

French open-end investment fund (FCP)

LAZARD DIVIDENDES MIN VAR

ANNUAL REPORT

as at June 29th, 2018

Management company: Lazard Frères Gestion SAS

Custodian: Lazard Frères Banque

Statutory auditor: PriceWaterhouseCoopers Audit

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Key Investor Information

This document provides you with key investor information about this Fund. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

LAZARD DIVIDENDES MIN VAR (FCP) ISIN code: C units: FR0010586024 - D units: FR0010588327 – RD units: FR0012413219 – RC units: FR0013135555 This UCITS is managed by Lazard Frères Gestion SAS

- **Classification of the UCITS:** Eurozone country equities.
- **Investment objective:** The Fund seeks to achieve a higher return (net of charges) than the Euro Stoxx (net dividends reinvested) based on closing prices, over the five-year recommended investment period, while aiming for lower volatility than the Euro Stoxx.
- **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 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 be invested in securities with embedded derivatives.

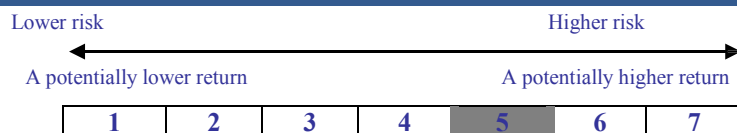
For the C and RC units, distributable income shall be fully accumulated.

For the D and RD units, net income shall be distributed in full and net realised capital gains shall be accumulated and/or distributed and/or retained by the fund. The allocation of net realised capital gains shall be decided each year by the management company.

The Fund is an eligible investment for a French equity savings plan (PEA).

- **Right of redemption:** redemption applications shall be pooled by Caceis Bank or Lazard Frères Banque before 11 a.m. on each net asset value valuation day. They shall be executed using the next NAV, which is calculated daily. The redemption price will be paid two business days after the valuation day.
- **Recommended investment period:** This Fund may not be suitable for investors planning to withdraw their contributions within five years.

Risk and reward profile



Description of the indicator and its main limitations:

The exposure to the equity market explains the Fund's classification in this category.

The historical data used could result in an unreliable indication of the Fund'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.

Sizeable risks not taken into account in the indicator:

The use of complex products such as derivatives may increase losses.

The other risks are indicated in the prospectus. The occurrence of any of these risks may have a significant impact on the Fund's net asset value.

2. CHANGES AFFECTING THE UCI

CHANGES WHICH TOOK PLACE DURING THE PERIOD AND WHICH ARE STILL TO TAKE PLACE

The Chairman of the management company Lazard Frères Gestion SAS has made the following decisions in relation to **OBJECTIF DIVIDENDES MIN VAR** (ISIN code C units: FR0010586024 - D units: FR0010588327 - RD units: FR0012413219 – RC units: FR0013135555):

- 1) To appoint Caceis Fund Administration as the new administrator instead of Lazard Frères Gestion SAS;
- 2) To appoint Caceis Bank as the new centralising agent instead of Lazard Frères Gestion SAS;
- 3) To appoint Lazard Frères Banque in addition to Caceis Bank as the joint centralising agent authorised to receive subscription and redemption orders on behalf of clients for which it carries out custody account management;
- 4) To change the pricing policy. The foreign exchange benchmark rates will be changed from the European Central Bank (ECB) rates to the Thomson Reuters WM closing rates;
- 5) To change the basis for calculating management fees to “net assets” instead of “net assets excluding UCI”;
- 6) To provide more written details on the turnover commission;
- 7) To insert a clause in the prospectus allowing for portfolio data transmission in the context of Solvency 2;
- 8) To change the UCI's name to **Lazard Dividendes Min Var** instead of Objectif Dividendes Min Var;
- 9) To include in the prospectus the point that subscriptions and redemptions may be applied for in units and/or amounts;
- 10) To modify the presentation of expenses in the prospectus in accordance with the recommendations of the AMF and provide details on the breakdown of overall management expenses, with financial management costs on the one hand and other administrative expenses external to the management company on the other.

Effective date: November 20th, 2017

3. MANAGEMENT REPORT

ANNUAL REPORT

PERFORMANCE

The UCIs performance over the period:

C units: 0,37%. RC units: 0,99%.

D units: 0,36% (coupon per unit of €7,35 on 08/09/2017). RD units: -2,35% (coupon per unit of €7,62 on 08/09/2017).

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

The benchmark over the period was: 3,50%.

ECONOMIC ENVIRONMENT

Introduction

Global economic growth remains solid but it lost some momentum at the start of 2018 because of a slowdown in growth in most of the advanced countries, and in turn a slackening of global trade. Although the business climate is broadly solid, it shows a peak in activity in each major zone at the start of 2018, followed by a retreat, particularly in the Eurozone and the rest of the world. By contrast, the business climate in the US continued to improve, showing a certain decoupling between the US economy and the other major zones. While the global growth outlook remains positive, new risks have emerged in the political domain, notably in Italy with the arrival of populist parties in power, and in international trade due to mounting trade tension between the major economic powers at the instigation of the US. Against this backdrop, the central banks of advanced countries have very gradually tightened their monetary policies, particularly since inflationary pressure remains generally limited, although signs of an acceleration are visible in the US. The Federal Reserve introduced three key interest rate hikes while the ECB announced the end of its asset purchasing programme from the end of December 2018 and pledged to leave its interest rates unchanged until summer 2019. Thanks to a very positive economic environment in 2017, volatility levels remained very low in 2017. However, they picked up in the first half of 2018 due to growing uncertainties, notably in emerging economies. The rise in US yields and the dollar's appreciation generated financial pressure in these countries, prompting several central banks to tighten their monetary policy. Currency pressure was particularly high in Turkey and Argentina, leading the latter to seek aid from the IMF.

GDP volume growth (%)	2016	2017	2018 (e)	2019 (e)
World	3,2	3,8	3,9	3,9
Developed countries	1,7	2,3	2,5	2,2
Emerging countries	4,4	4,8	4,9	5,1
Eurozone	1,8	2,3	2,4	2,0
United States	1,5	2,3	2,9	2,7
Japan	0,9	1,7	1,2	0,9
United Kingdom	1,9	1,8	1,6	1,5
China	6,7	6,8	6,6	6,4
India	7,1	6,7	7,4	7,8
Brazil	-3,5	1,0	2,3	2,5
Russia	-0,2	1,5	1,7	1,5

IMF Economic Outlook, April 2018

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

The MSCI World equity index denominated in dollars gained 8,6% year-on-year. All of the main zones, barring the Eurozone, turned in a good performance. The S&P 500 in dollars rose by 12,2%, the yen-denominated Topix gained 7,4%, the MSCI emerging country index denominated in dollars gained 5,8%, and the Euro Stoxx rose by 1,1%, all of which excluding dividends.

The euro's appreciation against the dollar until the start of 2018 contributed to the underperformance of European equities. From 1,14 at end-June 2017, the exchange rate peaked at 1,25 in mid-February 2018 (+9,3%), triggered by Mario Draghi's optimistic speech on inflation in Sintra on June 27th, 2017. This trend subsequently reversed from end-April 2018 following disappointing economic data in the Eurozone and a deterioration in the political situation in Italy, which brought the euro/dollar exchange rate to 1,17 at end-June 2018 (+2,3% year-on-year).

After a steady increase in 2017 and an exceptional start to 2018, the global equity markets corrected sharply in February, initially in response to the publication of higher-than-anticipated hourly wage data in the US. This latter increase, the strongest since mid-2009, stoked fears of a rapid rise in inflation in the US and strengthened the likelihood of an acceleration of monetary tightening by the Fed. The market correction was subsequently amplified by technical factors linked to increased volatility. From March 2018, investors were very wary of growing tension in Chinese/US trade relations, the political situation in Italy, and the downward revision to growth forecasts in the Eurozone and emerging countries.

US Treasury yields tightened by 56bp year-on-year to 2,86% at end-June 2018, while their German counterparts fell by 16bp to 0,32%. The bulk of the rise in US yields came between mid-December 2017 and mid-February 2018, mainly reflecting a rise in inflationary anticipations in the US due in particular to the approval of tax reform by US Congress and the rise in energy prices. US 10-year yields saw further gains at the start of spring, peaking at 3,11% in mid-May before falling back subsequently on foot of an increase in aversion to risk. Credit spreads in relation to Germany tightened sharply in Greece (-130bp) and Portugal (-108bp), with the latter removed from the speculative classification. They remained fairly stable in Spain (-5bp) and France (+1bp). In Italy, the prospect of a populist government triggered a sharp increase in credit spreads in May 2018 (+122bp), which widened by 69 basis points year-on-year.

According to the ICE Bank of America Merrill Lynch indices, credit spreads on good quality corporate bonds widened slightly (+16bp to 115 basis points) in relation to government bonds. Credit spreads on high-yield bonds widened more sharply (+100bp to 388 basis points).

The Brent barrel price rose by more than 60% year-on-year, from \$48 to \$79. This was notably driven by robust global demand, geopolitical uncertainties in the Middle East, new US sanctions against Iran, and the policy of the main producing countries to reduce supply. On June 22nd, 2018, OPEC and its partners agreed to comply fully with the agreement on capping production entered into in January 2017, while before that they had been cutting production more significantly than set out in the agreement.

United States

Growth in the US reached roughly 3% in the second half of 2017 before slowing to an annualised rate of +2,0% in Q1 2018 (+2,8% year-on-year). The ISM surveys remained at record high levels. The manufacturing sector index rose from 56,7 in June 2017 to 60,2 in June 2018, while the non-manufacturing index rose from 57,2 to 59,1.

Job creation has been strong over the last twelve months, apart from a soft patch in September 2017 after hurricanes Harvey and Irma, and a slight dip in March 2018. On average, 195 000 jobs were created by the private sector. The unemployment rate continued to fall, reaching 4,0% in June 2018 compared with 4,3% a year earlier. Growth in the hourly wage nevertheless remained moderate (+2,7% year-on-year in June 2018). It had accelerated sharply in January 2018 but was revised downward in the end.

Household consumption grew strongly in the second half of 2017, by between +2,5% and +3,0% a year, before slowing in Q1 2018 to an annualised +0,9% quarter-on-quarter. Consumer confidence improved to record levels in this cycle.

The trade deficit widened sharply from autumn 2017 but narrowed on foot of a rebound in exports at the end of winter 2018. In year-on-year terms it remained almost stable (\$43,1 billion dollars in May 2018).

The US administration toughened its trade policy notably with regard to China. It announced an increase in import duties to 25% on \$50 million worth of imported Chinese products, which sparked a tit-for-tat move by the Chinese authorities. It also warned that it may extend these measures to target a bigger volume of imports.

Housing starts and building permits showed continued strong trends, with an increase of +20,3% and +8,0% year-on-year respectively in May 2018. Home builders' confidence reached its highest level since 1999 in December 2017 before falling back in the first half of 2018. New home sales were very strong, increasing by +17,8% year-on-year in May 2018. However, sales of existing homes decreased slightly (+3,0% year-on-year in May 2018). Property prices continued to increase, reaching +6,4% year-on-year in April 2018.

Headline inflation accelerated gradually to +2,9% year-on-year in June 2018, and +2,3% excluding energy and food, versus +1,6% and +1,7% respectively in June 2017.

Against this backdrop, the Fed raised its key interest rate by 25 basis points on three occasions: in December 2017, March 2018 and June 2018, bringing it to a band of 1,75-2,00%. In September 2017, it announced it would reduce its balance sheet starting in October 2017 by ceasing to reinvest some of the proceeds of the matured securities in its portfolio.

Tax reform was ratified in December 2017. It notably provides for a reduction in corporation tax from 35% to 21% starting in 2018 and cuts in household tax. In February 2018, after a partial federal government shut-down between January 20th and 22nd and for a few hours on February 9th due to a lack of financing, Congress finally voted to increase the ceiling on federal expenditure for fiscal years 2018 and 2019 (\$296 billion in total).

Eurozone

Growth in the Eurozone fluctuated at around 3% in the second half of 2017 before slowing to an annualised rate of +1,5% in Q1 2018 (+2,5% year-on-year). There was a particularly marked slowdown in Germany in Q1 2018 (+1,2% after +2,5% in Q4 2017 and +3,0% in Q3 2017) and in France (+0,8% after +2,5% in Q4 2017 and +3,0% in Q3 2017). Italy saw a more moderate slowdown (+1,1% after +1,4% in Q4 2017 and Q3 2017). Growth in Spain accelerated to +3,0% after +2,7% in Q4 2017 and Q3 2017.

The business climate in the Eurozone remained good but the improvement seen in the PMI surveys in the second half of 2017 was reversed in the first half of 2018. The Eurozone composite PMI peaked at 58,8 in January 2018 before falling back to 54,9 in June 2018 compared with 56,3 in June 2017.

Unemployment reached its lowest level in the Eurozone since January 2009 in May 2018 at 8,4% versus 9,0% in June 2017. Headline inflation accelerated sharply from +1,3% in June 2017 to +2,0% in June 2018. However, core inflation remained broadly stable at +1,0% year-on-year in June 2018.

In the federal elections in Germany on September 24th, 2017, Angela Merkel's CDU/CSU alliance secured victory with 246 out of 598 seats in the Bundestag. The lack of a clear majority led to six months of negotiations, at the end of which the Social Democrats agreed to form a broad coalition with the CDU/CSU alliance, which allowed Angela Merkel to be named Chancellor again on March 14th, 2018.

In Italy, the general election held on March 4th, 2018 produced no clear majority in Parliament, leading to more than two months of negotiations. The two populist parties, Luigi di Maio's Five Star Movement and Matteo Salvini's League, finally reached agreement on forming a government on May 31st, 2018. Promising a flat tax, a "citizen income" and pension reform, their programme for government had a total budget cost of around 6% of GDP, which would significantly increase the deficit.

In Spain, the government announced the dissolution of the Catalan parliament on October 27th, 2017, and imposed direct rule on Catalonia, having refused to recognise the declaration of independence by the region's elected leaders. On June 1st, 2018, prime minister Mariano Rajoy was forced to step down after a motion of no confidence was passed by parliament on foot of convictions against several former members of his party for corruption. He was replaced by the socialist party leader, Pedro Sanchez, who heads up a minority government.

After its meeting of October 26th, 2017, the ECB announced it would reduce its monthly asset purchases from €60 billion to €30 billion starting in January 2018. At its meeting of June 14th, 2018, the ECB announced a further halving of its monthly asset purchases in Q4 2018 and said it would cease its asset purchasing programme at the end of December 2018. It would nevertheless continue to reinvest the proceeds of some maturities over an extended

period. It also said it wanted to keep its key interest rates unchanged until summer 2019, if the economy continued to progress according to expectations.

Japan

Growth in Japan remained stagnant in Q1 2018, with GDP contracting by an annualised 0,6% after +1,0% in Q4 2017 and +2,0% in Q3 2017.

The PMI business climate index in the manufacturing sector improved gradually in the second half of 2017, peaking at 54,8 in January 2018, its highest level since 2014. It subsequently fell back to 53,0 in June 2018 versus 52,5 a year earlier.

The labour market continued to tighten, with unemployment falling from 2,8% in June 2017 to 2,2% in May 2018, its lowest level since 1993, and the ratio of job offers to job seekers increasing from 1,5 to 1,6, its highest level since 1974. Wage growth accelerated sharply to +1,5% year-on-year in May 2018 compared with +0,5% in June 2017, the fastest pace seen since 1996.

Inflation rose slightly but remained at a low level. Overall, inflation increased from +0,4% to +0,7% year-on-year and from 0,0% to +0,3% excluding energy and fresh food products, the central bank's preferred measurement.

The prime minister Shinzo Abe secured an easy victory in the general election called on October 22nd, 2017, with the coalition led by the Liberal Democratic Party winning two thirds of seats in the lower house.

China

GDP in China increased by +6,8% year-on-year in Q1 2018, a similar pace to that seen over the two previous quarters.

During the annual economic conference of the members of the Communist Party of China in December 2017, the authorities said that financial risk reduction would remain a key priority in 2018 and over the coming years, along with measures to combat pollution and poverty.

During the National People's Congress in March 2018, the government renewed its growth target of around 6,5%. Unlike last year, however, it did not specify that it would try to better that level in practice.

The measures taken by the Chinese authorities to limit financial risks caused a slowdown in credit (+11,6% year-on-year in May 2018 compared with +14,1% year-on-year in June 2017).

The central bank reduced the level of compulsory bank reserves by 100 basis points in April 2018 and by 50 basis points in June 2018, bringing it to 15,50%.

Inflation remained moderate, increasing from +1,5% to +1,8% year-on-year between June 2017 and May 2018. In parallel, the increase in producer prices slowed to +4,1% year-on-year, compared with +5,5% a year earlier.

The past year was also marked by the consolidation of Xi Jinping's authority, symbolised by the inscription of his name and doctrine in the party's charter during the 19th National Congress of the Communist Party of China in October 2017, and the removal of the two-term limit on holding presidential office.

MANAGEMENT POLICY

Lazard Dividendes Min Var gained +0,37% over the full year versus +3,50% for the benchmark index, the Euro Stoxx with net dividends reinvested, representing an underperformance of 313bp.

Tension between North Korea and the US heightened during the third quarter of 2017, sparking a depreciation of the dollar against the euro. At the Fed, Janet Yellen announced a forthcoming reduction in the balance sheet starting in October 2017. One of the main events of that quarter was the rebound in oil (+20,1%), which moved back above \$50 a barrel and came close to \$60 a barrel following an agreement during the scheduled OPEC meeting in November to extend production cuts. Against this backdrop, Lazard Dividendes Min Var gained 1,98% versus 4,54% for the Euro Stoxx with net dividends reinvested. This underperformance can mainly be explained by a negative selection effect in the consumer discretionary sector due to the presence of Publicis (-9,5%) and Matas (-10,8%) and the absence of Fiat Chrysler (+64,9%). There was a similar effect in the technology sector due to the presence of Tieto (-4,7%) and the absence of ASML (+26,2%). The losses related to Euler Hermes (-3,85%),

which is not included in the benchmark index, and Spie (-10,9%), which was impacted by the publication of a decrease in its margin, also contributed. The portfolio's gains were underpinned by increases in the financial sector for NN Group (+15,9%) and Amundi (+11%) which continued to benefit from the acquisition of Pioneer. Also, the presence of Bureau Veritas (+12,7%) and the absence of Siemens (-1%) in the manufacturing sector contributed positively to the relative performance.

2017 closed with very encouraging macroeconomic data in the US, Europe as well as China. As expected, the US Federal Reserve introduced its third quarter-point key interest rate hike of the year, bringing it to a band of 1,25-1,50%. US tax reform was finally passed, slowing the downward movement in the markets. The Fund registered a slight decline of 0,23% at the end of the fourth quarter compared with a decline of 0,69% for the benchmark index, representing an outperformance of 46bp. This can mainly be attributed to financial stocks, namely the strong performance by Deutsche Boerse (+5,55%) driven by a slight resumption of volatility and a notable rebound by Euler Hermes (+21,8%) following the announced bid by Allianz for non-controlling interests. The gains by Vinci (+6,8%), the absence of Bayer (-9,8%) and the absence of Steinhoff International (-91,6%), which plummeted following revelations of accounting irregularities over the past number of years, also had a positive impact. However, Beter Bed (-15,5%) in consumer discretionary was heavily sanctioned after it issued a further profit warning, and represented the biggest negative contribution to the Fund. Bic (-9,6%) suffered from a decline in razor sales in the US and a decrease in its margin linked to the announcement of new investments. Finally, Swedbank (-13,8%) decreased on fears around residential prices in Sweden.

Despite positive economic indicators, the equity markets fell sharply in the first quarter of 2018, putting an end to the distinctly upbeat trend seen in 2017. The MSCI World (in €) index of equities excluding emerging market equities lost 4,97% over the period, largely attributable to more heightened than anticipated concerns around monetary tightening, prompted by the publication of higher-than-expected hourly wages in the US, which triggered doubts about a more rapid rise in inflation. As expected, the Federal Reserve raised its key interest rate by 25bp, bringing it to a band of 1,50-1,75%. This rough patch is also attributable to commercial tension caused by the announcement of higher customs taxes on the import of several Chinese products by the US. There was also scandal around Facebook and its network security, which was jeopardised by Cambridge Analytica's use of the personal data of 87 million users. The US company dragged the technology sector in its wake at the end of the quarter. Against this backdrop, Lazard Dividendes Min Var shed -3,45% versus -2,75% for the Euro Stoxx with net dividends reinvested. The Fund was heavily penalised by a negative selection effect in the manufacturing sector. It notably suffered from downward revisions on Spie (-17,2%), the absence of Airbus (+13%) and losses on Société Bic (-11,8%). Beter Bed (-29,7%) in consumer discretionary continued to decline on the back of weakness in the German market. Moreover, the stagnation of Wereldhave's results (-20,9%) was heavily sanctioned by the market and thus was one of the biggest negative contributors. However, the Fund's decline was cushioned by Innogy's good performance (+17,7%) following the absorption of its activities by EON and RWE. The portfolio departed from the index due to the presence of Tieto (+9,6%) and the absence of Bayer (-11,7%). Finally, Lazard Dividendes Min Var benefited from gains by Amer Sport (+11,7%), Elisa (+12,4%) and Deutsche Boerse (+14,3%).

Lazard Dividendes Min Var closed the second quarter of 2018 up 2,17% compared with an increase of 2,53% for the benchmark index. That period was particularly marked by heightened trade tension between the US and China. During the previous quarter, the US president had imposed import duties on steel and aluminium. A series of tit-for-tat measures between the two countries ensued, which fuelled fears of a slowdown in global growth. Investors were also very wary of the unstable political environment in Italy, where two extremist parties led in the general election. The likelihood of an alliance weighed on the markets and on the financial sector in particular. The downward revision to growth forecasts in the Eurozone accentuated the euro's depreciation against the dollar. In terms of the central banks, the Fed introduced another hike in its key interest rate of 25bp, bringing it to a range of 1,75-2,00%. The ECB, for its part, announced the end of its asset purchasing programme from the end of December 2018 and pledged to leave its interest rates unchanged until summer 2019. Against this backdrop, the portfolio benefited from a very good selection of financial stocks. It differentiated from the benchmark index with the presence of Sbanken (+19,3%), Grupo Catalana Occidente (+8,7%) and the absence of Banco Santander (-12,3%). Since it was absent from the automotive sector, the Fund benefited from the decline on this market following threats by the US that it would levy import taxes on cars. Daimler (-15,6%) therefore was one of the biggest positive contributors to the Fund's relative performance. By contrast, the Fund was penalised by its underexposure to the energy sector, while the Brent oil price increased by 13,05% over the quarter despite OPEC's decision to increase its production quotas. Lazard Dividendes Min Var suffered, among other things, from declines by Beter Bed (-25,4%) and Deutsche Post (-18,7%) and the absence of SAP (+18,15%), Kering (+35%) and LVMH (+15,4%).

Throughout the financial year, Lazard Dividendes Min Var continued to invest up to 3,5% of the assets in Lazard Actifs Réels (+7,94%).

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 SHORT TERM MONEY MARKET	15 299 317,46	24 439 625,37
ESSITY	17 872 751,55	2 477 551,46
GJENSID FORSIKR	15 314 141,00	551 225,99
AXFOOD AB	0,00	11 276 334,26
LAZARD EURO MONEY MARKET	7 217 448,76	0,00
MATAS A/S	0,00	6 617 312,50
NN GROUP NV	191 857,50	5 564 980,59
EULER HERMES SA	109 455,00	4 321 676,54
NNIT AS	3 651 758,98	578 206,92
ORANGE	3 038 813,67	1 112 931,00

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

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

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

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

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

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

Efficient portfolio management techniques	Derivative financial instruments (*)

(*) Excluding listed derivatives

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

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

(**) 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 Total income . Direct operating expenses . Indirect operating expenses . Other expenses Total expenses	

(***) 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 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 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 about ESG criteria is available on the website www.lazardfreresgestion.fr.

- **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 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: 81,31%.

- **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 is deemed favourable to the funds concerned. The time involved and results of claims of this nature to the tax authorities concerned are uncertain.

- **REMUNERATION**

The fixed and variable remuneration paid during the financial year ended December 29th, 2017 by the management company to its personnel, pro rata their investment in the management of the UCITS, excluding the management of AIF, is shown below and 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 31/12/2017: Fixed-term and open-ended employment contracts at LFG

LFG's headcount at 31/12/2017	Fixed annual remuneration in 2017 in €m	Variable remuneration awarded for 2017 (cash and deferred) in €m
156	13 683	20 029

"Identified employees"

Category	Number of employees	Aggregated fixed and variable remuneration in 2017 (including deferred) in €m
Senior management	3	3 979
Other	42	18 680
Total	45	22 660

- **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

5. CERTIFICATION BY THE STATUTORY AUDITOR



**STATUTORY AUDITOR'S REPORT
ON THE ANNUAL FINANCIAL STATEMENTS
Financial year ended June 29th, 2018**

LAZARD DIVIDENDES MIN VAR
UCITS ORGANISED AS A 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 LAZARD DIVIDENDES MIN VAR, as a French open-end investment fund, for the financial year ended June 29th, 2018.

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 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 June 30st, 2017 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.

*PricewaterhouseCoopers Audit, 63, Rue de Villiers, 92208 Neuilly-sur-Seine
Cedex, France, T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, www.pwc.fr*

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). 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: 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 MIN VAR

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.

Verification of the management report and other documents sent to unitholders

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

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

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LAZARD DIVIDENDES MIN VAR

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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- 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

	29/06/2018	30/06/2017
Net non-current assets		
Deposits		
Financial instruments	119 138 544,95	129 355 781,38
Equities and similar securities	106 898 493,52	116 110 069,38
Traded on a regulated or equivalent market	106 898 493,52	116 110 069,38
Not traded on a regulated or equivalent market		
Bonds and similar securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Debt securities		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment	12 240 051,43	13 245 712,00
European UCITS-compliant funds and French general purpose funds	12 240 051,43	13 245 712,00
UCI reserved for certain investors - FCPR - FCIMT		
Listed investment funds and SPV		
Unlisted investment funds and SPV		
Temporary securities transactions		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
Other financial instruments		
Receivables	155 108,28	112 869,22
Currency forward exchange transactions		
Other	155 108,28	112 869,22
Financial accounts	4 551 591,48	3 478 364,70
Cash and cash equivalents	4 551 591,48	3 478 364,70
Total assets	123 845 244,71	132 947 015,30

LIABILITIES AND SHAREHOLDERS' EQUITY

	29/06/2018	30/06/2017
Shareholders' equity		
Capital		
Undistributed net capital gains and losses recognised in previous years (a)	111 438 089,59	122 409 869,36
Retained earnings (a)	3 350 267,55	1 923 118,43
Net capital gains and losses for the year (a, b)	154,37	962,67
Net income for the year (a, b)	6 179 685,51	6 341 829,67
Total shareholders' equity (= amount representing net assets)	2 515 640,92	2 267 327,91
Financial instruments	123 483 837,94	132 943 108,04
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
Liabilities	361 406,77	3 907,26
Currency forward exchange transactions		
Other	361 406,77	3 907,26
Financial accounts		
Bank overdrafts		
Borrowings		
Total liabilities and shareholders' equity	123 845 244,71	132 947 015,30

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	29/06/2018	30/06/2017
Hedging transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		
Other transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		

- **INCOME STATEMENT in euros**

	29/06/2018	30/06/2017
Income from financial transactions		
Income from deposits and financial accounts	278,31	
Income from equities and similar securities	4 004 786,67	3 775 542,47
Income from bonds and similar securities		
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
Total (1)	4 005 064,98	3 775 542,47
Expenses related to financial transactions		
Expenses related to temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities		
Other financial charges		3 077,57
Total (2)		3 077,57
Income from financial transactions (1 - 2)	4 005 064,98	3 772 464,90
Other income (3)		
Management fees and depreciation and amortisation (4)	1 423 207,31	1 654 053,05
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	2 581 857,67	2 118 411,85
Income adjustment for the financial year (5)	-66,216,75	148 916,06
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	2 515 640,92	2 267 327,91

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with regulation 2014-01 of the French accounting standards body (Autorité des Normes Comptables - ANC) repealing French Accounting Regulatory Committee (Comité de la Réglementation Comptable - CRC) regulation 2003-02.

The general accounting principles are applicable:

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

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

Purchases and sales of securities are recorded excluding expenses.

The accounting currency of the portfolio is the euro.

The financial year comprises 12 months.

Asset valuation rules

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

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

○ **Fixed-income securities:**

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

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

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

Financial instruments whose prices have not been determined on the valuation 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, OISs and BTFs - 3 - 6 - 9 - 12 months BTANs - 18 months, 2 – 3 – 4 – 5 years	Official key rates in the relevant countries

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

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

o **UCI:**

Units or shares of UCIs are valued at the last known net asset value.

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

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

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

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

o **Futures and options:**

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

➤ **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:

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

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:

Expenses charged to the Fund	Basis	Rate	
Financial management fees	Net assets	C and D units: Maximum 1,080% incl. taxes RC and RD units: Maximum 2,180%	
Administrative fees external to the management company	Net assets	C, D, RC and RD units: Maximum 0,020% incl. taxes	
Turnover commission (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Equities, bonds, debt securities and foreign exchange	From 0% to 0,20%
		Futures and other transactions	From €0 to €450 incl. taxes per contract
Performance fees	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:

Distributable income	C and RC units	D and RD units
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**

	29/06/2018	30/06/2017
Net assets at start of year	132 943 108,04	156 474 986,73
Subscriptions (including subscription fees retained by the Fund)	34 989 049,05	83 943 345,81
Redemptions (net of redemption fees retained by the Fund)	-44,122,884,23	-127,702,082,58
Realised capital gains on deposits and financial instruments	8 504 918,14	12 380 933,65
Realised capital losses on deposits and financial instruments	-1,280,611,97	-4,025,473,74
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction fees	-518,703,53	-1,176,587,98
Exchange rate differences	-199,541,03	
Changes in valuation difference of deposits and financial instruments	-8,773,100,69	11 931 541,31
Valuation difference for financial year N	1 501 452,80	10 274 553,49
Valuation difference for financial year N-1	-10,274,553,49	1 656 987,82
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	-335,464,86	-519,369,20
Dividends paid in the previous financial year	-304,788,65	-482,597,81
Net profit/loss for the financial year prior to income adjustment	2 581 857,67	2 118 411,85
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	123 483 837,94	132 943 108,04

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

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

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities								
Debt securities								
Temporary securities transactions								
Financial accounts							4 551 591,48	3,69
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary securities transactions										
Financial accounts	4 551 591,48	3,69								
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**

	NOK		DKK		SEK		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities	3 654 791,93	2,96	2 840 883,42	2,30	2 821 701,02	2,29	3 021 503,42	2,45
Bonds and similar securities								
Debt securities								
UCI								
Temporary securities transactions								
Receivables								
Financial accounts								
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
Off-balance sheet								
Hedging transactions								
Other transactions								

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

	Debit/credit item	29/06/2018
Receivables	Deferred settlement sale	59 583,53
	Coupons and dividends in cash	95 524,75
Total receivables		155 108,28
Liabilities	Redemptions payable	239 250,75
	Management fees	122 156,02
Total liabilities		361 406,77

- NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In units	In amounts
C units		
Units subscribed during the financial year	64 822,390	19 789 746,79
Units redeemed during the financial year	-118,763,781	-35,902,070,99
Net balance of subscriptions/redemptions	-53,941,391	-16,112,324,20
RC units		
Units subscribed during the financial year	2 985,970	671 067,34
Units redeemed during the financial year	-1,532,000	-339,200,42
Net balance of subscriptions/redemptions	1 453,970	331 866,92
D units		
Units subscribed during the financial year	59 973,146	12 414 432,97
Units redeemed during the financial year	-34,717,425	-7,172,650,74
Net balance of subscriptions/redemptions	25 255,721	5 241 782,23
RD units		
Units subscribed during the financial year	10 129,654	2 113 801,95
Units redeemed during the financial year	-3,307,137	-708,962,08
Net balance of subscriptions/redemptions	6 822,517	1 404 839,87

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
C units	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RC units	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
D units	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RD units	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- MANAGEMENT FEES**

	29/06/2018
C units	
Guarantee fees	
Fixed management fees	1 169 204,67
Percentage of fixed management fees	1,06
Variable management fees	
Retrocessions of management fees	
RC units	
Guarantee fees	
Fixed management fees	13 799,06
Percentage of fixed management fees	2,15
Variable management fees	
Retrocessions of management fees	

- MANAGEMENT FEES**

	29/06/2018
D units	
Guarantee fees	
Fixed management fees	214 103,23
Percentage of fixed management fees	1,07
Variable management fees	
Retrocessions of management fees	
RD units	
Guarantee fees	
Fixed management fees	26 100,35
Percentage of fixed management fees	2,14
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**

	29/06/2018
Securities held under repurchase agreements	
Borrowed securities	

- PRESENT VALUE OF SECURITIES REPRESENTING SECURITY DEPOSITS**

	29/06/2018
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	29/06/2018
Equity			
Bonds			
NDS			
UCI			12 240 051,43
	FR0000291411	LAZARD ACTIFS REELS	4 413 456,00
	FR0010941815	LAZARD EURO MONEY MARKET	7 215 979,33
	FR0011291657	LAZARD EURO SHORT TERM MONEY MARKET	610 616,10
Forward financial instruments			

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

	29/06/2018	30/06/2017
Remaining amounts to be allocated		
Retained earnings	154,37	962,67
Net income	2 515 640,92	2 267 327,91
Total	2 515 795,29	2 268 290,58

	29/06/2018	30/06/2017
C units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	2 038 546,63	1 965 063,89
Total	2 038 546,63	1 965 063,89

	29/06/2018	30/06/2017
RC units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	6 932,88	2 129,72
Total	6 932,88	2 129,72

	29/06/2018	30/06/2017
D units		
Appropriation		
Distribution	446 719,27	293 813,70
Balance brought forward for the financial year	922,10	47,98
Accumulation		
Total	447 641,37	293 861,68
Information on units with dividend rights		
Number of units	106 870,639	81 614,918
Dividend per share	4,18	3,60
Tax credits		
Tax credit attached to the distribution of earnings	94 489,54	45 858,69

	29/06/2018	30/06/2017
RD units		
Appropriation		
Distribution	22 566,35	7 198,99
Balance brought forward for the financial year	108,06	36,30
Accumulation		
Total	22 674,41	7 235,29
Information on units with dividend rights		
Number of units	11 007,978	4 185,461
Dividend per share	2,05	1,72
Tax credits		
Tax credit attached to the distribution of earnings	9 972,44	2 435,69

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

	29/06/2018	30/06/2017
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years	3 350 267,55	1 923 118,43
Net capital gains and losses for the year	6 179 685,51	6 341 829,67
Interim dividends paid on net capital gains/losses for the financial year		
Total	9 529 953,06	8 264 948,10

	29/06/2018	30/06/2017
C units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	4 941 146,13	5 462 392,65
Total	4 941 146,13	5 462 392,65

	29/06/2018	30/06/2017
RC units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	34 945,67	18 028,31
Total	34 945,67	18 028,31

	29/06/2018	30/06/2017
D units		
Appropriation		
Distribution	314 199,68	306 055,94
Undistributed net capital gains and losses	3 834 875,08	2 342 873,06
Accumulation	0,00	
Total	4 149 074,76	2 648 929,00
Information on units with dividend rights		
Number of units	106 870,639	81 614,918
Dividend per share	2,94	3,75

	29/06/2018	30/06/2017
RD units		
Appropriation		
Distribution	57 791,88	24 694,22
Undistributed net capital gains and losses	346 994,62	110 903,92
Accumulation	0,00	
Total	404 786,50	135 598,14
Information on units with dividend rights		
Number of units	11 007,978	4 185,461
Dividend per share	5,25	5,90

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

	30/06/2014	30/06/2015	30/06/2016	30/06/2017	29/06/2018
Global net assets in euros	73 667 737,80	101 398 169,50	156 474 986,73	132 943 108,04	123 483 837,94
LAZARD DIVIDENDES MIN VAR "C"					
Net assets in euros	67 411 749,69	74 621 025,66	123 500 975,03	114 507 592,16	98 747 307,99
Number of shares	297 836,000	280 408,780	481 429,511	383 009,362	329 067,971
Net asset value per share in euros	226,33	266,11	256,52	298,96	300,08
Accumulation per share pertaining to net capital gains/losses in euros	1,87	28,75	9,29	14,26	15,01
Accumulation per share pertaining to net income in euros	5,28	4,20	6,06	5,13	6,19
LAZARD DIVIDENDES MIN VAR "RC"					
Net assets in euros			4 533 253,56	377 915,39	694 823,63
Number of shares			23 659,000	1 708,000	3 161,970
Net asset value per share in euros			195,06	217,58	219,74
Accumulation per share pertaining to net capital gains/losses in euros			6,94	10,55	11,05
Accumulation per share pertaining to net income in euros			5,42	1,24	2,19
LAZARD DIVIDENDES MIN VAR "D"					
Net assets in euros	6 255 988,11	9 965 185,06	10 415 056,43	17 146 899,29	21 746 569,56
Number of shares	35 532,000	49 670,930	55 857,677	81 614,918	106 870,639
Net asset value per share in euros	173,06	200,62	186,45	210,09	203,48
Distribution per share pertaining to net capital gains/losses in euros	1,45	3,87	2,13	3,75	2,94
Undistributed net capital gains and losses per share in euros		17,81	22,44	28,70	35,88
Distribution per share pertaining to net income in euros	4,11	3,15	4,39	3,60	4,18
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros	0,66				*

* * 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**

	30/06/2014	30/06/2015	30/06/2016	30/06/2017	29/06/2018
Global net assets in euros	73 667 737,80	101 398 169,50	156 474 986,73	132 943 108,04	123 483 837,94
LAZARD DIVIDENDES MIN VAR "RD"					
Net assets in euros		16 811 958,78	18 025 701,70	910 701,20	2 295 136,76
Number of shares		79 285,270	92 410,824	4 185,461	11 007,978
Net asset value per share in euros		212,04	191,60	221,26	208,49
Distribution per share pertaining to net capital gains/losses in euros		3,66	4,32	5,90	5,25
Undistributed net capital gains and losses per share in euros		19,24	21,99	26,50	31,52
Accumulation per share pertaining to net capital gains/losses in euros					
Distribution per share pertaining to net income in euros					2,05
Retained earnings per share pertaining to net income in euros		3,76	2,50	1,72	
Tax credit per share in euros					*

* * Tax credit per share 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
Equities and similar securities				
Equities and similar securities traded on a regulated or similar market				
GERMANY				
ALLIANZ SE	EUR	13 800	2 442 876,00	1,98
DEUTSCHE BOERSE AG	EUR	20 668	2 359 252,20	1,91
DEUTSCHE POST AG NAMEN	EUR	88 650	2 479 540,50	2,01
DEUTSCHE TELEKOM AG	EUR	89 300	1 185 011,00	0,96
HANNOVER RUECKVERSICHERUNGS NAMEN	EUR	18 950	2 023 860,00	1,64
HENKEL AG AND CO.KGAA NON VTG PRF	EUR	25 479	2 789 950,50	2,26
INNOGY SE	EUR	68 250	2 504 092,50	2,03
MUENCHENER RUECKVERSICHERUNG AG	EUR	14 900	2 697 645,00	2,18
TOTAL GERMANY			18 482 227,70	14,97
DENMARK				
DANSKE BANK AS	DKK	63 678	1 707 179,26	1,38
NNIT AS	DKK	53 192	1 133 704,16	0,92
TOTAL DENMARK			2 840 883,42	2,30
SPAIN				
AENA SA	EUR	16 446	2 557 353,00	2,06
ENAGAS SA	EUR	48 800	1 221 952,00	0,99
FERROVIAL	EUR	119 150	2 094 061,25	1,70
GRUPO CATALANA OCCIDENTE	EUR	35 150	1 340 972,50	1,09
MERLIN PROPERTIES SOCIMI SA	EUR	127 550	1 588 635,25	1,29
TOTAL SPAIN			8 802 974,00	7,13
FINLAND				
AMER SPORTS CORP.	EUR	83 292	2 250 549,84	1,82
ELISA COMMUNICATION OXJ - A	EUR	46 400	1 840 688,00	1,49
HUHTAMAKI OY	EUR	86 650	2 745 938,50	2,22
SAMPO OYJ A	EUR	62 200	2 599 960,00	2,11
TIETO CORP.	EUR	82 350	2 286 036,00	1,85
TOTAL FINLAND			11 723 172,34	9,49
FRANCE				
AIR LIQUIDE	EUR	18 023	1 941 077,10	1,57
AMUNDI	EUR	21 150	1 255 041,00	1,02
BIC	EUR	27 250	2 163 650,00	1,75
BUREAU VERITAS	EUR	64 000	1 463 040,00	1,18
COFACE	EUR	113 990	1 085 184,80	0,88
DANONE	EUR	61 150	3 844 500,50	3,11
KLEPIERRE	EUR	67 650	2 181 712,50	1,77
NEXITY	EUR	47 250	2 556 225,00	2,07
ORANGE	EUR	139 723	2 004 326,44	1,62
PUBLICIS GROUPE SA	EUR	25 200	1 485 288,00	1,20
PUBLICIS GROUPE SA RTS 26-06-18	EUR	26 200		
SANOFI	EUR	48 200	3 308 930,00	2,68
SCOR SE REGROUPEMENT	EUR	99 400	3 162 908,00	2,56
SOPRA STERIA	EUR	7 200	1 257 120,00	1,02
SPIE SA	EUR	152 650	2 653 057,00	2,15
VINCI (EX SGE)	EUR	47 500	3 912 100,00	3,18
TOTAL FRANCE			34 274 160,34	27,76

ITALY				
SNAM	EUR	384 600	1 375 329,60	1,11
TOTAL ITALY			1 375 329,60	1,11
LUXEMBOURG				
GRAND CITY PROPERTIES	EUR	69 500	1 545 680,00	1,25
TOTAL LUXEMBOURG			1 545 680,00	1,25
NORWAY				
GJENSID FORSIKR	NOK	164 150	2 304 585,96	1,87
SBANKEN ASA	NOK	150 100	1 350 205,97	1,09
TOTAL NORWAY			3 654 791,93	2,96
NETHERLANDS				
BETER BED HOLDING	EUR	237 150	1 641 078,00	1,33
HEINEKEN	EUR	44 400	3 819 288,00	3,09
UNILEVER	EUR	90 150	4 307 817,75	3,48
VOLKERWESSELS	EUR	159 050	3 502 281,00	2,84
WERELDHAVE NV	EUR	52 550	1 768 833,00	1,43
WOLTERS KLUWER	EUR	33 400	1 611 884,00	1,31
TOTAL NETHERLANDS			16 651 181,75	13,48
PORTUGAL				
REN-REDES ENERGETICAS NACIONAIS SGPS S.A.	EUR	710 370	1 704 888,00	1,38
TOTAL PORTUGAL			1 704 888,00	1,38
UNITED KINGDOM				
ASTRAZENECA PLC	GBP	12 200	724 674,62	0,59
RECKITT BENCKISER PLC	GBP	19 000	1 340 430,82	1,08
TOTAL UNITED KINGDOM			2 065 105,44	1,67
SWEDEN				
ESSITY	SEK	62 000	1 313 023,58	1,06
HENNES AND MAURITZ B	SEK	21 850	279 272,66	0,23
SWEDBANK AB	SEK	66 950	1 229 404,78	1,00
TOTAL SWEDEN			2 821 701,02	2,29
SWITZERLAND				
ROCHE HOLDING	CHF	4 950	956 397,98	0,77
TOTAL SWITZERLAND			956 397,98	0,77
TOTAL Equities and similar securities traded on regulated or similar markets			106 898 493,52	86,56
TOTAL Equities and similar securities			106 898 493,52	86,56
Undertakings for collective investment				
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
LAZARD ACTIFS REELS	EUR	4 800	4 413 456,00	3,57
LAZARD EURO MONEY MARKET	EUR	7	7 215 979,33	5,85
LAZARD EURO SHORT TERM MONEY MARKET	EUR	305	610 616,10	0,49
TOTAL FRANCE			12 240 051,43	9,91
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			12 240 051,43	9,91
TOTAL Undertakings for collective investment			12 240 051,43	9,91

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Receivables			155 108,28	0,13
Liabilities			-361,406,77	-0,29
Financial accounts			4 551 591,48	3,69
Net assets			123 483 837,94	100,00

LAZARD DIVIDENDES MIN VAR "C"	EUR	329 067,971	300,08
LAZARD DIVIDENDES MIN VAR "RC"	EUR	3 161,970	219,74
LAZARD DIVIDENDES MIN VAR "D"	EUR	106 870,639	203,48
LAZARD DIVIDENDES MIN VAR "RD"	EUR	11 007,978	208,49

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

BREAKDOWN OF INTEREST: D

	NET OVERALL	CURRENCY	NET PER SHARE	CURRENCY
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	440 307,03	EUR	4,12	EUR
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income	6 412,24	EUR	0,06	EUR
Amounts paid out in relation to capital gains and losses	314 199,68	EUR	2,94	EUR
TOTAL	760 918,95	EUR	7,12	EUR

BREAKDOWN OF INTEREST: RD

	NET OVERALL	CURRENCY	NET PER SHARE	CURRENCY
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	21 905,87	EUR	1,99	EUR
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income	660,48	EUR	0,06	EUR
Amounts paid out in relation to capital gains and losses	57 791,88	EUR	5,25	EUR
TOTAL	80 358,23	EUR	7,30	EUR