

**World Class Companies**  
Bigger does not necessarily mean better

**Historical Performance of Small Caps**  
Global small indices have outperformed large-cap indices

**Large Opportunity Set**  
A dedicated small cap team to find investment opportunities

### Fund Facts

Number of stocks	86
Total Fund Size	\$337.8m
Inception Date	13 December 2002
Total Management Costs	W Class: 1.12% p.a.
Index	MSCI World Small Cap
Minimum Investment	\$20,000
Buy/Sell Spread	+0.30%/-0.30%
Distributions	Annually
APIR Code	LAZ0012AU

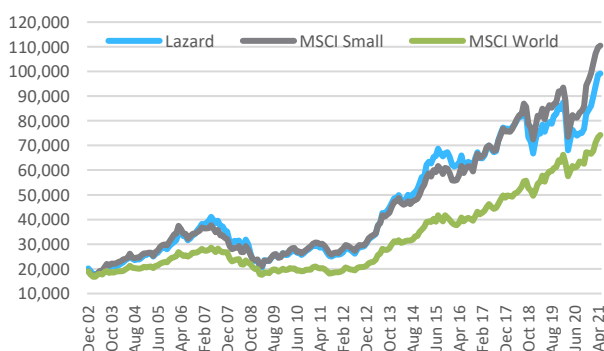
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	19.2	24.5
Forward Return on Equity (%)	14.9	9.2
Price/Cash Flow	16.7	15.1
Weighted Average Market Cap (\$m)	7,196	6,058
Active Share (%)	96.9	-
3 Year Turnover (% pa)	73.4	-

### Performance<sup>1</sup> (%)

	Lazard	Index	Excess Return
1 Month	0.6	0.6	-0.1
3 Months	10.3	7.0	3.3
1 Year	30.1	34.2	-4.1
3 Years (pa)	7.4	11.1	-3.7
5 Years (pa)	8.5	12.4	-3.9
10 Years (pa)	13.2	13.9	-0.7
Since Inception (pa)	9.1	9.9	-0.8

### Growth of \$20,000<sup>1</sup>



### Allocations (%)

Sector	Lazard	Index	Overweight/underweight
Communication Services	3.4	3.4	0.0
Consumer Discretionary	14.0	14.1	-0.1
Consumer Staples	5.4	4.3	1.1
Energy	2.1	3.3	-1.2
Financials	15.1	13.4	1.7
Health Care	10.7	11.4	-0.7
Industrials	17.9	18.4	-0.5
Information Technology	12.6	12.3	0.3
Materials	6.2	7.4	-1.2
Real Estate	8.2	9.6	-1.5
Utilities	2.6	2.5	0.2
Other	-	-	-
Cash	1.9	-	1.9
<b>Region</b>			
Europe ex UK	22.0	14.3	7.7
United Kingdom	6.0	6.8	-0.8
North America	59.2	62.5	-3.2
Japan	9.1	10.2	-1.1
Asia Pacific ex Japan	0.7	5.2	-4.5
Middle East	-	1.1	-1.1
Emerging Markets	1.2	-	1.2
Cash	1.9	-	1.9

### Top 5 Holdings (%)

	Lazard	Index
flatexDEGIRO	2.5	0.0
East West Bancorp	2.4	0.1
Commerce Bancshares	2.2	0.1
Cactus	2.1	0.0
MKS Instruments	1.8	0.1

<sup>1</sup> Performance is presented net of W Class fees, please refer to [www.lazardassetmanagement.com.au](http://www.lazardassetmanagement.com.au) for performance of the I Class.

Investments can go up and down. Past performance is not necessarily indicative of future performance. Net returns are quoted after the deduction of Management Costs. Performance assumes reinvestment of all distributions.

## Commentary

Global equity markets rose modestly in May. Stocks in cyclical sectors such as energy, materials, and financials, outperformed on a relative basis while those in less cyclical sectors such as health care, information technology, and utilities trailed. Regionally, the United Kingdom and Continental Europe led, while Japan, North America, and Asia ex-Japan lagged.

The portfolio performed in line with its benchmark, the MSCI World Small Cap Index during the period as marginally positive stock selection was offset by marginally negative sector allocation.

Cactus (energy sector), a US-listed designer and manufacturer of wellhead and pressure control equipment, contributed performance in the period. The company delivered better-than-expected quarterly results that pointed towards continued market share gains. An improving economy is providing further cyclical tailwinds.

Stelco (materials), a Canada-listed steel manufacturer, also contributed. Its share price rose on the release of strong quarterly results that highlighted solid cost control and the prospect of increased capital returns to shareholders. Stelco is well placed to take advantage of both higher steel prices and increased end demand.

UTZ Brands (consumer staples), a US-listed branded snack foods manufacturer, detracted from relative performance in the period. Although the company continues to execute well, last year's exceptional growth as a COVID-19 beneficiary is making this year's comparison look worse than underlying trends.

TeamViewer (information technology), a German-listed software company that provides full remote access and control functionality solutions for connected devices, also detracted. Although the company announced better-than-expected quarterly results, some investors feared that sales momentum would slow following elevated growth in 2020. Despite management's history of sensible capital allocation, a recent sponsorship deal with Manchester United has also raised questions.

The pace of COVID-19 vaccine distribution is likely to remain a primary focus of investors in the near-term. Recent optimism in the US must be weighed against disparate experiences in different parts of the world as well as the possibility vaccination efforts will be derailed or delayed by new variants of the virus. As economic growth returns – buoyed by pent-up demand, accommodative monetary policy, and massive fiscal stimulus – inflation, and companies' ability to raise prices are likely to become an increasingly important factor for investors.

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