

LAZARD OBJECTIF ALPHA EURO

**French open-end investment company (*Société
d'Investissement à Capital Variable*)**

**ANNUAL REPORT
for the year ended December 30th, 2016**

**Ordinary Shareholders' Meeting
on April 21st, 2017**

Lazard Group UCI

Registered office: 121, Boulevard Haussmann, 75008 Paris, France
Paris Trade & Companies Register No. 519 071 906

Board of Directors and statutory auditor

as at December 30th, 2016

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Régis Bégué

Managing Director of Lazard Frères Gestion SAS

DEPUTY CHIEF EXECUTIVE OFFICERS

NON-BOARD MEMBER

Axel Laroza

Vice President of Lazard Frères Gestion

Thomas Brenier

Director of Lazard Frères Gestion SAS

MEMBERS OF THE BOARD OF DIRECTORS

Marie-Andrée Puig

Vice President of Lazard Frères Gestion SAS

Pascal Ferrand

Vice President of Lazard Frères Gestion SAS

Julien-Pierre Nouen

Associate of Lazard Frères Gestion SAS

STATUTORY AUDITORS

Principal: Mazars

at the close of the

Ordinary Shareholders' Meeting

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Régis Bégué

Managing Director of Lazard Frères Gestion SAS

DEPUTY CHIEF EXECUTIVE OFFICERS

NON-BOARD MEMBER

Axel Laroza

Vice President of Lazard Frères Gestion

Thomas Brenier

Managing Director of Lazard Frères Gestion SAS

MEMBERS OF THE BOARD OF DIRECTORS

Marie-Andrée Puig

Director of Lazard Frères Gestion SAS

Pascal Ferrand

Vice President of Lazard Frères Gestion SAS

Julien-Pierre Nouen

Vice President of Lazard Frères Gestion SAS

STATUTORY AUDITORS

Principal: Mazars

EUROZONE COUNTRY EQUITIES

Accumulation and/or distribution and/or retained Sicav

Investment objective

The investment objective is to match or exceed the performance of the benchmark index, the Euro Stoxx (net dividends reinvested), over the recommended investment period.

Benchmark

The Euro Stoxx (net dividends reinvested) is an index which comprises around 300 stocks, covering the largest listed companies in the Eurozone by market capitalisation.

Risk profile

Notice

*Your money will be mainly invested in financial instruments selected by the management company.
These instruments will be exposed to market trends and fluctuations.*

- Risk of capital loss:

The Sicav is not guaranteed or protected and therefore there is a possibility that you may not get back the full amount of your initial investment.

- Risk associated with discretionary management:

The Sicav's performance depends on both the securities and UCI that the portfolio manager chooses and on the portfolio manager's allocation of assets. There is therefore a risk that the manager may not select the best-performing securities and UCI or choose the optimal asset allocation between markets and that the net asset value may decline as a result.

- Equity risk:

Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the Sicav's net asset value. The net asset value of the Fund may decrease during periods in which the equity markets are falling.

In addition, the volume of small- and mid-cap stocks listed on the stock exchange is relatively small and downward market movements tend to be more pronounced and faster than for large caps. The Sicav's net asset value may therefore decline rapidly and significantly.

- Currency risk:

The Sicav may invest in securities and UCI that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of such securities and UCI may fall if exchange rates fluctuate, which may lead to a fall in the net asset value of your Sicav.

- Interest rate risk:

Interest rate risk is the risk of a change in interest rates, which has an impact on the bond markets, such as the tendency for bond prices to move in the opposite direction to interest rates. If interest rates rise, the Sicav's net asset value may fall.

Eligible subscribers and typical investor profile

Any subscriber seeking exposure to equity risk. Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Sicav.

Information relating to US investors:

The Sicav is not registered as an investment vehicle in the United States and its shares are not and will not be registered under the Securities Act of 1933 and, therefore, they may not be offered or sold in the United States to Restricted Persons, as defined hereafter.

A Restricted Person is (i) any person or entity located in the United States (including US residents), (ii) any corporation or any other entity subject to the laws of the United States or any state thereof, (iii) any US military personnel or any employee of a US government department or agency located outside the United States, or (iv) any other person that would be considered a US Person under Regulation S of the Securities Act of 1933, as amended.

FATCA:

Pursuant to the provisions of the Foreign Account Tax Compliance Act ("FATCA") applicable as of July 1st, 2014, if the Sicav invests directly or indirectly in US assets, the income arising from such investments may be subject to withholding tax of 30%.

To avoid paying the 30% withholding tax, France and the United States have entered into an intergovernmental agreement under which non-US financial institutions ("foreign financial institutions") agree to institute procedures for identifying direct or indirect investors who qualify as US taxpayers and to provide certain information about these investors to the French tax authorities, which will disclose said information to the US tax authority, the Internal Revenue Service.

As a foreign financial institution, the Sicav undertakes to comply with the FATCA and to take all appropriate measures pursuant to the aforementioned intergovernmental agreement.

The amount that it is reasonable to invest in this Sicav depends on each investor's personal circumstances. To determine this, investors should take account of their personal financial situation, current needs and the recommended investment period, and should also consider their ability to assume risk or whether they prefer instead to opt for a more cautious investment.

Recommended investment period: 5 years

Allocation of distributable income

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account. Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the Sicav's portfolio, plus income generated by temporary cash holdings and minus management fees and borrowing costs.

2) realised capital gains, net of expenses, minus realised capital losses, net of expenses, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

The amounts referred to in 1) and 2) may be accumulated and/or distributed and/or retained independently of each other, in whole or in part.

For A and R shares, the shareholders' meeting decides each year on the allocation of distributable income. It may pay interim dividends.

C shares: Distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

ESTABLISHMENT RESPONSIBLE for RECEIVING SUBSCRIPTION and REDEMPTION ORDERS

Subscription and redemption orders are executed at Lazard Frères Gestion SAS on the basis of

- the next net asset value in the case of subscriptions (settlement NAV date + 1 business day)
- the next net asset value in the case of redemptions (settlement NAV date + 3 business days) for orders placed before 11 a.m.

CUSTODIAN

Lazard Frères Banque, 121, Boulevard Haussmann, 75008 – Paris, France

**BOARD OF DIRECTORS' REPORT
TO THE ORDINARY SHAREHOLDERS' MEETING of
April 21st, 2017**

To the shareholders,

We have called this Ordinary Shareholders' Meeting in order to present the balance sheet and accounts for your company for a financial year which exceptionally ran from December 31st, 2015 to December 30th, 2016.

During this period, net assets rose from €977 862 161,39 on December 31st, 2015 to €726 873 789,58 on December 30th, 2016, and the number of shares outstanding was 1 550 821,347 "A" shares, 33 362,425 "C" shares and 222 045,765 "R" shares.

"A" shares

The number of shares subscribed for over the financial year was 530 667,933, representing a total of €203 387 119,29.

At the same time, the number of shares submitted for redemption was 1 152 946,611, for a total of €431 500 751,78.

The net asset value rose from €407,04 on December 31st, 2015 to €407,50 on December 30th, 2016, which equates to an increase of 0,11%.

Past performance is no guarantee of the UCI's future results.

"C" shares

The number of shares subscribed for over the financial year was 27 624,446, representing a total of €8 524 527,11.

At the same time, the number of shares submitted for redemption was 28 290,211, for a total of €8 740 103,32.

The net asset value rose from €321,73 on December 31st, 2015 to €322,09 on December 30st, 2016, which equates to an increase of 0,11%.

Past performance is no guarantee of the UCI's future results.

"R" shares

The number of shares subscribed for over the financial year was 113 015,116, representing a total of €40 070 733,82.

At the same time, the number of shares submitted for redemption was 106 379,588, for a total of €36 395 331,21.

The net asset value rose from €382,36 on December 31st, 2015 to €378,98 on December 30st, 2016, which equates to an increase of -0,88%.

Past performance is no guarantee of the UCI's future results.

For reference, the benchmark index rose 4,15% over the period.

Distributable net income at the end of the year was €10 244 186,68, compared with €10 159 450,38 the previous financial year.

Information on movements in the portfolio over the period:

Transaction code	ISIN	Name	Net amount (€)
Purchase	FR0011291657	FCP Obj.court Terme Euro C-3d	181828818,5
Purchase	LU0323134006	Arcelormittal	43921740,56
Purchase	GB0009895292	AstraZeneca	35009386,91
Purchase	IT0000072618	Intesa Sanpaolo	30916523,55
Purchase	ES0113790226	Banco Popular Espanol Sa	29380482,73

Transaction code	ISIN	Name	Net amount (€)
Sale	FR0011291657	FCP Obj.court Terme Euro C-3d	189983181,7
Sale	LU0323134006	Arcelormittal	65562537,97
Sale	FR0000120354	Vallourec	37638893,06
Sale	GB0009895292	AstraZeneca	35192248,51
Sale	DE0006048432	Henkel	30586326,69

Temporary purchases and sales of securities:

As part of daily cash management, the manager may undertake repurchase agreements. These repurchase agreements are undertaken solely with Lazard Frères Banque for a term of one day, with a possibility of renewal.

Securities received by the UCI as collateral for the purpose of reducing counterparty risk will be shown, where applicable, in section "3.9 Other transactions" under additional information.

Income from these transactions is shown in the income statement, under "Income from temporary purchases and sales of securities".

Securities financing transactions pursuant to the SFTR

The UCI did not engage in any securities financing transactions during the financial year ended December 30th, 2016.

ECONOMIC ENVIRONMENT

In 2016, global growth slowed slightly. According to estimates by the IMF, it fell to +3,1% after +3,2% in 2015. This can be attributed to the slowdown in the more developed countries mainly due to disappointment over first-half growth in the US. Nevertheless, the improvements in the labour market, good confidence levels and persistently low interest rates all underpinned the economic outlook of these countries. Growth in emerging economies stabilised, thanks mainly to a gradual normalisation of the macroeconomic situation in Russia. Generally speaking, inflation remained modest and lower than the specific targets of the main developed economies, although it accelerated at the end of the year on foot of a gradual disappearance of lower energy price effects. The year just past also saw two unexpected landmark political events: the UK vote to take the UK out of the European Union and Donald Trump's victory in the US presidential elections. The rejection by referendum of reforms to Italy's constitution had been largely anticipated. The global economy and the financial markets absorbed these shocks without too much difficulty. Nevertheless, a great deal of uncertainty remains as to the nature of the new trade and financial relations between the UK and the European Union and as regards the actions the new US president will take. Overall, central banks' monetary policies remained highly accommodative. The Federal Reserve (Fed) maintained a very prudent approach. It increased its key rate only once this year. In the search for additional tools to help reach their inflation targets, the European Central Bank (ECB) and the Bank of Japan (BoJ) explored new stimulus measures: an asset purchasing programme involving corporate bonds for the ECB, and a shift to negative key interest rates and control of the yield curve slope

for the BoJ. Against this backdrop, the first half of the year benefited the bond markets while the equity markets were underpinned during the second half of the year.

GDP volume growth (%)	2014	2015 (e)	2016 (e)	2017 (e)
World	3,4	3,2	3,1	3,4
Developed countries	1,9	2,1	1,6	1,9
Emerging countries	4,6	4,1	4,1	4,5
Eurozone	1,1	2,0	1,7	1,6
United States	2,4	2,6	1,6	2,3
Japan	0,0	1,2	0,9	0,8
China	7,3	6,9	6,7	6,5
India	7,2	7,6	6,6	7,2
Brazil	0,1	-3,8	-3,5	0,2
Russia	0,7	-3,7	-0,6	1,1

Source: IMF Economic Outlook, January 2017 update

* The data and forecasts for India are presented based on the budget year

On the equity markets, the MSCI World All Country index in dollars gained 5,6% in 2016. This change conceals mixed performances by zone: +9,5% for the S&P 500 in dollars, +1,5% for the Eurostoxx in euros, - 1,9% for the Topix in yen and +8,6% for the MSCI Emerging Markets Index in dollars, all excluding dividends. 2016 began on a turbulent note. Until mid-February, concerns centred on China, the drop in oil prices, US growth and banks' exposure to the energy sector at a time when their profits, especially in Europe, had started to come under growing pressure amid further cuts to already negative policy rates. The arrival of better economic statistics, the rise in the oil price and highly accommodative central banks subsequently led to a rebound. After this, things remained relatively calm until June 2016, when the markets were buffeted by the polls regarding the June 23rd referendum on whether the United Kingdom should remain in the European Union.

The victory of the “Leave” vote triggered a second episode of turmoil since investors were expecting the remain vote to win, which was the bookmakers' favourite in the run-up to polling. But this volatility turned out to be short-lived and the equity markets swiftly clawed back the losses suffered over Brexit, amid upward revisions to corporate earnings forecasts. At the end of the year, Donald Trump's victory in the US presidential elections on November 8th and the victory of the “no” vote in the referendum on reforming Italy's constitution on December 4th did not in the end produce the turmoil that had been expected. In fact, Donald Trump's stimulus plans underpinned the S&P 500 which reached new highs, with investors betting on a revival of growth and an improvement in corporate earnings in the US. The equity markets in the Eurozone had broadly anticipated the outcome of the Italian referendum. They subsequently welcomed the fresh announcements by the ECB and closed the year on an annual high in December 2016.

On the bond markets, 10-year yields on German and US government bonds fell until the summer, reaching a low of -0,19% and 1,36% respectively at the start of July 2016. They rallied after this on foot of reassuring signals concerning the economic outlook. This was accentuated after Donald Trump's victory because the possibility of budgetary stimulus measures and the rebound in oil pushed inflationary anticipations a little higher. In the end, German 10-year yields fell from 0,63% to 0,21% year-on-year while US 10-year yields rose from 2,27% to 2,44%. The credit spreads of peripheral countries in relation to Germany widened significantly, notably in Portugal (+167 bp) due to political uncertainty, and to a lesser extent in Italy (+64 bp) and France (+12 bp). They remained more or less stable in Spain (+3 bp) and tightened significantly in Greece (-76 bp). According to the Merrill Lynch indices, the credit spreads of good quality corporate bonds tightened by 21 basis points in relation to government bonds. The credit spreads of high-yield bonds tightened by 157 basis points to 115 and 378 basis points respectively.

On the foreign exchange market, the euro depreciated by 3,2% against the dollar and by 5,9% against the yen. However, it appreciated by 15,8% against the pound sterling.

On the oil market, prices fell rapidly until mid-January 2016 owing to strong supply in the United States and the OPEC countries. The prospect of increased production in Iran was also a factor. They subsequently picked up on hopes of an agreement between the major oil producers and amid disruptions to supply on several markets. On September 28th, the members of OPEC reached an agreement in principle on production cuts. This was ratified on November 30th. The Brent oil price rose by 55% year-on-year to \$55 at the end of December 2016.

Eurozone

The recovery in the Eurozone continued during the year. After a very strong first quarter, growth slowed in Q2 2016 and was almost stable in Q3 2016, when GDP increased by an annualised rate of 1,4% (+1,7% year-on-year). The business climate held up well in spite of the political uncertainty and even showed an improvement from autumn 2016. The PMI composite index reached its highest level of the year in December 2016 at 54,4, close to its December 2015 level of 54,3.

The unemployment rate continued to fall, from 10,4% in December 2015 to 9,8% in November 2016, reaching the level seen before the Eurozone crisis.

Inflation across the entire Eurozone picked up to +1,1% year-on-year in December 2016 versus +0,2% in December 2015. Excluding energy and food, it remained more or less stable, at +0,9% year-on-year at the year-end.

In Germany, growth was very strong in the first quarter of 2016 but it slowed subsequently to an annualised rate of +0,8% in Q3 2016 (+1,7% year-on-year). The PMI composite index remained at a satisfactory level throughout the year. In December 2016, it stood at 55,2 (-0,3 point year-on-year).

In France, after a good first quarter, GDP fell by an annualised rate of 0,5% in Q2 2016, before rebounding by 1,0% in Q3 2016 (+1,0% year-on-year). The business climate improved significantly from summer 2016. The PMI composite index rose by three points year-on-year, reaching 53,1 in December 2016. The unemployment rate fell from 10,2% in December 2015 to 9,5% in November 2016, according to Eurostat data.

In Italy, growth remained relatively weak. GDP rose by an annualised rate of 1,0% in Q3 2016 (+1,0% year-on-year). On December 4th, Italians rejected by a large majority (59,1%) the constitutional reform sought by Matteo Renzi, who resigned afterwards.

Spain's catch-up momentum faltered only slightly, with growth reaching +2,8% in Q3 2016 (+3,2% year-on-year). The Spanish parliamentary elections on June 26th failed to produce a government majority. On October 29th, the parliament finally placed its trust in Mariano Rajoy, the leader of the People's Party, who formed a minority government.

On March 10th, 2016, the ECB announced a reduction in its refinancing rates and marginal lending facility of 5 basis points each, to 0,00% and 0,25% respectively. It cut its deposit rate by 10 basis points to -0,40%. It also increased its monthly purchasing under the Asset Purchase Programme (APP) from €60 billion to €80 billion until the end of March 2017. Good quality non-financial corporate bonds were added to the list of assets eligible for the APP and a new series of four targeted long-term refinancing operations was scheduled. On December 8th, 2016, the ECB announced that from April 2017 it would pursue monthly asset purchasing of up to €60 billion until the end of December 2017, or beyond this if necessary. To facilitate implementation of the APP, certain aspects were relaxed: the maturity of eligible public sector securities was reduced from two years to one year, and the purchase of public sector securities with a lower yield than the deposit rate was authorised.

INVESTMENT POLICY

The market

During the course of Lazard Objectif Alpha Euro's accounting year, the market saw several turbulent periods that can be split into several distinct phases:

- The first quarter of 2016 during which commodities rebounded after the Brent barrel price hit its lowest level since November 2003.
- The second quarter of 2016 which was penalised by the success of the “leave” vote in the UK referendum on Brexit.
- A post-Brexit rally during the summer, which was halted on September 9th by investor concerns about the financial health of Deutsche Bank.
- The fourth quarter of 2016, during which all eyes turned to events in the US, most notably Donald Trump's election as president of the US and the interest rate hike by the Fed.

After a year that saw every kind of danger in 2016 - banks, commodities, oil, Brexit, US elections, Italian referendum - December saw the Euro Stoxx net dividends reinvested index close the year with a gain of 7,06%, while the SICAV gained 4,15%.

The Fund

During the first quarter of 2016, the SICAV fell by 6,76% versus a decline of 6,62% for the benchmark index.

While the year got under way fuelled by fears of a stronger economic slowdown in China, a recession in the US and a continued fall in the oil price as well as the price of all of the main commodities, the European equity markets recovered in mid-February. In fact, the accommodative announcements by the central banks, the easing of fears of a global slowdown on the back of improved macroeconomic data in the US, and a sharp rebound in oil prices all enabled the markets to find a second wind in this quarter of high volatility.

The industry and materials sector contributed positively to the SICAV's performance, while cyclical consumer goods and healthcare provided the biggest negative contribution.

Lazard Objectif Alpha Euro benefited from good performances by Air France (+19%), GEA (+15%) and Arcelor Mittal (+31%). However, the SICAV was penalised by Hugo Boss (-25%), Nokia (-21%) and Banco Popolare (-22%).

The second quarter of the year saw Lazard Objectif Alpha Euro decline by 8.46% versus a decline of 2.97% for the Euro Stoxx.

This period was characterised in particular by the UK Brexit vote on Thursday June 23rd. And it was this vote which sent the index and the Fund downwards at the end of the quarter. In fact, at the market close on June 23rd, Lazard Objectif Alpha Euro and the Euro Stoxx showed gains of 1.23% and 2.72% respectively. We note with interest that the underperformance recorded in this quarter came about mainly during the last five days of June.

Brexit caused the financial sector to plummet. Cyclical consumer goods and the energy sector also weighed on the SICAV's performance. The more defensive sectors of healthcare and telecommunications underpinned the SICAV's performance.

During this quarter, Merck (+26%) and Henkel (+15%) contributed most to the SICAV's performance. ArcelorMittal (+21%) also featured among the stocks that contributed to the performance. Lazard Objectif Alpha Euro suffered however as a result of the performances of Vallourec (-31%), Delta Lloyd (-29%) and Air France (-32%).

During the third quarter, the SICAV gained 9.19%, beating its benchmark index by 271 basis points.

The market rebounded by nearly 9% early in the quarter before doing an about-turn after investor confidence was dented by the extent of the potential fine to which Deutsche Bank was exposed and the various speeches by Theresa May which made concerns about a hard Brexit look more likely.

The selection of the industry and financial sectors had a positive effect on Lazard Objectif Alpha Euro's performance. Conversely, the selection of the technology and healthcare sectors had a negative effect.

As during the two previous quarters, ArcelorMittal (+35%) featured among the three stocks that contributed most to the relative performance. Delta Lloyd (+32%) and LafargeHolcim (+30%) were the other two stocks. E.On (-21%), Air France (-16%) and Roche (-5%) weighed heaviest on the performance.

During the last quarter of 2016, Lazard Objectif Alpha Euro gained 7.43% versus a gain of 7.95% for the Euro Stoxx net dividends reinvested.

On November 8th, Republican candidate Donald Trump won the presidential election, beating the Democratic candidate Hillary Clinton, and baffling many surveys. Even though as the results were being processed the Republican candidate's margin caused the global indices to fall instantaneously, investors in the end preferred to focus on the positive elements of his electoral programme. Ultimately, they welcomed his promised budgetary stimulus policy. Excluding the last week of November, the Euro Stoxx net dividends reinvested increased over eight consecutive weeks. Investor appetite was not hampered by Italy's rejection of the constitutional reform sought by the country's Prime Minister, Matteo Renzi, on December 4th.

Utilities, cyclical consumer goods and financial stocks contributed most to the SICAV's relative performance. However, it was penalised by industrial, materials and healthcare stocks.

Bank of Ireland (+31%), Delta Lloyd (+30%) and Natixis (+28%) illustrate the good health of the financial sector. GEA (-22%), Astra Zeneca (-11%) and Heineken (-9%) weighed heaviest on the SICAV during the last quarter of 2016.

Over full-year 2016, Lazard Objectif Alpha Euro gained 0.11% versus 4.15% for its benchmark index, the Euro Stoxx net dividends reinvested.

Lazard Objectif Alpha Euro is PEA-eligible and was over 90% invested in equities throughout the financial year.

TRADING FEES

Trading fees are levied by Lazard Frères Banque. They are not broken down into different services according to a specific formula.

These charges are levied within the context of the joint venture arrangement between Lazard Frères Banque and Lazard Frères Gestion SAS whereby they have pooled their resources for financial, administrative and accounting management, custody of securities and trade execution.

EXERCISE OF VOTING RIGHTS

The scope and procedures for Lazard Frères Gestion SAS's exercise of the voting rights attached to the securities held in the UCIs managed by it are set out in the guidelines it has drawn up on its voting policy. This document is available to shareholders upon written request to the management company.

BROKER AND COUNTERPARTY SELECTION AND EVALUATION PROCEDURE

The brokers used by the management company are selected on the basis of various evaluation criteria, covering research, quality of order execution and processing and the range of services offered. The management company's "Broker Committee" validates any updates to the list of authorised brokers. Each investment division (fixed income and equities) reports to the Broker Committee at least twice a year on the evaluation of the services provided by the various brokers and the breakdown of the volume of transactions handled.

BROKERAGE FEES

Information about brokerage fees is available on the website www.lazardfreresgestion.fr.

EFFECTIVE PORTFOLIO MANAGEMENT TECHNIQUES

There were no repurchase operations recorded in the portfolio over the financial year.

FINANCIAL INSTRUMENTS ISSUED OR MANAGED BY A LAZARD GROUP ENTITY

Information on these instruments is provided in the Sicav's annual financial statements.

ESG CRITERIA

The incorporation of extra-financial considerations in investment decisions is central to our socially responsible investment (SRI) equity investment philosophy. Our SRI management philosophy is based on the firm belief that a company's economic performance is sustainable only if certain extra-financial factors are taken into account. The development of "human capital" and the prevention of all types of environmental risks are factors that guarantee this sustainability.

The quality of corporate governance is assessed for all companies whose shares are held by UCIs managed by Lazard Frères Gestion, even when the portfolios in question are not specifically pursuing SRI strategies. As such, the Objectif Alpha Euro Sicav managed by Lazard Frères Gestion takes corporate governance factors into account, without necessarily considering them alongside social or environmental criteria.

Lazard Frères Gestion has moreover decided to calculate and present LAZARD OBJECTIF ALPHA EURO's carbon footprint. For this purpose, we have entered into a partnership with a specialised data provider, and will provide details of the methodology and results of the analysis at a later stage.

Information about ESG criteria is available on the website www.lazardfreresgestion.fr.

CHANGES DURING THE PERIOD AND FORTHCOMING CHANGES

Information on withholding tax paid on dividends

European Union countries may apply different taxation methods for dividends paid to domestic entities and foreign entities. Foreign entities that receive dividends are frequently subject to withholding tax, causing a difference in tax treatment that is in breach of the free circulation of capital, and therefore contrary to European Union law. Since there are several decisions by the European Union Court of Justice and the Council of State in favour of foreign residents, the management company shall request reimbursement of withholding tax paid on dividends received by foreign companies for funds domiciled in France, when the prospects for repayment of the withholding tax is deemed favourable to the funds concerned. The time involved and results of claims of this nature to the tax authorities concerned are uncertain.

The SICAV assumed exceptional expenses linked to the collection of receivables concerning withholding tax on dividends received from foreign companies.

Change in valuation day

As a reminder, it was decided to change the prospectus of **LAZARD OBJECTIF ALPHA EURO** (A shares: FR0010828913 - C shares: FR00117744663 - R shares: FR0010830240) in order to:

> When the valuation day falls on the day before a non-working period in France, the NAV is dated on this same day *and no longer the last day of that non-working period*.

Example: If the valuation date is a Friday, the NAV date shall be the Friday and *no longer the Sunday*.

Effective date: July 6th, 2016

Terms of office of individual members of Lazard Objectif Alpha Euro at December 30th, 2016

Names of Board members	Number of offices held	List of offices and functions
Régis Bégué, Managing Director of Lazard Frères Gestion SAS	4	Chairman and Chief Executive Officer of the following Sicavs: . Lazard Objectif Alpha Euro . Objectif Alpha Europe . Norden Small Member of the Board of Directors of Lazard Equity SRI (ex Objectif Investissement Responsable)
Mrs Marie-Andrée Puig, Vice Director of Lazard Frères Gestion SAS	3	Member of the Boards of Directors of the following Sicavs: . Lazard Objectif Alpha Euro . Objectif Japon . Norden Small
Mr Pascal Ferrand, Vice President of Lazard Frères Gestion SAS	5	Member of the Boards of Directors of the following Sicavs: . Lazard Objectif Alpha Euro . Objectif Monde Sicav . Norden Small . Objectif Patrimoine USD . Objectif Gestion Mondiale
Mr Julien-Pierre Nouen, Associate of Lazard Frères Gestion SAS	1	Director of Lazard Objectif Alpha Euro

DIRECTORS' FEES

The Sicav does not pay directors any fees for attendance at board meetings.

LAZARD
OBJECTIF
ALPHA EURO
FUND

*Financial year
ended
December
30th, 2015*

Statutory Auditor's report on the annual financial statements

In accordance with the terms of our appointment by your Board of Directors we hereby report to you on the following matters for the financial year ended December 30th, 2016:

- the audit of the accompanying financial statements of Lazard Objectif Alpha Euro,
- the basis of our opinions,
- the specific verifications and disclosures required by law.

Your Board of Directors approved the annual financial statements. Our role is to express an opinion on these financial statements, based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit consists of examining, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the annual financial statements. In the case of a UCITS, this does not apply to databases provided by independent third parties for the preparation of off-balance sheet statements included in the annual financial statements. It also involves assessing the accounting principles used, the significant estimates made, and the overall presentation of the financial statements. We believe that the information that we have gathered provides sufficient and appropriate evidence on which to base our opinion.

We certify that the annual financial statements give a true and fair view of the results of the operations for the financial year under review and of the financial position and assets and liabilities of the UCITS at the end of said financial year, in accordance with the accounting rules and principles generally accepted in France.

LAZARD
OBJECTIF ALPHA
EURO FUND
*Financial year
ended
December 30th, 2016*

II - Basis of our opinions

Pursuant to Article L. 823-9 of the French Commercial Code relating to the basis of our opinions, we bring the following matter to your attention:

Our opinions notably took into account compliance with accounting principles and methods required by open-end collective investment undertakings, as defined in regulation 2014-01 of the French national accounting standards body (*Autorité des Normes Comptables* - ANC).

The assessments we have made are part of our audit of the annual financial statements as a whole and have therefore contributed to our opinion expressed in the first part of this report.

III – Specific verifications and disclosures


We have also performed, in accordance with applicable professional standards in France, the specific verifications required by law.

We have no matters to report regarding the true and fair presentation of the information provided in the Board of Directors' management report and in the documents sent to shareholders on the company's financial position and annual financial statements, or its consistency with the annual financial statements.

Courbevoie, March 17th, 2017

The statutory auditor

Mazars:



Gilles DUNAND-ROUX

LAZARD
OBJECTIF ALPHA
EURO FUND
*Financial year
ended
December 30th, 2016*

Statutory auditor's special report on regulated agreements

In our capacity as statutory auditors of your company, we hereby present to you our report on related party agreements.

We are required to report to you, based on the information we have been provided, on the main characteristics and terms, as well as details of the benefits for the company, of any agreements disclosed to us or that we may have discovered during our audit, without being required to comment on their relevance or substance, or to identify any other agreements. It is your responsibility, pursuant to the terms of Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits of entering into these agreements, prior to approving them.

We are also required, where applicable, to report to you as provided for in Article R. 225-31 of the French Commercial Code on the performance over the past year of any agreements already approved by the shareholders' meeting.

We have performed those checks that we considered necessary in accordance with the professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this operation.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement authorised during the past financial year to be submitted to the approval of the shareholders' meeting pursuant to Article L. 225-38 of the French Commercial Code.

LAZARD
OBJECTIF ALPHA
EURO FUND
*Financial year
ended
December 30th, 2016*

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement already approved by the shareholders' meeting that remained effective during the past financial year.

Courbevoie, March 17th, 2017

The statutory auditor

Mazars:


Gilles DUNAND-ROUX

Balance sheet at December 30th, 2016 (in euros)

ASSETS	YEAR ENDED 30/12/2016 (euros)	YEAR ENDED 31/12/2015 (euros)
NET NON-CURRENT ASSETS	0,00	0.00
DEPOSITS	0,00	0.00
FINANCIAL INSTRUMENTS	726 701 400,52	981,982,634.67
➤ <i>SHARES AND SIMILAR SECURITIES</i>	<i>726 357 416,92</i>	<i>973,480,835.49</i>
Traded on a regulated or similar market	726 357 416,92	973,480,835.49
Not traded on a regulated or similar market	0,00	0.00
➤ <i>BONDS AND SIMILAR SECURITIES</i>	<i>0,00</i>	<i>0.00</i>
Traded on a regulated or similar market	0,00	0.00
Not traded on a regulated or similar market	0,00	0.00
➤ <i>DEBT SECURITIES</i>	<i>0,00</i>	<i>0.00</i>
Traded on a regulated or similar market	0,00	0.00
▪ Negotiable debt securities	0,00	0.00
▪ Other debt securities	0,00	0.00
Not traded on a regulated or similar market	0,00	0.00
➤ <i>UNDERTAKINGS FOR COLLECTIVE INVESTMENT</i>	<i>343 983,60</i>	<i>8,501,799.18</i>
UCITS and general AIF aimed at non-professionals and their equivalent in other countries	343 983,60	8,501,799.18
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU	0,00	0.00
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities	0,00	0.00
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities	0,00	0.00
Other non-European entities	0,00	0.00
➤ <i>TEMPORARY SECURITIES TRANSACTIONS</i>	<i>0,00</i>	<i>0.00</i>
Receivables on securities purchased under repurchase agreements	0,00	0.00
Receivables on loaned securities	0,00	0.00
Borrowed securities	0,00	0.00
Securities sold under repurchase agreements	0,00	0.00
Other temporary transactions	0,00	0.00
➤ <i>FORWARD FINANCIAL INSTRUMENTS</i>	<i>0,00</i>	<i>0.00</i>
Transactions on a regulated or similar market	0,00	0.00
Other transactions	0,00	0.00
➤ <i>OTHER FINANCIAL INSTRUMENTS</i>	<i>0,00</i>	<i>0.00</i>
RECEIVABLES	20 047,13	296,909.44
Forward foreign exchange transactions	0,00	0.00
Other	20 047,13	296,909.44
FINANCIAL ACCOUNTS	180 049,02	0.00
Cash and cash equivalents	180 049,02	0.00
TOTAL ASSETS	726 901 496,67	982 279 544,11

LIABILITIES AND SHAREHOLDERS' EQUITY	YEAR ENDED 30/12/2016 (euros)	YEAR ENDED 31/12/2015 (euros)
SHAREHOLDERS' EQUITY		
➤ Capital	798 423 500,03	851,527,923.45
➤ Undistributed net capital gains and losses recognised in previous years (a)	0.00	0.00
➤ Retained earnings (a)	0.00	0.00
➤ Net capital gains and losses for the year (ab)	-81 793 897,12	116,174,787.56
➤ Net income for the year (ab)	10 244 186,68	10,159,450.38
TOTAL SHAREHOLDERS' EQUITY (= Sum representing the net assets)	726 873 789,59	977,862,161.39
FINANCIAL INSTRUMENTS	0.00	0.00
➤ <i>SALES OF FINANCIAL INSTRUMENTS</i>	<i>0.00</i>	<i>0.00</i>
➤ <i>TEMPORARY FINANCIAL SECURITIES TRANSACTIONS</i>	<i>0.00</i>	<i>0.00</i>
Liabilities on financial securities sold under repurchase agreements	0.00	0.00
Liabilities on borrowed financial securities	0.00	0.00
Other temporary transactions	0.00	0.00
➤ <i>FORWARD FINANCIAL INSTRUMENTS</i>	<i>0.00</i>	<i>0.00</i>
Transactions on a regulated or similar market	0.00	0.00
Other transactions	0.00	0.00
LIABILITIES	27 707,08	462,865.85
Forward foreign exchange transactions	0,00	0.00
Other	27 707,08	462,865.85
FINANCIAL ACCOUNTS	0.00	3,954,516.87
Bank overdrafts	0.00	3,954,516.87
Loans	0.00	0.00
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	726 901 496,67	982,279,544.11

(a) Including accrued income

(b) Less interim dividends paid for the financial year

Off-balance sheet items as at December 30th, 2016 (in euros)

	Year ended 30/12/2016 (euros)	Year ended 31/12/2015 (euros)
HEDGING TRANSACTIONS		
➤ COMMITMENTS ON REGULATED OR EQUIVALENT MARKETS		
➤ OVER-THE-COUNTER COMMITMENTS		
➤ OTHER COMMITMENTS		
OTHER TRANSACTIONS		
➤ COMMITMENTS ON REGULATED OR EQUIVALENT MARKETS		
➤ OVER-THE-COUNTER COMMITMENTS		
➤ OTHER COMMITMENTS		

Income statement for the year ended December 30th, 2016 (en euros)

	Year ended 30/12/2016 (euros)	Year ended 31/12/2015 (euros)
INCOME FROM FINANCIAL TRANSACTIONS¹	21 809 976,54	22,854,738.92
▪ Income from deposits and financial accounts	0,00	0.00
▪ Income from shares and similar securities	21 809 976,54	22,854,738.92
▪ Income from bonds and similar securities	0,00	0.00
▪ Income from debt securities	0,00	0.00
▪ Income from temporary purchases and sales of financial securities	0,00	0.00
▪ Income from financial contracts	0,00	0.00
▪ Other financial income	0,00	0.00
TOTAL I	21 809 976,54	22,854,738.92
CHARGES ON FINANCIAL TRANSACTIONS	9 393,74	29,017.51
▪ Charges on temporary purchases and sales of financial securities	0,00	0.00
▪ Charges on financial contracts	0,00	0.00
▪ Charges on borrowings	0,00	72.31
▪ Other financial charges	9 393,74	28,945.20
TOTAL II	9 393,74	29,017.51
NET INCOME FROM FINANCIAL TRANSACTIONS (I - II)	21 800 582,80	22,825,721.41
▪ Other income (III)	0,00	0.00
▪ Management fees and depreciation and amortisation (IV)	8 422 220,68	11,852,174.47
NET INCOME FOR THE FINANCIAL YEAR (L.214-17-1) (I - II + III - IV)	13 378 362,12	10,973,546.94
▪ Income adjustment for the financial year (V)	-3 134 175,44	-814,096.56
▪ Interim dividends paid on net income for the financial year (VI)	0,00	0.00
NET INCOME (I-II+III-IV+/-V-VI)	10 244 186,68	10,159,450.38

¹ Based on the allocation for tax purposes of income received from UCITS

Notes to the financial statements

I. ASSET VALUATION AND ACCOUNTING RULES

The fund complied with regulation 2014-01 of the French national accounting standards body (*Autorité des Normes Comptables* - ANC) dated January 14th, 2014 related to the chart of accounts for open-end collective investment undertakings.

1 – Asset valuation rules

➤ **Financial instruments and securities traded on a regulated market are valued at their market price.**

- **Shares and similar securities** are valued on the basis of the last known price on their main market.

Where applicable, prices are translated into euros using the exchange rates prevailing in Paris on the valuation date (as published by the European Central Bank).

- **Fixed-income securities**

Fixed-income securities are for the most part marked to market based on either Bloomberg prices (BGN) derived from averages of contributed prices, or on those of direct contributors.

There may be a discrepancy between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

- **“bonds and similar instruments”** are valued on the basis of the average of the closing prices gathered from several contributors.
- Under the valuation rules set out in the prospectus, *“The net asset value is dated the day on which it is valued, except where the valuation date falls on the day before a non-working day in France (weekends or public holidays), in which case, the net asset value is dated the last day of that period (e.g. if the valuation date is a Friday, the net asset value is dated Sunday). ”*
- Consequently, the net asset value at Thursday, December 31st, 2015 includes management fees calculated up to Sunday, January 3rd, 2016.

Financial instruments whose prices have not been determined on the valuation date or whose prices have been adjusted are valued at their probable trading price under the responsibility of the Sicav’s board of directors.

These estimates and their supporting documentation will be provided to the statutory auditor during audits.

However, the following instruments are valued using the following specific methods:

Negotiable debt securities:

- **Negotiable debt securities with a residual maturity of more than three months:**
Negotiable debt securities traded in large volumes are valued at market price. In the absence of significant trading volumes, these securities are valued using an actuarial method, with a benchmark rate plus, where applicable, a margin representative of the issuer’s intrinsic features.

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, OIS swaps and French treasury bills - 3 – 6 – 9 – 12 months BTAN medium-term treasury notes - 18 months, 2 – 3 – 4 – 5 years	Official key rates of the countries concerned.

- **Negotiable debt securities with a residual maturity of three months or less:**

Negotiable debt securities with a residual maturity of three months or less are valued using the straight-line method. However, this method would not be applied if any of these securities were particularly sensitive to market movements.

▪ **UCI:**

UCI units or shares are valued at the last known net asset value.

Units or shares of UCIs for which net asset values are published monthly may be valued on the basis of interim net asset values calculated from estimated prices.

▪ **Temporary purchases and sales of securities**

- Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight Eonia, one- or two-week interbank rates, one- to 12-month Euribor) corresponding to the term of the contract.

- Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

▪ **Futures and options**

- Futures and options are valued on the basis of intraday trading prices the timing of which is based on that of the valuation of the underlying assets.

Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

1.1. Financial instruments and securities not traded on a regulated market

All of the Fund's financial instruments are traded on regulated markets.

1.2. Valuation methods for off-balance sheet commitments

Off-balance sheet transactions are valued at the commitment value.

The commitment value for futures contracts is equal to the price (in the Sicav's currency) multiplied by the number of contracts multiplied by the face value.

The commitment value for options is equal to the price of the underlying security (in the Sicav's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.

The commitment value for swaps is equal to the face value of the contract (in the Sicav's currency).

2 – Accounting policies

▪ Income from fixed-income securities

- Income from fixed-income securities is recorded on the basis of accrued interest.

▪ Management fees

- Management fees are calculated at a flat rate on each valuation date.
- The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) less UCIs held using the following formula:

$$\begin{array}{rcl} & (\text{Gross assets}) & \\ \times & \text{operating and management fees rate} & \\ \times & \frac{\text{number of days until the next NAV valuation date}}{365} & \end{array}$$

- Under the valuation rules set out in the prospectus, *“The net asset value is dated the day on which it is valued, except where the valuation date falls on the day before a non-working day in France (weekends or public holidays), in which case, the net asset value is dated the last day of that period (e.g. if the valuation date is a Friday, the net asset value is dated Sunday).”*
- This amount is then recorded in the Sicav's income statement.
- The Sicav pays the operating fees, which include:
 - . financial management;
 - . administration and accounting;
 - . custody services;
 - . other operating fees:
 - . statutory auditors' fees;
 - . legal notices (Balo, Petites Affiches, etc.) if applicable.

These fees do not include transaction charges.

Maximum rate for “A” shares: 1% on the basis of the calculation described in the prospectus

Maximum rate for “R” shares: 2% on the basis of the calculation described in the prospectus

Maximum rate for “C” shares: 1% on the basis of the calculation described in the prospectus

▪ Transaction charges

Transactions are recorded excluding charges.

▪ Variable management fees

Principle:

15% of the annual performance above the Euro Stoxx (dividends reinvested).

▪ Retrocessions received on management fees or entry charges

The method used to calculate retrocession amounts is set out in the sales and marketing agreements.

- If the amount is significant, a provision is recognised in account 619.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

3 – Accounting currency
The accounting currency is the euro.

4 – Appropriation

Income: “A” shares: Accumulation and/or Distribution and/or Retained
“R” shares: Accumulation and/or Distribution and/or Retained
“C” shares Accumulation

Net capital gains: “A” shares: Accumulation and/or Distribution and/or Retained
“R” shares: Accumulation and/or Distribution and/or Retained
“C” shares Accumulation

II – Changes in net assets

		Year ended 30/12/2016 (euros)	Year ended 31/12/2015 (euros)
Net assets at start of year		977 862 161,39	923,353,948.43
Subscriptions (including subscription fees retained by the UCI)	+	251 982 380,22	541,456,693.11
Redemptions (net of redemption fees retained by the UCI)	-	-476 636 186,31	-527,730,107.13
Realised capital gains on deposits and financial instruments	+	59 870 266,84	151,400,065.77
Realised capital losses on deposits and financial instruments	-	-151 407 892,70	-23,567,290.23
Realised capital gains on forward financial instruments	+	0,00	0.00
Realised capital losses on forward financial instruments	-	0,00	0.00
Transaction charges	-	-8 602 558,64	-9,086,960.96
Translation differences	+/-	0,00	0.00
Change in valuation difference of deposits and financial instruments	+/-	60 427 256,67	-88,937,734.54
▪ Valuation difference for financial year N		32 386 688,37	-28,040,568.30
▪ Valuation difference for financial year N - 1		-28 040 568,30	60,897,166.24
Change in valuation difference of forward financial instruments	+/-	0,00	0.00
▪ Valuation difference for financial year N		0,00	0.00
▪ Valuation difference for financial year N - 1		0,00	0.00
Distribution of prior year's net capital gains and losses	-	0,00	0.00
Dividends paid in the previous financial year	-	0,00	0.00
Net profit/loss for the financial year prior to income adjustment	+/-	13 378 362,12	10,973,546.94
Interim dividend(s) paid on net capital gains/losses during the financial year	-	0,00	0.00
Interim dividend(s) paid on net income during the financial year	-	0,00	0.00
Other items*	+/-	-0,01	0.00
Net assets at end of year		726 873 789,58	977,862,161.39

(*) decimal rounding

III – Additional information

3.1 Financial instruments: breakdown by legal or economic type of instrument

Bonds and similar securities by instrument type

➤ index-linked bonds	None
➤ convertible and exchangeable bonds	None
➤ equity investments	None
➤ other	None

Debt securities by instrument type

➤ treasury bills	None
➤ negotiable medium-term notes	None
➤ commercial paper	None
➤ certificates of deposit	None
➤ other	None

Sales of financial instruments by instrument type

➤ negotiable debt securities	None
➤ equities	None
➤ bonds	None

Breakdown of off-balance sheet items by market type

➤ interest rates	None
➤ equities	None
➤ currencies	None

3.2 Breakdown of asset, liability and off-balance sheet items by interest rate type

Assets	Fixed rate	Variable rate	Adjustable rate	Other
Deposits				
Bonds and similar securities				
Debt securities				
Temporary securities transactions				
Financial accounts				180 049.02*
Liabilities				
Temporary securities transactions				
Financial accounts				
Off-balance sheet items				
Hedging transactions				
Other transactions				

*Non-interest bearing cash

3.3 Breakdown of asset, liability and off-balance sheet items by residual maturity

Assets	0-3 months	3 months-1 year	1-3 years	3-5 years	>5 years
Deposits					
Bonds and similar securities					
Debt securities					
Temporary financial securities transactions					
Financial accounts	180 049.02				
Liabilities					
Temporary financial securities transactions					
Financial accounts					
Off-balance sheet items					
Hedging transactions					
Other transactions					

3.4 Breakdown of asset, liability and off-balance sheet items by listing or valuation currency

Assets	CHF	GBP
Deposits		
Shares and similar securities	18 193 872.80	18 140 169.12
Bonds and similar securities		
Debt securities		
UCI		
Temporary financial securities transactions		
Receivables		
Financial accounts		
Liabilities		
Sales of financial instruments		
Temporary financial securities transactions		
Liabilities		
Financial accounts		
Off-balance sheet items		
Hedging transactions		
Other transactions		

3.5 Breakdown of receivables and liabilities by type

Other receivables

- Breakdown of forward foreign exchange transactions
 - Buy None
 - Sell None
 - Interest receivable None
- Deferred settlement sale None
- Other €20 047.13

Other liabilities

- Breakdown of forward foreign exchange transactions
 - Buy None
 - Sell None
- Deferred settlement purchase None
- Management fees payable €27 707,08
- Other None

3.6 SHAREHOLDERS' EQUITY

Number and value of securities:

- issued during the year (including subscription fees retained by the UCI)

Quantity:	530 667.933 "A" shares	Value: €	203 387 119.29
Quantity:	113 015.116 "R" shares	Value: €	40 070 733.820
Quantity:	27 624.446 "C" shares	Value: €	8 524 527.11
- redeemed during the year (net of redemption fees retained by the UCI)

Quantity:	1 152 946.611 "A" shares	Value: €	431 500 751.78
Quantity:	106 379.588 "R" shares	Value: €	36 395 331.21
Quantity:	28 290.211 "C" shares	Value: €	8 740 103.32

Subscription and/or redemption fees:

- Total subscription and/or redemption fees received
 - € 69 369.10 “A” shares
 - € 1 128.20 “R” shares
 - € 311.85 “C” shares
- Total subscription and/or redemption fees passed on to third parties
 - € 69 369.10 “A” shares
 - € 1 128.20 “R” shares
 - € 311.85 “C” shares
- Total subscription and/or redemption fees retained by the UCI
 - € 0,00 “A” shares
 - € 0,00 “R” shares
 - € 0,00 “C” shares

3.7 Management fees:**A” shares**

- Fixed management fees: percentage of average assets 0.99

“R” shares

- Fixed management fees: percentage of average assets 1.97

“C” shares

- Fixed management fees: percentage of average assets 0.99

A” shares

- Performance fees (variable fees): None

“R” shares

- Performance fees (variable fees): None

“C” shares

- Performance fees (variable fees): None

- Retrocession fees received in relation to UCI held None

3.8 Commitments received and given

- Commitments received None
- Commitments given None

3.9 Other information

- Present value of financial instruments held temporarily
- Securities held under repurchase option contracts: None
- Securities held under repurchase agreements: None
- Present value of financial instruments representing security deposits: None
- Financial instruments received as security and not recorded on the balance sheet: None
- Financial instruments given as security and retained under their original classification: None
- Financial instruments held in the portfolio and issued by the service provider or the entities of its group and UCI managed by the service provider or the entities of the Lazard Group: see portfolio inventory.

3.10 Table of allocation of distributable amounts

Interim dividends paid on net income for the financial year				
Date	Total amount	Amount per share	Total tax credits	Tax credit per share

Total interim dividends

Interim dividends paid on net capital gains/losses for the financial year		
Date	Total amount	Amount per share

Total interim dividends

Table of allocation of distributable amounts pertaining to net income

Year ended
30/12/2016

Year ended
31/12/2015

SUMS TO BE APPROPRIATED

▪ Retained earnings	0.00	0.00
▪ Profit (Loss)	10 244 186.68	10 159 450.38
TOTAL	10 244 186.68	10 159 450.38

APPROPRIATION

▪ Distribution	0.00	0.00
▪ Balance brought forward for the financial year	0.00	0.00
▪ Accumulation	10 244 186.68	10 159 450.38
TOTAL	10 244 186.68	10 159 450.38

Information on shares with dividend rights

Number of shares	0	0
Dividend per share	0.00	0.00

Tax credits attached to the distribution of earnings

Total tax credits and assets to be divided up over the financial year

Table of allocation of distributable amounts pertaining to net capital gains and losses

FINANCIAL YEAR
ended 30/12/2016
(€)

FINANCIAL YEAR
ended 31/12/2015 (€)

SUMS TO BE APPROPRIATED

▪ Undistributed net capital gains and losses recognised in previous years	0.00	0.00
▪ Net capital gains and losses for the year	-81 793 897.12	116,174,787.56
▪ Interim dividends paid on net capital gains/losses for the financial year	0.00	0.00
TOTAL	-81 793 897.12	116,174,787.56

APPROPRIATION

▪ Distribution	0.00	0.00
▪ Undistributed net capital gains and losses	0.00	0.00
▪ Accumulation	-81 793 897,12	116,174,787.56
TOTAL	-81 793 897.12	116,174,787.56

Information on shares with dividend rights

Number of shares	0.00	0.00
Dividend per share	0.00	0.00

ACTIONS "A" FR0010828913

AFFECTATION

▪ Distribution	0,00	0,00
▪ Plus et moins-values nettes non distribuées	0,00	0,00
▪ Capitalisation	-71 114 851,07	1 847 878,05
TOTAL	-71 114 851,07	1 847 878,05

ACTIONS "C" FR0011744663

AFFECTATION

▪ Capitalisation	-1 209 221,10	1 847 878,05
TOTAL	-1 209 221,10	1 847 878,05

ACTIONS "R"

▪ Distribution	0,00	0,00
▪ Plus et moins-values nettes non distribuées	0,00	0,00
▪ Capitalisation	-9 469 824,95	1 847 878,05
TOTAL	-9 469 824,95	1 847 878,05

Table of UCI income and other significant items over the past five financial years

NUMBER OF SHARES ISSUED OVER THE FINANCIAL YEAR					
A" shares	767 109,97	1 073 580,97	883 522,911	1 028 127,944	530 667,933
"R" shares	26 260,46	43 730,06	174 938,057	222 824,444	113 015,116
"C" shares (created on 29/09/14)	-	-	20,104.235	22,713.402	27 624.446
Value in euros					
"A" shares	193,168,015.66	348,027,757.55	334,937,883.13	438,719,690.08	203 387 119.29
"R" shares	6,833,806.88	14,185,279.05	63,114,090.48	95,127,306.95	40 070 733.82
"C" shares	-	-	6,180,897.790	7,609,696.08	8 524 527.11
NUMBER OF SHARES REDEEMED OVER THE FINANCIAL YEAR					
"A" shares	527,095.10	682,729.480	725,183.083	1,073,495.102	1 152 946.611
"R" shares	6,920.92	34,923.961	61,092.167	159,432.739	106 379.588
"C" shares	-	-	1,087.686	7,701.761	28 290.211
Value in euros					
"A" shares	129,015,434	220,541,217.58	273,818,725.25	460,981,810.98	431 500 751.78
"R" shares	1,692,977	10,326,070.67	22,054,591.15	64,202,302.44	36 395 331.21
"C" shares	-	-	332,472.970	2,545,993.71	8 740 103.32
NUMBER OF SHARES OUTSTANDING					
"A" shares	1,669,275.867	2,060,127.355	2,218,467.183	2,173,100.025	1 550 821.347
"R" shares	29,366.542	38,172.642	152,018.532	215,410.237	222 045.765
"C" shares	-	-	19,016.549	34,028.190	33 362.425
NET ASSETS (in €)					
"A" shares	478,341,174.910	773,055,958.83	923,353,948.42	977,862,161.39	726 873 789.58
"R" shares	470,331,904.090	759,567,296.84	861,502,778.55	884,549,489.82	631 974 840.84
"C" shares	8,009,270.820	13,488,661.98	56,014,177.09	82,364,744.64	84 152 988.57
"C" shares	-	-	5,836,992.78	10,947,926.93	10 745 960.17
NET ASSET VALUE (in €)					
"A" shares	281.75	368.69	388.33	407.04	407.50
"R" shares	272.73	353.35	368.46	382.36	378.98
"C" shares	-	-	306.94	321.73	322.09
Net income excluding income adjustment (in €)	8,639,842.01	4,430,314.75	8,947,341.09	10,973,546.94	13 378 362.12
Distributable net income (in €)	9,439,166.84	4,871,154.76	8,967,438.04	10,159,450.38	10 244 186.68
Dividend per share on net capital gains and losses (including interim dividend)	-	accumulation	accumulation	accumulation	accumulation
Distribution per share of distributable net income: (including interim dividend)					
"A" shares	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
"R" shares	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
"C" shares	-	-	Accumulation	Accumulation	Accumulation
Tax credit per share transferred to shareholders (individuals)*					
Accumulation per share pertaining to income in euros	"A" shares 5.52	2.32	4.00	4.65	6.17
Accumulation per share pertaining to net capital gains/losses in euros	-	36.41	30.08	48.35	-45.86
Accumulation per share pertaining to income in euros	"R" shares 5.35	2.23	-0.08	-0.18	2.24
Accumulation per share pertaining to net capital gains/losses in euros	-	34.89	28.54	45.43	-42.64
Accumulation per share pertaining to income in euros	"C" shares -	-	5.44	3.48	4.88
Accumulation per share pertaining to net capital gains/losses in euros	-	-	23.78	38.22	36.24

* Pursuant to the Tax Instruction dated March 4th, 1993 issued by the Directorate-General for Taxation, unit tax credit is calculated on the date the dividend is paid by dividing the total tax credit amount between the shares or units in circulation on that date.

COMPOSITION OF LAZARD OBJECTIF ALPHA EURO'S ASSETS AS AT THURSDAY, DECEMBER 30th 2016

Description	ISIN	Price	Coupon	Curr.	Exch. rate	QTY	Value (€)	%
TOTAL							726 701 400,52	99,98
EQUITIES							726 357 416,92	99,93
EUROPE							454 479 116,92	62,53
AKZO NOBEL NV	NL0000009132	59,3900		EUR		310 000,00	18 410 900,00	2,53
APERAM SA	LU0569974404	43,4650		EUR		420 000,00	18 255 300,00	2,51
ARCELOMITTAL SA	LU0323134006	7,0160		EUR		2 600 000,00	18 241 600,00	2,51
ASML HOLDING N.V.	NL0010273215	106,6500		EUR		170 000,00	18 130 500,00	2,49
ASTRAZENECA PLC	GB0009895292	44,3750		GBP	0,8562	350 000,00	18 140 169,12	2,50
BANCA POPOLARE DT.SOUSCR.NO16	IT0005220634	0,0000		EUR		57 000 000,00	0,00	0,00
BANCA POPOLARE DI MILANO	IT0000064482	0,3583		EUR		49 000 000,00	17 556 700,00	2,42
BANCO DE SABADELL SA	ES0113860A34	1,3230		EUR		13 500 000,00	17 860 500,00	2,46
BAYER AG.	DE000BAY0017	99,1300		EUR		185 000,00	18 339 050,00	2,52
CONTINENTAL AG.	DE0005439004	183,7000		EUR		98 500,00	18 094 450,00	2,49
DAIMLER AG	DE0007100000	70,7200		EUR		260 000,00	18 387 200,00	2,53
DELTA LLOYD N.V.	NL0009294552	5,3170		EUR		3 300 000,00	17 546 100,00	2,41
DEUTSCHE TELEKOM AG. (NOMI.)	DE0005557508	16,3550		EUR		1 130 000,00	18 481 150,00	2,54
E.ON SE	DE000ENAG999	6,7000		EUR		2 750 000,00	18 425 000,00	2,53
FERROVIAL S.A.	ES0118900010	16,9950		EUR		1 070 000,00	18 184 650,00	2,50
GEA GROUP AG	DE0006602006	38,2300		EUR		480 000,00	18 350 400,00	2,52
HEINEKEN NV	NL0000009165	71,2600		EUR		260 000,00	18 527 600,00	2,55
ING GROEP NV	NL0011821202	13,3700		EUR		1 350 000,00	18 049 500,00	2,48
INTESA SANPAOLO SPA	IT0000072618	2,4260		EUR		7 500 000,00	18 195 000,00	2,50
KBC GROUPE SA	BE0003565737	58,8300		EUR		300 000,00	17 649 000,00	2,43
LAFARGEHOLCIM LTD	CH0012214059	49,9150		EUR		365 000,00	18 218 975,00	2,51
MERCK KGAA	DE0006599905	99,1500		EUR		183 000,00	18 144 450,00	2,50
NOKIA OYJ	FI0009000681	4,5880		EUR		4 000 000,00	18 352 000,00	2,52
ROCHE HOLDING AG. (BON JCE)	CH0012032048	232,6000		CHF	1,0739	84 000,00	18 193 872,80	2,50
UNILEVER NV (CERT. OF SHS)	NL0000009355	39,1150		EUR		470 000,00	18 384 050,00	2,53
UNIPER SE	DE000UNSE018	13,1150		EUR		1 400 000,00	18 361 000,00	2,53
FRANCE							271 878 300,00	37,40
AIR FRANCE - KLM	FR0000031122	5,1740		EUR		3 450 000,00	17 850 300,00	2,46
AIR LIQUIDE (L')	FR0000120073	105,6500		EUR		175 000,00	18 488 750,00	2,54
ALSTOM	FR0010220475	26,1750		EUR		700 000,00	18 322 500,00	2,52
BNP PARIBAS	FR0000131104	60,5500		EUR		300 000,00	18 165 000,00	2,50
CAP GEMINI	FR0000125338	80,1500		EUR		225 000,00	18 033 750,00	2,48
CARREFOUR	FR0000120172	22,8900		EUR		800 000,00	18 312 000,00	2,52
EIFFAGE SA (EX-FOUGEROLLE)	FR0000130452	66,2500		EUR		275 000,00	18 218 750,00	2,51
INGENICO GROUP SA	FR0000125346	75,8700		EUR		230 000,00	17 450 100,00	2,40
NATIXIS	FR0000120685	5,3600		EUR		3 400 000,00	18 224 000,00	2,51
PEUGEOT SA	FR0000121501	15,4950		EUR		1 150 000,00	17 819 250,00	2,45
PUBLICIS GROUPE SA	FR0000130577	65,5500		EUR		280 000,00	18 354 000,00	2,53
RENAULT SA	FR0000131906	84,5100		EUR		210 000,00	17 747 100,00	2,44
SAINT-GOBAIN	FR0000125007	44,2550		EUR		420 000,00	18 587 100,00	2,56
SANOFI	FR0000120578	76,9000		EUR		240 000,00	18 456 000,00	2,54
SCHNEIDER ELECTRIC SE	FR0000121972	66,1100		EUR		270 000,00	17 849 700,00	2,46
UCI							343 983,60	0,05
General UCITS aimed at non-professionals and their equivalent in other countries							8,501,799.18	0.87
FCP OBJ.COURT TERME EURO -C-3D	(*) FR0011291657	2 011,6000		EUR		171,00	343 983,60	0,05
Securities sold under repurchase agreements							0,00	0,00
Receivables on securities purchased under repurchase agreements							0,00	0,00
Liabilities on securities sold under repurchase							0,00	0,00
Forward financial instruments							0,00	0,00
Swaps							0,00	0,00
Receivables							20 047,13	0,00
Other							20 047,13	0,00
Liabilities							-27 707,08	0,00
Other							-27 707,08	0,00
Financial accounts							180 049,02	0,02
Cash and cash equivalents							180 049,02	0,02
TOTAL NET ASSETS							726 873	100,00

(*) Financial instruments issued or managed by a Lazard Group entity

Estimate based on stock prices available on 31/12/2015

Number of "C" shares as at 30/12/2016

Net asset value as at 30/12/2016

Net assets as at 30/12/2016

Number of "R" shares as at 30/12/2016

Net asset value as at 30/12/2016

Net assets as at 30/12/2016

Number of "A" shares as at 30/12/2016

Net asset value as at 30/12/2016

Net assets as at 30/12/2016

33 362,425

322,09

10 745 960,17

222 045,765

378,98

84 152 988,57

1 550 821,347

407,50

33 362,425

322,09

631 974 840,84

CERTIFIED BY THE STATUTORY AUDITORS
MAZARSCERTIFIED BY THE CUSTODIAN
LAZARD FRERES BANQUE

LAZARD OBJECTIF ALPHA EURO

French open-end investment company (*Société d'Investissement à Capital Variable*)

Registered office: 121, boulevard Haussmann, 75008 Paris

Paris Trade and Companies number 519 071 906 PARIS

**RESOLUTION CONCERNING THE ALLOCATION OF DISTRIBUTABLE INCOME FOR
THE FINANCIAL YEAR VOTED AT THE ORDINARY SHAREHOLDERS' MEETING OF
APRIL 21st, 2017**

FOR THE FINANCIAL YEAR ENDED DECEMBER 30th, 2016

Second resolution

The Shareholders' Meeting approves the distributable income for the financial year, which amounts to:

10 244 186,68 €	Distributable amount pertaining to net income
-81 793 897,12 €	Distributable amount pertaining to net capital gains and losses

and decides that it shall be allocated as follows:

- 1. Distributable amount pertaining to net income**
10 244 186,68 € to share capital pursuant to Article 27 of the company's articles of association
- 2. Distributable amount pertaining to net capital gains and losses € 116 174 787,56**
-81 793 897,12 € accumulation

No dividend will therefore be paid in respect of this financial year.

For information: distributable net income for the past three financial years has been accumulated.