Lazard
Global Small Cap Fund

Oct 2022
Factsheet

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	82
Total Fund Size	$224.1m
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

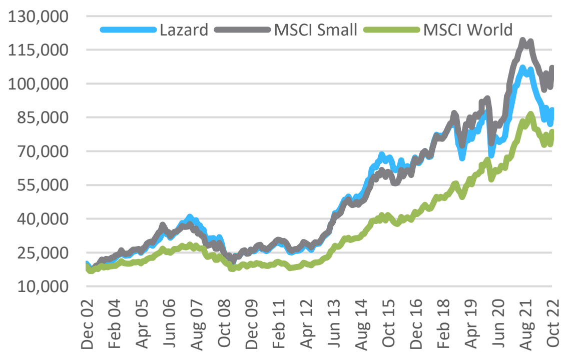
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	12.6	15.5
Forward Return on Equity (%)	15.0	10.7
Price/Cash Flow	9.2	9.0
Weighted Average Market Cap ($m)	8,438	6,159
Active Share (%)	96.9	-
3 Year Turnover (% pa)	55.8	-

Performance[1] (%)

	Lazard	Index	Excess Return
1 Month	7.6	8.6	-1.0
3 Months	-1.0	2.4	-3.4
1 Year	-15.1	-8.2	-6.9
3 Years (pa)	2.2	7.0	-4.8
5 Years (pa)	3.3	7.5	-4.2
10 Years (pa)	11.8	13.8	-1.9
Since Inception (pa)	7.7	9.0	-1.2

Growth of $20,000[1]



Allocations (%)

Sector	Lazard	Index	Overweight/ underweight
Communication Services	0.8	2.7	-1.9
Consumer Discretionary	12.0	12.2	-0.2
Consumer Staples	6.0	4.9	1.2
Energy	5.3	5.7	-0.4
Financials	13.7	14.9	-1.2
Health Care	12.9	10.6	2.3
Industrials	19.2	18.8	0.3
Information Technology	11.1	11.1	0.0
Materials	4.9	7.3	-2.4
Real Estate	8.8	8.8	0.0
Utilities	3.5	3.1	0.5
Other	-	-	-
Cash	1.7	-	1.7
Region			
Europe ex UK	15.3	11.5	3.8
United Kingdom	5.1	5.1	0.0
North America	62.4	66.5	-4.1
Japan	10.7	10.5	0.3
Asia Pacific ex Japan	1.4	5.4	-4.0
Middle East	-	1.1	-1.1
Emerging Markets	3.3	-	3.3
Cash	1.7	-	1.7

Top 5 Holdings (%)

	Lazard	Index
Commerce Bancshares	3.7	0.1
East West Bancorp	3.1	0.2
Icon	2.2	0.0
Envista	1.9	0.1
Middleby	1.8	0.1

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.

LAZARD ASSET MANAGEMENT

Market Overview

Global small cap equities rose sharply in October following declines in the prior month. All sectors were higher in the period, though energy stocks once again outperformed on a relative basis. On the other hand, utilities and health care lagged. All major regions rose in the period. Japan was a notable laggard, and the United States was a notable outperformer, on a relative basis.

Commentary

The Fund underperformed the MSCI Global Small Cap Index (“the Index”) this month. Allocation impact was modestly positive on a regional basis and modestly negative on a sector basis. Stock selection impact also detracted somewhat.

Shares of Cactus (energy) – a US-listed manufacturer of wellhead and pressure control equipment – performed well in the period alongside continued strength in the energy complex, increased capital expenditure plans from customers, and positive commentary from sector peers. We continue to hold the shares.

Shares of Atkore (industrials) – a US-listed manufacturer of electrical raceways for the construction industry – rose in the period alongside moderating input cost inflation (e.g., steel and resins) and expectations for continued pricing power. We continue to hold the shares.

Shares of Carlisle (industrials)—a US-listed leading commercial roofing manufacturer—fell in the period following the release of a mixed set of quarterly results that included better-than-expected earnings but a somewhat conservative outlook for the rest of the year from corporate management. The Fund continues to hold the shares.

Shares of MastukiyoCocokara (consumer staples) – a Japan-listed pharmacy operator – gave back some strong year-to-date gains in the month following the release of slightly softer-than-expected September sales data. The Fund continues to hold the shares.

Portfolio Drivers

Helped

+ Stock selection in the energy and health care sectors

+ Stock selection in Asia non-Japan

Hurt

- Stock selection in the financials and consumer staples sectors

- Stock selection in Continental Europe

Outlook

Investor optimism for a pivot in the US Federal Reserve’s pace of interest rate hikes helped to propel the month’s rally despite little economic evidence to support an easing. Inflation, yields, central bank policy, and recession risks remain elevated, and it is too soon to determine if the month’s optimism reflects a genuine change in investor sentiment or a temporary sigh of relief. Small cap equity valuations, however, appear highly compelling in our view, particularly relative to large caps. Unlike large caps, which still look somewhat expensive versus history, small caps currently trade below their long-term average on most valuation measures. On a forward P/E basis, the MSCI World Small Cap Index continues to trade at a rare discount relative to the MSCI World Large Cap Index. As of the month end, this dislocation remained wider

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