

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	\$330.7m
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	+0.25%/-0.25%
Distributions	Annually
APIR Code	LAZ0012AU

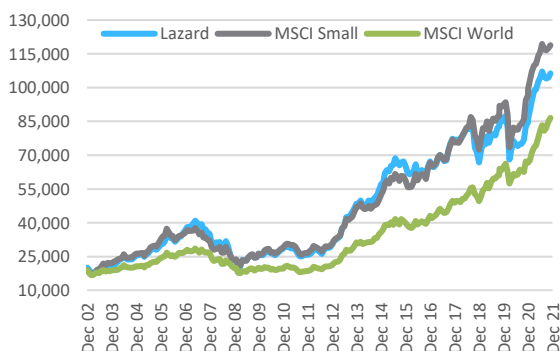
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	17.6	20.8
Forward Return on Equity (%)	14.4	10.8
Price/Cash Flow	13.6	13.2
Weighted Average Market Cap (\$m)	7,723	6,694
Active Share (%)	97.0	-
3 Year Turnover (% pa)	62.6	-

Performance¹ (%)

	Lazard	Index	Excess Return
1 Month	1.9	1.1	0.7
3 Months	1.5	1.6	-0.1
1 Year	25.8	22.9	2.9
3 Years (pa)	16.8	17.9	-1.2
5 Years (pa)	9.6	12.3	-2.7
10 Years (pa)	15.2	16.2	-1.0
Since Inception (pa)	9.2	10.0	-0.8

Growth of \$20,000¹



Allocations (%)

Sector	Lazard	Index	Overweight/underweight
Communication Services	3.2	3.1	0.1
Consumer Discretionary	14.1	13.4	0.7
Consumer Staples	4.6	4.3	0.3
Energy	2.8	3.5	-0.6
Financials	13.8	13.5	0.3
Health Care	11.4	10.5	0.9
Industrials	19.8	18.8	0.9
Information Technology	11.5	12.6	-1.1
Materials	5.7	7.3	-1.7
Real Estate	10.0	10.5	-0.4
Utilities	1.9	2.7	-0.8
Other	-	-	-
Cash	1.4	-	1.4
Region			
Europe ex UK	21.9	14.1	7.8
United Kingdom	6.0	6.7	-0.6
North America	60.2	63.0	-2.8
Japan	8.7	9.9	-1.2
Asia Pacific ex Japan	-	5.3	-5.3
Middle East	-	1.1	-1.1
Emerging Markets	1.8	0.0	1.8
Cash	1.4	-	1.4

Top 5 Holdings (%)

	Lazard	Index
Commerce Bancshares	2.5	0.1
East West Bancorp	2.5	0.1
Cactus	1.9	0.0
Ortho Clinical Diagnostics	1.9	0.0
flatexDEGIRO	1.7	0.0

¹ Performance is presented net of W Class fees, please refer to www.lazardassetmanagement.com 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 in the quarter despite rapid worldwide spread of the Omicron variant. Dispersion remained wide. Stocks in the real estate, utilities, and materials sectors outperformed materially, while those in communication services and healthcare sectors were significant laggards. Regionally, Japan was a notable underperformer, and most other major regions rose modestly. In general, stocks of higher quality companies (i.e., top half return on equity) (ROE) outperformed strongly, as did those of profitable companies relative to unprofitable ones.

Commentary

The Lazard Global Small Cap Equity Fund (the “Fund”) modestly underperformed the MSCI World Small Cap Index (the “Index”) in the quarter.

Ciena, a US-listed network and communication services infrastructure provider, contributed positively to relative performance in the period. The shares rose following quarterly results that included better-than-expected order growth and an optimistic revenue outlook from corporate management. The Fund continues to hold the shares.

National Storage Affiliates, a US-listed self-storage REIT, contributed positively to relative performance in the period. The shares rose alongside the release of strong quarterly results, higher-than-expected new property acquisitions, and a more optimistic outlook from corporate management. The Fund continues to hold the shares.

Ryohin Keikaku, a Japan-listed multiline “no-brand” retailer, detracted from relative performance in the period. The shares fell alongside increased investor concerns regarding higher input prices as well as negative demand impacts from mobility restrictions in China (China accounts for approximately 45% of group operating profit). The Fund continues to hold the shares.

Teamviewer, a German-listed software solutions provider that enables full remote access and control functionality for connected devices, detracted from relative performance in the period. The shares fell as quarterly results and management’s outlook failed to meet lofty expectations for the second time this year. With investors now questioning the company’s growth trajectory against a backdrop of increased competition and lingering capital discipline concerns, the Fund exited the position.

Outlook

Both the coronavirus and central bank policy – particularly that of the US Federal Reserve (Fed) – continue to be of significant interest to investors. The emergence of the Omicron variant has renewed uncertainties about the near-term global outlook. Initial data suggests that while Omicron is significantly more transmissible than prior variants, it is also less severe – especially among vaccinated and/or previously infected populations. That said, it remains too soon to determine what impact this variant will have on businesses, supply chains, and sentiment as different countries respond to the infection surge in different ways. Despite somewhat higher market volatility, equity investors appear to have taken a sanguine view thus far, implying that they believe the virus is unlikely to have a significant impact on medium-term growth.

Meanwhile, the Fed and other central banks have become more alert to inflation risks and are winding down extraordinary accommodation. The Fed is reducing monetary stimulus and is now likely to do so more quickly than anticipated given its higher inflation and growth forecasts for 2022. A number of other central banks have either already raised interest rates or are contemplating doing so. It remains unclear how investors will react as less stimulative monetary policy takes hold, and the prospect of higher rates rises.

For more information, call us on 1800 825 287
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