

Lazard

Emerging Markets Equity Fund

Sep 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	\$149.7m
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

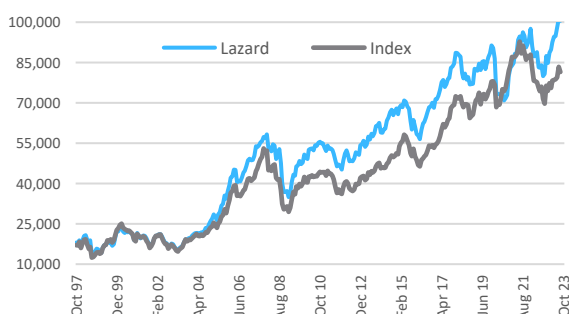
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	8.2	13.3
Forward Return on Equity (%)	14.9	12.0
Price/Cash Flow	5.1	8.5
Dividend Yield (%)	5.8	3.0
Active Share (%)	82.6	-
3 Year Turnover (% pa)	30.7	-

Performance (%)

	Lazard	Index	Excess Return
1 Month	-0.4	-2.3	1.9
3 Months	2.2	0.1	2.1
1 Year	25.4	11.3	14.1
3 Years (pa)	11.8	1.8	10.0
5 Years (pa)	4.7	2.9	1.8
10 Years (pa)	5.5	5.9	-0.4
Since Inception (pa)	6.4	5.5	0.9

Growth of \$20,000



Allocations (%)

Sector	Lazard	MSCI EM	Overweight/Underweight
Communication Services	5.8	9.6	-3.8
Consumer Discretionary	9.2	13.7	-4.5
Consumer Staples	6.0	6.2	-0.2
Energy	10.9	5.2	5.7
Financials	26.0	22.2	3.8
Health Care	3.4	3.8	-0.4
Industrials	5.8	6.7	-0.9
Information Technology	19.7	20.2	-0.5
Materials	6.9	8.0	-1.1
Real Estate	0.7	1.7	-1.0
Utilities	1.7	2.6	-0.9
Cash	3.9	-	3.9
Region			
China	23.3	30.0	-6.7
Korea	9.6	12.2	-2.6
Brazil	11.8	5.4	6.4
South Africa	7.1	3.0	4.1
Russia	0.0	-	0.0
India	9.0	15.7	-6.7
Indonesia	4.4	2.0	2.4
Taiwan	12.1	14.7	-2.6
Mexico	4.1	2.5	1.6
Hungary	3.1	0.2	2.9
Thailand	2.0	1.9	0.1
Other	9.6	12.4	-2.8
Cash	3.9	-	3.9

Top 5 Holdings (%)

	Lazard	Index
Taiwan Semiconductor Manufacturing	3.5	6.1
Galp Energia, SGPS S.A.	3.1	0.0
China Construction Bank	2.8	0.8
Petrobras Petroleo Brasileiro	2.5	0.4
BB Seguridade	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

Continuing geopolitical tensions, concerns about the Chinese economy and a resilient US economy were the key factors at play in emerging market equities that saw modest gains in the third quarter of 2023 in Australian dollar terms. Despite the recent focus on China, and particularly its indebted property sector, Asia still stayed positive, finishing 0.1% higher. Countries in Latin America registered losses of just under 2% while stocks in Eastern Europe saw declines of over 5%. Commodity prices were generally strong with crude oil prices rising on higher demand and supply cuts.

Chinese stocks suffered particularly in the early part of the quarter, and especially after large property developer Country Garden unexpectedly missed a debt payment. Although authorities acted quickly by cutting the reserve requirement and lowering the deposit ratio, the market was still rattled by the event and the outlook for the economy. South Korean and Taiwanese stocks that had previously performed well, especially in the technology sector, also suffered. Malaysian share prices were buoyed by higher crude oil prices. Indian equities rallied on optimism about the economy.

Except for Colombia where crude oil prices were again supportive. Latin American markets finished lower in the quarter. Concerns over Chinese demand for raw materials as well as political uncertainty played a role. After posting very strong returns, aided by its close trading relationship with the United States, Mexican equities saw profit-taking.

Across European emerging markets, there was substantial profit-taking following a very strong period in markets such as Poland and Greece. Hungarian equity prices ended a volatile quarter with positive returns, although investors were still nervous about another possible tax on banks. Egyptian share prices rose after a brutal year which included the end of an agricultural deal with Ukraine. Turkish stocks rallied on interest rate hikes and a greater likelihood of more orthodox monetary policy. United Arab Emirates property demand helped generate strong returns domestically.

In the third quarter, the Fund gained in absolute terms and outperformed its benchmark, the MSCI Emerging Markets Index. (Excess return is measured net of fees and in Australian dollar terms.)

Contributors to performance:

- Shares of oil producers Petroleo Brasileiro (Petrobras), based in Brazil, and Galp Energia, based in Portugal with assets in Latin America and Africa, both gained in sympathy with the surge in oil prices.
- Shares of electronics manufacturer Quanta Computer gained, as technology hardware and infrastructure stocks re-rated due to the frenzy over the potential for artificial intelligence related demand
- Shares of Indus Towers traded higher on hopes that the India-based telecom infrastructure company's major customer, Voda Idea, was better positioned to satisfy some overdue payments.

Detractors from performance:

- Shares of contract Taiwan-based chipmaker Taiwan Semiconductor Manufacturing Company retreated on worries about softening global consumer demand for electronics.
- Shares of Hengan International traded lower after the China-based hygiene products maker reported that first half 2023 profits declined from a year earlier.
- Shares of Brazil-based toll road CCR fell on profit taking after strong recent stock price appreciation.

We continue to 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, and because of this, we believe that emerging markets remain one of the most mispriced asset classes globally.

For more information, call us on 1800 825 287
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