

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	84
Total Fund Size	\$332.4m
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

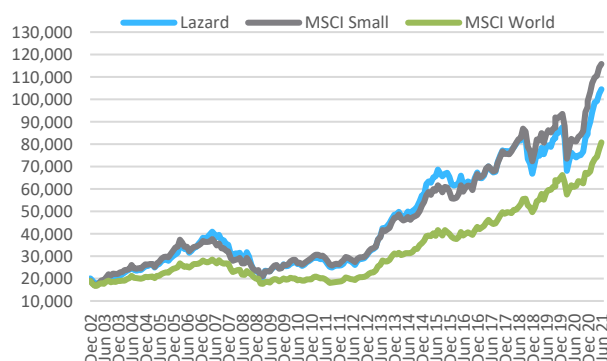
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	18.2	22.7
Forward Return on Equity (%)	14.8	9.8
Price/Cash Flow	16.2	14.6
Weighted Average Market Cap (\$m)	7,591	6,505
Active Share (%)	96.9	-
3 Year Turnover (% pa)	69.5	-

Performance¹ (%)

	Lazard	Index	Excess Return
1 Month	1.9	1.4	0.5
3 Months	5.9	5.5	0.5
1 Year	41.1	42.6	-1.4
3 Years (pa)	8.6	11.9	-3.3
5 Years (pa)	10.8	13.8	-3.0
10 Years (pa)	14.7	15.3	-0.6
Since Inception (pa)	9.3	10.1	-0.8

Growth of \$20,000¹



Allocations (%)

Sector	Lazard	Index	Overweight/underweight
Communication Services	3.2	3.3	-0.1
Consumer Discretionary	14.3	13.7	0.7
Consumer Staples	5.5	4.2	1.3
Energy	2.9	3.3	-0.3
Financials	12.6	12.8	-0.2
Health Care	9.8	11.6	-1.8
Industrials	18.6	18.5	0.1
Information Technology	12.9	12.9	0.0
Materials	7.9	7.3	0.6
Real Estate	7.3	10.1	-2.8
Utilities	2.4	2.5	-0.1
Other	-	-	-
Cash	2.7	-	2.7
Region			
Europe ex UK	21.0	14.5	6.5
United Kingdom	5.0	6.7	-1.6
North America	61.0	62.3	-1.3
Japan	9.2	10.3	-1.1
Asia Pacific ex Japan	-	5.1	-5.1
Middle East	-	1.0	-1.0
Emerging Markets	1.0	-	1.0
Cash	2.7	-	2.7

Top 5 Holdings (%)

	Lazard	Index
flatexDEGIRO	2.4	0.0
East West Bancorp	2.3	0.1
Commerce Bancshares	2.0	0.1
Cactus	2.0	0.0
National Storage Affiliates Trust	1.8	0.1

¹ Performance is presented net of W Class fees, please refer to 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 rose moderately in July 2021. Stocks in sectors such as real estate, materials, and utilities performed well on a relative basis while those in energy, communication services, and health care were notable laggards. Regionally, the United Kingdom and Continental Europe performed well on a relative basis and the United States underperformed.

Commentary

The Lazard Global Small Cap Equity Fund outperformed the MSCI World Small Cap Index (the “Index”) during the month due mainly to positive stock selection impact. Allocation impact was modestly positive on regional basis due to the Fund’s overweight in Continental Europe.

Stelco (materials), a Canada-listed steel manufacturer, contributed positively to relative performance in the period. The share price continued to rise alongside strong steel prices and positive results from peers. The fund continues to hold the shares.

Malibu Boats (consumer discretionary), a U.S.-listed recreational power boat manufacturer, contributed positively to relative performance in the period. The share price performed well alongside solid earnings reports from peers and strong consumer demand for recreational products. The Fund continues to hold the shares.

ATI Physical Therapy (health care), a US-listed physical therapy provider, detracted from relative performance in the period. The shares fell following the company’s inaugural quarterly earnings report which included weaker-than-expected results and guidance as well as higher-than-expected leverage. With management credibility in question, a less certain outlook, and more debt than anticipated, we decided to exit the shares.

FlatexDEGIRO (financials), a German-listed online broker, detracted from relative performance in the period. Although the company does not receive “payment-for-order-flow” (“PFOF”), a practice in which brokers direct client order flow to third parties in return for a fee, the shares were weak following increased regulatory scrutiny surrounding PFOF during the month. The Fund continues to hold the shares.

Outlook

The backdrop for small cap equities appears largely positive as the vaccine continues to roll out, monetary policy remains accommodative, fiscal stimulus abounds, and optimism regarding an economic recovery increases. In the near to medium-term, however, these factors must be weighed against the possibility vaccination efforts will be derailed or delayed by new variants of the virus (e.g. the “Delta variant”). In the medium to long-term, there is also risk that inflation will rise to unhealthy levels because of the unprecedented stimulus (both monetary and fiscal) efforts 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 stimulus efforts and other social programs.

For more information, call us on 1800 825 287
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