

Wall of Worry: Mexico and Central America in a Trump Era

President-elect Donald Trump's opposition to the North American Free Trade Agreement and his stated intention to deport millions of illegal immigrants, if carried out, would have serious economic consequences for Mexico and parts of Central America. However, a US president's ability to unilaterally raise trade tariffs is limited and Lazard's Emerging Markets Debt team believes that the Trump administration will face pushback from Congress and certain US businesses if protectionist measures are pursued.

Mass deportation of illegal immigrants appears unlikely to happen considering a large case backlog and long removal hearing wait times. The number of people meeting deportation criteria may be far lower than the 2–3 million cited by the Trump team, which should limit the impact for the affected countries.

Mexico, Caught in the Crosshairs

The Trump transition team has said that “on day one” it would begin to study the process and ramifications of withdrawing from NAFTA and would notify Canada and Mexico that it would be proposing amendments to the treaty. By day 100, the Trump team has said it would continue renegotiating NAFTA and “would pursue cracking down on China by seeing if they could be labeled a currency manipulator.”¹ By day 200, Trump would consider whether to formally withdraw from NAFTA (presumably if efforts to modify the treaty are unsatisfactory). Emerging markets have already sold off on this news, but further weakness is likely as a timetable is announced and formalized.

There are currently no details about what, specifically, Trump is seeking to change about NAFTA. According to his team, amendments could include “measures on currency manipulation, lumber,

country of origin labeling, and environmental and safety standards.”² The president-elect is also hoping to prevent additional jobs from migrating there, as demonstrated by his recent interventions to prevent air conditioning company Carrier from relocating a plant there. The transition team has said (and Trump has reiterated) that tariffs of up to 35% would be levied on Mexican imports in retaliation for that country’s unfair trade practices. Similar tariffs would be imposed on goods exported to the United States by American companies that have relocated abroad.

Mexico is extremely vulnerable to hostile trade actions by the United States. Exports amount to about one-third of Mexico’s GDP and more than 80% of its exports are bound for the United States, making Mexico the most exposed emerging markets country to US trade (Exhibit 1). Mexico also accounts for 13% of all US imports, making it the United States’ largest emerging markets trading partner after China. Conversely, 47% of Mexico’s

Exhibit 1
Mexico Is Exposed to Hostile US Trade Actions

Trade Linkages

	Exports to the US (% of total exports)	Exports (% of GDP)	Exports to the US (% of total US imports)	Trade balance with US (% of GDP)	Total Trade Balance (% of GDP)	GDP (US\$B)
Mexico	81.1	33.3	13.1	9.0	-1.2	1,144
Ecuador	39.5	18.6	0.3	1.5	-3.0	99
Colombia	27.5	12.2	0.6	-2.0	-6.3	293
Venezuela	26.6	22.2	0.7	2.8	5.5	240
Peru	15.2	17.3	0.2	-1.8	-4.4	192
Chile	13.2	25.9	0.4	-1.5	-0.1	240
Brazil	12.7	10.8	1.2	-0.1	1.1	1,773
Argentina	6.0	9.7	0.2	-0.7	-0.5	586
Latin America	31.0	18.1	17.9	1.1	-2.4	4,978
Israel	27.4	22.3	1.1	3.4	1.4	296
Saudi Arabia	9.6	31.9	1.0	-0.2	5.8	653
Iraq	7.8	30.1	0.2	1.1	3.3	169
Angola	7.7	32.2	0.1	1.2	14.3	103
Kuwait	7.6	46.6	0.2	1.0	20.5	121
South Africa	7.3	28.4	0.3	0.0	-3.0	313
Egypt	5.1	6.4	0.1	-0.9	-14.7	331
Morocco	4.3	20.5	0.0	-1.4	-15.4	103
Nigeria	3.1	11.6	0.1	-0.4	-0.3	490
Qatar	1.5	34.1	0.1	-1.4	17.0	185
UAE	1.0	63.2	0.1	-6.7	-12.0	345
Middle East & Africa	7.5	28.8	3.4	-0.6	-0.4	3,357
Turkey	4.5	19.6	0.3	-0.6	-8.6	734
Russia	2.8	25.9	0.7	-0.2	12.2	1,325
Hungary	2.8	81.7	0.3	0.8	5.0	121
Czech Republic	2.4	87.1	0.2	0.9	9.7	182
Poland	2.3	41.7	0.2	0.2	0.9	475
Kazakhstan	2.1	20.4	0.0	0.1	-0.3	173
Romania	1.9	34.2	0.1	0.2	-5.2	177
Ukraine	1.3	42.1	0.0	-1.1	0.7	91
EM Europe	2.9	32.8	2.0	-0.1	3.1	3,362

Trade Linkages (continued)

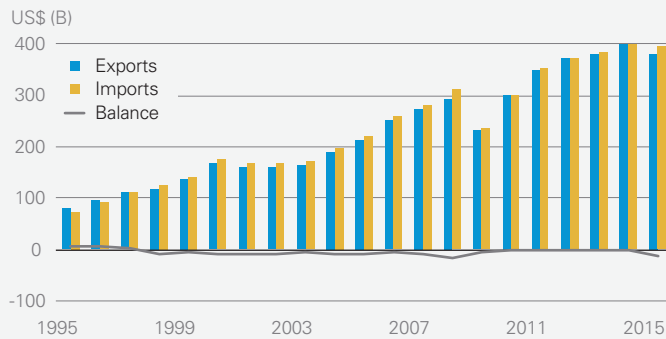
	Exports to the US (% of total exports)	Exports (% of GDP)	Exports to the US (% of total US imports)	Trade balance with US (% of GDP)	Total Trade Balance (% of GDP)	GDP (US\$B)
Vietnam	21.1	85.4	1.7	14.0	-26.7	191
China	18.0	20.8	21.5	2.4	6.2	10,983
India	15.2	12.7	2.0	0.9	-6.6	2,091
Philippines	15.0	20.1	0.5	0.3	-5.0	292
Korea	13.3	38.3	3.2	1.9	6.6	1,377
Pakistan	13.1	9.5	0.2	0.5	-14.4	270
Taiwan	12.1	54.5	1.8	1.0	9.2	524
Thailand	11.2	53.4	1.3	2.5	2.3	395
Indonesia	10.8	17.5	0.9	1.0	0.9	859
Hong Kong	9.5	150.2	0.3	5.5	-18.4	310
Malaysia	9.4	67.5	1.5	1.6	8.1	296
Singapore	6.9	120.1	0.8	-3.2	18.6	293
EM Asia	16.2	27.0	35.7	2.2	3.2	17,974
EM Total	16.2	26.4	59.0	1.5	1.8	29,671
EM Total (ex. China)	5.8	11.5	37.5	-1.8	-0.3	18,689

As of 22 November 2016. Data as of 2015.

Source: Lazard, Haver Analytics, International Monetary Fund, J.P. Morgan

Exhibit 2 A Trade War between Mexico and the United States Hurts Both Countries

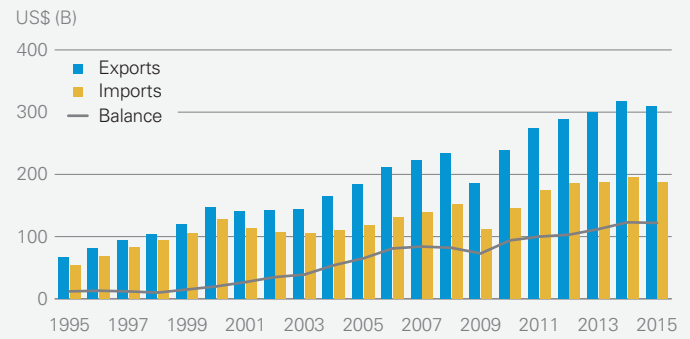
Mexico Merchandise Trade



As of 22 December 2015

Source: Haver Analytics

Mexico Merchandise Trade with the US



imports are from the United States. Mexico's total merchandise trade deficit in 2015 amounted to nearly \$15 billion or slightly more than 1% of GDP, but it registered a trade surplus with the United States of \$122 billion, or 10.7% of GDP (Exhibit 2).

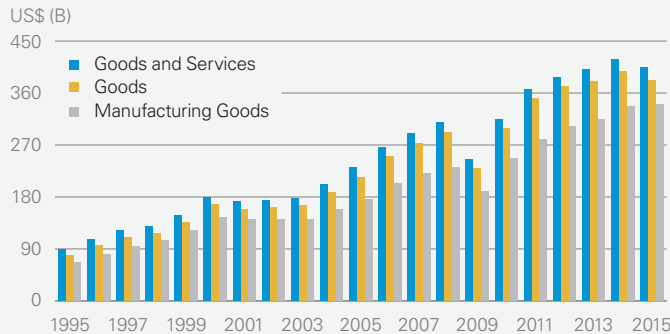
Mexico's manufacturing sector is the country's largest and most vulnerable export sector, totaling \$340 billion (30% of GDP) in 2015 and accounting for 89% of all merchandise exports and 84% of all goods and services exports. Automotive goods account for 34% of Mexico's manufactured exports, followed by electrical equipment/electronic appliances (21%) and machinery (14%) (Exhibit 3).

Manufactured goods also account for the bulk of Mexico's total imports, representing 88% of all merchandise imports and 82% of all goods and services imports in 2015. Electrical equipment/electronic appliances accounted for 24% of manufactured imports in 2015, followed by machinery (17%) and automotive goods (15%) (Exhibit 4).

In Exhibit 5, we analyze Mexico's current account balance in three trade war scenarios. The first scenario assumes a 35% percent tariff on all manufactured goods originating from the United States and Mexico, since Mexico is likely to retaliate with a tariff on US imports that matches as US tariff of 35%. Our analysis assumes

Exhibit 3 Manufacturing Is Mexico's Most Vulnerable Export Sector

Mexico, Exports



As of 22 December 2015
Source: Haver Analytics

Mexico, Manufactured Exports

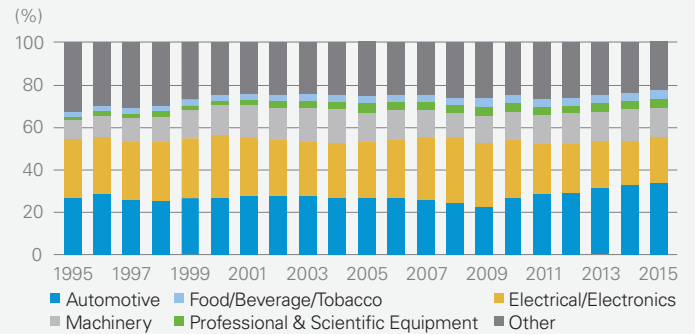
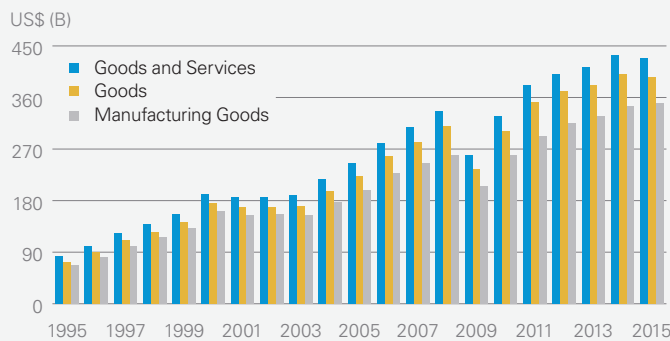


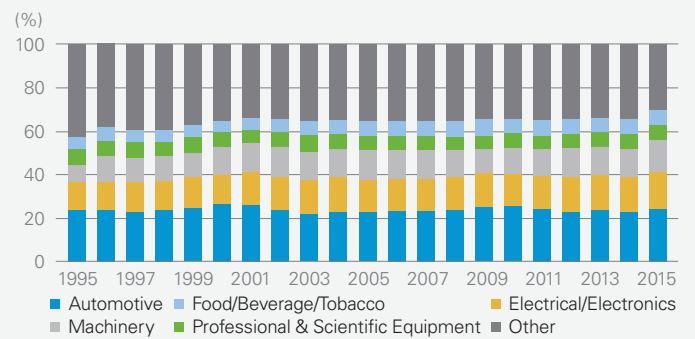
Exhibit 4 Manufactured Goods Also Represent the Bulk of Mexican Imports

Mexico, Imports



As of 22 December 2015
Source: Haver Analytics

Mexico, Manufactured Imports



Mexico's merchandise exports and imports to the United States as a percentage of total merchandise exports and imports are constant at 81% and 47%, respectively. All other components of the current account are left unchanged. Mexico's current account deficit under this extreme scenario would increase more than fivefold to \$187 billion, which is equal to more than 16% of its GDP, from about 3%.

If the goal of a Trump administration were simply to reduce this manufacturing surplus, it could do so by imposing a 25% tariff. In the second scenario, we assume a 25% tariff on all manufactured goods from Mexico is similarly matched with a 25% tariff on US imports. Again, all other components of the account remain constant. Under this scenario, the manufacturing trade balance between the two countries would be nearly balanced but Mexico's overall current account deficit would still deteriorate to nearly 13% of GDP.

Deutsche Bank has identified key industries that a Trump administration would likely target in a trade war based on the "damage" to domestic production caused by imports of goods. Their research includes an analysis of the ratio of domestic demand for a particular sector that was met by domestic production, with the assumption that the lower this ratio, the more potential there is for demand to be fulfilled domestically rather than via imports. Deutsche Bank also compared this ratio of 2015 data to that of 2006 and 1997 to see which industries had suffered the most damage over time (Exhibit 6).

This methodology identified the following sectors that a Trump administration might target in order to bring jobs back to the United States:

- Textiles, apparel, and leather products
- Computer and electronics
- Electrical equipment and parts
- Furniture

Exhibit 5 A Trade War Could Worsen Mexico's Deficit

Mexico, Current Account

(US\$ millions)	Status Quo	35% Tariff	25% Tariff	35% Tariff on Select Sectors
Goods credit	381,049.3	284,591.3	312,150.7	322,028.7
Services credit	22,886.2	22,886.2	22,886.2	22,886.2
Income credit	7,915.4	7,915.4	7,915.4	7,915.4
Transfers credit	25,205.8	25,205.8	25,205.8	25,205.8
Goods debit	395,573.4	453,363.3	436,851.9	423,111.6
Services debit	32,055.7	32,055.7	32,055.7	32,055.7
Income debit	41,738.4	41,738.4	41,738.4	41,738.4
Transfers debit	905.2	905.2	905.2	905.2
Net goods	-14,524.1	-168,772.0	-124,701.2	-101,082.9
Net services	-9,169.6	-9,169.6	-9,169.6	-9,169.6
Net income	-33,823.0	-33,823.0	-33,823.0	-33,823.0
Net transfers	24,300.5	24,300.5	24,300.5	24,300.5
Current account	-33,216.1	-187,464.0	-143,393.2	-119,774.9
% of GDP	-2.9	-16.4	-12.6	-10.5

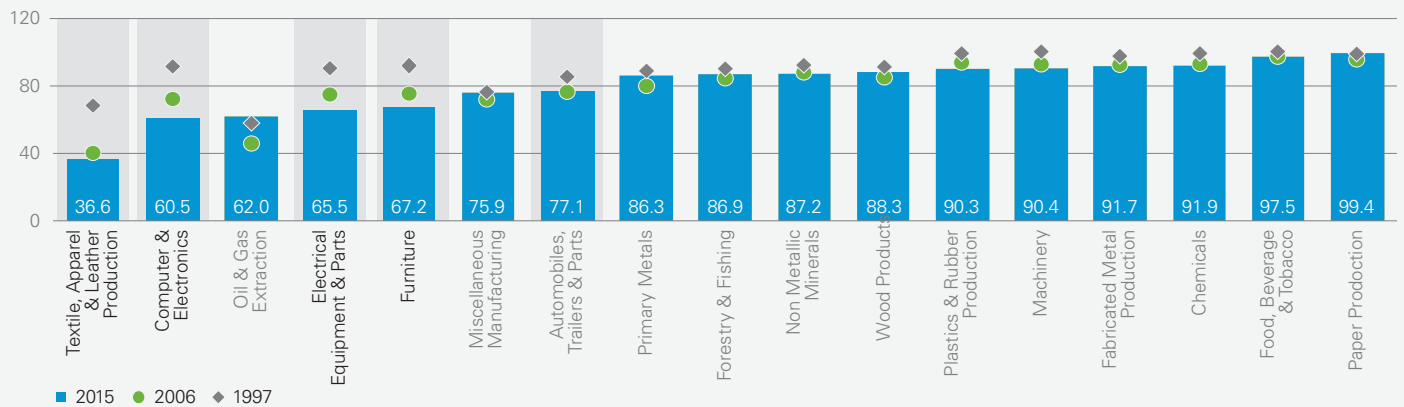
Based on 2015 data

Source: Lazard, Haver Analytics

Exhibit 6 Some Sectors Could Be More Ripe for Protectionism

"Damage" To Domestic Production Of US Industries By Imports

Ratio Between Domestic Production and Domestic Demand



As of 22 December 2016

Source: Bureau of Economic Analysis, Deutsche Bank

Our final current account scenario assumes that Trump levies a 35% tariff on Mexican exports of goods only in these sectors, and Mexico retaliates with a similar tariff on imports of these same products from the United States. Under this scenario, Mexico's trade surplus with the United States would decline from \$90 billion to \$3.4 billion. However, Mexico's overall trade deficit would deteriorate to more than \$100 billion from \$14.5 billion, and the country's current account deficit would rise to 10.5% of GDP from 2.9%.

These scenarios are simplistic, focusing only on merchandise trade when, in reality, the services, income, and transfers components of the current account would also be affected by trade restrictions. Moreover, Mexico might target other sectors for retaliation rather than the ones targeted by the United States. The scenarios are intended to give a rough indication of the impact of trade sanctions, and the ramifications for Mexico's growth, investment, and exchange rate under all of these scenarios are obvious. However, such a draconian outcome is unlikely, given the extent to which Mexico's manufacturing sector is integrated with that of the United States. An important share of Mexico's manufactured exports is from the subsidiaries of American companies that import US components and export their finished products back to the United States. So, we believe that increased tariffs would end up hurting US companies as much as Mexican ones. Cognizant of the risk to US business interests, certain members of Congress and the US Chamber of Commerce have already stated that they would resist broad tariff increases and will defend NAFTA. Certain members of Trump's transition team have signaled a more moderate approach, with one person recently saying the president-elect was simply "looking to right-size [NAFTA] and make it fairer."

A complete US withdrawal from NAFTA would be difficult, given the connections between the US and Mexican economies. "After the 9/11 terrorist attacks, we sealed the border with Mexico and

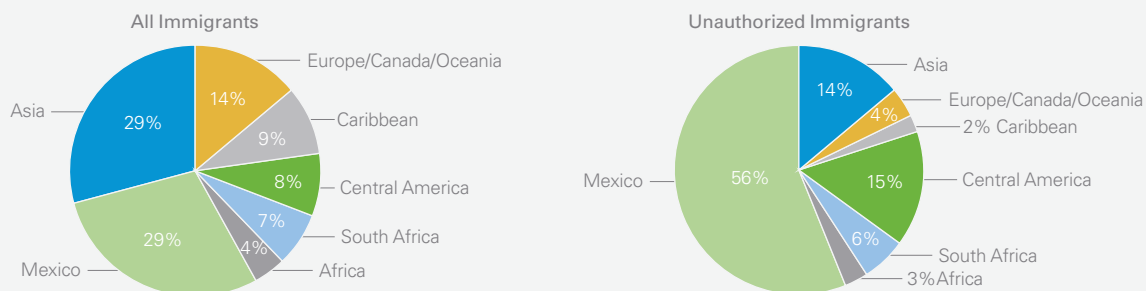
Canada and within a week auto plants in Michigan had to begin shutting down because they were not getting access to parts they depended on from Mexico," said Rob Scott, director of trade and manufacturing at the Economic Policy Institute. Moreover, "withdrawal would require loads of American businesses bringing existing components of their supply chains and outsourced services back onshore to avoid tariffs or other penalties—a process that takes time and money ... [Retaliatory tariffs from Mexico] could cause a downturn in the US economy and a spike in the unemployment rate that would undermine the very reason Trump is considering withdrawing from NAFTA; while some jobs would be created, more jobs would be lost as American exports grow more expensive for foreigners. And domestic demand would drop as cheap foreign goods hit with tariffs become more expensive, meaning Americans would probably buy fewer of the Mexican-made goods that stock the shelves of Walmart and other major American retailers."

Immigration Scare Overblown?

Trump's stated intentions with regard to illegal immigrants also may not ultimately create material risk for Mexico and Central American countries, notably Guatemala, El Salvador, and Honduras. There are about 11 million unauthorized immigrants living in the United States, with Mexicans and Central Americans accounting for 71% of this total (Exhibit 7). Although Trump estimates the number of "removable criminal aliens" (noncitizens targeted for deportation based on a prior criminal conviction) at 2 million to 3 million people, the Department of Homeland Security (DHS) has a lower estimate of 1.9 million. However, the DHS does not break down this population by immigration status and, according to the Migration Policy Institute, an independent think tank, a substantial portion of these 1.9 million immigrants are in the United States legally as permanent residents ("green-

Exhibit 7
The Majority of Unauthorized US Immigrants Are from Mexico and Central America

US Foreign-Born Population Overall and Unauthorized, by Country/Region of Origin



As of August 2015
Source: Migration Policy Institute

Exhibit 8 Far Fewer Illegal Immigrants Have Serious Criminal Records

Pre-2014 Enforcement Priority			Current Enforcement Priority	
1st Priority	All convicted criminals	820,000	Felons	300,000
2nd Priority	Entered with past 3 years	1,370,000	Serious misdemeanor	390,000
3rd Priority	Immigration Obstructionists	790,000	Unlawful entry after Jan 2014	640,000
			Removal order issued after Jan 2014	60,000
Subtotal		2,980,000		1,390,000
Non-Priority for enforcement		8,020,000		9,610,000
Total Illegal Population		11,000,000		11,000,000

As of 31 December 2016

Source: Migration Policy Institute

Exhibit 9 A Decline in Remittances Would Hurt Mexican and Central American Economies

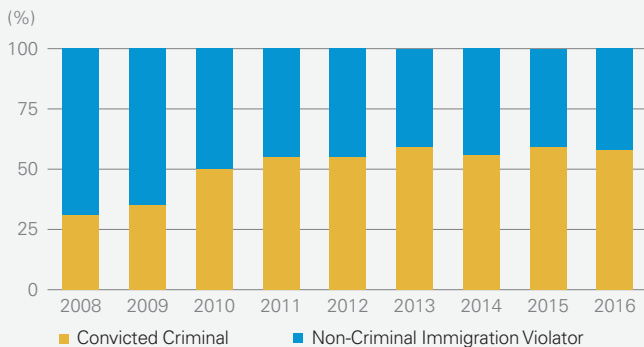
	Percentage of US Illegal Immigrant Population	Percentage of Home Country Population	Total Remittances / GDP	Unauthorized Remittances / GDP
Mexico	56.0	5.0	2.2	1.2
El Salvador	5.0	10.0	16.5	5.9
Guatemala	5.0	3.0	10.1	8.4
Honduras	3.0	4.0	16.4	10.2

As of December 2016

Source: Lazard, Center for Migration Studies, Department of Homeland Security, Haver Analytics, Migration Policy Institute, Pew Hispanic Center

Exhibit 10 The Majority of Unauthorized Immigrants Deported Have a Criminal Record

FY 2008–2016 ICE Removals by Criminality



As of December 2016

Source: Immigrations and Customs Enforcement

card” holders) or with temporary visas. According to the institute, **unauthorized** immigrants accounted for 43% of the noncitizen population at the time of the DHS estimate. Assuming they commit crimes at similar rates as other noncitizens (i.e., permanent residents and those in the United States with temporary visas), the

population of unauthorized immigrants with criminal convictions is closer to 820,000. The institute also estimates that 300,000 of these individuals have felony convictions and 390,000 have been convicted of serious misdemeanors (Exhibit 8). Furthermore, in November 2014 President Obama took an executive action on immigration, directing US Immigration and Customs Enforcement (ICE) to focus its efforts on the most serious criminals. As a result of this initiative, the actual number of illegal immigrants with criminal records is likely to be much smaller than Trump’s estimate.

Mexicans are by far the largest group of illegal immigrants in the United States. Estimated at 6 million to 7 million people, they account for over half of all unauthorized workers and represent 5% of Mexico’s domestic population. The population of illegal immigrants from Central American and Caribbean countries is much smaller, although not insignificant when compared to the size of their home population, particularly for El Salvador. Clearly, if Trump could follow through on his campaign pledge to deport all undocumented residents from Mexico and Central America, the economic impact to these countries could be sizable, particularly for the smaller Central American countries (Exhibit 9). While Mexico’s remittances are the largest in terms of absolute size, they only amount to slightly more than 2% of Mexican GDP, thus the economic impact would be limited. However, El Salvador, Guatemala and Honduras face a harsher reality as remittances account for over 10% of GDP in each of these countries.

We do not believe that the US authorities have the resources to deport 11 million illegal immigrants. Trump has said he will focus on those with criminal records such as drug dealers and gang members. Immigration enforcement has already shifted its focus in recent years to target unauthorized immigrants with criminal records, and this population accounted for 58% of all deportations in 2016, up from 31% in 2008 (Exhibit 10).

President-elect Trump would face several challenges if he ultimately wishes to deport millions of unauthorized immigrants, and a mass deportation would require significant Congressional

funding. According to the Migration Policy Institute, DHS is currently funded to identify, detain, and deport about 400,000 unauthorized immigrants annually. The Obama administration met that goal in the president's first term, but has since shifted its focus on detaining and deporting those with criminal records. Currently, the number of illegal immigrants with criminal convictions is close to 820,000. The heavily burdened immigration court system would have difficulty increasing the number of deportations since immigration courts have a backlog of more than 520,000 cases, with an average wait of 675 days for a removal hearing.³ Even if Congress allocated more resources for deportations, the DHS still faces challenges that diminish the likelihood of a larger-scale deportation initiative.

We think a more likely scenario from Trump's immigration policy is an expansion of ICE's top priority to include those with serious misdemeanor convictions in addition to felons. This would more than double the size of the first-priority cohort and potentially allow Trump to claim a political "win" for taking a tougher stance on illegal immigration.

Trump's trade and immigration proposals, therefore, are not to be taken lightly, as they could pose serious consequences for Mexico and certain Central American countries. However, deep connections between the Mexican and US economies and the practical aspects of mass deportations may lead to smaller-scale implementation that would mitigate the shock to all involved.

Stepping back, we believe the combination of a firming US economy and fiscal stimulus under a Trump administration should result in US GDP growth returning to a low-2% level in 2017 and rising to a high-2% level in 2018. Better growth conditions should also drive prices of risk assets higher while simultaneously putting pressure on risk-free asset prices, and this should lead to a divergence in emerging markets debt returns, in our view. For the first time in years, we believe that returns will not be driven by high-level allocations between local debt and external debt, but rather by security selection in those asset class subsets. We continue to believe the best risk-adjusted return opportunities reside in select high yielding sovereign credits, but we are beginning to see opportunities in certain local emerging markets currencies as well. We have positioned our portfolios in line with these beliefs, with the most comprehensive expression of our views available through the Lazard Emerging Markets Debt – Total Return strategy.

About Us

The Lazard Emerging Markets Debt team focuses on understanding the entire opportunity set in our investment universe. We combine our expertise with the benefits of Lazard's emerging markets platform. We seek to deliver comprehensive insight to our investors, through research into currency movements, the stability of equity and debt structures, and the broad business environment.

This content represents the views of the author(s), and its conclusions may vary from those held elsewhere within Lazard Asset Management. Lazard is committed to giving our investment professionals the autonomy to develop their own investment views, which are informed by a robust exchange of ideas throughout the firm.

Notes

- 1 Source: Kopan, Tal. "Trump Transition Memo: Trade Reform Begins Day 1." CNN, 16 November 2016. Accessed on December 23, 2016, <http://www.cnn.com/2016/11/15/politics/donald-trump-trade-memo-transition>.
- 2 Source: Kopan, Tal. "Trump Transition Memo: Trade Reform Begins Day 1." CNN, 16 November 2016. Accessed on December 23, 2016, <http://www.cnn.com/2016/11/15/politics/donald-trump-trade-memo-transition>.
- 3 Source: Migration Policy Institute

Important Information

Published on 19 January 2017.

Information and opinions presented have been obtained or derived from sources believed by Lazard to be reliable. Lazard makes no representation as to their accuracy or completeness. All opinions expressed herein are as of the published date and are subject to change.

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. High yield securities (also referred to as "junk bonds") inherently have a higher degree of market risk, default risk, and credit risk. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Emerging markets securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging markets countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in these countries. Derivatives transactions, including those entered into for hedging purposes, may reduce returns or increase volatility, perhaps substantially. Forward currency contracts, and other derivatives investments are subject to the risk of default by the counterparty, can be illiquid and are subject to many of the risks of, and can be highly sensitive to changes in the value of, the related currency or other reference asset. As such, a small investment could have a potentially large impact on performance. Use of derivatives transactions, even if entered into for hedging purposes, may cause losses greater than if an account had not engaged in such transactions.

This material is provided by Lazard Asset Management LLC or its affiliates ("Lazard"). There is no guarantee that any projection, forecast, or opinion in this material will be realized. Past performance does not guarantee future results. This document is for informational purposes only and does not constitute an investment agreement or investment advice. References to specific strategies or securities are provided solely in the context of this document and are not to be considered recommendations by Lazard. Investments in securities and derivatives involve risk, will fluctuate in price, and may result in losses. Certain securities and derivatives in Lazard's investment strategies, and alternative strategies in particular, can include high degrees of risk and volatility, when compared to other securities or strategies. Similarly, certain securities in Lazard's investment portfolios may trade in less liquid or efficient markets, which can affect investment performance.

Australia: FOR WHOLESALE INVESTORS ONLY. Issued by Lazard Asset Management Pacific Co., ABN 13 064 523 619, AFS License 238432, Level 39 Gateway, 1 Macquarie Place, Sydney NSW 2000. **Dubai:** Issued and approved by Lazard Gulf Limited, Gate Village 1, Level 2, Dubai International Financial Centre, PO Box 506644, Dubai, United Arab Emirates. Registered in Dubai International Financial Centre 0467. Authorised and regulated by the Dubai Financial Services Authority to deal with Professional Clients only. **Germany:** Issued by Lazard Asset Management (Deutschland) GmbH, Neue Mainzer Strasse 75, D-60311 Frankfurt am Main. **Hong Kong:** Issued by Lazard Asset Management (Hong Kong) Limited (AQZ743), Unit 29, Level 8, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. Lazard Asset Management (Hong Kong) Limited is a corporation licensed by the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. This document is only for "professional investors" as defined under the Hong Kong Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and its subsidiary legislation and may not be distributed or otherwise made available to any other person. **Japan:** Issued by Lazard Japan Asset Management K.K., ATT Annex 7th Floor, 2-11-7 Akasaka, Minato-ku, Tokyo 107-0052. **Korea:** Issued by Lazard Korea Asset Management Co. Ltd., 10F Seoul Finance Center, 136 Sejong-daero, Jung-gu, Seoul, 04520. **People's Republic of China:** Issued by Lazard Asset Management. Lazard Asset Management does not carry out business in the P.R.C. and is not a licensed investment adviser with the China Securities Regulatory Commission or the China Banking Regulatory Commission. This document is for reference only and for intended recipients only. The information in this document does not constitute any specific investment advice on China capital markets or an offer of securities or investment, tax, legal, or other advice or recommendation or, an offer to sell or an invitation to apply for any product or service of Lazard Asset Management. **Singapore:** Issued by Lazard Asset Management (Singapore) Pte. Ltd., 1 Raffles Place, #15-02 One Raffles Place Tower 1, Singapore 048616. Company Registration Number 201135005W. This document is for "institutional investors" or "accredited investors" as defined under the Securities and Futures Act, Chapter 289 of Singapore and may not be distributed to any other person. **United Kingdom:** FOR PROFESSIONAL INVESTORS ONLY. Issued by Lazard Asset Management Ltd., 50 Stratton Street, London W1J 8LL. Registered in England Number 525667. Authorised and regulated by the Financial Conduct Authority (FCA). **United States:** Issued by Lazard Asset Management LLC, 30 Rockefeller Plaza, New York, NY 10112.