

**French open-end  
investment fund (FCP)**

**LAZARD DIVIDENDES MIN  
VAR**

**ANNUAL REPORT**

at June 28<sup>th</sup>, 2019

**Management company: Lazard Frères Gestion**

**SAS Custodian: Lazard Frères Banque**

**Statutory auditor: PriceWaterhouseCoopers Audit**

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

## CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	7
3. Management report	8
4. Regulatory information	16
5. Certification by the Statutory Auditor	19
6. Annual financial statements	25

## Key Investor Information

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**Investment policy:** The Fund intends to achieve this investment objective through discretionary management and by investing in equities of all market capitalisations with one or more of the following characteristics:

- the capacity to generate positive operating cash flows after investment;
- a balance sheet structure with little or no debt or a positive net cash position;
- the opportunity to sell assets and return the proceeds to shareholders;
- a weighted average return of the companies in the Fund above the average for listed companies in the Eurozone;
- an active share buy-back policy;
- a stable dividend policy;
- significant distribution of income or the ability to do so.

The portfolio is constructed with the goal of reducing its ex-ante volatility by over 25% relative to its benchmark. To do this, the manager performs a quantitative analysis of each portfolio security's marginal contribution to volatility, using internal tools. The manager also introduces a qualitative stock selection filter. However, the volatility reduction objective is a relative target and the Fund remains exposed to equity market volatility. Similarly, the objective does not guarantee a reduction in ex-post volatility and there are no constraints to that effect.

The portfolio shall be invested as follows:

- A minimum of 90% of the net assets in the equities markets, of which a minimum of 75% of the net assets in the Eurozone equities market;
- A maximum of 10% of the net assets may be invested in bonds.

A maximum of 10% of the net assets may be invested in French UCIs. For the purpose of cash management, the Fund may invest in money market UCI, French short-term money market instruments and French and foreign negotiable debt securities with any credit rating. Investment is solely in UCIs that in turn invest less than 10% of their assets in other UCIs. These UCIs may be managed by the management company.

The Fund may invest up to the amount of the net assets (without seeking overexposure) in equity and equity index futures on regulated, organised and/or OTC markets to hedge the portfolio against equity risk, volatility and/or dividend risk. A maximum of 10% of the Fund's net assets may also be invested in securities with embedded derivatives.

### Allocation of distributable income:

Allocation of net income: Accumulation

Allocation of net realised capital gains: Accumulation

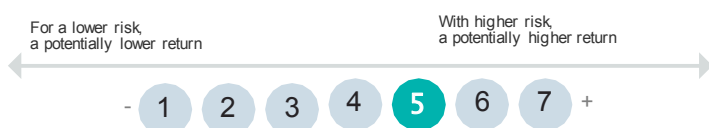
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**Right of redemption:** Orders are executed in accordance with the table below:

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## Risk and reward profile



### Description of the indicator and its main limitations:

The exposure to the equity market is the reason for the Fund's classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

## Other sizeable risks not taken into account in the indicator:

- **Derivatives risk:** The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value.

NAV of the UCI. The other risks are indicated in the prospectus.

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Allocation of net income: Distribution

Allocation of net realised capital gains: Accumulation and/or Distribution and/or Retention

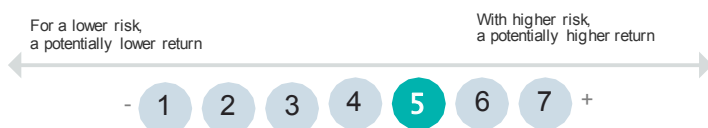
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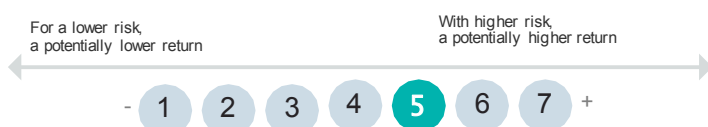
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## 2 CHANGES AFFECTING THE UCI

None.

### 3 MANAGEMENT REPORT

#### PERFORMANCE

##### The UCIs performance over the period:

C units: 4,11%.

RC units: 2,98%.

D units: 2,59% (coupon per unit of €4,18 on 06/09/2018).

RD units: 0,35% (coupon per unit of €2,05 on 06/09/2018).

Performances vary over time and past performance is no guarantee of the UCIs future results.

**The benchmark's performance over the period was as follows: 2,26%.**

#### ECONOMIC ENVIRONMENT

##### Introduction

Global expansion continued but growth has slowed over the past year, both in advanced and emerging countries. Activity in the manufacturing sector slowed but contagion to the services sector was limited. Global growth was impacted by several factors including mounting trade tension between the US and China, tighter credit policy in China, disruptions in the German automotive sector, political uncertainty in Europe, natural disasters in Japan, the economic crisis in Turkey and slowing growth in India. The weakening of global growth and increasing uncertainties at the international level have led to increased volatility in the financial markets as well as a change in the monetary policies of the major central banks. After adopting the principle of a pause in its rate hike cycle in January, the Federal Reserve (Fed) paved the way for pre-emptive rate cuts in June. It also said it would stop reducing its balance sheet from September. For its part, the European Central Bank (ECB) twice postponed a possible rise in interest rates and in parallel announced the launch of a new series of targeted longer-term loans (TLTRO) for Eurozone banks. The Bank of Japan (BoJ) reaffirmed its commitment to buy government bonds to enable the ten-year yield to remain close to 0%. China's central bank (PBOC) cut the reserve requirement ratio for large banks four times.

GDP volume growth (%)	2017	2018	2019	2020
World	3,8	3,6	3,3	3,6
Developed countries	2,4	2,2	1,8	1,7
Emerging countries	4,8	4,5	4,4	4,8
Eurozone	2,4	1,8	1,3	1,5
United States	2,2	2,9	2,3	1,9
Japan	1,9	0,8	1,0	0,5
United Kingdom	1,8	1,4	1,2	1,4
China	6,8	6,6	6,3	6,1
India*	7,2	7,1	7,3	7,5
Brazil	1,1	1,1	2,1	2,5
Russia	1,6	2,3	1,6	1,7

IMF Economic Outlook, April 2019

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

Over twelve months, the MSCI World index in dollars for global equity markets rose by 3.6%, with developed country equities rising by 4.3% and emerging country equities falling by -1.4%. The equity markets in developed countries showed a mixed performance. In their respective currencies, the S&P 500 gained 8,2%, the Euro Stoxx shed 0,3% and the Topix lost 10,4%.



In Q3 2018, the equity markets fluctuated according to the perception of the risk of a trade war between China and the United States, as well as the likelihood of Italy defying EU budgetary rules and of a crisis in emerging countries, as sharp depreciations in the Turkish lira and the Argentine peso in August 2018 fuelled fears of contagion to other countries. The equity markets subsequently experienced a sharp correction in Q4 2018. The publication of disappointing economic data from across the globe and the inversion of the US yield curve rekindled fears of a global recession, amid persistent trade tensions between China and the United States, political uncertainties in Europe and a rapid fall in oil prices.

After this difficult end to the year, the equity markets returned to normal levels in Q1 2019, making up some of the losses suffered in Q4 2018. The return of risk appetite reflected more the allaying of fears of recession in the United States, the Federal Reserve's more accommodative stance and the progress of US-Chinese trade negotiations than an improvement in earnings prospects, which were revised downwards. The resurgence of trade tensions subsequently caused the equity markets to fall again in May before the accommodative statements by the Fed and the ECB led to a rebound in June.

Concerns about growth and the accommodative monetary policies adopted by the central banks caused US and German government bond yields to fall. Over the year, the US 10-year rate fell from 2,86% to 2,01%, with a high of 3,24% in November, and the German 10-year rate fell from 0,30% to -0,33%, after peaking at 0,57% in early October. In early December, the US 5-year rate fell below the two- and three-year borrowing rates.

The credit spreads of peripheral countries against Germany tightened for nearly all countries.

Credit spreads on corporate bonds were virtually stable over one year but there was strong tension at the end of 2018 and in May 2019. According to the ICE Bank of America Merrill Lynch indices, credit spreads on good quality corporate bonds versus government bonds tightened by 2 basis points to 112 basis points, while those on high yield bonds tightened by 21 basis points to 383 basis points.

The euro fell from \$1,17 to \$1,1368, a depreciation of 2,7% over the year. The euro depreciated by 5,2% against the yen and by 4,0% against the Swiss franc, and appreciated by 1,3% against sterling. Political uncertainties in Italy and the UK as well as the ECB's accommodative monetary policy weighed on the single currency.

The Brent crude price peaked at \$86 in early October before falling rapidly to a low of \$50 in December. It then rose to \$76 per barrel at the end of April before falling back to \$64,43 at the end of June, representing a decline of 18% over the year.

## **United States**

Despite fears of a recession, growth was strong in the US in 2018, at +3,4% in Q3 2018, +2,2% in Q4 2018 and +3,1% in Q1 2019, on an annualised basis. GDP grew by 3,2% year on year in Q1 2019.

Household consumption remained positive, apart from a soft patch in December 2018. By May 2019, it had risen by 2,7% year-on-year.

Job creation averaged 183,400 in the private sector, enabling the unemployment rate to continue falling from 4,0% in June 2018 to 3,7% in June 2019. The hourly wage accelerated gradually to reach a peak of +3,4% year-on-year in February 2019. It then moderated to +3,1% year-on-year in June 2019.

The ISM surveys fell, especially the manufacturing ISM which fell from 60 in June 2018 to 51,7 in June 2019. In December 2018, the new orders component fell by 11 points to 51,3. The non-manufacturing ISM held up better, falling from 58,7 to 55,1.

Residential investment continued to contract, falling by 2,9% year-on-year in Q1 2019. Property price growth slowed gradually to +3,5% year-on-year in April 2019. The NAHB home builder confidence index reached a high of 68 in October before falling over the next two months to a low of 56 in December. It then recovered, reaching 64 in June 2019. Non-residential investment was stronger than residential investment, rising by 5,3% year-on-year in Q1 2019.

Inflation slowed to +1,8% year-on-year overall in May 2019, compared with +2,9% in June 2018. Core inflation, measured by the consumer price deflator, also slowed to +x% year-on-year in May 2019, compared with +2,0% in June 2018.

The Federal Reserve raised its benchmark interest rate by 25 basis points in September and December, bringing it to a band of 2,25%-2,50%. On January 4<sup>th</sup>, 2019, Jerome Powell indicated that the Federal Reserve would be patient and adjust its monetary policy in line with economic results. On March 20<sup>th</sup>, 2019, the Fed lowered its interest rate forecasts and indicated that it would stop reducing its balance sheet from September 2019. On June 19<sup>th</sup>, 2019, the Fed removed the reference to patience from its press release to indicate that it was ready to act. The members of the Monetary Policy Committee also lowered their interest rate forecasts.

The United States increased its tariffs on \$250 billion of Chinese products. China retaliated by increasing its tariffs on \$110 billion of US goods. The US trade deficit widened slightly during the period under review, reaching \$50,7 billion in April 2019.

The mid-term elections on November 6<sup>th</sup>, 2018 resulted in a divided Congress. The Democrats took control of the House of Representatives, securing 235 of the 435 seats. With 53 of the 100 seats in the upper house, the Republicans held onto their majority in the Senate. Due to a lack of financing, the federal administrations were partially closed from December 23<sup>rd</sup>, 2018 to January 25<sup>th</sup>, 2019, the longest shutdown in the history of the United States.

## **Eurozone**

Eurozone growth remained moderate, increasing from +0,5% in Q3 2018 to +1,0% in Q4 2018 and +1,6% in Q1 2019, on an annualised basis. In Q1 2019, GDP grew by 1,2% year-on-year in the Eurozone, by 0,6% in Germany, by 0,8% in France and by 2,1% in Spain. It fell by 0,3% in Italy.

The Eurozone composite PMI fell from 54,9 to 52,1 between June 2018 and June 2019. It reached its lowest point in November 2018 and has been picking up gradually since then. The manufacturing PMI fell by 7,1 points and the services PMI by 1,8 points to 47,8 and 53,4 respectively.

The entry into force of WLTP standards on September 1<sup>st</sup>, 2018 led to a high level of volatility in car sales in the Eurozone. After jumping by 21,5% in July 2018, they fell by 37,2% in September. They subsequently returned gradually to normalised levels. Anti-pollution standards have also disrupted German automotive production, which fell by 43% in Q3 2018 before rebounding by 22% in Q4 2018, on an annualised quarterly basis.

Unemployment in the Eurozone continued to fall, hitting 7,5% in May 2019 compared with 8,3% in May 2018. Some wage measures in the Eurozone gathered pace but inflationary pressures remained moderate. Headline inflation was stable at +1,2% over one year, peaking at +2,3% in October. Core inflation moved in a tight range between +0,8% and +1,1%.

At its meeting on December 13<sup>th</sup>, 2018, the ECB confirmed the end of its purchase programme, specifying that it would continue to reinvest redemptions from maturing securities for an extended period after beginning to raise interest rates. On March 7<sup>th</sup>, 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. The opening address of the Sintra forum was an opportunity for Mario Draghi to reiterate that the ECB could still use its entire monetary arsenal to support activity.

On September 27<sup>th</sup>, the populist Italian government announced that it was targeting a budget deficit of 2,4% of GDP in 2019, triggering the launch by the European Commission of an excessive deficit procedure on November 21<sup>st</sup>. Ultimately, the Italian government's downward revision of its 2019 deficit target to 2,0% of GDP paved the way for an agreement with Brussels on December 19<sup>th</sup>. The spread remained high before falling at the end of the period when the prospect of sanctions receded following the increase in the probability of a budgetary slippage.

In Spain, after the failure of its draft budget, the new head of the socialist government, Pedro Sanchez, called early general elections for April 28<sup>th</sup>, 2019, which saw the PSOE take the lead but without giving it a clear majority.

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

## Japan

After a third quarter marked by bad weather that weighed on activity, growth picked up in Q4 2018 and Q1 2019 to around 2,0%. The manufacturing PMI fell to 50,8 in June 2019 compared with 52,1 a year earlier.

The labour market remained tight. The unemployment rate remained stable for almost a year at 2,4%. The ratio between job offers and job applications is 1,6. Wage growth accelerated sharply, peaking at +1,3% year-on-year in November. It moved into negative territory in January, following a change in methodology.

Inflation stood at +0,7% year-on-year. Inflation excluding energy and fresh food products remained more or less stable at +0,5%.

The Bank of Japan modified its policy of controlling the yield curve in July 2018 by broadening the range within which the Japanese 10-year government bond yield could evolve versus an unchanged target of around 0%.

## China

Chinese growth has declined in recent quarters, reaching +6,2%, its lowest level in around thirty years. In March 2019, the government announced that it was targeting growth of between 6,0% and 6,5% this year. The manufacturing sector struggled, with the sector's PMI calculated by Markit dropping from 51,0 to 49,4 over twelve months.

Statistics show better growth over the last few months. Retail sales of goods re-accelerated in volume terms to +9,8% year-on-year in June 2019. Industrial production rebounded to +6,3% year-on-year.

Investment growth slowed to +5,8% year-on-year in June 2019. Infrastructure spending slowed sharply until the summer of 2018 before rising again as local governments accelerated their debt issuance.

Exports were buoyant and then slowed from the end of 2018, probably due to concerns about the trade war.

Growth in the total credit outstanding slowed to 9,8% year-on-year in November 2018. It then rebounded to +10,9% in June 2019.

The Chinese authorities stepped up their monetary and fiscal stimulus measures. On the monetary front, the central bank reduced the level of mandatory bank reserves by 100 basis points in April 2018, by 50 basis points in July 2018, by 100 basis points in October 2018 and by 100 basis points in January 2019, bringing it to 13,50%. On the fiscal front, the government announced tax cuts for households and companies that amounted to around 2% of GDP in 2019. Local authorities also stepped up their bond issuance used to finance infrastructure projects.

## MANAGEMENT POLICY

Lazard Dividendes Min Var gained +4,12% over the 2018-2019 financial year, versus +2,26% for its benchmark index, the Eurostoxx net dividends reinvested, representing an outperformance of 186bp.

The third quarter of 2018 continued on a similar trend to the previous quarter. The escalation of import taxes continued, with Donald Trump now targeting 200 billion in Chinese imports. The fact that Beijing said it was ready to respond to these measures on a similar scale further increased the risks of a trade war. On the other side of the Atlantic, the Italian government's announcement of its budget sparked concern among investors about the future of the country's economic situation, particularly that of the banking sector. The markets nevertheless remained resilient to these pressures, thanks in particular to solid macroeconomic results and the positive performance of oil companies.

The barrel oil price ended the quarter comfortably above \$83. In bonds, the Federal Reserve once again increased its key interest rates to a band of 2%-2,25%. The US 10-year interest rate thus moved above the symbolic 3% level. In Europe, the ECB announced a gradual reduction in its asset purchases until December. In this context, Lazard Dividendes Min Var gained 0,36% compared with a gain of 0,57% for its benchmark index. The fund was penalised by a negative allocation and selection effect in the real estate sector, with declines by *Nexity* (-12,1%), *Wereldhave* (-8,4%) and *Klépierre* (-5,3%). There was also a

negative stock picking effect in the industrial sector via *Aena* (-3,9%), *Bureau Veritas* (-2,8%) and *Volkerwessels* (-17,8%) which declined after the announcement of a cost overrun on a major contract (Ijmuiden). Finally, *Beter Bed* (-34,1%), which was impacted by the publication of disappointing sales results, *Sopra Steria* (-19,8%), which fell after the announcement of a profit warning at the end of the quarter, and *Danske Bank* (-15,6%) complete the list of negative contributors to the relative performance for the period. Conversely, the Fund benefited from a shrewd selection of stocks in the financial sector. *Scor* (+25,7%), which jumped following Covea's takeover bid, *Swedbank* (+16,4%) and *Intesa Sanpaolo* (-11,5%), which was absent from the portfolio, were the main positive contributors. The healthcare sector also contributed positively to the fund's relative performance thanks to the absence of *Bayer* (-18,9%), which was impacted by the Monsanto glyphosate scandal, and the presence of *Sanofi* (+11,5%), *NNIT* (+13,5%) and *Astrazeneca* (+14,1%). Finally, we note the particularly good performances of *Amer Sports* (+30,3%) and *Deutsche Post* (+9,8%) which in turn underpinned the Fund's progress over the quarter.

Rattled by a high number of profit warnings, particularly in the automotive sector, ongoing concern over Italy's deficit, the trade war between the United States and China, uncertainties concerning Brexit despite the persistent efforts by the British Prime Minister, and the social unrest in France, the market fell heavily in the last quarter of 2018, ending the year almost at its lowest level. On the other side of the Atlantic, there were no major surprises in the midterm elections, following which Donald Trump lost his majority in the House of Representatives. For its part, the Federal Reserve once again raised its key interest rates by 0,25%, bringing them to a band of 2,25%-2,50% and said it expected only two hikes in 2019. Oil fell against a backdrop of excess supply and ended the year at \$54 per barrel. In this context, Lazard Dividendes Min Var lost -8,60% versus -12,96% for the Eurostoxx net dividends reinvested, representing an outperformance of 436bp. Once again, the financial sector was the best contributor to the relative performance thanks to a positive stock-picking effect, with *Scor* (-3,3%), *Muenchener Re* (-0,10%) and *Hannover Re* (-3,3%), all three of which fared better than the market. The same applies to the healthcare sector in which *Roche Holding* (+3,1%) and *NNIT* (+2,7%) stand out in particular. Lastly, the significant proportion of cash in the Fund served as a cushion in this period of sharp market declines. It is also worth noting the strong performance of *Amer Sports* (+9%) which rose sharply on the finalisation of the offer by Anta Sports. However, the fund was penalised by its underweighting in the utilities sector and the absence of *Enel* (+14,3%), *Iberdrola* (+10,7%) and *Endesa* (+12%). Likewise, it was hurt by the disappointing performances of *Spie* (-32,4%), *Volkerwessels* (-22,2%) and *Deutsche Post* (-22,1%), which was weakened by Fedex's warning.

Having been reassured by the improvement in US indices, the likelihood of a trade agreement between the United States and China and the easing of social tensions in Europe, investors were optimistic in the first quarter of 2019. The ECB and the Fed issued very dovish messages and succeeded in reassuring the markets that interest rates would remain low at least until the end of 2019. The German Bund yield moved back into negative territory for the first time since December 2016. In the UK, Prime Minister Theresa May fought hard in negotiations with the European Commission to delay the deadline for Brexit. On foot of this good news, all of the global markets rebounded strongly (+14,51% for the MSCI World net dividends reinvested expressed in euros), wiping out almost all of the losses recorded at the end of 2018. Against this backdrop, Lazard Dividendes Min Var gained 10,31% compared with 12,09% for its benchmark index. Unlike the previous quarter, the Fund's strong cash position held back its performance in this period of market recovery and was the main negative contributor to the relative performance. The fund was also hurt by a negative selection effect in the financial sector via *Swedbank* (-27,5%), which suffered on the back of an alleged breach of its regulatory obligations, *Scor* (-3,7%) which fell on foot of the shelving of the proposed merger with Covea, and *Axa* (+18,9%), which was absent from the portfolio. Finally, the absence of *Airbus* (+40,4%) in industry, which benefited from Boeing's setbacks, *LVMH* (+27%) in consumer discretionary, and *AB Inbev* (+29,6%) in consumer staples penalised the portfolio. However, a mirror effect took shape in which those stocks that fell most at the end of 2018 gained the most in the first quarter of 2019, particularly cyclical stocks. With this, the industrial sector was the biggest contributor to the relative performance, with stellar performances by *Spie* (+36%), *Volkerwessels* (+32,9%), which benefited from the absence of cost overruns on an infrastructure project in the Netherlands, and *Deutsche Post* (+21,3%). Also of note is the good performance of *Tieto* (+21,6%) in information technology and the recovery of *Heineken* (+21,9%) in basic consumption, which was reassuring in terms of its profit outlook.

The financial markets adopted a hesitant stance in the second quarter of 2019, moving in line with central bank positions and tensions concerning US-China trade. Initially underpinned by the removal of the prospect of a hard Brexit and the publication of encouraging macroeconomic figures in April, they fell sharply in May due to the collapse of US long-term interest rates and the renewed risk of a trade war, affecting commodities and automotive stocks in particular. However, they rebounded in June in reaction to a few tweets by the US president ahead of the G7 summit and very accommodative messages from the central banks which were ready to use all available means to support the various global economies. Government bond yields subsequently fell gradually to record levels (-0,33% for the Bund at end-June). The dollar depreciated on

fears that the Fed would cut interest rates at the end of July. Against this backdrop, Lazard Dividendes Min Var gained 2,90% versus 4,22% for the Euro Stoxx with net dividends reinvested. The Fund's lag can be attributed to a negative selection effect in the information technology sector, in particular the presence of *Tieto* (-4,2%) and *Sopra Steria* (-1%) and the absence of *SAP* (+18,8%). Its strong underweighting in consumer discretionary and high weighting in the real estate sector also hurt its performance. In terms of securities, *NNIT* (-26,2%) in healthcare, *Danske Bank* (-11,2%) in the financial sector and *LVMH* (+15,5%) in consumer discretionary, which was absent from the portfolio, slowed the Fund's growth. Conversely, it benefited from a positive stock-picking effect in the financial sector thanks to good performances by *Coface* (+22,8%), *Hannover Re* (+15,7%) and *Sampo* (+10,1%). Along with its absence from the energy sector, the Fund also benefited from the fall in the oil price, which ended the quarter at \$66 per barrel. Finally, *Aena* (+13,4%) and *Huhtamaki* (+11,6%) in the materials sector and *Air Liquide* (+11,1%) in the chemicals sector complete the list of positive contributors to the relative performance for the quarter.

Throughout the financial year, Lazard Dividendes Min Var continued to invest up to 3,5% of the assets in Lazard Actifs Réels (-2,54%).

Lazard Dividendes Min Var is PEA-eligible (equity savings plan) and was over 90% invested in equities throughout the financial year.

*Past performance is no guarantee of future results.*

#### Main changes in the portfolio during the year

Securities	Changes (accounting currency)	
	Purchases	Sales
LAZARD EURO MONEY MARKET	10 397 589,78	8 823 637,65
UNILEVER	2 944 637,70	2 714 114,60
AENA SA	2 035 212,97	3 573 634,60
LAZARD EURO SHORT TERM MONEY MARKET	2 998 465,00	2 209 671,65
ELISA COMMUNICATION OXJ - A	1 287 556,94	3 213 530,44
FRAPORT AG	4 172 374,34	0,00
SPIE SA	1 801 054,36	2 270 941,54
BUREAU VERITAS	3 334 432,04	661 620,00
DANONE	1 867 889,66	2 055 531,50
HEINEKEN	2 657 811,60	1 215 115,80

#### 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.

### ESMA

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

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

- Exposure through efficient management techniques:

- **Securities lending:**
- **Securities borrowing:**
- **Repurchase agreements:**
- **Reverse repurchase agreements:**
- Underlying exposure through derivative financial instruments:
  - **Currency forwards:**
  - **Futures:**
  - **Options:**
  - **Swaps:**

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

Efficient portfolio management techniques	Derivative financial instruments (*)

(\*) Excluding listed derivatives

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

Instrument type	Amount in the currency of the portfolio
<b>Efficient portfolio management techniques</b> . Term deposits . Equities . Bonds . UCITS . Cash (**)  <b>Total</b>	
<b>Derivative financial instruments</b> . Term deposits . Equities . Bonds . UCITS . Cash  <b>Total</b>	

(\*\*) 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 (***) . Other income  <b>Total income</b>  . Direct operating expenses . Indirect operating expenses . Other expenses  <b>Total expenses</b>	

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

## 4 REGULATORY INFORMATION

### • **PROCEDURE FOR SELECTING AND ASSESSING INTERMEDIARIES AND COUNTERPARTIES**

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

### • **BROKERAGE FEES**

Information on brokerage fees is available on the website: [www.lazardfreresgestion.fr](http://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](http://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 durable 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 sovereign asset.

Information on ESG criteria is available on the website [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

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

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



- **METHOD USED TO CALCULATE GLOBAL RISK**

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

- **PEA employee savings fund**

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

Proportion actually invested during the financial year: 83,65%.

- **WITHHOLDING TAX**

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

- **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 31<sup>st</sup>, 2018 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, taking its earnings 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 total variable remuneration, which is then individualised and determined partly based on the performance of each identified member of staff.

**Population at 31/12/2018: fixed-term and permanent contracts of LFG and LFG-Belgium**

(including interns and apprentices and excluding LFG-Courtage)

Headcount at 31-12-2018 LFG, LFG-Belgium	Fixed annual remuneration in 2018 in €k	Variable remuneration for 2018 (cash and deferred) in €k
160	14 542	19 267

### Identified employees

Category	Number of employees	Aggregate fixed and variable remuneration in 2018
Senior management	3	3 958
Other	47	18 457
<b>Total</b>	50	22 416

Note: the amounts are stated excluding charges

- **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 shareholders to:

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

[www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)

## 5 CERTIFICATION BY THE STATUTORY AUDITOR



**LAZARD DIVIDENDES MINVAR**

**STATUTORY AUDITOR'S REPORT**

**ON THE ANNUAL FINANCIAL STATEMENTS**  
**Year ended June 28<sup>th</sup>, 2019**



## **STATUTORY AUDITOR'S REPORT**

### **ON THE ANNUAL FINANCIAL STATEMENTS**

**Year ended June 28<sup>th</sup>, 2019**

#### **LAZARD DIVIDENDES MIN VAR**

UCITS ORGANISED ASA FRENCH OPEN-END INVESTMENT FUND

Governed by the French Monetary and Financial Code (*Code monétaire et financier*)

#### Management company

Lazard Frères Gestion SAS

25, rue de Courcelles

75008 Paris, France

### **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 UCITS LAZARD DIVIDENDES MIN VAR, as a French open-end investment fund, for the financial year ended June 28<sup>th</sup>, 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 UCITS 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 of this report entitled "*Statutory auditor's responsibilities concerning the audit of the annual financial statements*".

#### ***Independence***

We conducted our audit in accordance with the rules of independence applicable to us on the period from June 29<sup>th</sup>, 2018 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.

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Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). A French simplified joint stock company (*Société par Actions Simplifiée*) with capital of €2 510 460. Registered office: 63, rue de Villiers, 92200 Neuilly-sur-Seine, France. Nanterre Trade and Companies Register no. 672 006 483. VAT No. FR 76 672 006 483. Siret 672 006 483 00362. APE code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes,



**LAZARD DIVIDENDES MINVAR**

### **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, the reasonableness of significant estimates used, and the presentation of all of the financial statements.

The assessments we have made are part of our audit of the annual financial statements as a whole and the opinion expressed above. We 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.

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## LAZARD DIVIDENDES MINVAR

### **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 UCI'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 UCI 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**

#### ***Audit purpose and process***

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, our audit assignment does not consist in guaranteeing the viability or quality of the management of the UCI.

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;

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## LAZARD DIVIDENDES MINVAR

- 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 company, 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 UCI'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.

Neuilly-sur-Seine, date of electronic signature

*Document authenticated by electronic signature*

The Statutory Auditor  
PricewaterhouseCoopers Audit  
Frédéric Sellam



## 6 ANNUAL FINANCIAL STATEMENTS

### • BALANCE SHEET in euros

#### ASSETS

	28/06/2019	29/06/2018
<b>Net non-current assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>151 154 224,16</b>	<b>119 138 544,95</b>
<b>Equities and similar securities</b>	<b>136 764 599,34</b>	<b>106 898 493,52</b>
Traded on a regulated or similar market	136 764 599,34	106 898 493,52
Not traded on a regulated or similar market		
<b>Bonds and similar securities</b>		
Traded on a regulated or similar market		
Not traded on a regulated or similar market		
<b>Debt securities</b>		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
<b>Undertakings for collective investment</b>	<b>14 389 624,82</b>	<b>12 240 051,43</b>
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	14 389 624,82	
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU		
General funds aimed at professional and equivalent investors in other EU Member States and listed securitisation entities		
Other professional investment funds and equivalents in other EU Member States and unlisted securitisation entities		
Other non-European entities		
<b>Temporary securities transactions</b>		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
<b>Forward financial instruments</b>		
Transactions on a regulated or equivalent market		
Other transactions		
<b>Other financial instruments</b>		
<b>Receivables</b>	<b>685 881,96</b>	<b>155 108,28</b>
<b>Currency forward exchange transactions</b>		
<b>Other</b>	<b>685 881,96</b>	<b>155 108,28</b>
<b>Financial accounts</b>	<b>3 841 425,73</b>	<b>4 551 591,48</b>
<b>Cash and cash equivalents</b>	<b>3 841 425,73</b>	<b>4 551 591,48</b>
<b>Total assets</b>	<b>155 681 531,85</b>	<b>123 845 244,71</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	28/06/2019	29/06/2018
<b>Shareholders' equity</b>		
<b>Capital</b>	<b>149 041 734,99</b>	<b>111 438 089,59</b>
Undistributed net capital gains and losses recognised in previous years (a)	5 462 341,85	3 350 267,55
Retained earnings (a)	1 427,58	154,37
Net capital gains and losses for the year (a,	-2 260 048,90	6 179 685,51
b) Net income for the year (a, b)	3 275 173,00	2 515 640,92
<b>Total shareholders' equity (= amount representing net assets)</b>	<b>155 520 628,52</b>	<b>123 483 837,94</b>
<b>Financial instruments</b>		
<b>Sales of financial instruments</b>		
<b>Temporary securities transactions</b>		
Payables on securities purchased under repurchase agreements		
Payables on loaned securities		
Other temporary transactions		
<b>Forward financial instruments</b>		
Transactions on a regulated or equivalent market		
Other transactions		
<b>Liabilities</b>	<b>160 903,33</b>	<b>361 406,77</b>
<b>Currency forward exchange transactions</b>		
Other	160 903,33	361 406,77
<b>Financial accounts</b>		
<b>Bank overdrafts Borrowings</b>		
<b>Total liabilities and shareholders' equity</b>	<b>155 681 531,85</b>	<b>123 845 244,71</b>

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	28/06/2019	29/06/2018
<b>Hedging transactions</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		
<b>Other operations</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		

• **INCOME STATEMENT in euros**

	28/06/2019	29/06/2018
<b>Income from financial transactions</b>		
Income from deposits and financial accounts		278,31
Income from equities and similar securities	4 784 628,93	4 004 786,67
Income from bonds and similar securities		
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
<b>Total (1)</b>	<b>4 784 628,93</b>	<b>4 005 064,98</b>
<b>Expenses related to financial transactions</b>		
Expenses related to temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities		
Other financial charges		
<b>Total (2)</b>		
<b>Income from financial transactions (1 - 2)</b>	<b>4 784 628,93</b>	<b>4 005 064,98</b>
Other income (3)		
Management fees and depreciation and amortisation (4)	1 509 213,89	1 423 207,31
<b>Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)</b>	<b>3 275 415,04</b>	<b>2 581 857,67</b>
Income adjustment for the financial year (5)	-242,04	-66 216,75
Interim dividends paid on net income for the financial year (6)		
<b>Net income (1 - 2 + 3 - 4 + 5 - 6)</b>	<b>3 275 173,00</b>	<b>2 515 640,92</b>

## ACCOUNTING RULES AND PRINCIPLES

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

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

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

Purchases and sales of securities are recorded excluding expenses. The accounting currency of the portfolio is the euro. The financial year comprises 12 months.

### Asset valuation rules

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

- **Shares and similar securities** are valued on the basis of the last known price on their main market. If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

- **Fixed-income securities:**

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

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

- **Bonds and similar instruments** are valued on the basis of the average of the closing prices gathered from several contributors.

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company of the Fund.

These estimates and their supporting documentation will be provided to the statutory auditor during audits. Similarly, valuations based partly on Bloomberg prices derived from averages of contributed prices may not reflect the reality of the market when the transactions are carried out.

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

- **Negotiable debt securities:**

- **Negotiable debt securities with a residual maturity of more than three months:**

Negotiable debt securities traded in large volumes are valued at market price.

In the absence of significant trading volumes, these securities are valued using an actuarial method, with a benchmark rate plus, where applicable, a margin representative of the issuer's intrinsic features.

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, 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	Main official rates of the countries concerned.

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

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

**• 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.

**➤ 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).

**Management fees**

Management fees are calculated on each valuation day.

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

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

This amount is then recorded in the Fund's income statement and paid in full 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 charges.

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

<b>Expenses charged to the Fund</b>	<b>Basis</b>	<b>Rate</b>	
<b>Financial management fees</b>	Net assets	C and D units: Maximum 1,080% incl. tax RC and RD units: Maximum 2,180% incl. tax	
<b>Administrative fees external to the management company</b>	Net assets	C, D, RC and RD units: Maximum 0,020% incl. tax	
<b>Turnover commission (0 to 100% received by the management company and 0 to 100% received by the custodian)</b>	Maximum charge on each transaction	Equities, bonds, debt securities and foreign exchange	From 0% to 0,20%
		Futures and other transactions	From €0 to €450 incl. taxes per contract
<b>Performance fee</b>	n/a	None	

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

- If the amount is significant, a provision is recognised in account 617.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

## **Allocation of distributable income**

### **Definition of distributable income:**

Distributable income consists of:

### **Net income:**

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

### **Capital gains and losses:**

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

### **Allocation of distributable income:**

<b>Distributable income</b>	<b>C and RC units</b>	<b>D and RD units</b>
Allocation of net income	Accumulation	Distribution
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or distribution and/or retention

• **CHANGE IN NET ASSETS in euros**

	28/06/2019	29/06/2018
<b>Net assets at start of year</b>	<b>123 483 837,94</b>	<b>132 943 108,04</b>
Subscriptions (including subscription fees retained by the Fund)	48 544 438,65	34 989 049,05
Redemptions (net of redemption fees retained by the Fund)	-21 831 513,66	-44 122 884,23
Realised capital gains on deposits and financial instruments	4 762 941,76	8 504 918,14
Realised capital losses on deposits and financial instruments	-6 079 356,35	-1 280 611,97
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction charges	-549 639,89	-518 703,53
Exchange rate differences	-101 858,22	-199 541,03
Changes in valuation difference of deposits and financial instruments	4 848 077,28	-8 773 100,69
Valuation difference for financial year N	6 349 530,08	1 501 452,80
Valuation difference for financial year N-1	-1 501 452,80	-10 274 553,49
Changes in valuation difference of forward financial instruments		
Valuation difference for financial year N		
Valuation difference for financial year N-1		
Distribution of prior year's net capital gains and losses	-366 806,05	-335 464,86
Dividends paid in the previous financial year	-464 907,98	-304 788,65
Net profit/loss for the financial year prior to income adjustment	3 275 415,04	2 581 857,67
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		
<b>Net assets at end of year</b>	<b>155 520 628,52</b>	<b>123 483 837,94</b>



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

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

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
<b>Assets</b>								
Deposits								
Bonds and similar securities								
Debt securities								
Temporary securities transactions								
Financial accounts							3 841 425,73	2,47
<b>Liabilities</b>								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
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	%
<b>Assets</b>										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary securities transactions										
Financial accounts	3 841 425,73	2,47								
<b>Liabilities</b>										
Temporary securities transactions										
Financial accounts										
<b>Off-balance sheet items</b>										
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**

	DKK		SEK		NOK		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
<b>Assets</b>								
Deposits								
Equities and similar securities	5 841 942,61	3,76	3 044 435,69	1,96	2 347 939,65	1,51	3 241 273,32	2,08
Bonds and similar securities								
Negotiable debt securities								
UCIs								
Temporary securities								
Debt securities								
Financial accounts								
<b>Liabilities</b>								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions								
Other transactions								

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

	Debit/credit item	28/06/2019
Receivables	Deferred settlements sale	495 450,39
	Subscription receivables	85 654,40
	Coupons and dividends in cash	104 777,17
<b>Total receivables</b>		<b>685 881,96</b>
Liabilities	Redemptions payable	21 711,20
	Management fees	139 192,13
<b>Total liabilities</b>		<b>160 903,33</b>

• **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In units	In amounts
<b>C units</b>		
Units subscribed during the year	114 250,701	34 509 701,07
Units redeemed during the year	-51 266,281	-15 415 262,79
Net subscriptions/redemptions	62 984,420	19 094 438,28
<b>RC units</b>		
Units subscribed during the year	10,696	2 397,83
Units redeemed during the year	-624,696	-137 910,61
Net subscriptions/redemptions	-614,000	-135 512,78
<b>D units</b>		
Units subscribed during the year	17,315,625	3 256 378,87
Units redeemed during the year	-14 668,000	-2 865 631,54
Net subscriptions/redemptions	2 647,625	390 747,33
<b>RD units</b>		
Units subscribed during the year	54 413,977	10 775 960,88
Units redeemed during the year	-16 806,507	-3 412 708,72
Net subscriptions/redemptions	37 607,470	7 363 252,16

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
<b>C units</b>	
Redemption fees retained	
Subscription fees retained	
Total fees retained	
<b>RC units</b>	
Redemption fees retained	
Subscription fees retained	
Total fees retained	
<b>D units</b>	
Redemption fees retained	
Subscription fees retained	
Total fees retained	
<b>RD units</b>	
Redemption fees retained	
Subscription fees retained	
Total fees retained	

- **MANAGEMENT FEES**

	28/06/2019
<b>C units</b>	
Guarantee fees	
Fixed management fees	1 120 888,33
Percentage of fixed management fees	1,09
Variable management fees Retrocessions of management fees	
<b>RC units</b>	
Guarantee fees	
Fixed management fees	12 161,80
Percentage of fixed management fees	2,19
Variable management fees	
Retrocessions of management fees	

- **MANAGEMENT FEES**

	28/06/2019
<b>D units</b>	
Guarantee fees	
Fixed management fees	232 130,06
Percentage of fixed management fees	1,09
Variable management fees Retrocessions of management fees	
<b>RD units</b>	
Guarantee fees	
Fixed management fees	144 033,70
Percentage of fixed management fees	2,19
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**

	28/06/2019
Securities held under repurchase agreements	
Borrowed securities	

- PRESENT VALUE OF SECURITIES REPRESENTING SECURITY DEPOSITS**

	28/06/2019
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 code	Description	28/06/2019
Shares Bonds			
Negotiable debt securities			
UCIs			
	FR0000291411	LAZARD ACTIFS REELS	14 389 624,82
	FR0010941815	LAZARD EURO MONEY MARKET	4 221 504,00
	FR0011291657	LAZARD EURO SHORT TERM MONEY MARKET	8 770 458,82
			1 397 662,00
Forward financial instruments			

• **TABLE OF ALLOCATION OF DISTRIBUTABLE INCOME PERTAINING TO NET INCOME**

	28/06/2019	29/06/2018
<b>Remaining amounts to be allocated</b>		
Retained earnings	1 427,58	154,37
Net income	3 275 173,00	2 515 640,92
<b>Total</b>	<b>3 276 600,58</b>	<b>2 515 795,29</b>

	28/06/2019	29/06/2018
<b>C units</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	2 668 525,24	2 038 546,63
<b>Total</b>	<b>2 668 525,24</b>	<b>2 038 546,63</b>

	28/06/2019	29/06/2018
<b>RC units</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	6 527,88	6 932,88
<b>Total</b>	<b>6 527,88</b>	<b>6 932,88</b>

	28/06/2019	29/06/2018
<b>D units</b>		
<b>Appropriation</b>		
Distribution	487 356,27	446 719,27
Balance brought forward for the financial year	691,61	922,10
Accumulation		
<b>Total</b>	<b>488 047,88</b>	<b>447 641,37</b>
<b>Information on units with dividend rights</b>		
Number of units	109 518,264	106 870,639
Dividend per unit	4,45	4,18
<b>Tax credits</b>		
Tax credit attached to the distribution of earnings	47 293,36	94 489,54



	28/06/2019	29/06/2018
<b>RD units</b>		
<b>Appropriation</b>		
Distribution	113 273,99	22 566,35
Balance brought forward for the financial year	225,59	108,06
Accumulation		
<b>Total</b>	<b>113 499,58</b>	<b>22 674,41</b>
<b>Information on units with dividend rights</b>		
Number of units	48 615,448	11 007,978
Dividend per unit	2,33	2,05
<b>Tax credits</b>		
Tax credit attached to the distribution of earnings	21 273,98	9 972,44

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

	28/06/2019	29/06/2018
<b>Remaining amounts to be allocated</b>		
Prior net gains and losses not distributed	5 462 341,85	3 350 267,55
Net gains and losses for the year	-2 260 048,90	6 179 685,51
Interim dividends paid on net capital gains/losses for the financial year	<b>3 202 292,95</b>	<b>9 529 953,06</b>
<b>Total</b>		

	28/06/2019	29/06/2018
<b>C units</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-1 783 808,76	4 941 146,13
<b>Total</b>	<b>-1 783 808,76</b>	<b>4 941 146,13</b>

	28/06/2019	29/06/2018
<b>RC units</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-8 467,78	34 945,67
<b>Total</b>	<b>-8 467,78</b>	<b>34 945,67</b>

	28/06/2019	29/06/2018
<b>D units</b>		
Appropriation		
Distribution	295 699,31	314 199,68
Undistributed net capital gains and losses	3 312 380,53	3 834 875,08
Accumulation	0,00	0,00
<b>Total</b>	<b>3 608 079,84</b>	<b>4 149 074,76</b>
<b>Information on units with dividend rights</b>		
Number of units	109 518,264	106 870,639
Dividend per unit	2,70	2,94

	28/06/2019	29/06/2018
<b>RD units</b>		
Appropriation		
Distribution	239 188,00	57 791,88
Undistributed net capital gains and losses	1 147 301,65	346 994,62
Accumulation	0,00	0,00
<b>Total</b>	<b>1 386 489,65</b>	<b>404 786,50</b>
<b>Information on units with dividend rights</b>		
Number of units	48 615,448	11 007,978
Dividend per unit	4,92	5,25

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

	30/06/2015	30/06/2016	30/06/2017	29/06/2018	28/06/2019
<b>Global net assets in euros</b>	<b>101 398 169,50</b>	<b>156 474 986,73</b>	<b>132 943 108,04</b>	<b>123 483 837,94</b>	<b>155 520 628,52</b>
<b>LAZARD DIVIDENDES MIN VAR "C"</b>					
Net assets in euros	74 621 025,66	123 500 975,03	114 507 592,16	98 747 307,99	122 495 388,29
Number of units	280 408,780	481 429,511	383 009,362	329 067,971	392 052,391
Net asset value per unit in euros	266,11	256,52	298,96	300,08	312,44
Accumulation per unit pertaining to net capital gains/losses in euros	28,75	9,29	14,26	15,01	-4,54
Accumulation per unit pertaining to net income in euros	4,20	6,06	5,13	6,19	6,80
<b>LAZARD DIVIDENDES MIN VAR "RC"</b>					
Net assets in euros		4 533 253,56	377 915,39	694 823,63	576 610,38
Number of units		23 659,000	1 708,000	3 161,970	2 547,970
Net asset value per unit in euros		195,06	217,58	219,74	226,30
Accumulation per unit pertaining to net capital gains/losses in euros		6,94	10,55	11,05	-3,32
Accumulation per unit pertaining to net income in euros		5,42	1,24	2,19	2,56
<b>LAZARD DIVIDENDES MIN VAR "D"</b>					
Net assets in euros	9 965 185,06	10 415 056,43	17 146 899,29	21 746 569,56	22 380 987,67
Number of units	49 670,930	55 857,677	81 614,918	106 870,639	109 518,264
Net asset value per unit in euros	200,62	186,45	210,09	203,48	204,35
Distribution per unit pertaining to net capital gains/losses in euros				2,94	2,70
Undistributed net capital gains and losses per unit in euros				35,88	30,24
Distribution per unit pertaining to net income in euros	3,15	4,39	3,60	4,18	4,45
Retained earnings per unit pertaining to net income in euros					
Tax credit per unit in euros				0,89	*

\* Tax credit per unit 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**

	30/06/2015	30/06/2016	30/06/2017	29/06/2018	28/06/2019
<b>Global net assets in euros</b>	<b>101 398 169,50</b>	<b>156 474 986,73</b>	<b>132 943 108,04</b>	<b>123 483 837,94</b>	<b>155 520 628,52</b>
<b>LAZARD DIVIDENDES MIN VAR "RD"</b>					
Net assets in euros	16 811 958,78	18 025 701,70	910 701,20	2 295 136,76	10 067 642,18
Number of units	79 285,270	92 410,824	4 185,461	11 007,978	48 615,448
Net asset value per unit in euros	212,04	191,60	221,26	208,49	207,08
Distribution per unit pertaining to net capital gains/losses in euros				5,25	4,92
Undistributed net capital gains and losses per unit in euros				31,52	23,59
Accumulation per unit pertaining to net capital gain and losses in euros					
Distribution per unit pertaining to net income in euros	3,76	2,50	1,72	2,05	2,33
Retained earnings per unit pertaining to net income in euros					
Tax credit per share in euros				0,953	*

\* 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
<b>Equities and similar securities</b>				
<b>Bonds and similar securities traded on a regulated or similar market</b>				
<b>GERMANY</b>				
ALLIANZ SE	EUR	22 510	4 772 120,00	3,07
DEUTSCHE BOERSE AG	EUR	18 048	2 245 171,20	1,44
DEUTSCHE POST AG NAMEN	EUR	150 980	4 363 322,00	2,81
DEUTSCHE TELEKOM AG	EUR	208 110	3 165 769,32	2,04
FRAPORT AG	EUR	57 200	4 324 320,00	2,78
HANNOVER RUECKVERSICHERUNGS NAMEN	EUR	24 580	3 495 276,00	2,25
HENKEL AG AND CO.KGAA NON VTG PRF	EUR	32 570	2 801 671,40	1,80
MUENCHENER RUECKVERSICHERUNG AG	EUR	25 580	5 645 506,00	3,62
<b>TOTAL GERMANY</b>			<b>30 813 155,92</b>	<b>19,81</b>
<b>AUSTRIA</b>				
MAYR-MELNHOF KARTON	EUR	16 680	1 844 808,00	1,19
<b>TOTAL AUSTRIA</b>			<b>1 844 808,00</b>	<b>1,19</b>
<b>DENMARK</b>				
DANSKE BANK AS	DKK	127 128	1 767 168,88	1,14
ISS AS	DKK	80 000	2 123 357,87	1,36
NNIT AS	DKK	36 625	621 240,95	0,40
NOVO NORDISK AS	DKK	29 680	1 330 174,91	0,86
<b>TOTAL DENMARK</b>			<b>5 841 942,61</b>	<b>3,76</b>
<b>SPAIN</b>				
AENA SA	EUR	8 650	1 507 695,00	0,97
FERROVIAL	EUR	75 805	1 706 370,55	1,10
GRUPO CATALANA OCCIDENTE	EUR	104 330	3 390 725,00	2,18
MERLIN PROPERTIES SOCIMI SA	EUR	245 060	2 989 732,00	1,92
<b>TOTAL SPAIN</b>			<b>9 594 522,55</b>	<b>6,17</b>
<b>FINLAND</b>				
HUHTAMAKI OY	EUR	86 700	3 135 072,00	2,02
SAMPO OYJ A	EUR	114 900	4 768 350,00	3,07
TIETO CORP.	EUR	145 250	3 785 215,00	2,43
<b>TOTAL FINLAND</b>			<b>11 688 637,00</b>	<b>7,52</b>
<b>FRANCE</b>				
AIR LIQUIDE	EUR	39 620	4 875 241,00	3,13
AMUNDI	EUR	20 370	1 250 718,00	0,80
BUREAU VERITAS	EUR	195 740	4 251 472,80	2,73
COFACE	EUR	139 200	1 234 704,00	0,79
DANONE	EUR	58 170	4 333 665,00	2,79
IMERYS EX IMETAL	EUR	31 920	1 488 110,40	0,96
KLEPIERRE	EUR	79 450	2 342 186,00	1,51
NEXITY	EUR	129 830	4 933 540,00	3,17
ORANGE	EUR	274 123	3 800 715,40	2,44
PUBLICIS GROUPE SA	EUR	27 680	1 285 182,40	0,83
PUBLICIS GROUPE SA RTS 17-07-19	EUR	27 680		
SANOFI	EUR	66 950	5 082 174,50	3,27
SCOR SE REGROUPEMENT	EUR	107 810	4 157 153,60	2,67

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
SOPRA STERIA	EUR	13 600	1 394 000,00	0,90
SPIE SA	EUR	139 020	2 270 196,60	1,46
VINCI (EX SGE)	EUR	66 200	5 961 972,00	3,83
<b>TOTAL FRANCE</b>			<b>48 661 031,70</b>	<b>31,28</b>
<b>ITALY</b>				
SNAM	EUR	362 700	1 585 361,70	1,02
<b>TOTAL ITALY</b>			<b>1 585 361,70</b>	<b>1,02</b>
<b>LUXEMBOURG</b>				
GRAND CITY PROPERTIES	EUR	70 110	1 409 211,00	0,91
GRAND CITY PROPERTIES SA RTS	EUR	70 110		
<b>TOTAL LUXEMBOURG</b>			<b>1 409 211,00</b>	<b>0,91</b>
<b>NORWAY</b>				
SBANKEN ASA	NOK	313 150	2 347 939,65	1,51
<b>TOTAL NORWAY</b>			<b>2 347 939,65</b>	<b>1,51</b>
<b>NETHERLANDS</b>				
HEINEKEN	EUR	60 560	5 943 358,40	3,82
UNILEVER	EUR	94 140	5 042 138,40	3,24
VOLKERWESSELS	EUR	121 230	2 140 921,80	1,38
WOLTERS KLUWER	EUR	28 230	1 807 284,60	1,16
<b>TOTAL NETHERLANDS</b>			<b>14 933 703,20</b>	<b>9,60</b>
<b>PORTUGAL</b>				
REN-REDES ENERGETICAS NACIONAIS SGPS S.A.	EUR	729 700	1 758 577,00	1,13
<b>TOTAL PORTUGAL</b>			<b>1 758 577,00</b>	<b>1,13</b>
<b>UNITED KINGDOM</b>				
RECKITT BENCKISER PLC	GBP	24 710	1 716 002,91	1,10
<b>TOTAL UNITED KINGDOM</b>			<b>1 716 002,91</b>	<b>1,10</b>
<b>SWEDEN</b>				
ESSITY	SEK	57 700	1 558 544,39	1,01
HENNES AND MAURITZ B	SEK	17 140	268 244,41	0,17
SWEDBANK AB	SEK	92 260	1 217 646,89	0,78
<b>TOTAL SWEDEN</b>			<b>3 044 435,69</b>	<b>1,96</b>
<b>SWITZERLAND</b>				
ROCHE HOLDING	CHF	6 190	1 525 270,41	0,98
<b>TOTAL SWITZERLAND</b>			<b>1 525 270,41</b>	<b>0,98</b>
<b>TOTAL Equities and similar securities traded on a regulated or equivalent market</b>			<b>136 764 599,34</b>	<b>87,94</b>
<b>TOTAL Equities and similar securities</b>			<b>136 764 599,34</b>	<b>87,94</b>
<b>Undertakings for collective investment</b>				
<b>General UCITS and general AIFs intended for non-professionals and equivalents in other countries</b>				
<b>FRANCE</b>				
LAZARD ACTIFS REELS	EUR	4 800	4 221 504,00	2,71
LAZARD EURO MONEY MARKET	EUR	8,53	8 770 458,82	5,64
LAZARD EURO SHORT TERM MONEY MARKET	EUR	700	1 397 662,00	0,90
<b>TOTAL FRANCE</b>			<b>14 389 624,82</b>	<b>9,25</b>
<b>TOTAL General purpose UCITS and AIFs intended for non-professionals and equivalents in other countries</b>			<b>14 389 624,82</b>	<b>9,25</b>
<b>TOTAL Undertakings for collective investment</b>			<b>14 389 624,82</b>	<b>9,25</b>
<b>Receivables</b>			<b>685 881,96</b>	<b>0,44</b>

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Liabilities			-160 903,33	-0,10
Financial accounts			3 841 425,73	2,47
Net assets			155 520 628,52	100,00

LAZARD DIVIDENDES MIN VAR "RC"	EUR	2 547,970	226,30	
LAZARD DIVIDENDES MIN VAR "D"	EUR	109 518,264	204,35	
LAZARD DIVIDENDES MIN VAR "RD"	EUR	48 615,448	207,08	
LAZARD DIVIDENDES MIN VAR "C"	EUR	392 052,391	312,44	

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

#### BREAKDOWN OF INTEREST: D UNIT

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	481 880,36	EUR	4,40	EUR
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income	5 475,91	EUR	0,05	EUR
Amounts paid out in relation to capital gains and losses	295 699,31	EUR	2,70	EUR
TOTAL	783 055,58	EUR	7,15	EUR

#### BREAKDOWN OF INTEREST: RD UNIT

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	110 843,22	EUR	2,28	EUR
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income	2 430,77	EUR	0,05	EUR
Amounts paid out in relation to capital gains and losses	239 188,00	EUR	4,92	EUR
TOTAL	352 461,99	EUR	7,25	EUR