

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	\$221.5m
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

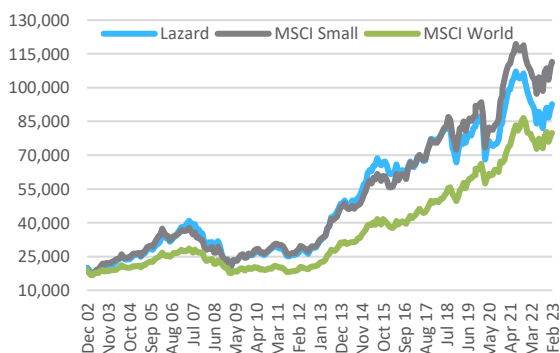
Investment Characteristics

	Lazard	Index
Forward Price/Earnings	13.8	17.6
Forward Return on Equity (%)	14.2	10.0
Price/Cash Flow	10.0	9.3
Weighted Average Market Cap (\$m)	8,936	6,009
Active Share (%)	96.9	-
3 Year Turnover (% pa)	53.9	-

Performance¹ (%)

	Lazard	Index	Excess Return
1 Month	2.5	2.4	0.2
3 Months	1.7	2.7	-0.9
1 Year	-5.6	1.0	-6.6
3 Years (pa)	3.9	8.1	-4.2
5 Years (pa)	4.0	8.1	-4.1
10 Years (pa)	11.0	12.9	-1.9
Since Inception (pa)	7.9	9.0	-1.2

Growth of \$20,000¹



Allocations (%)

Sector	Lazard	Index	Overweight/underweight
Communication Services	1.0	3.0	-2.0
Consumer Discretionary	13.2	13.0	0.2
Consumer Staples	7.0	4.5	2.5
Energy	4.2	4.7	-0.5
Financials	14.2	14.4	-0.2
Health Care	11.8	10.1	1.7
Industrials	18.9	20.0	-1.1
Information Technology	11.4	11.2	0.2
Materials	5.5	7.7	-2.2
Real Estate	8.9	8.5	0.4
Utilities	3.0	2.8	0.1
Other	-	-	-
Cash	0.9	-	0.9
Region			
Europe ex UK	15.0	13.2	1.8
United Kingdom	6.0	5.5	0.6
North America	58.9	63.9	-5.1
Japan	11.0	11.0	0.0
Asia Pacific ex Japan	1.4	5.5	-4.1
Middle East	1.9	0.9	1.0
Emerging Markets	4.9	-	4.9
Cash	0.9	-	0.9

Top 5 Holdings (%)

	Lazard	Index
Commerce Bancshares	3.3	0.1
East West Bancorp	3.0	0.2
Icon	2.4	-
Ingevity Corporation	1.9	-
Middleby	1.9	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.

Market Overview

Global small cap equities continued to rise this month in Australian dollar terms. Stocks in the information technology and industrials sectors outperformed on a relative basis while those in the utilities and real estate sectors lagged. On a regional basis, Continental Europe was a notable outperformer while Asia excluding Japan was an underperformer during the month.

Commentary

Lazard Global Small Cap Equity Fund slightly outperformed the MSCI Global Small Cap Index on a net of fees basis in February. On a sector basis, stock selection was the primary contributor to positive attribution in the period.

Shares of Catalent (health care), a US-listed contract development and manufacturing organization (CDMO) for the pharmaceutical industry, rose in the period after press speculation regarding a potential bid for the company by Danaher, the release of better-than-expected quarterly results, and an optimistic outlook from corporate management. The portfolio continues to hold the shares.

Shares of Atkore (industrials), a US-listed manufacturer of electrical conduits, cables, and installation accessories for the construction industry, performed well in the period as the company released strong quarterly results and a more-optimistic-than-expected outlook. The portfolio continues to hold the shares.

Shares of AbCellera (health care), a Canada-based contract research organization (CRO) for the development of therapeutic antibodies, fell in the period following the release of a mixed set of quarterly results. The portfolio continues to hold the shares.

Shares of Leslie's (consumer discretionary), a US-listed pool and spa retailer, gave back some of their very strong January gains in February following the release of a mixed set of quarterly results. The portfolio continues to hold the shares.

Portfolio Drivers

Helped

+ Stock selection in the consumer discretionary and real estate sectors

+ Stock selection in Canada

Hurt

- Stock selection in the financials and information technology sectors

- Stock selection in Japan

Outlook

The economic outlook remains mixed. On one hand, growth has slowed less than feared, supply chain problems have moderated, energy prices have fallen, China is easing its "zero-COVID-19" policy approach and taking measures to stimulate a beleaguered real estate sector, and Europe's efforts to shore up gas shortages ahead of a thus far mild winter softened the economic impact from the war in Ukraine. On the other hand, the effects of higher inflation and interest rates on business conditions will take time to materialise, layoffs are increasing, commercial bank lending standards are tightening, consumer credit growth is slowing, business demand for credit is softening, and the war rages on. The MSCI World Small Cap Index continues to trade at a rare valuation discount to the MSCI World Large Cap Index on a forward price-earnings ratio basis. That's well below the levels reached during the Global Financial Crisis or pandemic lows. Due to their high sensitivity to changes in the economic cycle, small cap businesses tend to disproportionately suffer in periods of economic contraction and to disproportionately benefit in periods of economic growth. Therefore, should equity markets begin to anticipate a recovery in earnest at some point in 2023, we would expect small cap stocks to outperform.

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