

# Lazard

## Emerging Markets Equity Fund

Apr 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        | \$176.2m              |
| 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             |

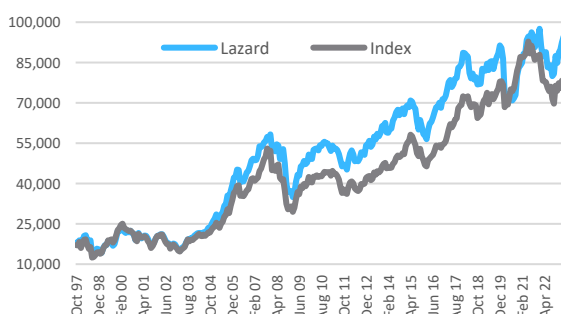
### Investment Characteristics

|                              | Lazard | Index |
|------------------------------|--------|-------|
| Forward Price/Earnings       | 8.4    | 12.9  |
| Forward Return on Equity (%) | 14.1   | 11.9  |
| Price/Cash Flow              | 4.5    | 7.6   |
| Dividend Yield (%)           | 6.6    | 3.3   |
| Active Share (%)             | 82.2   | -     |
| 3 Year Turnover (% pa)       | 30.1   | -     |

### Performance (%)

|                      | Lazard | Index | Excess Return |
|----------------------|--------|-------|---------------|
| 1 Month              | 2.2    | 0.2   | 2.0           |
| 3 Months             | 6.8    | 1.6   | 5.2           |
| 1 Year               | 8.2    | 0.5   | 7.7           |
| 3 Years (pa)         | 8.8    | 4.0   | 4.8           |
| 5 Years (pa)         | 1.6    | 1.6   | 0.0           |
| 10 Years (pa)        | 5.7    | 6.5   | -0.8          |
| Since Inception (pa) | 6.3    | 5.5   | 0.8           |

### Growth of \$20,000



### Allocations (%)

| Sector                 | Lazard | MSCI EM | Overweight/Underweight |
|------------------------|--------|---------|------------------------|
| Communication Services | 4.8    | 10.1    | -5.3                   |
| Consumer Discretionary | 10.1   | 13.1    | -3.0                   |
| Consumer Staples       | 5.9    | 6.4     | -0.5                   |
| Energy                 | 9.5    | 5.0     | 4.5                    |
| Financials             | 25.5   | 22.1    | 3.4                    |
| Health Care            | 4.2    | 3.9     | 0.3                    |
| Industrials            | 4.9    | 6.2     | -1.3                   |
| Information Technology | 21.0   | 19.7    | 1.3                    |
| Materials              | 6.5    | 8.8     | -2.3                   |
| Real Estate            | 1.5    | 1.9     | -0.4                   |
| Utilities              | 1.9    | 2.7     | -0.8                   |
| Cash                   | 4.3    | -       | 4.3                    |
| <b>Region</b>          |        |         |                        |
| China                  | 24.2   | 31.4    | -7.2                   |
| Korea                  | 13.1   | 12.0    | 1.1                    |
| Brazil                 | 10.7   | 5.0     | 5.7                    |
| South Africa           | 6.4    | 3.6     | 2.8                    |
| Russia                 | 0.0    | -       | 0.0                    |
| India                  | 6.6    | 13.7    | -7.1                   |
| Indonesia              | 4.8    | 2.0     | 2.8                    |
| Taiwan                 | 12.3   | 14.8    | -2.5                   |
| Mexico                 | 4.3    | 2.7     | 1.6                    |
| Hungary                | 2.5    | 0.2     | 2.3                    |
| Thailand               | 1.5    | 2.1     | -0.6                   |
| Other                  | 9.4    | 12.5    | -3.1                   |
| Cash                   | 4.3    | 0.0     | 4.3                    |

### Top 5 Holdings (%)

|                                    | Lazard | Index |
|------------------------------------|--------|-------|
| China Construction Bank            | 3.5    | 1.0   |
| Taiwan Semiconductor Manufacturing | 3.3    | 6.2   |
| Samsung Electronics                | 3.1    | 3.6   |
| BB Seguridade                      | 2.6    | 0.1   |
| SK Hynix                           | 2.5    | 0.6   |

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

Ongoing concerns over geopolitics and US banking health resulted in unexciting returns across global equity markets in April. In emerging markets, negative market sentiment was renewed over possible further US sanctions on China and the outlook for Chinese internet platform stocks. The MSCI Emerging Markets index closed the month little changed in Australian dollar terms, weighed down by declines in parts of Asia. Stocks in Eastern Europe, the Middle East and Africa (EMEA) and Latin America rose by 5.4% and 4.1% respectively, offsetting losses elsewhere.

The underperformance in Asia was also driven by the share price weakness of technology stocks in Taiwan and internet platform equities in China. Most of the other Asian markets saw stock prices rise. This was most true in Indonesia and India, where equity prices finished 8% and 5.6% higher respectively, helped by currency stability and optimism about the nations' economic direction.

Most Latin American markets witnessed stronger equity prices over the month. Chilean share prices closed little changed on the difficult political situation. In Colombia, the market finished higher even as political tensions rose and the country's president, Gustavo Petro, appeared frustrated by the process.

Decent earnings results coupled with stronger currency movements helped equity prices in Poland, Hungary, and Greece. In Turkey, not even the possibility of a market-friendly presidential election result was enough to keep domestic share prices from declining almost 4%, as the lira weakened, and concerns mounted over earnings results. In Saudi Arabia and the United Arab Emirates, equities rallied on improving crude oil prices.

### Contributors to Performance:

- The management of Sinopharm, a Chinese distributor of pharmaceuticals and medical devices and pharmacy chain operator, provided upbeat 2023 guidance indicating a recovery in demand after the pandemic.
- Shares of Petróleo Brasileiro, a Brazilian energy company known as Petrobras, rebounded from recent weakness in the first quarter that had resulted from the decline in oil prices.
- Shares of Banco do Brasil, a Brazilian bank, rose on expectations for continued strong earnings.

### Detractors from Performance:

- Shares of MediaTek, a Taiwanese semiconductor company, declined on the back of weaker-than-expected smartphone demand in China and an ongoing inventory correction.
- ASE Technology, a Taiwanese provider of assembly, testing and packaging services, experienced slower PC and smartphone customer demand and weaker-than-expected inventory destocking.
- ASMPT, a Chinese provider of assembly, testing and packaging services posted first quarter results that showed continued weakness in communication, computer, and consumer end markets.

For the rest of the year, we are hopeful that stocks will resume 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.

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