

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	83
Total Fund Size	\$345m
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

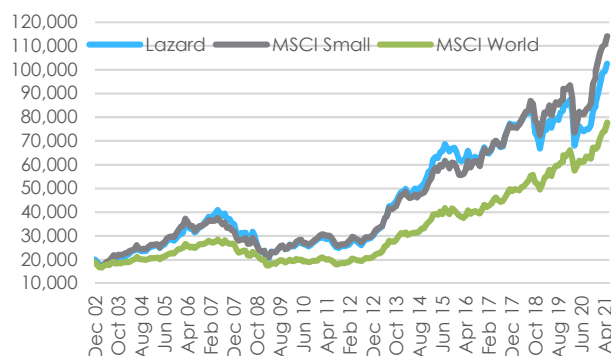
### Investment Characteristics

	Lazard	Index
Forward Price/Earnings	19.0	24.3
Forward Return on Equity (%)	15.0	9.5
Price/Cash Flow	16.0	15.3
Weighted Average Market Cap (\$m)	7,417	6,383
Active Share (%)	96.9	-
3 Year Turnover (% pa)	70.4	-

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

	Lazard	Index	Excess Return
1 Month	3.4	3.3	0.0
3 Months	8.9	6.5	2.4
1 Year	36.8	40.2	-3.4
3 Years (pa)	7.8	11.5	-3.7
5 Years (pa)	10.6	14.2	-3.6
10 Years (pa)	13.8	14.5	-0.8
Since Inception (pa)	9.2	10.0	-0.8

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



### Allocations (%)

Sector	Lazard	Index	Overweight/underweight
Communication Services	3.6	3.5	0.1
Consumer Discretionary	13.6	13.8	-0.2
Consumer Staples	5.4	4.2	1.2
Energy	3.0	3.6	-0.6
Financials	15.2	12.8	2.3
Health Care	11.0	12.0	-1.0
Industrials	17.8	18.1	-0.3
Information Technology	13.7	12.8	0.9
Materials	6.3	7.1	-0.8
Real Estate	7.0	9.6	-2.6
Utilities	2.7	2.4	0.3
Other	-	-	-
Cash	0.7	-	0.7
<b>Region</b>			
Europe ex UK	21.3	13.9	7.5
United Kingdom	5.4	6.5	-1.1
North America	62.1	63.2	-1.1
Japan	8.8	10.3	-1.5
Asia Pacific ex Japan	0.5	5.2	-4.7
Middle East	-	1.0	-1.0
Emerging Markets	1.2	-	1.2
Cash	0.7	-	0.7

### Top 5 Holdings (%)

	Lazard	Index
flatexDEGIRO	2.7	0.0
East West Bancorp	2.3	0.1
Commerce Bancshares	2.1	0.1
Cactus	2.0	0.0
Stelco	1.8	0.0

<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.

## Market Overview

Global equity markets rallied decisively in the quarter. All sectors advanced, although there was wide dispersion on a relative basis. Stocks in the energy sector outperformed by a large margin, and those in communication services and real estate also posted strong results. More defensive sectors like utilities and consumer staples trailed on a relative basis. Regionally, all major geographies gained during the month, with Continental Europe outperforming on a relative basis and Japan lagging. In general, stocks of lower quality (e.g., low ROE) and companies with more expensive valuations (e.g., high P/E) outperformed.

## Commentary

The Lazard Global Small Cap Fund outperformed its MSCI World Small Cap Index benchmark in the quarter, primarily because of positive stock selection. On a sector basis, allocation impact was modestly negative due to the portfolio's underweight to energy and cash holding in a market rally. On a regional basis, allocation impact was marginally positive due primarily to the portfolio's overweight to Continental Europe.

flatexDEGIRO, a German-listed online brokerage, contributed to relative performance. The shares performed well, benefiting from strong trading volume, the integration of recent acquisitions, and optimism for future growth.

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

Technopro, a Japan-listed provider of engineering staffing services, detracted. The shares fell following the announcement of quarterly results that included somewhat conservative guidance from management for the full year. Nevertheless, the company appears well-positioned to benefit from strong ongoing demand for IT related engineering.

Exelixis, a US-listed biopharmaceutical company focused on cancer treatment, also detracted. The shares fell following disappointing data from studies on two high potential treatments. We believe, however, that the company's pipeline remains undervalued despite this setback. The resumption of growth from core assets should also work to assuage investor concerns.

The portfolio maintained its position in all four companies.

## Outlook

Many of the factors that drove markets in the period remain in place. COVID-19 vaccine distribution is gathering pace, monetary policy remains largely accommodative, fiscal stimulus abounds, and optimism for an economic recovery is growing. In the near- to medium-term, however, these factors must be weighed against the possibility that vaccination efforts will be derailed or delayed by new variants of the virus. In the medium- to long-term, there is also risk that inflation will rise to unhealthy levels because of the unprecedented monetary and fiscal stimulus undertaken in response to the pandemic. The impact of higher taxes may also become more relevant to investors and economies as governments look to fund their stimulus efforts and social programs.

For more information, call us on 1800 825 287  
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