

LAZARD ALPHA EURO

French open-end investment

company (SICAV)

ANNUAL REPORT

At December 31st, 2019

Management company: Lazard Frères Gestion SAS

Custodian: Lazard Frères Banque

Statutory auditor: Mazars

CONTENTS

1. CHARACTERISTICS OF THE UCI.....	3
2. CHANGES AFFECTING THE UCI.....	7
3. MANAGEMENT REPORT	9
4. REGULATORY INFORMATION.....	17
5. CERTIFICATION BY THE STATUTORY AUDITOR.....	24
6. ANNUAL FINANCIAL STATEMENTS	35

1. CHARACTERISTICS OF THE UCI

- **LEGAL FORM**

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

- **CLASSIFICATION**

Eurozone country equities.

- **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 charges, minus realised capital losses, net of charges, 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 I, T and R shares, the shareholders' meeting decides each year on the allocation of distributable income. It may pay interim dividends.

For IC shares: Distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

- **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.

- **INVESTMENT STRATEGY**

1. Strategies used

Investing in large Eurozone companies that achieve the best economic performance over the long-term, especially those that are undervalued in relation to that performance.

A company's economic performance is its capacity to invest the capital that it uses (equity and debt) at a rate of return above the cost of capital. The shareholders' equity thus invested, while subject to short-term rises and falls in the equity markets, should be valued over the long term as a function of this economic performance.

A company's rate of return on invested capital above the cost of capital reflects its economic performance, as shown in its long-term stock market performance. Accordingly, the strategy applied within the SICAV is based on the following:

- Identifying companies with the best economic performance profiles.
- Verifying that performance through financial analysis and examination of underlying strategies.
- Selecting stocks from such companies according to the market's undervaluation of that performance at a given time.
- Building a portfolio of 30-50 stocks within the Eurozone, without geographical or sector restrictions.

The focus on achieving the optimum ratio between the company's economic performance and valuation may result in wide divergences between the SICAV's performance and its sector and/or country mix and those of the underlying asset class, i.e. large caps from the Eurozone.

2. Assets (excluding embedded derivatives)

Equities:

- A minimum of 90% in equities traded on European Union markets, including at least 80% traded on Eurozone markets;
- A maximum of 10% in equities traded on markets outside the European Union;
- A maximum of 10% in small-cap equities.

Debt securities and money market instruments:

- Money-market instruments up to a maximum of 10%.

UCIs:

French money-market UCITS and French or foreign AIFs that meet the four criteria of Article R. 214-13 of the French Monetary and Financial Code (Code monétaire et financier), to a maximum of 10% of the net assets.

Investment solely in UCIs that invest no more than 10% of their assets in other UCIs.

These UCIs may be managed by the management company.

3. Derivatives

None.

4. Securities with embedded derivatives

The manager may invest in all securities with embedded derivatives permitted under the management company's business plan (notably subscription rights or warrants).

Within this framework, the manager may take positions with a view to hedging the portfolio against and/or exposing it to particular business sectors, geographic regions, shares (all capitalisation types), stocks and similar securities in order to achieve the investment objective.

Total investments in securities with embedded derivatives may not exceed 5% of net assets.

5. Deposits:

Up to 10% of the SICAV's assets may be held in deposits, for management purposes.

6. Cash borrowings:

The SICAV may borrow cash within the limit of 10% of its assets to meet specific cash requirements related to its operating needs.

7. Temporary purchases and sales of securities:

None.

8. Information on financial guarantees:

In connection with over-the-counter derivative transactions, and in accordance with Position paper 2013-06 issued by the French financial markets regulator (Autorité des Marchés Financiers - AMF), the SICAV may receive collateral in the form of securities (such as bonds or other securities issued or guaranteed by a State or issued by international financing agencies and bonds or securities issued by high quality corporate issuers), or cash.

Any cash collateral received is reinvested in accordance with the applicable rules.

All such assets must be from high-quality issuers that are not an entity of the counterparty or its group, and must be liquid and diversified with low volatility.

Discounts may be applied to the collateral received; they take into account the quality of credit and the price volatility of the securities.

9. Guarantee or protection

None.

RISK PROFILE

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

Capital risk:

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 UCIs 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 may decrease during periods in which 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.

Foreign exchange 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 on 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 capital and 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: Minimum five years

2. CHANGES AFFECTING THE UCI

None.

Corporate governance (CSR) section

I. List of appointments

Directors' names	Number of offices held	List of offices and functions
Régis Bégué <i>Managing Director of Lazard Frères Gestion SAS</i>	3	<ul style="list-style-type: none"> ■ Chairman and Chief Executive Officer of the SICAVs: <ul style="list-style-type: none"> . Lazard Alpha Euro . Lazard Alpha Europe ■ Board member of Lazard Equity SRI
Marie-Andrée Puig <i>Managing Director of Lazard Frères Gestion SAS</i>	3	<ul style="list-style-type: none"> ■ Board member and Chief Executive Officer of the Norden Small SICAV fund ■ Board member of the following SICAVs: <ul style="list-style-type: none"> . Lazard Alpha Euro . Lazard Japon
Pascal Ferrand <i>Director of Lazard Frères Gestion</i>	5	<ul style="list-style-type: none"> ■ Chairman of the Board of Directors of the Norden Small SICAV fund ■ Member of the Boards of Directors of the SICAVs: <ul style="list-style-type: none"> . Lazard Alpha Euro . Objectif Monde Sicav . Lazard Patrimoine USD . Objectif Gestion Mondiale
Julien-Pierre Nouen <i>Director of Lazard Frères Gestion SAS</i>	2	<ul style="list-style-type: none"> Board member of the following SICAVs: <ul style="list-style-type: none"> . Lazard Alpha Euro . Norden Family

II. Agreements covered by Article L.225-37-4 para.2 of the French Commercial Code (Code de commerce)

The SICAV was not informed of the conclusion of any agreements covered by Article L.225-37-4 para.2 of the French Commercial Code during the financial year ended December 31st, 2019.

III. Table of currently valid delegations of powers granted by the shareholders' meeting, as stipulated in Article L.225-37-4 para.3 of the French Commercial Code

No delegation of authority pursuant to Article L225-37-4 paragraph 3 of the French Commercial Code was granted or was ongoing during the financial year ended December 31st, 2019.

IV. Method of operation of the general management

The Board of Directors did not decide to separate the functions of Chairman from that of Chief Executive Officer, and will therefore be headed up by the Chairman and Chief Executive Officer.

PERFORMANCE

The UCI's performance over the period was as follows: **+23,35%**.

Performances vary over time and past performance is no guarantee of the Fund's future results.

The benchmark's performance over the period was as follows: **+26,11%**.

ECONOMIC ENVIRONMENT

Introduction

The past year was marked by a sharp slowdown in global growth. It is expected to be close to 3,0% in 2019, its lowest rate since the 2008-2009 economic and financial crisis. The slowdown was synchronised across regions, affecting both developed and emerging countries, but was relatively limited to the manufacturing sector. Several factors weighed on activity, including Sino-US trade tensions, issues specific to the automotive sector, political uncertainties in Europe and factors specific to some large emerging countries. The services sector held up well overall, underpinned by strong consumption. Given the slowdown in activity and the growing international uncertainty, central banks have opted to ease their monetary policy in a context of moderate inflation. After adopting the principle of a pause in its rate-hiking cycle, the Federal Reserve (Fed) cut interest rates three times and stopped reducing its balance sheet. The European Central Bank (ECB) postponed a possible hike in interest rates and launched a new wave of Targeted Long-Term Loans (TLTROs), before announcing a package of measures including, inter alia, a cut in the deposit rate and a resumption of asset purchases. In emerging countries, the Chinese central bank (PBOC) cut the reserve requirement ratio for banks twice and several other countries cut their interest rates. Against this backdrop, equity markets had a bumpy ride and bond yields fell around the world.

GDP volume growth (%)	2018	2019	2020
World	3,6	3,0	3,4
Developed countries	2,3	1,7	1,7
Emerging countries	4,5	3,9	4,6
Eurozone	1,9	1,2	1,4
United States	2,9	2,4	2,1
Japan	0,8	0,9	0,5
United Kingdom	1,4	1,2	1,4
China	6,6	6,1	5,8
India	6,8	6,1	7,0
Brazil	1,1	0,9	2,0
Russia	2,3	1,1	1,9

October 2019 IMF World Economic Outlook update

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

The MSCI World Index of global equity markets denominated in dollars recorded an excellent performance in 2019, rising 24,0%. Equities in developed countries rose by 25,2% and those in emerging countries by 15,4%. In their respective currencies, the S&P 500 rose by 28,9%, the Eurostoxx by 23,0% and the Topix by 15,2%. The performance of US and Japanese equities were better for an investor not hedged against currency risk, as the dollar and yen appreciated against the euro.

The euro depreciated by 2,2% against the dollar, from 1,15 to 1,12. It depreciated by 3,2% against the yen, by 3,5% against the Swiss franc and by 5,9% against sterling. In particular, the euro was adversely affected by the political uncertainties in Italy, the ECB's accommodative monetary policy and concerns about growth. The yen and Swiss franc benefited from their safe-haven status during various of flight-to-quality episodes while sterling was bolstered by the prospect of a Brexit with agreement.

The sharp rise in the MSCI World index masks a bumpy trajectory, mainly due to the back-and-forth of China-US trade tensions. Faced with the rising risks, the Fed and the ECB switched to a more accommodative approach that boosted the markets. At the end of the year, further support was provided by the trade easing and the prospect of a Brexit with agreement.

International uncertainty combined with monetary policy easing drove down US and German government bond yields. The US 10-year yield fell from 2,68% to 1,92% and the German 10-year yield from 0,24% to -0,19%.

Falling interest rates across the world pushed the weighting of negative-yield bonds in the Bloomberg Barclays Global Aggregate Index from 16,5% to 19,8%, with a peak at 29,8% in early September 2019.

Credit spreads on 10-year maturities between peripheral countries and Germany tightened everywhere: by 250 basis points in Greece, 90 basis points in Italy, 85 basis points in Portugal and 52 basis points in Spain.

Credit spreads on corporate bonds also tightened from 150 to 94 basis points for investment-grade corporate bonds and from 506 to 308 basis points for high-yield bonds, according to Bank of America Merrill Lynch ICE indices.

The price of Brent rose by 24,9%, from \$53 to \$66 per barrel. In mid-September 2019, the attack on two oil facilities in Saudi Arabia triggered an increase of around \$12 in the price per barrel over a single day. But the movement was short-lived.

United States

US growth remained solid at +3,1% in Q1 2019, +2,0% in Q2 2019 and +2,1% in Q3 2019, on an annualised basis. GDP grew by 2,1% year-on-year in Q3 2019.

ISM surveys fell, especially in the manufacturing sector. The manufacturing ISM fell by 7,1 points to 47,2 and the non-manufacturing ISM by 3,0 points to 55,0.

Household consumption grew at a good pace, increasing by 2,4% year-on-year in November 2019. The savings rate fell from 8,8% to 7,9% of disposable income.

Private-sector job creation slowed to 1 947 000 in 2019 from 2 583 000 in 2018. The unemployment rate fell from 3,9% to 3,5%. The hourly wage growth moderated to +2,9% over one year.

Non-residential investment slowed to 1,4% year-on-year growth in Q3 2019.

Residential investment returned to growth in Q3 2019 after six consecutive quarters of contraction. Real estate prices slowed in the first half before recovering in the second half. They grew by 3,3% year-on-year. Home builders' confidence improved significantly, returning to a level close to all-time highs.

The US trade deficit gradually narrowed to \$43,1 billion in November 2019. The trade deficit with China decreased.

Inflation accelerated slightly to +2,1% year-on-year for the headline index and to +2,3% year-on-year excluding food and energy.

On January 4th, 2019, Jerome Powell indicated that the Federal Reserve would be patient and adjust its monetary policy in line with published economic figures. On March 20th, 2019, Jerome Powell announced that the Fed would stop reducing its balance sheet from September 2019. On June 19th, 2019, Jerome Powell removed the reference to "patience" from his press release to indicate that the Fed was ready to act. The Fed then made three 25 basis-point rate cuts, on July 31st, September 19th and October 30th, bringing the target range to 1,50%-1,75%. At its October meeting, the Fed indicated that it considered the level of interest rates to be appropriate.

Due to a lack of financing, the federal administrations were partially closed from December 23rd, 2018 to January 25th, 2019, the longest shutdown in the history of the United States.

On September 24th, 2019, Democratic House Speaker Nancy Pelosi announced the initiation of an impeachment proceeding against Donald Trump. On December 18th, the House of Representatives voted to indict him on charges of abuse of authority and obstruction of Congress.

Eurozone

Growth remained modest in the Eurozone, reaching +1,8% in Q1 2019, +0,7% in Q2 2019 and +0,9% in Q3 2019. Year-on-year, GDP grew by +1,2% in the Eurozone, +0,5% in Germany, +1,4% in France, +0,3% in Italy and +1,9% in Spain.

The Eurozone composite PMI fell from 51,1 to 50,9. This slight decline concealed a 5,1 point fall in the manufacturing PMI to 46,3 and a 1,6 point rise in the services PMI to 52,8. In Germany, the manufacturing PMI fell by 7,8 points to 43,7.

Retail sales in the Eurozone continued their upward trend. It was up 2,2% year-on-year in November 2019. Car sales normalised after the impact of the entry into force of the WLTP anti-pollution standards on September 1st, 2018.

The Eurozone unemployment rate fell from 7,8% to 7,5% between December 2018 and November 2019, close to its historical low of 7,3% reached in 2007.

Headline inflation slowed from +1,5% to +1,3% year-on-year, while core inflation accelerated from +0,9% to +1,3% year-on-year.

On March 7th 2019, the ECB announced that it would keep interest rates unchanged "at least until the end of 2019" and launch a new wave of targeted longer-term refinancing operations (TLTROs) for Eurozone banks. On June 6th, 2019, the ECB postponed a possible rate hike to the second half of 2020. On September 13th, 2019, Mario Draghi announced a new package of accommodative measures including: a 10 basis point cut in the deposit rate to -0,50%; a partial exemption mechanism for certain banks: the resumption of QE to the tune of €20 billion per month, with no time limit; more favourable conditions for TLTRO 3 and a strengthening of the forward guidance, which now links interest rate trends to inflation.

The European Council appointed Christine Lagarde as President of the European Central Bank for a non-renewable term of eight years. She officially replaced Mario Draghi on November 1st, 2019.

The European elections in May 2019 saw support for the traditional parties erode, but the surge in support for the populist bloc that some had expected did not take place. The numbers among liberals and environmentalists showed an increase.

In Italy, the Five Star Movement and the Democratic Party formed a new government after the collapse of the coalition between the Five Star Movement and the League.

In Spain, Pedro Sanchez was reappointed as prime minister following the general elections on November 10th, 2019. He will head a minority coalition government, formed by the Socialist Party (PSOE) and the radical left (Podemos).

Japan

Japanese growth gradually slowed to +1,8% in Q3 2019, compared with +2,0% in Q2 2019 and +2,6% in Q2 2019.

The VAT hike from 8% to 10% as of October 1st, 2019 depressed activity and confidence in Q4 2019. The composite PMI fell to 48,6 in December 2019 compared with 52,0 a year earlier. This is its lowest level since April 2014, when VAT rate had been increased.

The labour market remained tight, with the unemployment rate falling by 0,2 percentage points to 2,2%.

Inflation accelerated slightly to +0,5% year-on-year for the headline index and to +0,8% year-on-year excluding food and energy.

China

Chinese growth slowed to +6,0% year-on-year in Q3 2019, compared with +6,2% in Q2 2019 and +6,4% in Q1 2019, due to a slowdown in domestic demand.

Manufacturing investment slowed from +9.5% in 2018 to +2,5% in the first eleven months of 2019, while investment in real estate and infrastructure accelerated. Retail sales slowed and rose by +8,0% in the first eleven months of 2019, compared with +9,0% in 2018. The 9,6% decline in passenger car sales in 2019 weighed on the economy.

Exports and imports slowed down sharply, from +9,9% and +15,8%, respectively, in 2018 to +0,5% and -2,8% in 2019. Exports to the United States fell by 12,9% and imports from the United States by 21,2%.

Growth in the total credit stock accelerated to +10,7% year-on-year in November 2019, compared with +9,9% year-on-year in December 2018.

Inflation accelerated sharply to +4,5% year-on-year in December 2019, compared with +1,9% one year earlier, due to rising food prices. Core inflation slowed to +1,4%, down from +1,8% year-on-year.

The central bank reduced the level of banks' minimum reserve requirements by 100 basis points in January 2019 and by 50 basis points in September 2019 to 13,0%. The central bank also announced reform of the mechanism for setting preferential lending rates, with which bank lending rates are aligned.

In particular, the government announced tax cuts for households and companies, amounting to around 2% of GDP in 2019, as well as measures to support investment in infrastructure and the automotive sector.

After several months of negotiations, the United States and China finally reached a partial trade agreement. Among other things, it provides for a near doubling of Chinese imports from the United States in the space of only two years.

MANAGEMENT POLICY

Lazard Alpha Euro delivered a performance of +23,35% over full-year 2019 against +26,11% for its benchmark index, the Euro Stoxx with net dividends reinvested, i.e. an underperformance of 276bp.

The first quarter of 2019 was marked by a strong rebound in most global markets, allowing the previous quarter's losses to be all but reversed. This recovery was mainly due to the Federal Reserve's more accommodative stance and an about-turn by its Chair. Citing the slowdown in global growth and the tightening of financial conditions in the markets, Jerome Powell ended the cycle of benchmark interest rate hikes initiated in December 2015. As for the ECB, Mario Draghi announced that he would not raise interest rates at least until the end of 2019, while launching a wave of targeted long-term loans (TLTROs) to cushion the negative interest rate impact on Eurozone banks. The easing of trade tensions between the United States and China and the hope of an agreement between the two parties were also major factors that reassured the markets. With regard to the United Kingdom, the climate of uncertainty persisted as for the third time Parliament rejected the exit agreement negotiated by Theresa May with the European Union. Against this backdrop, Lazard Alpha Euro ended the quarter up sharply by 9,95% compared with +12,09% for its benchmark index. The industrial goods sector was the worst contributor to the fund's performance. This is due to a negative selection effect and, in particular, the absence of *Airbus* (+40,4%). The portfolio was also hurt by the declines of *Publicis* (-4,7%) in the media sector following its poor earnings release and *Société Générale* (-7,3%) in the banking sector. In contrast, the technology sector topped the list of positive contributors thanks to good stock picks such as *Ingenico* (+28,4%), *Capgemini* (+24,5%) and *Atos* (+20,3%). The fund also benefited from the rises in *Anheuser-Busch Inbev* (+29,6%) in the food and beverages sector and *Eiffage* (+17,4%) in buildings and construction materials. It also stood out from its benchmark thanks to the absence of *EssilorLuxottica* (-11,8%), *Total* (+8,6%) and *Wirecard* (-15,9%) in healthcare, oil companies and industrial goods, respectively.

After a strong rally in the first quarter of 2019 (+14,5% for the MSCI World net dividends reinvested expressed in euros), the global markets came to a halt in May but ended the second quarter with a gain of +2,5%. While the trend seen in the first quarter continued in April (+3,7%), renewed tensions around a trade war and a slowdown in global growth combined with the continuous fall in sovereign interest rates sparked a sharp fall in the markets in May (-5,2%). They picked up in June (+4,3%), helped by the increasingly accommodative stance of central banks, prepared to act if necessary, and by hopes of a resolution of the trade dispute between China and the United States at the end of the G20 summit.

With regard to the United Kingdom, the postponement of the Brexit deadline to October 31st made it possible to rule out the risk of a no-deal Brexit in the short term, while also prolonging the period of uncertainty. Against this backdrop, Lazard Alpha Euro ended the second quarter of 2019 with a gain of 3,69% versus +4,22% for its benchmark, the Euro Stoxx with net dividends reinvested. This was mainly due to a negative selection effect in personal care and household products, travel and leisure, healthcare and automotive. In terms of securities, *Air France* (-15,7%), *Merck* (-8,3%), *ArcelorMittal* (-11,8%) and the absence of *Adidas* (+27,0%), *LVMH* (+15,5%) and *Linde* (+13,8%) were among the largest negative contributors to relative performance during the quarter. On the other hand, the fund was mainly driven by its excellent stock-picking in the technology and media sectors combined with a positive allocation effect in the oil and real estate sectors. These two sectors were kept out of the portfolio. Specifically, the portfolio benefited from gains by *Ingenico* (+24,1%), *WPP* (+22,5%) and *Atos* (+15,9%) and stood out from its benchmark thanks to the presence of *STMicroelectronics* (+19,0%). Still eschewing oil stocks, Lazard Alpha Euro benefited from the stagnation in the Brent oil price during the quarter (+0,1%), which fluctuated in line with OPEC's restrictions and US-Chinese and US-Iranian tensions.

The third quarter of 2019 was also quite turbulent. The markets fluctuated in line with trade tensions, signs of a slowdown in global growth, accommodative messages from central banks, tensions in Hong Kong and the Middle East, uncertainties about the future of Brexit and the investigation for Donald Trump's impeachment. The global markets represented by the MSCI World (net dividends reinvested expressed in euros) nevertheless rose by 5,0% over these three months. July (+2,8%) saw further signs of a slowdown in the global economy. The central banks responded by adopting a more accommodative stance. As expected, the Fed cut its key rate by 25bp while the ECB announced further easing measures for the end of the quarter. August (-1%) saw a further escalation of tensions and tariff increases between China and the United States despite a compromise having been negotiated at the end of June during the G20 summit. Amid all of that, the UK's new Prime Minister, Boris Johnson, caused market jitters due to concerns about a possible exit without an agreement. In September (+3,2%), the market rebounded following signs of an easing of tension between China and the US. This rebound was also triggered by increasingly accommodative statements by central bankers. The Fed decided to reduce its key rate by another 25bp to a band of 1,75%-2,00% while specifying that it would act again if necessary. In Europe, the ECB cut its deposit facility rate by 10bp, improved long-term lending conditions for banks and finally planned to relaunch its quantitative easing programme to the tune of €20 billion a month the following quarter. In the United Kingdom, the Prime Minister remained determined to leave the European Union on October 31st, with or without an agreement. Against this backdrop, Lazard Alpha Euro ended the third quarter of 2019 on a slight increase of 1,93% compared with an increase of 2,47% for the Euro Stoxx net dividends reinvested. It was hurt by its selection in commodities, utilities and automotive. Specifically, the portfolio was held back, *inter alia*, by weak performances by *ArcelorMittal* (-18,0%), *Atos* (-12,0%), *EDF* (-7,3%), *Aperam* (-8,0%) and *Michelin* (-8,2%). By contrast, the healthcare, banking, technology, and travel and leisure sectors were the best contributors thanks to a positive stock-picking effect. The main gains of note came from *Ingenico* (+15,1%) and *STMicroelectronics* (+14,0%) on the one hand and *Merck* (+12,4%) and *Roche* (+7,9%) on the other. The portfolio also benefited from good performances by *Air France* (+13,6%) in travel and leisure, *Société Générale* (+13,1%) in banking, *Eiffage* (+9,4%) in construction, as well as the absence of *Total* (-1,5%) and *Airbus* (-4,4%) in energy and industrial goods, respectively.

The main stock market indices ended 2019 with performances never seen since 2009, even hitting new all-time in the United States. During this quarter, most of the geopolitical risks faded away, contributing to a sharp market acceleration after a summer soft patch. The hope of a so-called phase 1 partial agreement between Beijing and Washington contributed greatly to renewed investor appetite for risky assets. And it was at the last session of the year that Donald Trump announced that he would sign a first agreement with China on January 15th, 2020. After a series of twists and turns and long months of dithering, Brexit should soon be ratified. Following numerous setbacks and postponements, Boris Johnson won a large victory in the early general elections, allowing him to negotiate freely with Europe during the transition period following a Brexit that must take place no later than January 31st, 2020. In addition, markets were once again able to benefit from central banks' accommodative policies. The Fed cut its rates a third time, bringing its target range to 1,50%-1,75%. As for the ECB, its QE was officially relaunched in early November and Mario Draghi was replaced by Christine Lagarde who held a promising speech. Against this backdrop, Lazard Alpha Euro ended the last quarter of 2019 on an increase of 6,14% compared with an increase of 5,35% for the Euro Stoxx net dividends reinvested. The portfolio was mainly affected by an unfavourable selection effects in the telecommunications, retail, media and consumer products and services sectors.

More specifically, the poor performances of *Publicis* (-10,5%), *Carrefour* (-6,9%), *Telefonica* (-8,4%) and *Orange* (-7,0%) and the absence of *LVMH* (+14,2%) were to blame. In contrast, the fund's outperformance over the quarter was due in part to good selection and allocation in the commodity, technology and banking sectors. In addition, the lack of exposure to the utilities and energy sectors was also a way to stand out and outperform the benchmark index. Specifically, Lazard Alpha Euro benefited mainly from the rise in *STMicroelectronics* (+35,5%), *Aperam* (+29,6%), *ArcelorMittal* (21,2%) and *Société Générale* (+23,4%), but also the absence of *Nokia* (-29,1%).

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
LAZARD EURO MONEY MARKET	63 033 995,60	63 030 016,99
AIR FRANCE KLM	16 447 201,00	17 094 634,80
LAZARD EURO SHORT TERM MONEY MARKET	15 967 885,00	16 866 477,50
STMICROELECTRONICS NV	19 880 642,25	12 164 224,00
EDF	16 419 734,00	14 698 966,00
LAFARGEHOLCIM LTD	15 383 780,40	15 106 011,30
ARCELORMITTAL	15 118 030,00	12 925 461,85
RECKITT BENCKISER PLC	20 608 876,85	5 577 664,69
ORANGE	20 115 182,83	3 667 160,00
KBC GROUPE	2 834 520,00	19 647 372,00

Transparency of securities financing transactions and the reuse of financial instruments - SFTR - in the accounting currency of the UCI (€)

The UCI carried out no transactions during the year in the context of the SFTR.

• **EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES AND DERIVATIVE FINANCIAL INSTRUMENTS**

a) Exposure through efficient portfolio management techniques and derivative financial instruments

- Exposure through efficient management techniques:
 - **Securities lending:**
 - **Securities borrowing:**
 - **Repurchase agreements:**
 - **Reverse repurchase agreements:**

- Underlying exposure through derivative financial instruments:
 - **Currency forwards:**
 - **Futures:**
 - **Options:**
 - **Swaps:**

b) Identity of the counterparty or counterparties for efficient portfolio management techniques and derivative financial instruments

Efficient portfolio management techniques	Derivative financial instruments (*)

(*) Excluding listed derivatives

c) Financial guarantees received by the UCITS to reduce counterparty risk

Instrument type	Amount in the currency of the portfolio
<p>Efficient portfolio management techniques</p> <ul style="list-style-type: none"> . Term deposits . Equities . Bonds . UCITS . Cash (**) <p style="text-align: center;">Total</p>	
<p>Derivative financial instruments</p> <ul style="list-style-type: none"> . Term deposits . Equities . Bonds . UCITS . Cash <p style="text-align: center;">Total</p>	

(**) The Cash account also includes liquidities from reverse repurchase agreements.

d) Operating income and expenses related to efficient management techniques

Operating income and expenses	Amount in the currency of the portfolio
<ul style="list-style-type: none"> . Income (***) . Other income <p style="text-align: center;">Total income</p> <ul style="list-style-type: none"> . Direct operating expenses . Indirect operating expenses . Other expenses <p style="text-align: center;">Total expenses</p>	

(***) Income on securities lending and repurchase agreements

4. REGULATORY INFORMATION

- **PROCEDURE FOR SELECTING AND ASSESSING INTERMEDIARIES AND COUNTERPARTIES**

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.

The information can be consulted on the management company's website www.lazardfreresgestion.fr

- **BROKERAGE FEES**

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

- **EXERCISING VOTING RIGHTS**

The scope and procedures for Lazard Frères Gestion SAS' 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 can be consulted on the management company's website: www.lazardfreresgestion.fr.

- **COMMUNICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA**

Lazard Frères Gestion firmly believes that the integration of environmental, social and governance (ESG) criteria in the management of assets provides an additional guarantee in terms of a sustainable economic performance.

In fact, the long-term performance of investments is not limited solely to adherence to the financial strategy, but must also take the company's interactions with its social, economic and financial environment into account.

The incorporation of ESG criteria therefore is a natural component of our investment process.

Our overall approach can be summarised as follows:

- ✓ Rigorous financial analysis of the company covering the quality of assets, financial soundness, projected cash flows and their reinvestment by the company, the strength of economic profits, profit durability, and quality of management.
- ✓ This durability is strengthened by incorporating extra-financial criteria:
 - Social criteria: through the development of human capital.
 - Environmental criteria: through the prevention of all environmental risks.
 - Governance criteria: by respecting the balance between the managerial and shareholder structures so as to prevent potential conflicts of interest and safeguard the interests of minority shareholders.

The intensity and methods by which we incorporate ESG criteria may vary depending on the asset class and investment process involved, but the common objective is to ensure better apprehension of ESG risks that are likely to have a strong impact on the value of a company or a sovereign asset.

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

• REPORTING OBLIGATIONS UNDER ARTICLE 173

General procedure for incorporating ESG criteria

Lazard Frères Gestion firmly believes that the integration of environmental, social and governance (ESG) criteria by issuers is vital to their sustained economic performance.

In fact, the long-term performance of investments is not limited solely to adherence to the financial strategy, but must also take the company's interactions with its social, economic and financial environment into account.

The incorporation of ESG criteria therefore is a natural component of our investment process.

Our overall approach can be summarised as follows:

- Rigorous financial analysis of the company covering the quality of assets, financial soundness, projected cash flows and their reinvestment by the company, the strength of economic profits, profit durability, and quality of management.
- This durability is strengthened by incorporating extra-financial criteria:
 - Social criteria: through the development of human capital.
 - Environmental criteria: through the prevention of all environmental risks.
 - Governance criteria: by respecting the balance between the managerial and shareholder structures so as to prevent potential conflicts of interest and safeguard the interests of minority shareholders.

ESG criteria incorporated for the Lazard Alpha Euro SICAV

■ Analysis of governance

The quality of governance has always been a decisive element in our investment policy.

Satisfactory governance guarantees transparency and a balance of power, with a right to input by the shareholders.

Lazard Frères Gestion believes that best practices in terms of corporate governance are a risk control factor that favour the creation of value and contribute to a broad alignment of the interests of all stakeholders.

■ Social criteria

Social criteria include the prevention of accidents, staff training, respect for employee rights, human rights, ethics in the supply chain, and social dialogue.

Human capital is one of the two drivers of a company alongside financial capital, which if neglected could give rise to risks around the loss of operational profitability or an increase in costs linked to payroll volatility.

■ Environmental criteria

Environmental criteria take into account the direct or indirect impact of the company's activity on the environment (waste management, energy consumption and emission of pollutants) and are assessed by looking at the relevant activity sector.

We seek to understand how the company appraises environmental risks and any negligence on its part could potentially lead to liabilities that impact its economic profitability.

If environmental risks (pollution, biodiversity, resources and local communities) are not adequately appraised, this can lead to a loss of profitability, reputational risk and financial risk.

Information used to analyse ESG criteria

Lazard Frères Gestion draws on several sources of information when assessing ESG criteria for each company:

- Public sources: CSR reports, NGOs, press
- Direct communication with the companies
- External research: Extra-financial ratings agencies, brokers

Each analyst/manager may include data deemed relevant in their extra-financial analysis. These analyses are an integral part of our management process.

Our proprietary analysis tools show financial and extra-financial data for each company under consideration.

Data is entered directly in these tools by the analysts/directors.

ESG analysis methodology and results

- ESG analysis methods

A qualitative system of ESG evaluation is applied to the issuers in the portfolio.

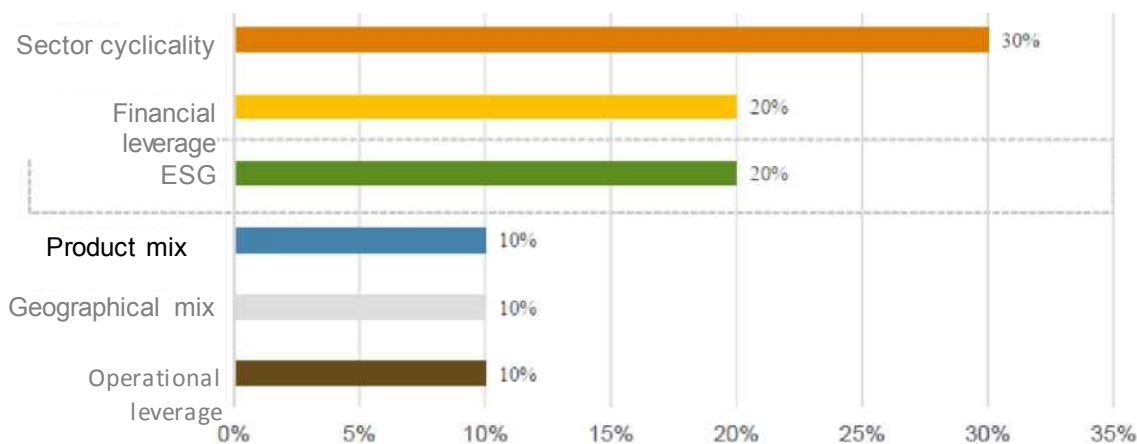
Climatic risk criteria are analysed by factoring energy costs, regulatory risks and potential technological shocks into the investment assumptions of the analysts/managers, regardless of whether this data is linked to climate change.

Lazard Frères Gestion assesses the financial impact by looking at changes in energy prices (electricity, oil, gas, etc.), as well as other external factors, when determining the company's level of activity or margins.

- How ESG criteria are taken into account in the investment decision-making process

The use of ESG analysis impacts investment decisions.

We have formally incorporated ESG criteria into our financial analysis by integrating these factors into the financial valuation of each company. The analysts/managers incorporate ESG criteria into the cost of capital of the companies they follow by calculating the beta using a proprietary Lazard Frères Gestion methodology. The beta is a measurement of all of the company's risks, and our methodology weights the factors as follows:



Taking ESG criteria into account has a direct impact on our valuations

We discount cash flows based on the weighted average cost of capital (WACC). This cost comprises the cost of equity and cost of debt. The cost of equity depends on the company's profile, in particular its specific risks. These risks include, among others, the cyclical nature of the company's activity, its geographical location and compliance with ESG criteria. When these criteria are insufficiently measured by the company, this creates a risk. In our model, this risk reduces the company's financial valuation: the degree to which ESG criteria are taken into account has a direct impact on the company's financial valuation. ESG.

The valuation, and hence the determination of the upside for each previously-selected security, makes it possible to determine the weight of each security in the portfolio. The manager ensures compliance with the portfolio's risk constraints, such as maximum over-exposure to a security or sector.

- Monitoring of ESG indicators

➤ Carbon footprint

In the context of Article 173 of the law of August 17th, 2015, LAZARD Frères Gestion made a decision to report Lazard Alpha Euro's carbon footprint.

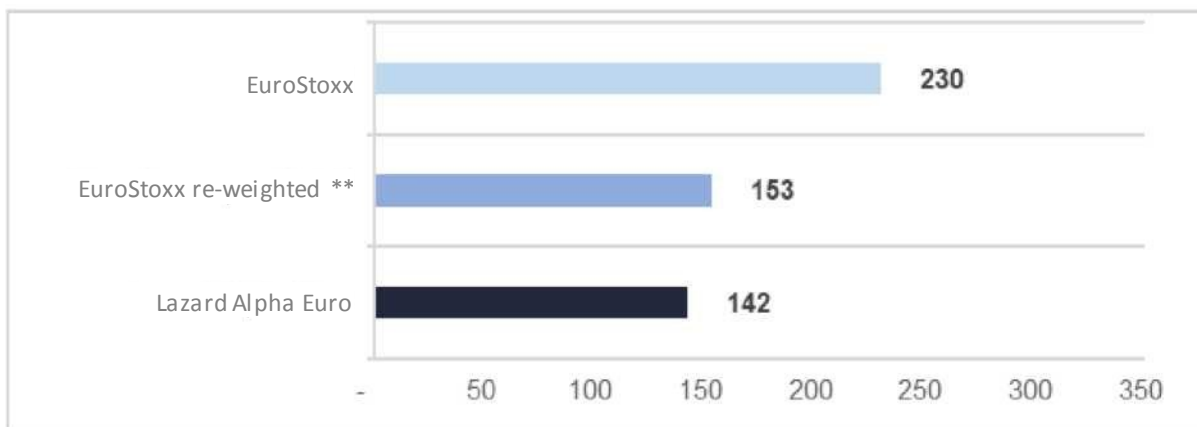
- To obtain the data needed to calculate the carbon footprint, we decided to establish a partnership with TRUCOST in 2016.
- LAZARD Frères Gestion decided to use the carbon intensity indicator, which is expressed in CO2 equivalent tonnes per million euros of revenue.
- The carbon footprint assessment takes into account scopes 1 and 2 of greenhouse gas (GHG) emissions
 - Scope 1: All direct emissions linked to the use of fossil fuels to manufacture a product.
 - Scope 2: Direct emissions linked to the production of energy (electricity, etc.) that is consumed by the company.
- Measurement is solely conducted on securities that are directly owned.
- Listed companies on which we have no carbon data are weighted proportionally based on the weight of other companies in the same sector, in order to maintain the initial sector weightings.
- The weight of each stock in the portfolio is re-based to obtain a total weighting equal to 100%.
- The method used to calculate the portfolio's carbon intensity is the weighted average GHG emissions divided by the revenue of each position. We thus get the following formula:

Carbon intensity of the portfolio

$$= \sum \left[\left(\frac{\text{Emissions (scope 1+2)}}{\text{Revenue}} \right) \text{ of each security} \times \text{weight of each security} \right]$$

- A company's CO2 emission levels are highly dependent on its area of activity. Some sectors are structurally higher "emitters" than others.
- Lazard Frères Gestion's fundamental stock picking approach entails sector exposure gaps between the funds and their benchmark indices.
- To make up for these sector biases, we defined a method that involves neutralising these gaps by re-weighting the sectors of the benchmark index so that they correspond to those of the portfolio. The weight of each stock is maintained within each sector of the benchmark index.

Emissions in millions of euros of revenue (tonnes of CO2 eq./€m of revenue)



Date: 31/12/2019
 Fund coverage ratio: 100%
 Index coverage ratio: 98,4%

➤ Contribution to energy transition indicator

We apply an energy transition score to measure the company's level of engagement in the energy transition of their business model.

Each emitter in the portfolio is assessed based on the efficiency of the measures taken to reduce their GHG emissions, change their energy mix and reduce their energy consumption.

Our partner Vigeo Eiris is responsible for applying this score.

For this, specific climate change criteria are analysed as are the main energy transition objectives of the companies and the relevant sectors. The score measures the efforts made by the companies to reduce their carbon footprint and contribute to the international target to prevent global warming from rising above 2°C.

The portfolio's contribution to the energy transition is measured

Energy Transition score of a portfolio

$$= \sum [\text{Energy Transition score of each security} \times \text{weight of each security}]$$

based on the rating scale set out below:

Energy Transition Strategy Scale

Categories	Low	Underway	Convincing	Advanced
Score	0-29	30-49	50-59	60-100

Energy Transition Score

SICAV	Convincing	58
EuroStoxx	Convincing	52

Integration of the results of the ESG analysis into the investment process

- Voting at shareholders' meetings

The securities in which the Lazard Alpha Euro SICAV is invested are included in the scope of our voting rights, with the exception of Italian securities, for which postal voting at general meetings is not permitted.

During the year, we were unable to vote in respect of securities held in Germany and Switzerland, where the conditions for the exercise of voting rights require share-blocking and/or registration.

All in all, we voted in 68% of the general meetings of the portfolio companies and our opposition votes represented nearly 12% of all the resolutions voted.

- Implementation of an engagement strategy relating to issuers

ESG parameters are monitored by holding regular meetings with the companies' management. Lazard Frères Gestion only invests in companies with whose management it has established a strong relationship of trust, and therefore holds regular meetings with or pays regular onsite visits to all of these companies.

Lazard Frères Gestion publishes a report covering the various initiatives undertaken and their outcome. This document is available at the following address: <http://www.lazardfreresgestion.fr/FR/ESG-ISR 102.html>

- **USE OF FINANCIAL INSTRUMENTS MANAGED BY THE MANAGEMENT COMPANY OR AN AFFILIATED COMPANY**

The table of financial instruments managed by the management company or an affiliated company can be found in the notes to the UCI's annual financial statements.

- **METHOD USED TO CALCULATE GLOBAL RISK**

The Fund uses the commitment method to calculate its global risk on financial contracts.

- **PEA employee savings fund**

Pursuant to the provisions of Article 91, quater L Appendix 2 of the French General Tax Code, a minimum of 75% of the SICAV is permanently invested in the securities and rights mentioned in points a, b and c, section 1°, I of Article L. 221-31 of the French Monetary and Financial Code.

Proportion actually invested during the financial year: 94,96%.

- **INFORMATION ON DISTRIBUTED INCOME ELIGIBLE FOR THE 40% ALLOWANCE (FOR DISTRIBUTING UCIs)**

Pursuant to the provisions of Article 41 sexdecies H of the French General Tax Code, income on distributing shares is subject to an allowance of 40%.

- **REMUNERATION**

The fixed and variable remuneration paid during the financial year ended on December 31st, 2019 by the management company to its personnel, pro rata their investment in the management of the AIFs, excluding the management of the UCITS and discretionary mandates, can be obtained on request by post from the UCI legal department of Lazard Frères Gestion, and are indicated in the company's annual report. The total variable remuneration is set by the Lazard Group based on different criteria, including the Lazard Group's financial performance over the past year and taking its results into account. The General Management decides on the total remuneration amount that will be split between the fixed and variable components, complying with the policy to maintain a complete separation between the fixed and variable components. All risks are incorporated into the calculation of the variable remuneration. It is then individualised and determined partly based on the performance of each identified member of staff.

Population at 31/12/2019: Fixed-term and permanent contracts at LFG and LFG-Belgium (i.e. excluding interns and trainees and excluding LFG-Courtague)

Headcount at December 31st, 2019 LFG - LFG-Belgium	Fixed annual remuneration 2019 in €	Variable remuneration in 2019 (Cash paid in 2020 and deferred in 2020)
174	15 947 054	19 567 356

“Identified employees”

Category	Number of employees	Aggregate fixed and variable remuneration in 2019
Senior management	3	4 100 006
Other	48	18 940 465
Total	51	23 040 471

Note: the amounts are unloaded

- **OTHER INFORMATION**

The UCI's complete prospectus and the most recent annual and interim reports will be sent out within one week of request in writing by unitholders to:

LAZARD FRERES GESTION SAS
25, Rue de Courcelles - 75008 Paris, France

www.lazardfreresgestion.fr

5. CERTIFICATION BY THE STATUTORY AUDITOR

MAZARS

LAZARD ALPHA EURO SICAV

Statutory Auditor's report on the annual financial
statements

Financial year ended December 31st, 2019

LAZARD ALPHA EURO SICAV

121, Boulevard Haussmann
75008 Paris, France

Statutory Auditor's report on the annual financial statements

Financial year ended December 31st, 2019

Statutory Auditor's report on the annual financial statements

To the shareholders' meeting of the LAZARD ALPHA EURO SICAV,

Opinion

In accordance with the terms of our appointment by your board of directors, we conducted our audit of the accompanying annual financial statements of the Undertaking for Collective Investment LAZARD ALPHA EURO, incorporated as a French open-end investment company (SICAV), for the financial year ended December 31st, 2019. These financial statements were approved by the Board of Directors on February 10th, 2020 on the basis of the information available at that date in the context of an evolving health crisis related to COVID-19.

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

Basis of our opinion

Audit standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

Our responsibilities under these standards are set out in the section entitled "Statutory auditor's responsibilities concerning the audit of the financial statements" in this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us on the period from January 1st, 2019 to the date of issue of our report, and in particular we have not provided any services prohibited by the French code of ethics for statutory auditors.

Basis of our opinions

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we carried out, in our professional judgement, focused on the appropriateness of the accounting principles applied, notably with regard to the financial instruments in the portfolio, and the overall presentation of the financial statements in accordance with the chart of accounts for open-end collective investment undertakings.

The assessments we have made are part of our audit of the annual financial statements as a whole, prepared in accordance with the conditions described above, and the opinion expressed above. We therefore express no opinion on the elements of the annual financial statements taken in isolation.

Specific verifications

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

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 other documents sent to shareholders on the SICAV's financial position and annual financial statements, or its consistency with the annual financial statements.

We certify that the information required under Article L.225-37-4 of the French Commercial Code is provided in the section of the management report on corporate governance.

Responsibilities of the management and persons charged with governance of the annual financial statements

It is the management's role to draw up annual financial statements that give a fair and true picture in accordance with French accounting rules and principles and to implement the necessary internal control to be able to provide reasonable assurance that they are free from material misstatement, whether due to fraud or error.

As part of the preparation of the annual financial statements, the management is responsible for assessing the SICAV's capacity to continue operating as a going concern, to present in its financial statements, where necessary, information concerning business continuity, and to apply the accounting conventions of a going concern, unless it is planned to liquidate the SICAV or terminate its activity.

The Board of Directors has approved the annual financial statements.

Statutory auditor's responsibilities concerning the audit of the annual financial statements

Our role is to prepare a report on the annual financial statements and to obtain reasonable assurance that the annual financial statements as a whole are free of material misstatements. Reasonable assurance means a high but not absolute level of assurance that an audit performed in accordance with professional standards is free of material misstatement. Anomalies may stem from fraud or errors and are considered material when it can reasonably be expected that, taken individually or together, they could influence the economic decisions of users of the financial statements.

As stipulated in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our audit assignment does not consist in guaranteeing the viability or quality of the management of the SICAV.

In the context of an audit performed in accordance with professional standards applicable in France, the statutory auditor must exercise its judgement throughout the course of the audit. Moreover:

- It identifies and assess the risks that the annual financial statements may contain material misstatements, whether from fraud or error, defines and implements audit procedures to resolve these risks, and collects all elements deemed necessary and appropriate in order to give its opinion. The risk of failure to detect a material misstatement resulting from fraud is higher than that resulting from an error because fraud may involve collusion, falsification, deliberate omissions, false statements or by-passing of internal controls;
- it takes due note of the internal control relevant to the audit in order to define audit procedures that are appropriate to the circumstances, and not with a view to expressing an opinion on the efficiency of the internal control;
- it assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management, and the related information provided in the annual financial statements;
- it assesses the appropriateness of the management company's application of the accounting policy for a going concern and, based on the information collected, whether there is a significant uncertainty linked to events or circumstances that is likely to call into question the FCT's capacity to continue operating as a going concern. This assessment is based on the information collected up to the date of the report, bearing in mind nevertheless that subsequent circumstances or events could jeopardise the continuity of operation. If the statutory auditor observes the existence of a material uncertainty, it shall draw the attention of the readers of its report to the information provided in the annual financial statements on the subject of this uncertainty, or if this information has not been provided or is not relevant, it shall attach reservations to its certification or shall refuse to certify the accounts;

LAZARD ALPHA
EURO SICAV

- it assesses the overall presentation of the annual financial statements and whether they provide a true picture of the underlying operations and events.

*Financial year
ended December
31st, 2019*

*Signed at Courbevoie, date of electronic signature
Document authenticated and dated by electronic signature*

The statutory auditor

Mazars:

Gilles Dunand-Roux

MAZARS

LAZARD ALPHA EURO SICAV

Statutory auditor's special report on related-
party agreements

Financial year ended December 31st, 2019

LAZARD ALPHA EURO SICAV

121, Boulevard Haussmann
75008 Paris, France

Statutory auditor's special report on related-
party agreements

Financial year ended December 31st, 2019

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 characteristics, the main terms and the 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 for the approval of the shareholders' meeting pursuant to Article L. 225-38 of the French Commercial Code.

**LAZARD ALPHA EURO
SICAV**
*For the financial year ended
31 December 2019*

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.

*Signed at Courbevoie, date of electronic signature
Document authenticated and dated by electronic signature*

The statutory auditor

Mazars:

Gilles Dunand-Roux

6. ANNUAL FINANCIAL STATEMENTS

• **BALANCE SHEET in euros**

ASSETS

	31/12/2019	31/12/2018
Net non-current assets		
Deposits		
Financial instruments	613 145 336,46	573 268 842,87
Equities and similar securities	613 145 336,46	572 369 279,37
Traded on a regulated or equivalent market	613 145 336,46	572 369 279,37
Not traded on a regulated or equivalent market		
Bonds and similar securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Debt securities		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment		899 563,50
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries		899 563,50
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU		
General purpose funds aimed at professional investors and their equivalent in other EU Member States and listed securitisation vehicles		
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities		
Other non-European entities		
Temporary securities transactions		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
Other financial instruments		
Receivables	309 703,14	24 863 289,45
Currency forward exchange transactions		
Other	309 703,14	24 863 289,45
Financial accounts	663 921,50	303 833,03
Cash and cash equivalents	663 921,50	303 833,03
Total assets	614 1 18 961,10	598 435 965,35

LIABILITIES AND SHAREHOLDERS' EQUITY

	31/12/2019	31/12/2018
Shareholders' equity		
Capital	602 131 866,58	545 231 059,40
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)		
Net capital gains and losses for the year (a, b)	-2 787 610,78	16 968 673,76
Net income for the year (a, b)	14 062 992,60	11 533 362,46
Total shareholders' equity (= amount representing net assets)	613 407 248,40	573 733 095,62
Financial instruments		
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
Liabilities	711 712,70	24 702 869,73
Currency forward exchange transactions		
Other	711 712,70	24 702 869,73
Financial accounts		
Bank overdrafts		
Borrowings		
Total liabilities and shareholders' equity	614 118 961,10	598 435 965,35

(a) Including accrued income

(b) Less interim dividends paid for the financial year

- **OFF-BALANCE SHEET ITEMS in euros**

	31/12/2019	31/12/2018
Hedging transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		
Other transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		

• **INCOME STATEMENT in euros**

	31/12/2019	31/12/2018
Income from financial transactions		
Income from deposits and financial accounts		1 693,48
Income from equities and similar securities	22 016 567,70	22 670 516,78
Income from bonds and similar securities		
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
Total (1)	22 016 567,70	22 672 210,26
Expenses related to financial transactions		
Expenses related to temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities		
Other financial charges		
Total (2)		
Income from financial transactions (1 - 2)	22 016 567,70	22 672 210,26
Other income (3)		
Management fees and depreciation and amortisation (4)	6 521 007,80	8 358 155,73
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	15 495 559,90	14 314 054,53
Income adjustment for the financial year (5)	-1 432 567,30	-2 780 692,07
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	14 062 992,60	11 533 362,46

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with regulation 2014-01, as amended, of the French accounting standards body (*Autorité des Normes Comptables* - ANC).

The general accounting principles apply:

- true and fair view, comparability, business continuity,
- regularity, sincerity,
- prudence,
- permanence of the accounting methods used each year.

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

Purchases and sales of securities are recorded excluding expenses.

The accounting currency of the portfolio is the euro.

The financial year comprises 12 months.

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.

If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

- **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.

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, OISs and BTFs - 3 - 6 - 9 - 12 months BTANs - 18 months, 2 - 3 - 4 - 5 years	Official key rates in the relevant countries

- **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.

o **UCIs:**

Units or shares of UCIs 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.

o **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.

o **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.

➤ **Financial instruments and securities not traded on a regulated market**

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

➤ **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).

Management fees

Management fees are calculated on each valuation day. (*) The fund paid exceptional charges amounting to €11 899,20 on debt collection in relation to withholding tax on dividends received from foreign companies.

The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) using the following formula:

$$\frac{\text{Gross assets} \times \text{operating and management fees rate} \times \text{number of days between the NAV calculation date and the previous NAV calculation date}}{365 \text{ (or 366 in a leap year)}}$$

- 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.

The fees break down as follows, as set out in the regulations:

<i>Expenses charged to the SICAV</i>	<i>Basis</i>	<i>Rate</i>	
Financial management fees	Net assets	I shares: Maximum 0,980% incl. taxes IC shares: Maximum 0,980% incl. taxes R shares: Maximum 1,980% incl. taxes T shares: Maximum 0,980% incl. taxes	
Administrative fees external to the management company	Net assets	I, IC, R and T shares: Maximum 0,020%	
Turnover commission (incl. taxes): (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Equities, bonds, debt securities and foreign exchange	0% to 0,20% incl. taxes
		Futures and other transactions	From €0 to €450 incl. taxes per contract
Performance fee (I, IC, R and T shares)	Net assets	15% of annual performance above the Euro Stoxx (net dividends reinvested)*	

* Calculation of the performance fee:

Performance fees are calculated using a high water-mark system based on a comparison of the performance of each share of the SICAV's assets (excluding variable management fees) with the assets of a benchmark fund:

- with a baseline value equal to the value of the SICAV's assets at the close of the last year to date in which performance fees were charged;
- in addition to which there must be a daily performance equal to that of the Euro Stoxx (net dividends reinvested), in euros and with the same variations in subscription and redemption as the SICAV.

If, at the close of the financial year, the SICAV's assets (excluding variable management fees) exceed those of the benchmark fund, a performance fee will be charged equal to 15% (including taxes) of the difference in value between the SICAV's assets and the benchmark fund.

The performance fee will first be deducted after a period of 12 months or more.

Performance fees are accrued on each NAV calculation date and are levied with effect from the closing date of each financial year.

A provision reversal will be booked every time that the difference between the two asset values decreases. In the event of underperformance (the asset value of the SICAV is lower than the asset value of the benchmark fund), the provision will be reversed until the entire allocation is extinguished, excluding variable management fees payable to the fund.

The provisions in existence at the end of the financial year, and the portion of the fee deriving from purchases of shares during the financial year, will be paid to the management company.

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 617.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

Allocation of distributable income

Definition of distributable income:

Distributable income consists of:

Net income:

Net income for the financial year is equal to the amount of interest, arrears, bonuses and prizes, dividends, directors' fees and all other income generated by the securities that make up the portfolio, plus income generated by temporary cash holdings, minus the amount of management fees and borrowing costs.

Retained earnings are added, plus or minus the balance of the revenue adjustment account.

Capital gains and losses:

Realised capital gains, net of expenses, less 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.

Allocation of distributable income:

<i>Distributable income</i>	IC shares:	I, T and R shares
Allocation of net income	Accumulation	Accumulation and/or distribution and/or retention
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or distribution and/or retention

• **CHANGE IN NET ASSETS in euros**

	31/12/2019	31/12/2018
Net assets at start of year	573 733 095,62	833 360 836,67
Subscriptions (including subscription fees retained by the Fund)	157 457 943,85	309 727 157,31
Redemptions (net of redemption fees retained by the Fund)	-244 045 812,36	-447 302 139,11
Realised capital gains on deposits and financial instruments	36 601 551,50	59 081 168,57
Realised capital losses on deposits and financial instruments	-36 827 096,45	-32 176 106,31
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction charges	-3 481 104,88	-5 494 019,18
Exchange rate differences	2 419 462,83	1 117 635,55
Changes in valuation difference of deposits and financial instruments	112 053 648,39	-158 895 492,41
Valuation difference for financial year N	2 388 307,31	-109 665 341,08
Valuation difference for financial year N-1	109 665 341,08	-49 230 151,33
Changes in valuation difference of forward financial instruments		
Valuation difference for financial year N		
Valuation difference for financial year N-1		
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year		
Net profit/loss for the financial year prior to income adjustment	15 495 559,90	14 314 054,53
Interim dividend(s) paid on net capital gains/losses during the financial year		
Interim dividend(s) paid on net income during the financial year		
Other items		
Net assets at end of year	613 407 248,40	573 733 095,62

• **BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STATUS**

	Amount:	%
Assets		
Bonds and similar securities		
Bonds and similar securities		
TOTAL Bonds and similar securities		
Debt securities		
Debt securities		
TOTAL Debt securities		
Liabilities		
Sales of financial instruments		
Equities and similar securities		
TOTAL Sales of financial instruments		
Off-balance sheet items		
Hedging transactions		
Equities		
TOTAL Hedging transactions		
Other transactions		
Equities		
TOTAL Other transactions		

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY INTEREST RATE TYPE**

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities								
Debt securities								
Temporary securities transactions								
Financial accounts							663 921,50	0.11
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY**

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary securities transactions										
Financial accounts	663 921,50	0,11								
Liabilities										
Temporary securities transactions										
Financial accounts										
Off-balance sheet items										
Hedging transactions										
Other transactions										

Forward interest rate positions are presented according to the maturity of the underlying.

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY**

	GBP		CHF				Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities	30 812 828,23	5,02	30 669 043,23	5,00				
Bonds and similar securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables								
Financial accounts								
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

- RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Debit/credit item	31/12/2019
Receivables	Subscription receivables	309 703,14
Total receivables		309 703,14
Liabilities	Redemptions payable	1 10 565,37
	Management fees	601 147,33
Total liabilities		711 712,70

• **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In shares	In amounts
IC shares		
Shares subscribed during the financial year	3 161,760	1 127 773,90
Shares redeemed during the financial year	-1 774,046	-613 258,60
Net balance of subscriptions/redemptions	1 387,714	514 515,30
I shares		
Shares subscribed during the financial year	304 543,964	136 426 873,63
Shares redeemed during the financial year	-454 565,155	-203 017 688,73
Net balance of subscriptions/redemptions	-150 021,191	-66 590 815,10
T shares		
Shares subscribed during the financial year	16 592,342	4 566 771,65
Shares redeemed during the financial year	-58 810,966	-15 668 787,20
Net balance of subscriptions/redemptions	-42 218,624	-11 102 015,55
R shares		
Shares subscribed during the financial year	38 666,228	15 336 524,67
Shares redeemed during the financial year	-62 287,800	-24 746 077,83
Net balance of subscriptions/redemptions	-23 621,572	-9 409 553,16

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
IC shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
I shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
T shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
R shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

• **MANAGEMENT FEES**

	31/12/2019
IC shares	
Guarantee fees	
Fixed management fees	15 848,60
Percentage of fixed management fees	1,00
Variable management fees	
Retrocessions of management fees	
I shares	
Guarantee fees	
Fixed management fees	5 287 639,61
Percentage of fixed management fees	1,00
Variable management fees	
Retrocessions of management fees	

- **MANAGEMENT FEES**

	31/12/2019
R shares	
Guarantee fees	
Fixed management fees	902 942,19
Percentage of fixed management fees	2,00
Variable management fees	
Retrocessions of management fees	
T shares	
Guarantee fees	
Fixed management fees	302 678,20
Percentage of fixed management fees	1,00
Variable management fees	
Retrocessions of management fees	

- **COMMITMENTS RECEIVED AND GIVEN**

Guarantees received by the Fund:

None.

Other commitments received and/or given:

None.

- **PRESENT VALUE OF SECURITIES HELD TEMPORARILY**

	31/12/2019
Securities held under repurchase agreements	
Borrowed securities	

- **PRESENT VALUE OF SECURITIES REPRESENTING SECURITY DEPOSITS**

	31/12/2019
Financial instruments given as security and retained under their original classification	
Financial instruments received as security and not recorded on the balance sheet	

- **GROUP FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO**

	ISIN	Description	31/12/2019
Equities			
Bonds			
Negotiable debt securities			
UCIs			
Forward financial instruments			

• TABLE OF ALLOCATION OF DISTRIBUTABLE INCOME PERTAINING TO NET INCOME

	31/12/2019	31/12/2018
Remaining amounts to be allocated		
Retained earnings		
Net income	14 062 992,60	1 1 533 362,46
Total	14 062 992,60	11 533 362,46

	31/12/2019	31/12/2018
IC shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	52 929,24	29 208,3 1
Total	52 929,24	29 208,31

	31/12/2019	31/12/2018
I shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	12 663 397,93	10 339 165,82
Total	12 663 397,93	10 339 165,82

	31/12/2019	31/12/2018
T shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	690 880,17	741 492,76
Total	690 880,17	741 492,76

	31/12/2019	31/12/2018
R shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	655 785,26	423 495,57
Total	655 785,26	423 495,57

• **TABLE OF ALLOCATION OF DISTRIBUTABLE AMOUNTS PERTAINING TO NET CAPITAL GAINS AND LOSSES**

	31/12/2019	31/12/2018
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	-2 787 610,78	16 968 673,76
Interim dividends paid on net capital gains/losses for the financial year		
Total	-2 787 610,78	16 968 673,76

	31/12/2019	31/12/2018
IC shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-10 189,89	41 594,38
Total	-10 189,89	41 594,38

	31/12/2019	31/12/2018
I shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-2 438 021,43	14 723 588,56
Total	-2 438 021,43	14 723 588,56

	31/12/2019	31/12/2018
T shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-133 012,24	836 708,34
Total	-133 012,24	836 708,34

	31/12/2019	31/12/2018
R shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-206 387,22	1 366 782,48
Total	-206 387,22	1 366 782,48

• TABLE OF THE ENTITY'S INCOME AND OTHER SIGNIFICANT ITEMS OVER THE PAST FIVE FINANCIAL YEARS

	31/12/2015	30/12/2016	29/12/2017	31/12/2018	31/12/2019
Global net assets in euros	977 862 161,39	726 873 789,58	833 360 836,67	573 733 095,62	613 407 248,40
LAZARD ALPHA EURO "IC"					
Global net assets in euros	10 947 926,93	10 745 960,17	10 606 278,73	1 393 290,92	2 242 969,82
Number of shares	34 028,190	33 362,425	28 697,177	4 548,371	5 936,085
Net asset value per share in euros	321,73	322,09	369,59	306,32	377,85
Accumulation per share pertaining to net capital gains/losses in euros	38,22	-36,24	34,33	9,14	-1,71
Accumulation per share pertaining to net income in euros	3,48	4,88	5,83	6,42	8,91
LAZARD ALPHA EURO I					
Global net assets in euros	884 549 489,82	631 974 840,84	687 657 777,37	493 197 083,43	536 638 491,34
Number of shares	2 173 100,025	1 550 821,347	1 470 612,959	1 272 578,186	1 122 556,995
Net asset value per share in euros	407,04	407,50	467,59	387,55	478,05
Accumulation per share pertaining to net capital gains/losses in euros	48,35	-45,86	43,44	11,56	-2,17
Accumulation per share pertaining to net income in euros	4,65	6,17	7,38	8,12	11,28
LAZARD ALPHA EURO "R"					
Global net assets in euros	82 364 744,64	84 152 988,57	135 096 780,57	45 396 389,81	45 248 222,64
Number of shares	215 410,237	222 045,765	313 787,323	128 504,032	104 882,460
Net asset value per share in euros	382,26	378,98	430,53	353,26	431,41
Accumulation per share pertaining to net capital gains/losses in euros	45,43	-42,64	40,04	10,63	-1,96
Accumulation per share pertaining to net income in euros	-0,18	2,24	2,59	3,29	6,25
LAZARD ALPHA EURO T Units					
Net assets in €				33 746 331,46	29 277 564,60
Number of shares				142 317,570	100 098,946
Net asset value per share in euros				237,11	292,48
Accumulation per share pertaining to net capital gains/losses in euros				5,87	-1,32
Accumulation per share pertaining to net income in euros				5,21	6,90

• **INVENTORY in euros**

Description of security	Currency	Quantity No. or nominal	Present value	% Net Assets
Equities and similar securities				
Equities and similar securities traded on a regulated or similar market				
GERMANY				
ALLIANZ SE	in euros	71 000	15 506 400,00	2,53
BAYER	in euros	210 000	15 290 100,00	2,49
BMW BAYERISCHE MOTOREN WERKE	in euros	210 000	15 359 400,00	2,50
CONTINENTAL AG O.N.	in euros	130 000	14 983 800,00	2,44
DAIMLER AG-REGISTERED SHARES	in euros	310 000	15 304 700,00	2,50
DEUTSCHE TELEKOM AG	in euros	1 050 000	15 298 500,00	2,49
MERCK KGA	in euros	147 000	15 486 450,00	2,52
MUENCHENER RUECKVERSICHERUNG AG	in euros	59 000	15 517 000,00	2,53
SAP SE	in euros	130 000	15 641 600,00	2,56
SIEMENS AG-REG	in euros	135 000	15 732 900,00	2,57
TOTAL GERMANY			154 120 850,00	25,13
BELGIUM				
ANHEUSER BUSCH INBEV SA/NV	in euros	210 000	15 269 100,00	2,49
TOTAL BELGIUM			15 269 100,00	2,49
SPAIN				
BANCO SANTANDER S.A.	in euros	4 200 000	15 666 000,00	2,55
TELEFONICA	in euros	2 400 000	14 944 800,00	2,44
TOTAL SPAIN			30 610 800,00	4,99
FINLAND				
SAMPO OYJ A	in euros	400 000	15 564 000,00	2,54
TOTAL FINLAND			15 564 000,00	2,54
FRANCE				
AIR FRANCE KLM	in euros	1 550 000	15 382 200,00	2,51
ATOS	in euros	205 000	15 235 600,00	2,48
AXA	in euros	610 000	15 317 100,00	2,50
BNP PARIBAS	in euros	290 000	15 320 700,00	2,50
CAPGEMINI SE	in euros	140 000	15 246 000,00	2,49
CARREFOUR	in euros	1 030 000	15 398 500,00	2,51
EIFPAGE	in euros	152 000	15 504 000,00	2,53
INGENICO	in euros	160 000	15 488 000,00	2,52
MICHELIN - CATEGORY B	in euros	140 000	15 274 000,00	2,49
ORANGE	in euros	1 150 000	15 088 000,00	2,46
PUBLICIS GROUPE SA	in euros	360 000	14 529 600,00	2,37
SAINT-GOBAIN	in euros	410 000	14 965 000,00	2,44
SANOFI	in euros	172 000	15 414 640,00	2,51
SOCIETE GENERALE SA	in euros	505 000	15 662 575,00	2,55
VINCI (EX SGE)	in euros	155 000	15 345 000,00	2,50
TOTAL FRANCE			229 170 915,00	37,36
LUXEMBOURG				
APERAM	in euros	540 000	15 395 400,00	2,51
ARCELORMITTAL	in euros	970 000	15 172 740,00	2,47
TOTAL LUXEMBOURG			30 568 140,00	4,98

Description of security	Currency	Quantity No. or nominal	Present value	% Net Assets
NETHERLANDS				
ASML HOLDING NV	in euros	59 000	15 558 300,00	2,54
HEINEKEN	in euros	160 000	15 187 200,00	2,48
ING GROEP NV	in euros	1 420 000	15 176 960,00	2,47
STMICROELECTRONICS NV	in euros	650 000	15 580 500,00	2,54
UNILEVER NV	in euros	290 000	14 856 700,00	2,42
TOTAL NETHERLANDS			76 359 660,00	12,45
UNITED KINGDOM				
ASTRAZENECA PLC	GBP	170 000	15 261 580,22	2,49
RECKITT BENCKISER PLC	GBP	215 000	15 551 248,01	2,53
TOTAL UNITED KINGDOM			30 812 828,23	5,02
SWITZERLAND				
CREDIT SUISSE GROUP	CHF	1 250 000	15 070 147,19	2,46
ROCHE HOLDING AG	CHF	54 000	15 598 896,04	2,54
TOTAL SWITZERLAND			30 669 043,23	5,00
TOTAL Equities and similar securities traded on a regulated or equivalent market			613 145 336,46	99,96
TOTAL Equities and similar securities			613 145 336,46	99,96
Receivables			309 703,14	0,05
Liabilities			-711 712,70	-0,12
Financial accounts			663 921,50	0,11
Net assets			613 407 248,40	100,00

LAZARD ALPHA EURO "IC"	in euros	5 936,085	377,85	
LAZARD ALPHA EURO I	in euros	1 122 556,995	478,05	
LAZARD ALPHA EURO "R"	in euros	104 882,460	431,41	
LAZARD ALPHA EURO T Units	in euros	100 098,946	292,48	

SICAV

French open-end investment company (Société d'Investissement à Capital Variable)
Registered office: 121, Boulevard Haussmann, 75008 Paris, France
Paris Trade and Companies Register no. 519 071 906

**RESOLUTION CONCERNING THE ALLOCATION OF DISTRIBUTABLE INCOME
PROPOSED TO THE SHAREHOLDERS' MEETING**

FOR THE FINANCIAL YEAR ENDED DECEMBER 31ST, 2019

Second resolution

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

€14 062 992,60 distributable amount pertaining to net income

-€2 787 610,78 distributable amount pertaining to net capital gains and losses

and decides that they shall be allocated as follows:

1) Distributable amount pertaining to net income

€14 062 992,60 to the share capital pursuant to Article 27 of the company's articles of association

2) Distributable amount pertaining to net capital gains and losses

-€2 787 610,78 to accumulation

No dividends will therefore be paid for this financial year.

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