

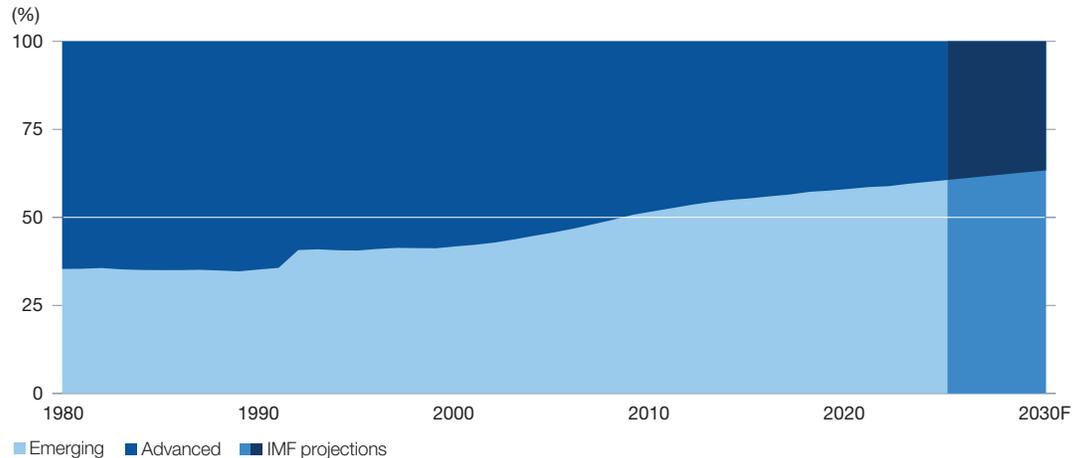
# Unlocking Potential Across Emerging Markets

The opportunity set in emerging markets has grown, and the economic growth prospects of emerging markets over developed markets have widened.<sup>1</sup> We see volatility stabilizing, higher earnings growth, and better returns on equity at a 30% valuation discount<sup>2</sup>, and we expect emerging markets companies to become global leaders in key industries.

However, to potentially capitalize on these benefits, we believe it is crucial to understand the socioeconomic and political nuances of the various countries where these companies operate. As experienced active investors in this asset class, we have navigated multiple economic cycles and refined our process for identifying companies we believe have a durable competitive advantage or the potential to develop one.



## EMs Account for Over Half of Global GDP\*



As of 30 April 2025. \*Gross GDP is on purchasing-power parity basis. Source: Haver Analytics, IMF

# Our Approach

We've been actively investing in emerging markets for more than 35 years. The following tenets have consistently provided the foundation of our analysis:

### Success in emerging markets necessitates a local presence.

The factors that drive performance in emerging markets are complex and varied, and we believe it takes active management and nuanced perspective to truly understand them. The best insights come from being on the ground and understanding local dynamics.

### Emerging markets is not a monolithic asset class.

The opportunity set for emerging markets is broader than you typically see in the developed world. In our view, there's always something to be excited about from an investment perspective as the regions are rife with great ideas and visionary leaders who can execute on them. Fundamental analysis reveals these opportunities.

### Valuation alone doesn't mean buy or sell.

We begin with careful consideration of the economic, political, and market backdrop, which we see as particularly important in a time of heightened geopolitical activity and risk. Then our analysts use valuation—among many other inputs—to examine positioning and prospects for companies and for evaluating creditworthiness for debt issuers. We're primarily concerned with the level and stability of earnings growth. This rules out a lot of prospective investments in the emerging markets universe, no matter how attractive their valuations appear to be.

### What worked in the past might not work in the future.

Emerging markets are constantly evolving, and each one is in a different phase of its journey. We let our process and focus on high-conviction views dictate when it's time to adjust positions. We don't fall in or out of love with countries or companies. As soon as our process tells us it's time to revisit our way of thinking about an investment, we do it without exception.

# Tailored Solutions for Different Needs

In an increasingly interconnected and complex world, investor needs are continually evolving. We navigate these complexities together with our clients to cut through the noise and build on a storied history of partnerships. Beating a benchmark is just one aspect. We look at each client holistically with a discerning and disciplined approach to bring the best of Lazard to our clients across investment teams and the broader franchise. We have designed a diverse suite of strategies to meet our clients' unique needs.

Strategy	Key Highlights
<b>Equity</b>	
<b>Relative Value</b> <b>Emerging Markets Equity</b>	<p><b>Objective:</b> Seeks to outperform the MSCI Emerging Markets Index with typically lower-than-index levels of volatility. The strategy typically invests in 70 to 90 securities with market caps of over \$300 million with a focus on names greater than \$3 billion.</p> <p><b>Approach:</b> Financial productivity (defined as return on equity, or ROE) determines a security's appropriate valuation. We believe a bottom-up research process is a key driver of value creation over the long term. We use database screening to identify emerging markets equity securities with a clear focus on companies with high and stable levels of ROE at attractive valuations.</p> <p><b>Investment Edge:</b> We seek to buy profitability inexpensively, as opposed to buying assets inexpensively. We avoid style drift and look for value creation where the trade-off between valuation and financial productivity drives our investment decisions.</p>
<b>Relative Value</b> <b>Emerging Markets Small Cap Equity</b>	<p><b>Objective:</b> Seeks long-term relative returns by investing in financially productive companies at attractive valuations. The strategy typically invests in 70 to 120 securities of companies appearing in the MSCI Emerging Markets Small Cap Index.</p> <p><b>Approach:</b> Our relative value investment philosophy is based on value creation through the process of bottom-up stock selection. This philosophy is implemented by assessing the trade-off between valuation and financial productivity for an individual security. We believe financial productivity determines appropriate valuation; therefore, assessing a company's financial productivity is an important part of our research process. We use three proprietary steps in the process for selecting securities: database screening; accounting validation; and portfolio construction.</p> <p><b>Investment Edge:</b> This bottom-up research process is designed to drive value creation, and country or regional allocations are a residual of the Emerging Markets Small Cap Equity team's stock selection process. The team seeks to evaluate companies the same way the company's own management or a potential strategic buyer might: by considering a company's ability to generate a return on capital with its valuation.</p>
<b>Core</b> <b>Emerging Markets Core Equity</b>	<p><b>Objective:</b> Designed as a standalone core solution that seeks to outperform the MSCI Emerging Markets Index over a full market cycle by investing in companies whose valuations may be mispriced by the market, based on the team's assessment of fair value. The strategy typically invests in 60 to 90 liquid securities with market caps of \$300 million or more.</p> <p><b>Approach:</b> Our belief is that companies with durable competitive advantages with lengthy runways can potentially generate and sustain higher returns for longer than the market expects, which can be exploited through a bottom-up approach. We believe the intrinsic value of a security is tied to its long-term potential and profitability.</p> <p><b>Investment Edge:</b> We apply a flexible fundamental approach with a business ownership mindset designed to seek attractive risk-adjusted relative returns. We invest in Compounders, or businesses we believe have durable competitive advantages and can potentially generate and sustain higher returns for longer than the market expects.</p>

## Strategy

## Key Highlights

### Fixed Income

#### Blend

### Emerging Markets Debt – Total Return

**Objective:** Seeks to generate attractive risk-adjusted returns over a full market cycle. Unconstrained by a benchmark, it considers all emerging markets debt classes including hard currency sovereign, hard currency corporate, and local currency debt.

**Approach:** We believe emerging debt markets are inefficient and seek to capitalize on these inefficiencies by combining an understanding of global macroeconomic themes with emerging markets fundamental analysis. Our approach considers the entire emerging markets debt investment universe and is designed to invest only in attractive opportunities while avoiding or hedging risks that are uncompensated. This flexibility has helped the strategy navigate changing market conditions over time.

**Investment Edge:** By entrusting the responsibility of portfolio beta to the manager, we can allocate capital to our best ideas and seek to generate better risk-adjusted returns over the long term. In our view, this approach helps us dynamically respond to market changes, seek alpha, and smooth volatility, as returns among emerging markets debt subsectors can vary significantly.

#### Credit

### Emerging Markets Debt – Corporate

**Objective:** Seeks to outperform the JPM CEMBI Broad Diversified Index over a full market cycle by focusing on capital preservation and identifying opportunities from potential inefficiencies across emerging markets corporate credit markets.

**Approach:** We believe emerging markets corporates have persistent structural inefficiencies. In our view, the asset class is overlooked as few investors have dedicated allocations. This offers opportunities to capitalize on inefficiencies created by both “tourist” investors, who are prone to selling during market dislocations, and “captive” local investors, who can create pricing anomalies because of their tendency to hold positions to maturity. We focus on identifying attractive yield opportunities while seeking to mitigate potential capital losses through a rigorous bottom-up fundamental approach informed by top-down macroeconomic and sovereign analysis.

**Investment Edge:** Our focus on both relative and absolute value is designed to minimize the potential for capital losses. We seek to achieve this by utilizing a proprietary risk framework that explicitly accounts for the negative skew of emerging markets debt, which we believe is crucial for effective position sizing and portfolio risk management.

### Quantitative Equity

#### Core

### Emerging Markets Equity Advantage

**Objective:** Seeks to outperform the MSCI Emerging Markets Index through a bottom-up stock selection approach designed to avoid top-down or macro exposures. It actively evaluates around 3,600 emerging markets stocks daily, focusing on growth potential, valuation, market sentiment, and financial quality. Risks are addressed by maintaining exposures similar to the benchmark in terms of region, industry, country, capitalization, and beta.

**Approach:** Our approach has remained the same over two decades, focusing on a bottom-up process that utilizes both conventional and non-traditional data sources. Our approach is designed to produce a core investment return pattern where no style or market segment has an outsized influence on the portfolio's return.

**Investment Edge:** We focus on investment concepts rather than statistical anomalies to maintain a straightforward, pragmatic orientation to selecting stocks. Essentially, we aim for consistent exposures to well-researched drivers of potential return, where we believe the probability of success is favorable.

# 36+

Years in Emerging Market Investing

# 4,800+

Company Meetings<sup>4</sup>

# \$38B

Emerging Markets Assets  
under Management<sup>3</sup>

# 33

EM Countries Invested in<sup>5</sup>

# 61+

Emerging Markets  
Investment Professionals

## Important Information

- 1 As of 16 July 2024. Source: IMF, Haver Analytics.
- 2 As of 30 September 2025. Source: Lazard, MSCI Emerging Markets Index vs. MSCI World Index, FactSet.
- 3 As of 30 June 2025.
- 4 Represents meetings held firm-wide since calendar year 2023 by various Lazard investment professionals, globally and across all asset classes.
- 5 Firm-wide, as of 30 June 2025.

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An investment in bonds carries risk. If interest rates rise, bond prices usually decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its price. If you do not hold a bond until maturity, you may experience a gain or loss when you sell. Bonds also carry the risk of default, which is the risk that the issuer is unable to make further income and principal payments. Other risks, including inflation risk, call risk, and pre-payment risk, also apply.

The JP Morgan Corporate Emerging Markets Bond Broad Diversified Index (CEMBI Broad Diversified) is a uniquely weighted version of the CEMBI. It comprises only US dollar-dominated emerging markets bonds. The countries represented in the CEMBI Broad Diversified are the same as those in the CEMBI. The index is unmanaged and has no fees. One cannot invest directly in an index.

The MSCI Emerging Markets Index is a free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of emerging markets country indices including: Brazil, Chile, China, Colombia, Czech Republic, Egypt,

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The MSCI Emerging Markets Small Cap Index includes small cap representation across Emerging Markets countries. The index is unmanaged and has no fees. One cannot invest directly in an index.

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