## Emerging Markets Equity Fund

Jun 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	78
Total Fund Size	\$175.6m
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

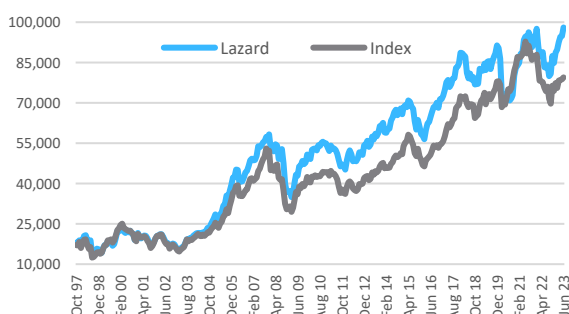
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.3	13.3
Forward Return on Equity (%)	14.4	11.6
Price/Cash Flow	4.8	8.1
Dividend Yield (%)	6.4	3.1
Active Share (%)	81.9	-
3 Year Turnover (% pa)	29.9	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	3.3	0.9	2.4
3 Months	5.9	1.5	4.4
1 Year	17.6	5.1	12.5
3 Years (pa)	10.4	3.5	6.9
5 Years (pa)	4.3	3.1	1.2
10 Years (pa)	5.7	6.3	-0.6
Since Inception (pa)	6.4	5.5	0.9

### Growth of \$20,000



### Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.6	9.8	-4.2
Consumer Discretionary	9.4	13.2	-3.8
Consumer Staples	5.8	6.4	-0.6
Energy	9.9	5.0	4.9
Financials	25.9	21.9	4.0
Health Care	3.6	3.8	-0.2
Industrials	5.0	6.3	-1.3
Information Technology	21.0	21.2	-0.2
Materials	6.6	8.1	-1.5
Real Estate	0.9	1.7	-0.8
Utilities	1.9	2.6	-0.7
Cash	4.5	-	4.5
<b>Region</b>			
China	23.2	29.5	-6.3
Korea	10.3	12.3	-2.0
Brazil	12.1	5.5	6.6
South Africa	6.8	3.2	3.6
Russia	0.0	-	0.0
India	7.5	14.6	-7.1
Indonesia	4.3	2.0	2.3
Taiwan	13.2	15.6	-2.4
Mexico	3.6	2.8	0.8
Hungary	3.2	0.2	3.0
Thailand	2.0	1.9	0.1
Other	9.4	12.2	-2.8
Cash	4.5	0.0	4.5

### Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	4.0	6.8
China Construction Bank	3.2	0.9
Petrobras Petroleo Brasileiro	2.5	0.4
Banco do Brasil	2.5	0.1
Galp Energia, SGPS S.A.	2.4	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

Ongoing concerns over global economic growth restrained financial returns in the developing world during the second quarter of 2023. Regions that saw easing inflationary pressures, particularly in Eastern Europe and Latin America, recovered strongly, posting net returns of 20.3% and 14.8% respectively. Asian markets proved to be somewhat disappointing, falling by 0.2% in the period.

Chinese equities fell by 9.2% as shares of some of the internet platform companies saw continued sell off. Thai and Malaysian stocks suffered a similar setback, hurt by concerns over currency. South Korean and Taiwanese shares fared better, aided by interest in new alternative intelligence (AI) applications which resulted in positive performance by information technology stocks. The best performance in the region was seen in India where investors remain optimistic about the economic outlook.

All Latin American markets finished the quarter higher and many, by a considerable measure, helped by lower inflation trends and the potential for declining interest rates. Strong energy stock performance helped equities in Brazil and Colombia, while Peruvian shares recovered mostly due to decent earnings results. Mexican stocks rallied on general investor optimism over currency and economic stability.

Eastern European shares enjoyed a robust rebound in the quarter as investors witnessed easing inflationary pressures that fueled optimism for a regional economic recovery. The clearest sign was observed in Poland and Hungary, the markets which had been adversely affected by the Russian invasion of Ukraine. Greek stock prices also rose markedly, following a general election that saw incumbent Kyriakos Mitsotakis win a minority victory. In neighboring Turkey, President Recep Tayyip Erdogan was also re-elected and successfully reappointed respected former Economy Minister Mehmet Simsek to his cabinet. While this was generally viewed as positive by investors, it may require an economic adjustment, a concern that sent markets to a meaningful retreat.

### Contributors to Performance:

- The rise in the stock price of Brazil-based oil and gas company Petróleo Brasileiro (Petrobras) was attributed to easing concerns about governance and pricing policies.
- Shares of Quanta Computer climbed on expectations that the Taiwan-based notebook computer manufacturer will see an increase in demand for artificial intelligence servers and auto electronics.
- Shares of Korea-based chipmaker SK Hynix rose on expectations that the memory industry is bottoming. Investors were hopeful that the proliferation of AI servers could expedite the transition to DDR5 memory and help clear inventories.

### Detractors from Performance:

- Cement maker Anhui Conch and real estate developer China Vanke, both based in China, saw their stock prices fall on weakening macro data and housing sales dynamics in China.
- Shares of Coway faltered after the Korea-based home appliances company reported disappointing first-quarter results.
- Shares of China-based natural gas provider ENN Natural Gas retreated the after GDP growth expectations in China were revised down.

We believe that the global economy is currently in the process of bottoming out, marked by a divergence in growth among countries. We are anticipating higher growth in developing countries over the next several years, which increases our confidence that the current relatively reasonable valuations are too low.

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