

# Lazard

## Emerging Markets Equity Fund

Jul 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	77
Total Fund Size	\$179.3m
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

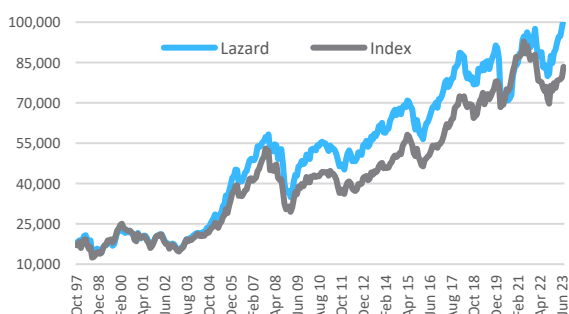
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.5	14.0
Forward Return on Equity (%)	14.4	11.4
Price/Cash Flow	4.8	8.4
Dividend Yield (%)	6.1	3.0
Active Share (%)	82.2	-
3 Year Turnover (% pa)	29.8	-

### Performance (%)

	Lazard	Index	Excess Return
1 Month	3.3	4.9	-1.6
3 Months	7.0	6.3	0.7
1 Year	21.9	12.2	9.7
3 Years (pa)	11.0	3.6	7.4
5 Years (pa)	4.6	3.7	0.9
10 Years (pa)	5.6	6.5	-0.9
Since Inception (pa)	6.5	5.7	0.8

### Growth of \$20,000



### Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.4	9.9	-4.5
Consumer Discretionary	9.5	14.2	-4.7
Consumer Staples	6.1	6.2	-0.1
Energy	10.2	5.1	5.1
Financials	26.4	21.6	4.8
Health Care	3.6	3.8	-0.2
Industrials	5.0	6.4	-1.4
Information Technology	20.4	20.3	0.1
Materials	6.8	8.3	-1.5
Real Estate	0.9	1.8	-0.9
Utilities	1.8	2.6	-0.8
Cash	3.9	-	3.9
Region			
China	24.0	30.7	-6.7
Korea	10.3	12.4	-2.1
Brazil	11.9	5.5	6.4
South Africa	7.4	3.4	4.0
Russia	0.0	-	0.0
India	8.3	14.2	-5.9
Indonesia	4.3	1.9	2.4
Taiwan	11.5	14.8	-3.3
Mexico	3.6	2.8	0.8
Hungary	3.0	0.2	2.8
Thailand	2.0	2.0	0.0
Other	9.6	12.2	-2.6
Cash	3.9	0.0	3.9

### Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	3.8	6.3
China Construction Bank	2.8	0.8
Galp Energia, SGPS S.A.	2.6	0.0
Petrobras Petroleo Brasileiro	2.5	0.4
Lenovo	2.4	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

Share prices across almost all emerging markets rebounded in July after ending the second quarter in a somber mood. The MSCI Emerging Markets Index recovered by 4.9% in Australian dollar terms, breaking a five-month trend of underperformance relative to developed markets. Positive returns were seen across all regions, with Eastern Europe and Asia both rising more than 4% while Latin American stocks rallied over 3%. Highlights during the month included public statements by senior Chinese leaders confirming the importance of foreign investors and supporting the real estate sector. The period also witnessed general commodity price strength and modest currency weakness versus the US dollar.

In Europe, the Middle East and Africa, Turkish and South African equities were particularly strong. Despite further currency weakness, a 250-basis point interest rate increase implemented by the Turkish central bank coupled with the announcement of more orthodox monetary policy and plans for continued credit tightening prompted investor buying. South African equities performed well on optimism over increasing Chinese demand and improving trends in energy management. Egyptian shares fell by 2.9% as Russia ended an agricultural deal with Ukraine, a measure likely to further strain Egyptian food subsidies.

In Asia, Chinese equities rebounded more than 9% as investor optimism returned to the internet platform industry after more positive government statements regarding large fintech companies and the real estate sector. In general, interest in Asian shares increased after considerable pessimism in the second quarter. Rebounds were recorded in equities in Malaysia and Thailand, while South Korea sustained gains after periods of underperformance. Returns in India, while still positive, were mundane as technology share prices were more restrained. Taiwan stocks fell slightly.

All Latin American markets witnessed gains during the month. Strong crude oil and commodity prices helped most markets particularly in Colombia and Peru, where double digit returns were recorded. Brazilian, Chilean, and Mexican stock prices rallied on positive sentiment over potential increases in Chinese demand.

### Contributors to Performance:

- GALP shares rallied after the Portuguese based energy company with assets in Brazil and Africa, posted better-than-expected second quarter earnings and upgraded its production guidance for the second half of the year.
- A rerating of technology hardware and infrastructure stocks due to market enthusiasm over the potential for artificial intelligence (AI)-driven demand benefited a number of stocks in the portfolio. These included Quanta Computer, a Taiwanese manufacturer of notebook computers and cloud computing/network system solutions; Lenovo, a Chinese manufacturer of PCs and data center equipment; and Wiwynn, a Taiwanese manufacturer of computer storage devices.
- Shares of Ping An Insurance, a Chinese insurance company, benefited from an industry-wide rally following the positive tone from officials at the Chinese Politburo meeting.

### Detractors from Performance:

- UPL Limited shares fell after the Indian manufacturer and distributor of agro-chemicals, reported weak fourth quarter fiscal results due to higher-than-normal inventories, declining prices and an increase in Chinese agro-chemical exports.
- Shares of China Construction Bank fell on concerns about margin pressure from mortgage repricing.
- Telekom Indonesia shares fell even as the telecom services company announced solid results. The market appeared disappointed with higher-than-expected costs and company's performance relative to smaller peers.

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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