French FCP (open-end investment fund)

LAZARD CAPITAL FI

ANNUAL REPORT

At December 31st, 2019

Management company: Lazard Frères Gestion SAS

Custodian: Caceis Bank

Statutory auditor: Mazars

Lazard Frères Gestion SAS - 25 rue de Courcelles - 75008 - Paris - France

CONTENTS

1. CHARACTERISTICS OF THE UCI

- **LEGAL FORM**

French open-end investment fund (*Fonds Commun de Placement*).

- **CLASSIFICATION**

International bonds and other debt securities.

- **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 Fund's portfolio, plus income generated by temporary cash holdings, minus management fees and borrowing costs.

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

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

For the IC, DH and IC H-CHF units, distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

For the ID units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for ID units for the past financial year and retained earnings. Net income shall be distributed in full and net realised capital gains fully accumulated.

For the RD and TD units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for the R units for the past financial year and retained earnings. Net income is distributed in full and the allocation of net realised capital gains is decided each year by the management company.

For the RC units, net income shall be fully accumulated and the allocation of net capital gains shall be decided each year by the management company.

- **INVESTMENT OBJECTIVE**

<u>IC, ID, S, RC, RD and TD units</u>: the investment objective is to achieve a return (net of charges) above the Barclays Global Contingent Capital Hedged EUR index, expressed in euros, hedged against foreign exchange risk with the euro as the base currency, over the recommended minimum investment horizon of five years.

<u>IC USD units</u>: the investment objective is to achieve a return (net of charges) above the Barclays Global Contingent Capital Hedged USD index, expressed in US dollars, hedged against foreign exchange risk with the US dollar as the base currency, over the recommended minimum investment horizon of five years.

<u>IC H-CHF units</u>: the investment objective is to achieve a return (net of charges) above the Barclays Global Contingent Capital Hedged CHF index, expressed in Swiss francs, hedged against foreign exchange risk with the Swiss franc as the base currency, over the recommended minimum investment horizon of five years.

- **BENCHMARK**

<u>IC, ID, S, RD, RC and TD units</u>: the Barclays Global Contingent Capital Hedged EUR index, expressed in euros, is shown on Bloomberg under the code BCCGTREH.

The Barclays Global Contingent Capital index is weighted according to the market value of the securities that comprise it, with a concentration on liquid issues. It comprises issues by banks, financial institutions or insurers above €300m, £200m and $300m, denominated in various currencies including the euro. It is rebalanced on a monthly basis with elimination of issues with a maturity of less than one year.

IC USD units: the Barclays Global Contingent Capital Hedged USD index, expressed in US dollars, is shown on Bloomberg under the code BCCGTRUH. The Barclays Global Contingent Capital index is weighted according to the market value of the securities that comprise it, with a concentration on liquid issues. It comprises issues by banks, financial institutions or insurers above €300m, £200m and $300m, denominated in various currencies including the US dollar. It is rebalanced on a monthly basis with elimination of issues with a maturity of less than one year.

IC H-CHF units: the Barclays Global Contingent Capital Hedged CHF index, expressed in Swiss francs, is shown on Bloomberg under the code BCCGSICH. The Bloomberg Barclays Global Contingent Capital Total Return index is weighted according to the market value of the securities that comprise it, with a concentration on liquid issues. It comprises issues by banks, financial institutions or insurers above €300m, £200m and $300m, denominated in various currencies including the Swiss franc. It is rebalanced on a monthly basis with elimination of issues with a maturity of less than one year.

- **INVESTMENT STRATEGY**

1. Strategies used

The Fund aims to outperform the Barclays Global Contingent Capital Hedged EUR index, net of expenses, for the IC, ID, RD, S and RC units, the Barclays Global Contingent Capital Hedged USD index for the IC USD unit, and the Bloomberg Barclays Global Contingent Capital Total Return Index Hedged CHF index for the IC H-CHF unit through active management of interest rate, credit and exchange rate risk.

To achieve this investment objective, the Fund will be actively managed, mainly invested in subordinated debt (which is of higher risk than senior or secured debt) or any securities not deemed to be ordinary shares and issued by European financial institutions, including contingent convertible bonds. The Fund is managed by combining a top-down approach (which first looks at general economic and market trends before deciding in which geographical areas and securities to invest) and a bottom-up approach (which first looks at issuers' creditworthiness and the quality of individual securities), thus incorporating the regulatory conditions applying to this asset class. The modified duration is between 0 and 8. The Fund is invested only in bonds or securities of issuers the registered offices of which are established in OECD-member countries and/or in securities listed on a financial market of one of these countries. The Fund is invested only in bonds that are traded in euros, US dollars or pounds sterling.
To build his portfolio, the manager conducts his own assessment of bonds or securities not deemed to be ordinary shares. He also refers to agency ratings but does not rely on them solely and mechanically.

The Fund will be able to invest in the bonds and securities of any issuer the registered office of which is established in an OECD-member country and/or in securities listed on a financial market of one of these countries.
Information on the Fund's sensitivity range is shown in the table below:

Interest rate sensitivity range within which the Fund is managed	Geographic zones of issuers of securities or underlying securities of securitisation products	Range of exposure to this zone
0 to 8	OECD zone	100%

The Fund may invest in bonds denominated in euros, US dollars and pounds sterling.

2. Assets (excluding embedded derivatives)

Equities:

- Ordinary shares (maximum 10% of net assets) arising from the conversion of debt or an offer by the issuer to exchange debt for shares. The Fund will not actively invest in equities but may hold them to enable the manager to sell the equities received in the best market conditions and to maximise the exit price for unitholders.

Debt securities and money market instruments:

- Up to 100% of the net assets in bonds or securities not considered ordinary shares, expressed in euros, US dollars or pounds sterling, including contingent convertible bonds ("CoCos").

The Fund may invest up to 100% of the net assets in CoCo bonds. A contingent convertible bond is a subordinated debt security that is convertible into equities of the issuing company if a pre-specified trigger event occurs, e.g. if the issuer's capital ratio falls below a certain threshold, and for which the nominal value may decrease in part or be wiped out.

- Exchange rate risk will be hedged so that exposure thereto shall not exceed 10% of the Fund's assets.

The bonds or securities may be rated Investment Grade (AAA to BBB- at Standard & Poor's) or equivalent based on the management company's analysis, or speculative/High Yield (BB+ to D/SD at Standard and Poor's) or equivalent based on the management company's analysis, or they may not be rated by a ratings agency, they may be traded in euros, US dollars or pounds sterling and issued by governments, companies or financial institutions.

UCITS:

- Up to 10% of the net assets in money market UCITS, short-term money market funds or French or European bond funds provided that less than 10% of these funds' assets are invested in other UCIs.

These UCIs may be managed by the management company.

3. Derivatives

- Types of markets:

☒ regulated
☒ organised
☒ OTC

- The manager intends to seek exposure to:

☐ shares
☒ interest rates
☒ foreign exchange
☒ credit
☐ other

- Transaction types - all transactions must be limited to achieving the investment objective:

☒ hedging
☒ exposure
☐ arbitrage

- Types of instruments used:

☒ futures:
    ☐ equity and equity index
    ☒ interest rate: interest rate risk
    ☒ currency
☒ options:
    ☐ equity and equity index
    ☒ interest rate
    ☒ currency: only on organised markets
☒ swaps:
    ☐ equity swaps
    ☒ interest rate swaps: transformation of fixed-rate income to variable-rate income and vice versa
    ☒ currency swaps
☒ currency forwards
☒ up to 40% of the assets in credit derivatives

- Derivatives strategy to achieve the investment objective:

☒ partial or general hedging of the portfolio, some risks and securities
☒ creating synthetic exposure to assets and risks

- ☐ increasing exposure to the market without leverage
- ☐ maximum permitted and sought
- ☐ other strategy

4. Securities with embedded derivatives

The manager may invest in securities with embedded derivatives permitted under the management company's business plan, notably convertible bonds, callable and puttable bonds and contingent convertible bonds.
Investment in securities with embedded derivatives is allowed within the limit of 100% of the net assets.

5. Deposits:

Up to 10% of the Fund's assets may be held in deposits.

6. Cash borrowings:

The Fund 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 Fund 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.

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.

Risk of capital loss:

Risk that the capital invested may not be returned in full, as the Fund has no capital guarantee or protection. Investors should therefore be aware that they are not guaranteed to get back the money originally invested.

Interest rate risk:

Risk of a fall in the value of the assets, and hence in the portfolio, resulting from a change in interest rates. Because of its sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in interest rates if the portfolio's sensitivity is positive, or in the case of a fall in interest rates if the portfolio's sensitivity is negative.

Credit risk:

Credit risk is the risk that the borrower does not repay his debt or cannot pay the coupons during the lifetime of the security. Risk of a fall in the value of the assets, and hence in the portfolio, due to a change in the credit quality of the issuers or to a change in credit spreads. Because of its credit sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in spreads, if the portfolio's credit sensitivity is positive, or in the case of a fall in spreads if the portfolio's credit sensitivity is negative.

Risks linked to contingent or subordinated securities:

The Fund may be exposed to contingent or subordinated securities.

Subordinated debt and contingent convertible bonds are subject to specific risks of non-payment of coupons and capital loss in certain circumstances. At a certain solvency threshold, referred to as the "trigger" threshold, the issuer may or must suspend the payment of coupons and/or reduce the nominal value of the security or convert such bonds into shares. Notwithstanding the thresholds specified in the issuing prospectuses, the supervisory authorities may apply these rules preventively if the circumstances require, based on a subjective threshold known as the "point of non-viability". These securities expose holders to either a total or partial loss of their investment following their conversion into shares at a predetermined price or because of the application of a discount provided for contractually in the issuing prospectus or applied arbitrarily by a supervisory authority. Holders of these securities are also exposed to potentially large price fluctuations in the event that the issuer has insufficient equity or experiences difficulties.

Foreign exchange risk:
The Fund may invest in securities and UCIs that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of these assets may decline in line with changes in the exchange rates.

Liquidity risk:
This is the risk that a financial market can absorb the volumes of sell (or buy) transactions only by significantly decreasing (or increasing) the price of assets when trade volumes are low or when there are market tensions, resulting in a possible decrease in the Fund's net asset value.

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

Counterparty risk:
The counterparty risk is related to the use of over-the-counter products. The Fund is exposed to the risk of non-payment or non-delivery by the counterparty with which the transaction is negotiated. This risk may result in a decline in the Fund's NAV.

Risk associated with investment in the futures markets:
The use of derivatives may cause exposure to an upward or downward change of the Fund's net asset value.

GUARANTEE OR PROTECTION
None.

ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE
IC, ID, IC USD, RD, RC, S and IC H-CHF units: all subscribers.
TD units- Authorised investors and minimum subscription amount:
- No minimum subscription amount for (i) UCIs managed by the management company or (ii) the management company in the context of proprietary investment;
- No minimum subscription amount for (i) investors subject to MiFID II (solely and exclusively in the context of their independent advisory activities or the provision of third-party investment management services) or (ii) investors that do not receive retrocession payments on their activities in foreign countries that are not subject to this directive, subject to the prior agreement of the management company;
- An initial minimum subscription amount of €500.000 for all other investors.

All subscribers seeking to optimise their investments in fixed-income instruments.
Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Fund.

Information on US investors:
The Fund is not registered as an investment vehicle in the United States and its units 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 Fund 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 Fund 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 Fund 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

23/05/2019

The Chairman of the management company Lazard Frères Gestion SAS made a decision concerning **LAZARD CAPITAL FI** (ISIN code: FR0013311446) to modify the "S" unit as follows:

- **Minimum initial subscription: €15 million,** *instead of €20 million.*

18/10/2019

The Chairman of the management company Lazard Frères Gestion SAS made a decision concerning **LAZARD CAPITAL FI** (ISIN code: FR0013311446):

- **Removal of exit rights;**
- **The modification of the characteristics of all units (name, subscriber in question, minimum initial subscription):**

  - **IC units** (ISIN code: FR0010952788)
  - **ID units** (ISIN code: FR0013043841)
  - **IC USD units** (ISIN code: FR0013072733)
  - **RD units** (ISIN code: FR0010952796)
  - **RC units** (ISIN code: FR0013306727)
  - **IC H-CHF units** (ISIN code: FR0013236783)
  - **TD units** (ISIN code: FR0013305968)
  - **S units** (ISIN Code: FR0013311446)

Former name of the units	New name of the units	Previous wording for eligible subscribers	New wording for eligible subscribers	Former minimum amount of initial subscription	New minimum amount of initial subscription
IC H-CHF units	**PVC H-CHF**	*All subscribers*	**Professional clients ***	*1 unit*	-
IC USD units	**PVC H-USD**	*All subscribers*	**Professional clients ***	*1 unit*	-
IC units	**PVC EUR**	*All subscribers*	**Professional clients ***	*€500 000*	**1 unit**
ID units	**PVD EUR**	*All subscribers*	**Professional clients ***	*1 unit*	-
RC units	**RVC EUR**	*All subscribers*	-	*1 unit*	-
RD units	**RVD EUR**	*All subscribers*	-	*1 unit*	-
S units	**SC EUR**	*All subscribers*	**Professional clients ***	*€15 million*	-
TD units	**TVD EUR**	Authorised investors*	**Professional clients ***	*€500 000 or more*	**1 unit**

* PVC H-CHF, PVC H-USD, PVC EUR, PVD EUR, TVD EUR and SC EUR units:

- Investors subscribing via distributors or financial intermediaries subject to MiFID II or an equivalent non-EU regulation, within the context of their business of independent advice, non-independent investment advice or discretionary portfolio management provided they have entered into agreements with their clients stipulating that they will not receive retrocessions.

- Professional clients within the meaning of Directive 2014/65/EU or any equivalent non-EU regulation.

3. MANAGEMENT REPORT

PERFORMANCE

The performance of the Lazard Capital Fi UCI over the period was as follows: +16,23%

Name	Net performance	Benchmark performance
Lazard Capital FI PVC EUR	16,23%	16,18%
Lazard Capital FI RVD EUR	11,10%	16,18%
Lazard Capital FI PVD EUR	16,25%	16,18%
Lazard Capital FI PVC H-USD	19,32%	19,77%
Lazard Capital FI PVC H-CHF	15,90%	15,80%
Lazard Capital FI TVD EUR	11,28%	16,18%
Lazard Capital FI RVC EUR	15,60%	16,18%
Lazard Capital FI SC EUR	16,68%	16,18%

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: +16,18%

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 gained 28,9%, the Euro Stoxx 23,0% and the Topix 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 in the Eurozone remained modest at +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 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 monetary easing 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 anticipated 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

The December decline continued into the first week of the year, but the rest of January brought a sharp rebound in all risky assets. Renewed optimism regarding Brexit, the Fed's less hawkish statements and the progress made in the US/China discussions managed to overshadow the US government shutdown and the first batch of mixed earnings releases by US companies.

The earnings season is got underway for European banks, with few but mixed results reported so far: UBS, Bankia and SwedBank failed to meet expectations while BankInter, Santander and SEB surpassed estimates.

February would confirm whether this trend would prevail across the sector, while the cost of risk remained low for these banks, as was the case for US banks.

The primary market was active mainly in MREL (Non Prefered Senior OpCo/Senior HoldCo) eligible securities with strong premiums offered by BNP, Unicredit and Danske Bank.
Generali and CNP issued 10-year Tier 2 bonds, a fairly rare format for insurers. Note also Banco Commercial Portuguese, which issued its first Additional Tier 1 euro-denominated bond with a coupon of 9,25%.

The markets corrected slightly between January 26th and the first part of February. The trigger for this correction is still unknown, but the rise in volatility, together with negative performances in all asset classes (equities, credit, fixed-income, commodities) prompted some investors to reduce their risks, resulting in outflows in certain "aggregate" funds and ETFs, which in turn accelerated the downward trend.

The markets subsequently stabilised and returned more or less to their year-end levels. That said, after late January, nothing changed fundamentally: growth remained strong, inflation measured and corporate results excellent. The primary market remained essentially concentrated on NPS issues.

It was the central banks that spurred the markets again in March. First of all, the ECB confirmed the need to maintain an accommodative monetary policy, and officially announced a new TLTRO III programme and a potential deferral of a rate hike until 2020. Subsequently, the Fed adopted a distinctly more dovish tone, switching from plans for two rate hikes in December to no rate hike in 2019 AND complete termination of its balance sheet reduction plan from September 2019, starting from May. This resulted in a continued fall in sovereign yields, with the German 10-year yield entering negative territory for the first time since June 2016, the Gilt falling below 1% and the US T-Note dropping below 2,4%.

Investors seemed less interested in the Brexit theme, with the main adjustment variable remaining the currency. British banks continued to fare well on the markets and some issuers such as Lloyds and Coventry launched buyback offers on Tier 2 and AT1 capital instruments.

In the banking sector, all eyes turned to the proposed Deutsche Bank - Commerzbank merger, which both parties had started to look at seriously, as well as the money laundering issues. After Danske Bank the previous year, SwedBank was now the subject of investigations by the US courts into money transfers through its Baltic subsidiaries by its non-resident clients. The Swedbank share fell 34% over the year in a market that rose 4%.

At the macroeconomic level, the global slowdown was confirmed by the IMF, which lowered its GDP growth forecasts for 2019 to +2,3% in the United States (-20bp vs. January) and to +1,3% in the Eurozone (-30bp vs. January). The Brexit date was eventually postponed to the end of October, thus putting off the risk of a "no-deal" that seems to be completely ruled out by both the UK government and the EU anyway.

As for the ECB, there are still no details on the next TLTRO, however, the idea of "tiering" seems to be gaining ground even though the central bank is for the time being only in the phase of analysing the impact of negative interest rates on bank profitability.

At the end of the month, S&P confirmed Italy's BBB rating and negative outlook, leaving the ratings of the domestic banks unchanged.

The Deutsche Bank - Commerzbank merger will ultimately not take place, as both institutions concluded that the merger was too risky in view of the potential benefits, Unicredit and ING are among the players that have shown interest in Commerzbank in the past.

The first earnings releases were in line with expectations in most cases, rather above expectations for wealth management activities (UBS, Credit Suisse) and below expectations for Nordic banks (Nordea, Danske Bank) due to the additional costs associated with combating money laundering and the still fierce competition.

The primary market was relatively calm with Ageas and ASR in the Tier 2 segment and Italian bank BPM, which issued its first AT1.

The China-US trade war theme resurfaced against all expectations at the beginning of the month, the dialogue between the two parties seems complicated for the time being and there is rather an escalation of sanctions at present. There was also a lot of volatility on the Italian side during the month, with Matteo Salvini coming out strengthened from the European elections.

Against this complicated backdrop for risky assets, financial issuers' fundamentals remain positive given the first quarter earnings release. No particular surprises to report, but still a trend towards improving asset quality in Italy, Ireland and Portugal. Note also the one-notch upgrade of RBS (S&P) and Banco BPM (Moody's) and that Barclays was upgraded to positive outlook (Moody's) this month.

The primary market was active this month with new issuers such as auto leasing specialist LeasePlan in AT1 and Finnish insurer Sampo in Tier 2.

The news in June focused on the various central banker interventions. Mario Draghi spoke on two occasions, first during the traditional monetary policy meeting, when he unveiled details of the new TLTRO while highlighting the ECB's very accommodative stance. Soon after, he hammered home this point in Sintra by officially announcing that a rate cut and a relaunch of the quantitative easing programme were possible if the outlook did not improve. The Fed, for its part, expressed concern about growth and hinted that a rate cut would probably take place as early as July.

As for issuers, there were several M&A stories this month with the German and Dutch governments allegedly agreeing to allow ING and Commerzbank to examine a possible takeover of the latter by the former, before ING finally gave up for now. Vivat was sold by Chinese company Anbang to Athora, which will take over the Life part and NN Group the non-life business.
A lot of positive news for Deutsche Bank with the unconditional passing of the US stress tests and rumours of a massive reorganisation of its investment bank.
The month was very busy in terms of NPS issuance and Tier 2; in addition to BNP and Nordea, the Greek bank Piraeus Bank managed to issue €400 million with a 9,75% coupon.

As in the previous month, market attention focused on central bank messages. The ECB confirmed its accommodative bias and that is was examining three options to try to revive inflation: a rate cut, tiering to limit the negative impact of this cut on banks and the relaunch of an asset purchase programme. As expected, the Fed made its first rate cut (-25bp) since the financial crisis, although its stance was less accommodative than the ECB's.

British issuers underperformed during the month as the prospect of a no-deal was reinforced with the arrival of new prime minister Boris Johnson. Deutsche Bank unveiled a vast restructuring plan including the elimination of 18,000 jobs, the closure of the Sales and Trading Equities business and the creation of a non-core entity (€288 billion in assets). In terms of second quarter results, there were several better-than-expected earnings releases such as UBS, Credit Suisse, Santander, BBVA and BNP and Intesa.

Several upgrades this month at Moody's for the main Portuguese banks (Caixa Geral, BCP and Novo Banco) as well for the Unicredit and Bankinter Tier 2, which became eligible for inclusion in the IG indices.

Favourable market conditions saw the arrival of unusual issuers in the Tier 2 market, including Hungarian bank OTP Bank (3,5%), Greek bank NBG (8,25%) as well as Italian issuers Monte dei Paschi (10,5%) and Sondrio (6,25%). As for AT1, Commerzbank issued in dollars and Fineco, a small Italian bank that was formerly a subsidiary of Unicredit, in euros.

There was a lot of political news in September with, first of all, the formation of a new coalition in Italy, without Matteo Salvini and noticeably more "euro-friendly". In the UK, the supreme court concluded that the suspension of the parliament orchestrated by Boris Johnson until October 14th was illegal.
The ECB confirmed its accommodative bias with a 10bp cut in the deposit rate but accompanied by tiering, the resumption of QE (€20 billion per month from November for an indefinite period) and a TLTRO3 on more favourable terms. The Fed cut its Fed Funds rate by 25bp.

As regards financials, the August 31st, 2019 deadline in the PPI case for British banks led to an increase in provisions for all the banks concerned (mainly Lloyds, Barclays and RBS). In the Spanish case on "IRPH" mortgages, the European Court of Justice issued an opinion leaving it up to local courts to check that banks have properly fulfilled their duty of communication and transparency.

September was the most active month in terms of primary issuance in 10 years. Note, for example, in financials Tier 2: Groupama, Allianz, Generali, Achmea and Banco BPM and in Tier 1: Barclays, Nationwide, Achmea and ASR.
For Capital FI, the largest contributors to performance were the UK, through both legacy paper and AT1 (+70bp contribution), followed by Spain, mainly AT1 (+50bp). There were no negative contributors during the month.

Once again, news on the political front and central banks were the main market drivers in October. A first so-called "Phase 1" agreement between the United States and China is under way, the United Kingdom has again postponed its Brexit until January 31st, 2020 and Boris Johnson launched the new election process on December 12th. Central banks cut rates (-25bp for the Fed, third rate cut this year), while also increase the size of their balance sheets (Fed + $60 billion per month from October 15th, ECB + €20 million per month from October 30th) and the ECB's "tiering" was introduced on the same day as its QE programme, thus limiting the impact of negative interest rates on nearly 40% of Eurozone banks' reserves.

Macroeconomic figures remained mixed, with still no signs of improvement for the manufacturing sector but conversely very good job reports.

Investor positioning remains too defensive and "technical factors" are still very favourable to the credit market: inflows to credit funds continue, issuance volumes were more limited in October and we are in the last weeks of potential issues for the current year, banks have already completed 95% of their financing programmes, liquidity is still very significant for investors and traders were overly cautious, wishing without obtaining a "repeat" of the market downturn in the fourth quarter of last year. As a result, the path of least resistance continues to be spread tightening from now on.
For Capital FI, the largest contributor to performance was the UK (+70bp contribution), mainly on the AT1 part. Overall, AT1 securities contributed +147bp vs. +65bp for Legacy securities, of which +32bp for variable-rate Legacy securities.

Overall sentiment improved during November as economic indicators stopped deteriorating and optimism picked up on the China-US theme. The abundant primary market had an impact on valuations at the beginning of the month, before slowing down in the second half, while the secondary market once again performed well. Banks' third quarter results did not hold any particular surprises, but it is worth noting that the majority of Italian banks beat expectations. Money laundering cases continued to weigh on Nordic banks with SEB and DNB this month, with so far much ado about nothing. Deutsche Bank pressed on with its transformation, announcing the sale of a $50 billion portfolio of emerging market debt. Turning to insurance companies, S&P affirmed La Mondiale's A- rating and positive outlook and upgraded Uniqa's outlook to positive. Liability Management transactions accelerated significantly during the month with tenders from HSBC (bonds issued by its US subsidiary), Erste Bank (in parallel with the issue of a new Tier 2), Commerzbank and Ageas (Legacy themes).
As for AT1, issuers continue to refinance calls scheduled for 2020 well in advance DNB, BIL, SEB, DNB, etc.), but new issuers are also appearing in this market such as La Banque Postale. The primary market was active in Tier 2 with Standard Chartered, Danske, AIB, Erste Bank, CNP green and still strong supply in Non Preferred Senior.
The largest contributors to performance for Capital FI were the BNP and Ageas Legacy securities, which contributed +45bp. British and Spanish AT1 also made a significant contribution (+60bp in total). Overall, AT1 securities contributed +115bp versus +55bp for Legacy securities.

2019 was an excellent year for financial debt, which benefited from still improving fundamentals, very attractive valuations at the beginning of the year and the reduction in macroeconomic and political risks during 2019. Performance start at +4,3% for senior bank debt, +9,2% for bank IG Tier 2 and up to +16,2% for AT1.

Contrary to what happened in 2018, the outlook brightened considerably in December: the "phase I" agreement between the US and China, allowing a pause in the trade war, and the Conservatives' landslide victory in the United Kingdom, greatly reducing the risk of a hard Brexit in the short term.
There were no surprises this month from central banks, whether from the Fed or the ECB, as both institutions are expected to maintain their accommodative biases by monitoring future growth and inflation indicators.
The ECB lowered the capital requirements of UniCredit and Deutsche Bank, a measure justified by the improved asset quality and risk profile of both institutions. S&P also confirmed Deutsche Bank's BBB+ rating with a stable outlook. Andrea Enria, the Chair of the European Central Bank's Supervisory Board, confirmed that Pillar 2 could be partly filled with AT1 and Tier 2 subordinated debt, but probably not before 2022. Finally, all British banks successfully passed their BoE stress test.
Moody's maintained the European life insurance sector on stable outlook but downgraded the outlook for European banks to negative (in actual fact, stable for most countries with the exception of the United Kingdom and Germany, which were downgraded to negative).
As expected, the primary market was quiet in December. Ageas issued an RT1 following the partial tender of a Legacy issue.
The largest contributors to performance for Capital FI was Spanish AT1 with a contribution of +46bp. Overall, AT1 securities contributed +120bp vs. +30bp for Legacy securities.

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
LAZARD EURO SHORT TERM MONEY MARKET	16 000 394,00	15 995 365,82
UNICREDIT SPA 7.5% PERP	13 637 161,19	14 830 122,95
UNICREDIT 5.375% PERP	17 980 075,72	5 713 084,02
BARCLAYS 8.0% PERP	8 370 489,26	9 049 094,37
LAZARD EURO MONEY MARKET	8 233 064,00	8 232 579,76
CA 6.875% PERP	8 811 349,02	5 526 478,28
BARCLAYS PLC 5.875% PERP	10 433 421,90	3 352 916,31
INTESA SANPAOLO 7.75% PERP	10 665 223,81	2 275 711,05
ALLI IRIS BA 7.375% PERP EMTN	4 310 470,66	7 615 142,98
BBVA 5.875% PERP	2 956 518,34	8 929 467,72

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: **198 233 339,77**
  - **Currency forwards: 198 233 339,77**
  - **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 types	Amount in the currency of the portfolio
Efficient portfolio management techniques	
. Term deposits	
. Equities	
. Bonds	
. UCITS	
. Cash (**)	
Total	
Derivative financial instruments	
. Term deposits	
. Equities	
. Bonds	
. UCITS	
. Cash	401 417,91
Total	**401 417,91**

(**) 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
. Income (***)	82,67
. Other income	
Total income	**82,67**
. Direct operating expenses	3 588,59
. Indirect operating expenses	
. Other expenses	
Total expenses	**3 588,59**

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

• TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND THE REUSE OF FINANCIAL INSTRUMENTS - SFTR - in the accounting currency of the UCI (€)

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS

a) Securities and commodities lent

Amount:					
% of net assets*					

**% excluding cash and cash equivalents*

b) Assets pledged for each type of security and TRS financing transaction in absolute value

Amount:					
% of net assets					

c) 10 main issuers of guarantees received (excluding cash) for all types of financing transactions

d) 10 main counterparties in absolute value of the assets and liabilities without offsetting

e) Type and quality of guarantees (collateral)

Type					
- Equities					
- Bonds					
- UCI					
- NDS					
- Cash					
Rating					

f) Settlement and clearing of contracts

Tripartite					
Central counterparty					
Bilateral	X			X	

g) Maturity of the guarantee by tranche

Less than 1 day					
1 day to 1 week					
1 week to 1 month					
1 to 3 months					
3 months to 1 year					
More than 1 year					
Open					

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS

h) Maturity of securities and TRS financing transactions by tranche

Less than 1 day					
1 day to 1 week					
1 week to 1 month					
1 to 3 months					
3 months to 1 year					
More than 1 year					
Open					

i) Information on the reuse of guarantees

Maximum amount (%)					
Amount used (%)					
Income retained by the UCI following reinvestment of cash guarantees denominated in euros					

j) Information on the custody of guarantees received by the UCI

Caceis Bank					
Securities					
Cash	401 417,91				

k) Information on the custody of guarantees given by the UCI

Securities					
Cash					

l) Breakdown of income and expenses

Income					
- UCI		82,67			
- Fund manager					
- Third party					
Expenses					
- UCI	3 588,59				
- Fund manager					
- Third party					

(e) Information on type and quality of guarantees (collateral)

LAZARD FRERES GESTION will only accept securities of high credit quality and seeks to enhance the value of its collateral by applying valuation haircuts to the securities received.
This system is regularly reviewed and updated.

(i) Information on the reuse of guarantees

Cash collateral received is reinvested in the following five vehicles:

- o Short-term money market UCITS (as defined by ESMA in its guidelines on listed funds and other UCITS-related matters)

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS

- Deposits
- High-quality long-term government securities
- High-quality short-term government securities
- Reverse repurchases

The maximum reuse amount is 0% for securities and 100% of the amount received for cash.
The amount used is 0% for securities and 100% for cash received.

(k) Information on the custody of guarantees provided by the UCI

LAZARD FRERES GESTION works with a small number of custodians, selected to ensure that the securities received and the cash are properly preserved.

(l) Information on the breakdown of income and expenses

All income from temporary purchases and sales of securities, net of operating costs, is returned to the Fund.
Temporary sales of securities are entered into with market counterparties and intermediated by LAZARD FRERES GESTION.

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.

- **USE OF FINANCIAL L 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.

- **SWING PRICING**

In order to protect the UCI's long-term shareholders, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the UCI's outstandings, which may generate costs for shareholders entering and leaving the UCI that would otherwise have been allocated across all shareholders in the UCI. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of UCI units or shares exceeds a threshold predetermined by the management company on the basis of objective criteria and expressed as a percentage of the net assets in the UCI, the NAV may be adjusted upwards or downwards to take account of the readjustment costs attributable to the net subscription/redemption orders. The NAV of each unit or share category shall be calculated separately, but any adjustment shall have an identical impact, expressed as a percentage, on all of the NAV calculations of each unit or share category in the UCI.
The cost parameters and trigger level shall be determined by the management company and shall be reviewed periodically, and at least every six months. These costs shall be estimated by the management company based on transaction fees, bid/offer spreads and tax charges applicable to the UCI.
Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the UCI, it is not possible to accurately predict a given time in the future at which swing pricing will be applied. Consequently, neither is it possible to predict the precise frequency at which the management company will have to make such adjustments, which shall not exceed 1% of the NAV (see prospectus). Investors should be aware that the volatility of the UCI's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

- **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-Courtage)

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

"Identified employees"

Category	Number of employees	Aggregated fixed and variable remuneration 2019 (including deferred) in euros
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

A French mutual fund (FCP)
LAZARD CAPITAL FI

Statutory Auditor's report on the annual financial statements

Financial year ended December 31st, 2019

MAZARS

61, rue Henri Regnault - 92075 Paris La Défense Cedex
Tel. +33 (0)1 49 97 60 00 - Fax: +33 (0)1 49 97 60 01

Chartered Accountant and Statutory Auditor with a Management Board and a Supervisory Board
Capital of €8,320,000 - Nanterre Trade and Companies Register no. 784 824 153 - Registered office: 61, rue Henri Regnault - 92400 Courbevoie

A French mutual fund (FCP)
LAZARD CAPITAL FI

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 unitholders of the LAZARD CAPITAL FI mutual fund,

Opinion

In accordance with the terms of our appointment by the management company, we conducted our audit of the accompanying annual financial statements of the Undertaking for Collective Investment LAZARD CAPITAL FI, as a French open-end investment fund (fonds commun de placement - FCP), for the financial year ended December 31st, 2019.

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 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 management report prepared by the management company, or its consistency with the annual financial statements.

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

It is the management company'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 company is responsible for assessing the Fund'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 Fund or terminate its activity.

The management company is responsible for the preparation of 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 FCP.

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

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	**365 303 714,18**	**249 470 813,29**
Equities and similar securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Bonds and similar securities	**362 471 418,18**	**246 882 474,54**
Traded on a regulated or equivalent market	362 471 418,18	246 882 474,54
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	**2 832 296,00**	**2 484 338,75**
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	2 832 296,00	2 484 338,75
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		**104 000,00**
Transactions on a regulated or equivalent market		104 000,00
Other transactions		
Other financial instruments		
Receivables	**198 470 969,05**	**214 209 365,97**
Currency forward exchange transactions	**198 233 339,77**	**205 297 658,20**
Other	**237 629,28**	**8 911 707,77**
Financial accounts	**17 569 717,26**	**34 898 773,03**
Cash and cash equivalents	**17 569 717,26**	**34 898 773,03**
Total assets	**581 344 400,49**	**498 578 952,29**

LIABILITIES AND SHAREHOLDERS' EQUITY

	31/12/2019	31/12/2018
Shareholders' equity		
Capital	**371 000 499,13**	**282 081 878,43**
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)	**1 254,37**	**849,51**
Net capital gains and losses for the year (a, b)	**-2 714 207,12**	**-3 655 754,76**
Net income for the year (a, b)	**14 052 990,23**	**12 581 034,03**
Total shareholders' equity (= amount representing net assets)	**382 340 536,61**	**291 008 007,21**
Financial instruments		**104 000,00**
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments		**104 000,00**
Transactions on a regulated or equivalent market		104 000,00
Other transactions		
Liabilities	**199 003 863,88**	**207 466 945,08**
Currency forward exchange transactions	**197 854 338,50**	**206 995 511,11**
Other	**1 149 525,38**	**471 433,97**
Financial accounts		
Bank overdrafts		
Borrowings		
Total liabilities and shareholders' equity	**581 344 400,49**	**498 578 952,29**

(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		
Futures contracts		
XEUR FGBL BUN 0319		28 619 500,00
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		
Income from equities and similar securities		
Income from bonds and similar securities	16 671 532,26	17 427 913,27
Income from debt securities		
Income from temporary purchases and sales of securities	82,67	598,74
Income from forward financial instruments		
Other financial income		
Total (1)	**16 671 614,93**	**17 428 512,01**
Expenses related to financial transactions		
Expenses related to temporary purchases and sales of securities	3 588,59	1 396,01
Expenses related to forward financial instruments		
Expenses related to financial liabilities	4 429,78	2 132,86
Other financial charges		
Total (2)	**8 018,37**	**3 528,87**
Income from financial transactions (1 - 2)	**16 663 596,56**	**17 424 983,14**
Other income (3)		
Management fees and depreciation and amortisation (4)	3 650 142,88	3 468 670,1 1
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	**13 013 453,68**	**13 956 313,03**
Income adjustment for the financial year (5)	1 039 536,55	-1 375 279,00
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	**14 052 990,23**	**12 581 034,03**

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, truthfulness,
- 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 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.

o **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 day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company. These valuations and the related supporting documentation will be provided to the statutory auditor during audits.
However, the following instruments are valued using the following specific methods:

o **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 characteristics.

Benchmark rate	
Negotiable debt securities in euros	**Negotiable debt securities in other currencies**
Euribor, overnight indexed swaps (OIS) and French treasury bills (BTF) - 3 - 6 - 9 - 12 months Fixed-rate treasury bills with annual interest (BTAN) - 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.
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.

- **Temporary purchases and sales of securities:**

Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight EONIA, one- or two-week interbank rates, one- to 12-month EURIBOR) corresponding to the term of the contract. Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

- **Futures and options:**

Futures and options are valued on the basis of intraday trading prices the timing of which is based on that of the valuation of the underlying assets.
Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

➢ **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 Fund'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 Fund'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 Fund's currency).

Swing Pricing

The management company has been applying a swing pricing adjustment to the net asset value with a trigger level since July 27th, 2015. Shareholders can consult information on this mechanism in the fund prospectus, which is available at the management company's head office and on its website.

Management fees

Management fees are calculated on each valuation day.
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:

<u>Gross assets x operating and management fees rate x number of days between the NAV calculation date and the previous NAV calculation date</u>
365 (or 366 in a leap year)

These amounts are then recorded in the Fund's income statement and paid on a regular basis to the management company.

The management company pays the Fund's operating fees including for:
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 fees or variable management fees related to the performance.
The fees break down as follows, as set out in the regulations:

Expenses charged to the Fund	Basis	Rate
Financial management fees	Net assets	IC units: 0,965% including tax Maximum rate ID units: 0,965% including tax Maximum rate IC USD units: 0,965% including tax Maximum rate RD units: 1,715% including tax Maximum rate RC units: 1,715% including tax Maximum rate IC H-CHF units: 0,965% including tax Maximum rate TD units: 0,965% including tax Maximum rate S units: 0,70% including tax Maximum rate
Administrative fees external to the management company	Net assets	IC, ID, IC USD and RC units: RD, TD, S and IC H-CHF units " 0,035% including tax Maximum rate
Turnover commission (incl. taxes):	n/a	None
Performance fee* (IC, ID, IC USD, RC, RD, TD and IC H- CHF units)	Positive difference between the valued assets and the benchmark assets.	15% of the outperformance compared to the index defined below.

Performance fees are calculated by comparing changes in the Fund's assets over the financial year (net dividends reinvested and excluding variable management fees) with the assets of a benchmark fund:
- with a baseline value equal to the value of the Fund's assets at the close of the last financial year;
- and with a daily performance equal to that of the benchmark index (net dividends reinvested) in euros or in US dollars or in Swiss francs and registering the same variations in subscriptions and redemptions as the Fund.

If, at the close of the financial year, the Fund'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 Fund's assets and the benchmark fund.
If the Fund underperforms the benchmark fund between two net asset value dates, any provision previously recognised will be reversed. Amounts deducted from provisions may not exceed the amount previously accumulated.
This variable portion will only be definitively transferred to the management company at the end of the reference period if the Fund outperforms the benchmark fund over the reference period.
These fees (fixed portion and variable portion, if any) are directly charged to the Fund's income statement.
Redemptions occurring during the life of the Fund will give rise to the early payment of the corresponding portion of the variable fees.
Where redemptions occur, the performance provision will be adjusted pro rata to the amounts redeemed, and the reversed provision will revert to the management company.

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:

Distributable income	***IC, IC USD, IC H- CHF and S units***	***RD and TD units***	***ID units***	***RC units***
Allocation of net income	Accumulation	Distribution	Distribution	Accumulation
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or distribution and/or retention as decided by the management company	Accumulation	Accumulation and/or distribution and/or retention as decided by the management company

- **CHANGE IN NET ASSETS in euros**

	31/12/2019	31/12/2018
Net assets at start of year	**291 008 007,21**	**271 461 945,05**
Subscriptions (including subscription fees retained by the Fund)	179 799 511,11	270 164 854,91
Redemptions (net of redemption fees retained by the Fund)	-134 664 835,07	-227 129 892,80
Realised capital gains on deposits and financial instruments	9 480 469,24	4 693 050,53
Realised capital losses on deposits and financial instruments	-1 590 129,59	-4 030 585,75
Realised capital gains on forward financial instruments	11 850 791,15	14 533 606,72
Realised capital losses on forward financial instruments	-23 505 875,81	-16 309 712,10
Transaction charges	-767,56	-16 165,48
Exchange rate differences	6 915 285,94	2 070 012,78
Changes in valuation difference of deposits and financial instruments	32 751 489,58	-36 453 807,92
Valuation difference for financial year N	18 078 766,23	-14 672 723,35
Valuation difference for financial year N-1	14 672 723,35	-21 781 084,57
Changes in valuation difference of forward financial instruments	104 000,00	-276 337,55
Valuation difference for financial year N		-104 000,00
Valuation difference for financial year N-1	104 000,00	-172 337,55
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year	-2 820 863,27	-1 655 274,21
Net profit/loss for the financial year prior to income adjustment	13 013 453,68	13 956 313,03
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	**382 340 536,61**	**291 008 007,21**

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

	Amount:	%
Assets		
Bonds and similar securities		
Fixed-rate bonds traded on a regulated or similar market	339 570 493,52	88,81
Variable/adjustable rate bonds traded on a regulated or equivalent market	4 011 127,99	1,05
Convertible bonds traded on a regulated or equivalent market	18 889 796,67	4,94
Bonds and similar securities		
TOTAL Bonds and similar securities	**362 471 418,18**	**94,80**
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	339 570 493,52	88,81			22 900 924,66	5,99		
Debt securities								
Temporary securities transactions								
Financial accounts							17 569 717,26	4,60
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									362 471 418,18	94,80
Debt securities										
Temporary securities transactions										
Financial accounts	17 569 717,26	4,60								
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**

	USD		GBP		CHF		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities								
Bonds and similar securities	87 509 318,29	22,89	52 868 859,68	13,83				
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	20 462 448,91	5,35	10 117 424,91	2,65	176 825,54	0,05		
Financial accounts	872 106,14	0,23	182 588,47	0,05				
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Liabilities	104 358 275,70	27,29	62 667 138,72	16,39	25,64			
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

- **RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE**

	Debit/credit item	31/12/2019
Receivables	Forward currency purchases	30 756 699,36
	Receivables on forward currency sales	167 476 640,41
	Subscription receivables	147 629,28
	Coupons and dividends in cash	90 000,00
Total receivables		**198 470 969,05**
Liabilities	Forward currency sales	167 018 140,95
	Payables on forward currency purchases	30 836 197,55
	Redemptions payable	16 933,86
	Management fees	362 635,46
	Variable management fees	368 538,15
	Collateral	401 417,91
Total liabilities		**199 003 863,88**

- **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In units	In amounts
RVC EUR unit		
Units subscribed during the financial year	102 973,084	10 413 908,74
Units redeemed during the financial year	-43 104,325	-4 205 342,21
Net balance of subscriptions/redemptions	59 868,759	6 208 566,53
PVC EUR unit		
Units subscribed during the financial year	68 494,893	119 870 990,48
Units redeemed during the financial year	-56 773,949	-99 194 537,04
Net balance of subscriptions/redemptions	11 720,944	20 676 453,44
PVC H-USD unit		
Units subscribed during the financial year	2 641,617	3 010 576,97
Units redeemed during the financial year	-1 509,621	-1 637 427,33
Net balance of subscriptions/redemptions	1 131,996	1 373 149,64
TVD EUR unit		
Units subscribed during the financial year	17 253,492	1 645 796,76
Units redeemed during the financial year	-42 342,634	-3 976 203,00
Net balance of subscriptions/redemptions	-25 089,142	-2 330 406,24
RVD EUR unit		
Units subscribed during the financial year	21 782,492	2 742 455,86
Units redeemed during the financial year	-39 514,345	-4 906 876,06
Net balance of subscriptions/redemptions	-17 731,853	-2 164 420,20
PVC H-CHF unit		
Units subscribed during the financial year		
Units redeemed during the financial year		
Net balance of subscriptions/redemptions		
PVD EUR unit		
Units subscribed during the financial year	259,159	27 459 833,33
Units redeemed during the financial year	-157,795	-16 021 511,46
Net balance of subscriptions/redemptions	101,364	1 1 438 321,87
SC EUR unit		
Units subscribed during the financial year	1 423,000	14 655 948,97
Units redeemed during the financial year	-467,940	-4 722 937,97
Net balance of subscriptions/redemptions	955,060	9 933 011,00

- **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
PVC EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RVC EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
PVC H-USD unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RVD EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
TVD EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
PVC H-CHF unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
PVD EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
SC EUR unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- **MANAGEMENT FEES**

	31/12/2019
PVC H-USD unit	
Guarantee fees	
Fixed management fees	18 610,18
Percentage of fixed management fees	1,00
Variable management fees	7 371,11
Retrocessions of management fees	
PVC EUR unit	
Guarantee fees	
Fixed management fees	2 254 148,91
Percentage of fixed management fees	1,00
Variable management fees	310 142,13
Retrocessions of management fees	
RVC EUR unit	
Guarantee fees	
Fixed management fees	37 405,46
Percentage of fixed management fees	1,75
Variable management fees	12 504,73
Retrocessions of management fees	
RVD EUR unit	
Guarantee fees	
Fixed management fees	251 182,99
Percentage of fixed management fees	1,75
Variable management fees	
Retrocessions of management fees	
PVC H-CHF unit	
Guarantee fees	
Fixed management fees	1 594,17
Percentage of fixed management fees	1,00
Variable management fees	25,65
Retrocessions of management fees	

- **MANAGEMENT FEES**

	31/12/2019
TVD EUR unit	
Guarantee fees	
Fixed management fees	124 706,49
Percentage of fixed management fees	1,00
Variable management fees	
Retrocessions of management fees	
PVD EUR unit	
Guarantee fees	
Fixed management fees	358 334,96
Percentage of fixed management fees	1,00
Variable management fees	38 267,49
Retrocessions of management fees	
SC EUR unit	
Guarantee fees	
Fixed management fees	235 848,61
Percentage of fixed management fees	0,73
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			2 832 296,00
	FR0013314440	LAZARD GLOBAL HYBRID BONDS E	2 832 296,00
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	1 254,37	849,51
Net income	14 052 990,23	12 581 034,03
Total	**14 054 244,60**	**12 581 883,54**

	31/12/2019	31/12/2018
PVC EUR unit		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	9 319 025,16	9 178 275,89
Total	**9 319 025,16**	**9 178 275,89**

	31/12/2019	31/12/2018
PVC H-USD unit		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	108 618,73	61 487,83
Total	**108 618,73**	**61 487,83**

	31/12/2019	31/12/2018
RVC EUR unit		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	202 585,03	4,04
Total	**202 585,03**	**4,04**

	31/12/2019	31/12/2018
PVC H-CHF unit		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	6 537,05	6 418,21
Total	**6 537,05**	**6 418,21**

	31/12/2019	31/12/2018
TVD EUR unit		
Appropriation		
Distribution	479 473,25	618 283,76
Balance brought forward for the financial year	1 016,67	566,86
Accumulation		
Total	**480 489,92**	**618 850,62**
Information on units with dividend rights		
Number of units	123 894,896	148 984,038
Dividend per share	3,87	4,15
Tax credits		
Tax credit attached to the distribution of earnings		

	31/12/2019	31/12/2018
RVD EUR unit		
Appropriation		
Distribution	458 516,41	607 794,06
Balance brought forward for the financial year	869,93	907,55
Accumulation		
Total	**459 386,34**	**608 701,61**
Information on units with dividend rights		
Number of units	109 955,974	127 687,827
Dividend per share	4,17	4,76
Tax credits		
Tax credit attached to the distribution of earnings		

	31/12/2019	31/12/2018
PVD EUR unit		
Appropriation		
Distribution	1 846 336,67	1 607 014,47
Balance brought forward for the financial year	1,12	0,95
Accumulation		
Total	**1 846 337,79**	**1 607 015,42**
Information on units with dividend rights		
Number of units	449,495	348,131
Dividend per share	4 107,58	4 616,12
Tax credits		
Tax credit attached to the distribution of earnings		

	31/12/2019	31/12/2018
SC EUR units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	1 631 264,58	501 129,92
Total	**1 631 264,58**	**501 129,92**

- **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	-2 714 207,12	-3 655 754,76
Interim dividends paid on net capital gains/losses for the financial year		
Total	**-2 714 207,12**	**-3 655 754,76**

	31/12/2019	31/12/2018
RVC EUR unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-49 073,80	-2,42
Total	**-49 073,80**	**-2,42**

	31/12/2019	31/12/2018
PVC H-USD unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	82 710,11	73 400,28
Total	**82 710,11**	**73 400,28**

	31/12/2019	31/12/2018
PVC EUR unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-1 836 354,94	-2 718 833,88
Total	**-1 836 354,94**	**-2 718 833,88**

	31/12/2019	31/12/2018
PVC H-CHF unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	2 480,76	1 268,78
Total	**2 480,76**	**1 268,78**

	31/12/2019	31/12/2018
RVD EUR unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-118 481,87	-202 974,54
Total	**-118 481,87**	**-202 974,54**

	31/12/2019	31/12/2018
TVD EUR unit		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-101 672,03	-211 052,95
Total	**-101 672,03**	**-211 052,95**

- **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	**118 306 035,26**	**141 151 855,09**	**271 461 945,05**	**291 008 007,21**	**382 340 536,61**
LAZARD CAPI PVC H-USD					
Net assets in US dollars		572 136,21	1 861 074,19	1 583 392,79	3 460 435,25
Number of shares		540,000	1 542,363	1 361,367	2 493,363
Net asset value per share in US dollars		1 059,51	1 206,63	1 163,09	1 387,85
Accumulation per share pertaining to net capital gains/losses in euros		15,33	-56,66	53,91	33,17
Accumulation per share pertaining to net income in euros		44,93	42,57	45,16	43,56
LAZARD CAPI PVC EUR					
Net assets in euros	98 375 993,95	107 976 245,14	220 464 711,67	199 969 711,76	254 732 613,09
Number of shares	65 769,775	68 898,458	126 189,890	122 096,041	133 816,985
Net asset value per share in euros	1 495,76	1 567,17	1 747,08	1 637,80	1 903,58
Accumulation per share pertaining to net capital gains/losses in euros	-28,18	2,11	22,17	-22,26	-13,72
Accumulation per share pertaining to net income in euros	54,73	72,70	71,05	75,17	69,64
LAZARD CAPI RVC EUR					
Net assets in euros				93,33	6 459 680,20
Number of shares				1,000	59 869,759
Net asset value per share in euros				93,33	107,89
Accumulation per share pertaining to net capital gains/losses in euros				-2,42	-0,81
Accumulation per share pertaining to net income in euros				4,04	3,38
LAZARD CAPI RVD EUR					
Net assets in euros	14 922 035,50	17 579 496,89	24 489 583,00	15 424 496,03	14 756 848,35
Number of shares	119 303,141	139 290,527	182 418,191	127 687,827	109 955,974
Net asset value per share in euros	125,07	126,20	134,24	120,79	134,20
Accumulation per share pertaining to net capital gains/losses in euros	-2,35	0,17	1,65	-1,58	-1,07
Distribution per share pertaining to net income in euros	3,63	5,02	4,52	4,76	4,17
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros					*

* Tax credit per share will only be calculated on the distribution date, in accordance with applicable tax regulations.

- **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	**118 306 035,26**	**141 151 855,09**	**271 461 945,05**	**291 008 007,21**	**382 340 536,61**
LAZARD CAPI PVC H-CHF					
Net assets in Swiss francs			600 400,40	165 997,85	192 386,27
Number of shares			556,000	165,000	165,000
Net asset value per share in Swiss francs			1 079,85	1 006,04	1 165,97
Accumulation per share pertaining to net capital gains/losses in euros			-50,90	7,68	15,03
Accumulation per share pertaining to net income in euros			34,37	38,89	39,61
LAZARD CAPI TVD EUR					
Net assets in euros				13 651 988,96	12 633 888,86
Number of shares				148 984,038	123 894,896
Net asset value per share in euros				91,63	101,97
Accumulation per share pertaining to net capital gains/losses in euros				-1,41	-0,82
Distribution per share pertaining to net income in euros				4,15	3,87
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros					*
LAZARD CAPITAL FI PVD EUR					
Net assets in euros	5 008 005,81	15 053 675,32	24 444 691,51	34 792 786,69	49 894 427,41
Number of shares	50,000	144,219	220,012	348,131	449,495
Net asset value per share in euros	100 160,11	104 380,66	111 106,17	99 941,65	111 001,07
Accumulation per share pertaining to net capital gains/losses in euros	-4,08	141,96	1 360,88	-1 304,82	-895,89
Distribution per share pertaining to net income in euros	546,38	4 869,24	4 473,25	4 616,12	4 107,58
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros					*
LAZARD CAPI SC EUR					
Net assets in euros				25 636 511,82	40 603 297,31
Number of shares				2 672,470	3 627,530
Net asset value per share in euros				9 592,81	11 193,09
Accumulation per share pertaining to net capital gains/losses in euros				-53,62	-80,25
Accumulation per share pertaining to net income in euros				187,51	449,69

* Tax credit per unit will only be calculated on the distribution date, in accordance with applicable tax regulations.

- **INVENTORY** *in euros*

Description of security	Currency	Quantity No. or nominal	Present value	% Net Assets
Bonds and similar securities				
Bonds and similar securities traded on a regulated or similar market				
GERMANY				
DEUT BANK AG 7.125% 31-12-99	GBP	4 800 000	5 344 485,40	1,40
DEUT P CMS10R+0.025% 31-12-99	in euros	2 200 000	1 911 581,77	0,50
DEUTSCHE BANK AG 7.5% PERP	USD	7 000 000	6 308 541,38	1,65
DEUTSCHE BANK 6% 3 1/12/2099	in euros	2 000 000	1 941 791,48	0,51
LBBW 4.0% PERP EMTN	in euros	9 800 000	9 894 754,22	2,58
TOTAL GERMANY			**25 401 154,25**	**6,64**
BELGIUM				
AGEAS NV 3.875% PERP	in euros	3 400 000	3 523 831,34	0,92
BELFIUS BANK 3.625% PERP	in euros	6 000 000	5 814 866,72	1,52
FORTIS BK TV07-191272 CV	in euros	13 250 000	10 824 880,60	2,84
KBC GROUPE 4.25% PERP	in euros	8 000 000	8 343 076,28	2,18
TOTAL BELGIUM			**28 506 654,94**	**7,46**
DENMARK				
DANSKE BANK AS 6.125% HYB FIX/VAR PERP	USD	13 000 000	12 114 531,43	3,16
DANSKE BK 7.0% PERP	USD	4 500 000	4 306 935,41	1,13
JYSKE BANK A/S CMS10R	in euros	179 000	138 333,92	0,04
JYSKE BANK DNK EUAR10+0.15% PERP	in euros	203 000	152 578,98	0,04
SYDBANK TV PERP	in euros	640 000	497 418,24	0,13
TOTAL DENMARK			**17 209 797,98**	**4,50**
SPAIN				
ABANCA CORPORACION BANCARIA 7.5% PERP	in euros	4 800 000	5 221 565,01	1,37
BANCO BILBAO VIZCAYA ARGENTARIA SA 6.125% PERP	USD	8 200 000	7 591 896,24	1,99
BANCO DE SABADELL SA 6.125% PERP	in euros	11 800 000	12 313 229,78	3,22
BANCO NTANDER 4.75% PERP	in euros	10 000 000	10 376 174,18	2,71
BANKIA SA 6.0% PERP	in euros	11 000 000	11 775 767,83	3,08
BBVA 6.0% PERP	in euros	8 000 000	8 935 953,41	2,34
CAIXABANK 5.25% PERP	in euros	15 000 000	15 383 348,08	4,02
IBERCAJA 7.0% PERP	in euros	11 000 000	11 856 562,83	3,10
TOTAL SPAIN			**83 454 497,36**	**21,83**
UNITED STATES OF AMERICA				
DEUT POST CMS10R+0.125% PERP	in euros	1 500 000	1 311 215,08	0,34
RBS CAPITAL TR II 6.425% PERP	USD	4 000 000	5 030 255,39	1,32
TOTAL UNITED STATES OF AMERICA			**6 341 470,47**	**1,66**
FRANCE				
CA 6.875% PERP	USD	4 000 000	4 008 827,52	1,05
SG 6.75% PERP	USD	5 000 000	5 000 456,57	1,31
TOTAL FRANCE			**9 009 284,09**	**2,36**
GREECE				
NATL BANK OF GREECE 8.25% 18-07-29	in euros	3 900 000	4 474 564,62	1,17
TOTAL GREECE			**4 474 564,62**	**1,17**

Description of security	Currency	Quantity No. or nominal	Present value	% Net Assets
IRELAND				
AIB GROUP 5.25% PERP	in euros	3 000 000	3 300 510,00	0,86
TOTAL IRELAND			**3 300 510,00**	**0,86**
ITALY				
BANCO BPM 8.75% PERP EMTN	in euros	3 000 000	3 269 775,41	0,86
INTESA SANPAOLO 7.75% PERP	in euros	8 200 000	10 260 456,78	2,68
MONTE PASCHI 10.5% 23-07-29	in euros	7 700 000	8 420 059,19	2,20
MONTE PASCHI 5.375% 18-01-28	in euros	6 000 000	5 034 186,58	1,32
UNICREDIT 5.375% PERP	in euros	14 000 000	14 195 196,34	3,71
TOTAL ITALY			**41 179 674,30**	**10,77**
JERSEY				
HBOS STERLING FINANCE JERSEY LP 7.881 % PERP	GBP	3 792 000	7 019 927,98	1,84
HSBC CAPIT TF/TV PERP PF *EUR	USD	6 500 000	9 551 195,55	2,49
TOTAL JERSEY			**16 571 123,53**	**4,33**
LUXEMBOURG				
AGEASFINLUX SA E3M 12/99 CV	in euros	12 750 000	8 064 916,07	2,11
BANQUE INTLE A LUXEMBOURG 5.25% PERP	in euros	2 800 000	2 882 364,33	0,75
TOTAL LUXEMBOURG			**10 947 280,40**	**2,86**
NETHERLANDS				
ABN AMRO BANK NV 4.75% PERP	in euros	6 000 000	6 589 205,60	1,72
ACHMEA BV 4.625% PERP	in euros	4 500 000	4 744 479,38	1,24
LEASEPLAN CORPORATION NV 7.375% PERP	in euros	5 750 000	6 484 282,74	1,70
TOTAL NETHERLANDS			**17 817 967,72**	**4,66**
PORTUGAL				
BCP 9.25% PERP	in euros	8 000 000	9 038 535,65	2,36
CAIXA GERAL DE DEPOSITOS 10.75% PERP	in euros	9 000 000	10 659 791,87	2,79
NOVO BAN 8.5% 06-07-28	in euros	1 900 000	2 096 470,49	0,55
TOTAL PORTUGAL			**21 794 798,01**	**5,70**
UNITED KINGDOM				
BANK OF SCOT PLC 7.281% PERP	GBP	3 000 000	4 407 379,18	1,15
BARCLAYS PLC 5.875% PERP	GBP	10 500 000	12 987 318,72	3,40
CYBG 9.25% PERP	GBP	6 000 000	8 082 570,64	2,11
DEUTSCHE BANK AG INTL E 6.25% 3 1/12/2099	USD	6 000 000	5 041 067,58	1,32
DIRECT LINE INSURANCE PLC 4.75% PERP	GBP	8 500 000	9 570 277,74	2,50
DRESDR FIN 8.151% 30/06/31 *USD	USD	7 065 000	8 489 576,21	2,22
HSBC BANK 5.844% PERP EMTN	GBP	2 000 000	3 247 103,24	0,85
LLOYDS BANKING GROUP 7.5% PERP	USD	4 000 000	4 012 507,80	1,05
LLOYDS TSB TV PERP SERIE B	GBP	1 000 000	2 209 796,78	0,58
PIRAEUS GROUP FINANCE 9.75% 26-06-29	in euros	2 100 000	2 361 515,41	0,62
RBS GROUP TF/TV PERP *USD	USD	4 617 000	5 993 533,70	1,57
TOTAL UNITED KINGDOM			**66 402 647,00**	**17,37**
SWEDEN				
SKANDINAVISKA ENSKILDA BANKEN AB 5.125% PERP	USD	3 200 000	2 883 839,84	0,75
TOTAL SWEDEN			**2 883 839,84**	**0,75**
SWITZERLAND				
CRED SUIS SA GROUP AG 6.375% PERP	USD	4 500 000	4 420 322,94	1,16

Description of security	Currency	Quantity No. or nominal	Present value	% Net Assets
UBS GROUP AG 5.0% PERP	USD	3 000 000	2 755 830,73	0,72
TOTAL SWITZERLAND			**7 176 153,67**	**1,88**
TOTAL bonds and similar securities traded on a regulated or equivalent market			**362 471 418,18**	**94,80**
TOTAL Bonds and similar securities			**362 471 418,18**	**94,80**
Undertakings for collective investment				
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
LAZARD GLOBAL HYBRID BONDS E	in euros	25	2 832 296,00	0,74
TOTAL FRANCE			**2 832 296,00**	**0,74**
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			**2 832 296,00**	**0,74**
TOTAL Undertakings for collective investment			**2 832 296,00**	**0,74**
Receivables			**198 470 969,05**	**51,91**
Liabilities			**-199 003 863,88**	**-52,05**
Financial accounts			**17 569 717,26**	**4,60**
Net assets			**382 340 536,61**	**100,00**

LAZARD CAPI PVC H-CHF	**CHF**	**165,000**	**1 165,97**
LAZARD CAPI PVC H-USD	**USD**	**2 493,363**	**1 387,85**
LAZARD CAPI RVC EUR	**in euros**	**59 869,759**	**107,89**
LAZARD CAPI TVD EUR	**in euros**	**123 894,896**	**101,97**
LAZARD CAPI SC EUR	**in euros**	**3 627,530**	**11 193,09**
LAZARD CAPI PVC EUR	**in euros**	**133 816,985**	**1 903,58**
LAZARD CAPI RVD EUR	**in euros**	**109 955,974**	**134,20**
LAZARD CAPITAL FI PVD EUR	**in euros**	**449,495**	**111 001,07**

- **ADDITIONAL INFORMATION ON THE TAX REGIME APPLICABLE TO INTEREST PAYMENTS**

BREAKDOWN OF INTEREST: TVD EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	479 473,25	in euros	3,87	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	479 473,25	in euros	3,87	in euros

BREAKDOWN OF INTEREST: RVD EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	458 516,41	in euros	4,17	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	458 516,41	in euros	4,17	in euros

BREAKDOWN OF INTEREST: PVD EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	1 846 336,67	in euros	4 107,58	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	1 846 336,67	in euros	4 107,58	in euros