

SICAV governed by French law

LAZARD EQUITY SRI

ANNUAL REPORT

as at September 29th, 2017

Management company: Lazard Frères Gestion

SAS Custodian: Caceis Bank

Statutory auditor: Ernst & Young Audit

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1. CHARACTERISTICS OF THE FUND

- **LEGAL FORM**

French open-end investment company (Société d'Investissement à Capital Variable - SICAV) with a board of directors

- **CLASSIFICATION**

Eurozone country equities.

- **ALLOCATION OF DISTRIBUTABLE INCOME**

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account.

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

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

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

For the C, PC EUR, RC EUR, PC H-GBP, PC H-USD, RC H-USD, PC H-CHF and RC H-CHF shares, distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

For the D shares, net income is distributed in full and the allocation of net realised capital gains is decided each year by the Shareholders' Meeting.

- **INVESTMENT OBJECTIVE**

C, D, PC EUR and RC EUR shares: While the SICAV is not index-based, it seeks to outperform, net of expenses, the Euro Stoxx index (net dividends reinvested at the closing price) over the recommended investment period through an active policy of socially responsible investment based on financial, corporate, social, environmental and governance criteria.

PC H-GBP shares: While the SICAV is not index-based, it seeks to outperform, net of expenses, the Euro Stoxx index (net dividends reinvested at the closing price, expressed in GBP and hedged against foreign exchange risk, with the pound sterling as the base currency) over the recommended investment period, through an active policy of socially responsible investment based on financial, corporate, social, environmental and governance criteria.

As PC H-GBP shares are hedged against foreign exchange risk, the share's performance may be impacted by possible hedging costs.

PC H-USD and RC H-USD shares: While the SICAV is not index-based, it seeks to outperform, net of expenses, the Euro Stoxx index (net dividends reinvested at the closing price, expressed in USD and hedged against foreign exchange risk, with the US dollar as the base currency) over the recommended investment period, through an active policy of socially responsible investment based on financial, corporate, social, environmental and governance criteria.

As PC H-USD and RC H-USD shares are hedged against foreign exchange risk, the shares' performance may be impacted by possible hedging costs.

PC H-CHF and RC H-CHF shares: While the SICAV is not index-based, it seeks to outperform, net of expenses, the Euro Stoxx index (net dividends reinvested at the closing price, expressed in CHF and hedged against foreign exchange risk, with the Swiss franc as the base currency) over the recommended investment period, through an active policy of socially responsible investment based on financial, corporate, social, environmental and governance criteria. As PC H-CHF and RC H-CHF shares are hedged against foreign exchange risk, the shares' performance may be impacted by possible hedging costs.

- **BENCHMARK**

The Euro Stoxx (net dividends reinvested) is an index of around 300 stocks, covering the largest listed companies in the Eurozone by market capitalisation. The performance history is available on Bloomberg under code “SXXT” and on the website www.stoxx.com.

- **INVESTMENT STRATEGY**

- 1. Strategies used**

To support its investment policy, the manager has opted for a “best in class” positioning.

This involves selecting companies that, based on his analysis, display the best relative metrics in terms of human resources management and respect for the environment, particularly within their business sector, as well as a high level of economic profitability.

The stock selection process consists of two distinct, simultaneous and necessary phases:

A) The non-financial rating filter:

Five criteria (Human Resources, Environment, Customer/Supplier Relations, Human Rights and Community Involvement) are analysed and scored by an independent agency that we believe offers the most expertise in those areas. The criteria are scored according to the management company’s specific weightings for each stock.

For a stock to be eligible for the SICAV’s portfolio, the following three conditions must be met:

1. The weighted average score across all areas including human resources must be positive;
2. The “Human Resources” score must also be positive.
3. Satisfactory corporate governance, i.e. corporate governance that guarantees the fair treatment of minority interests and prevents conflicts of interest.

Note that the scores for the first two conditions are produced by an independent agency. The decision to use this external company was made because its experts appear to offer better quality in terms of ratings than an internal analysis. The weights used in the weighted score were nevertheless determined by the manager. However, we believe that quality of governance is better understood by the management company’s analysts/managers and it was therefore decided to manage this internally.

The various criteria and weightings used to determine a rating for each stock are as follows:

- **Human resources (40%)**

Management of the companies’ human capital: training, safety, redeployment measures for staff who are made redundant, remuneration policy.

- **Environment (30%)**

Management of production sites and rehabilitation of those sites. Level of information available for this criterion.

- **Customer/supplier relationships (10%)**

Supplier management, and identification of supplier good practice in certain areas (child labour, etc.).

- **Human rights (10%)**

Prevention of human rights risks, particularly regarding discrimination.

▪ **Community involvement (10%)**

Integration of the company in the local community. Involvement in development in general and the development of certain activities in particular, such as supporting education in a particular area.

The rating system, provided by an independent agency and used by the manager, works as follows:

An absolute score is calculated for each company in the portfolio. This score is a weighted average reflecting the importance that the manager assigns to each area under review (Human Resources, Human Rights, Environment, Customer/Supplier Relationships and Community Relationships). The score is compared to that of other companies in the same industry.

For each area, companies will be given a score relative to their sector (between 0 and 100). A company's final rating (between -- and ++) depends on the normal distribution of the "scores" within its activity sector. Thus if a company is above the sector median (+ or - 20%), it will receive a positive rating (+), or a highly positive rating (++) if it is among the highest-scored 5% of companies. Conversely, if a company is below the sector median (+ or - 20%), it will receive a negative rating (-), or a highly negative rating (--) if it is among the lowest-scored 5% of companies.

[++]: the highest-scored 5% of companies above the sector median;

[+]: 25% of companies with scores above the sector median

[=]: 40% of companies in the mid-range for the sector (+ or - 20%);

[-]: 25% of companies with scores below the sector median;

[--]: the lowest-scored 5% of companies below the sector median.

A score is deemed positive if it is greater than or equal to the sector median (+ or - 20%).

The selected rating agency will immediately inform the fund manager whenever a stock is downgraded. If the company rating remains positive, and the "human resources" rating is not negative, the stock is retained in the portfolio. If either of the above two conditions are not met, the stock will be withdrawn from the portfolio within 20 business days.

▪ **Corporate governance**

Corporate governance is a major criterion in the manager's stock selection process. His assessment must be systematic and must satisfy the management company's requirements, including that of protecting the company concerned from any internal conflict of interest. The manager identifies all factors that might impact the company's long-term strategy, its potential for value creation and the fundamental interests of minority shareholders. For this reason, the manager examines the company managers' and directors' remuneration policies in detail to ensure they do not introduce bias into decisions regarding investment, capital allocation or the day-to-day operational management of the company. Managers' remuneration should be pegged to medium- to long-term profit targets for the company; it should not be linked to criteria of size or growth without taking account of profit. The capital allocation policy should also benefit the company and its minority shareholders. It should not benefit one major shareholder only. Under no circumstances should there be any conflicts of interest between the managers, the directors, the major shareholder(s), if any, and the minority shareholders. The management company focuses in particular (but not only) on examining managers' and directors' remuneration policies, and their defining rationale and criteria, regulated agreements, the clarity and transparency of the financial statements and the independence of the supervisory bodies. For example, opaque financial statements and/or managers' remuneration that focuses on the short term would disqualify the stock in question.

B) The financial filter:

Stock selection is based on financial analysis that focuses on three key elements: profitability, growth and valuation.

- Economic **profitability** is the ability of a company to create value over the long-term. It is measured by the return on capital employed (property, plant and equipment and intangible assets, goodwill and working capital requirement).

- **Growth** is the ability of a company to increase capital employed while maintaining a level of profitability at least equal to what it has been historically.
- We use a multi-criteria **valuation** approach (historical multiples, DCF, peer comparison): we are very demanding and disciplined concerning the valuation. We believe this approach is vital to ensure that economic performance translates into stock market performance.

The SICAV's portfolio is invested in and/or exposed to equities traded on the Eurozone markets to at least 90% of net assets.

100% of equities in the SICAV are rated by an independent agency (non-financial rating) and any other assets, such as money market assets, are not rated.

2. Equity assets (excluding embedded derivatives):

Shares of companies of any market capitalisation, whose registered office is in a Eurozone country, with no sector restrictions.

Debt securities and money market instruments:

French and foreign negotiable debt securities (mainly French treasury bills and BTAN medium-term treasury notes) to a maximum of 10% of net assets. These securities may be of any subordination level, any type and in any currency. The private/public allocation is not determined in advance and will be based on opportunities. No minimum credit quality criterion is used. The management company does not rely solely or mechanically on credit ratings issued by rating agencies but rather conducts its own analyses to assess the credit quality of the securities entering its portfolio.

Funds:

Up to 10% of net assets in money-market UCITS and/or French or foreign short-term money-market UCITS and/or money-market alternative investment funds and/or French or EU-established short-term money-market alternative investment funds that meet the four criteria of Article R.214-13 of the French Monetary and Financial Code (Code monétaire et financier), and/or foreign money-market investment funds that meet the four criteria of Article R.214-13 of the French Monetary and Financial Code, provided such Funds themselves invest less than 10% of their assets in other funds. All the funds may be managed by Lazard Frères Gestion SAS.

3. Derivatives

- Types of markets:

- ☒ regulated
- ☒ organised
- ☒ OTC

- The manager intends to seek exposure to:

- ☒ equities
- ☐ interest rates
- ☒ foreign exchange
- ☐ credit
- ☐ other

- Types of transactions – all transactions must be limited to achieving the investment objective:

- ☒ hedging
- ☐ exposure
- ☐ arbitrage

- Type of instruments used:

- ☒ futures:
 - ☒ equity and equity indices
 - ☐ interest rate
 - ☒ currency

☒ options:

- ☒ equity and equity indices
- ☐ interest rate
- ☒ currency

☒ swaps

:

- ☒ equity swaps
- ☐ interest rate swaps:
- ☒ currency swaps

☒ currency forwards

☐ credit derivatives

- Strategy of using derivatives to achieve the investment objective:
 - ☒ partial or general hedging of the portfolio, some risks and securities.
 - ☐ creating synthetic exposure to assets and risks.
 - ☐ increasing exposure to the market without leverage.
 - ☐ maximum permitted and sought.
 - ☐ other strategy.

4. Securities with embedded derivatives

None.

5. Deposits:

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

6. Cash borrowings:

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

7. Temporary purchases and sales of securities:

Up to 100% of the Fund's assets may be used in transactions involving temporary purchases and sales of securities.

- **Types of transactions – all transactions must be limited to achieving the investment objective:**

- ☒ managing cash flow
- ☐ maximising the SICAV's income
- ☐ possibly contributing to the SICAV's leverage
- ☐ other

8. Information on financial guarantees:

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

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

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

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

RISK PROFILE

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

Risk associated with managing and allocating discretionary assets:

The SICAV's performance depends on both the securities and funds that the portfolio manager chooses and on the portfolio manager's allocation of assets. There is a risk that the manager may not select the best-performing securities and funds or choose the optimal asset allocation between markets.

Equity market risk:

Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the SICAV's net asset value. The Fund's NAV may decrease during periods in which equity markets are falling. In addition, the volume of small- and mid-cap stocks listed on the stock exchange is relatively small and downward market movements tend to be more pronounced and faster than for large caps. The SICAV's net asset value may therefore decline rapidly and significantly.

Risk associated with investment in the futures markets:

The SICAV may invest up to 100% of its assets in forward financial instruments. Such exposure to markets, assets or indices through forward financial instruments may lead to falls in the NAV that are significantly more pronounced or faster than the change in the underlying assets.

Foreign exchange risk:

The SICAV may invest in securities and funds that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of such funds' assets may fall if exchange rates fluctuate, which may lead to a fall in the SICAV's NAV.

Interest rate risk (on an ancillary basis):

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

GUARANTEE OR PROTECTION

None.

ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE

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

Information on US investors

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

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

FATCA:

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

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

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

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

Recommended investment period: minimum five years.

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

At the SICAV's board of directors' meeting of October 4th, 2017, the directors resolved:

1. to appoint Lazard Frères Banque as co-centralising agent with the authority to receive subscriptions and redemptions;
2. to allow the SICAV's portfolio to be transferred pursuant to regulatory obligations;
3. to clarify the drafting of turnover commissions;
4. to abolish exit charges that are not retained by the SICAV;
5. to change the basis for calculating management fees, from "Net assets excluding funds" to "Net assets";
6. to allow subscriptions and redemptions in amounts or or shares;
7. clarify the split in overall management costs between financial management costs and management charges external to the management company.

Effective date: November 20th, 2017

Terms of office of individual members of Lazard Equity SRI's Board of Directors as at September 29th, 2017

Names of the Directors	Number of offices held	List of offices and functions
Bernard Devy	1	Chairman of the Board of Directors of Lazard Equity SRI SICAV
Axel Laroza Director of Lazard Frères Gestion SAS	3	Chairman of the Board of Directors of the Objectif Actifs Réels SICAV Board member and Chief Executive Officer of the Lazard Equity SRI SICAV Board member and Deputy Chief Executive Officer of the Objectif Alpha Europe SICAV
François de Saint-Pierre Managing Director of Lazard Frères Gestion SAS	4	Chairman of the SICAV Objectif Monde's Board of Directors Chairman and Chief Executive Officer of the SICAV: - Objectif Gestion Mondiale Member of the Boards of Directors of the SICAVs: - Objectif Small Caps Euro - Lazard Equity SRI
Jean-Pierre Thomas	1	Board member of the Lazard Equity SRI SICAV
Jean-Jacques de Gournay Managing Director of Lazard Frères Gestion SAS	5	Chairman of the SICAV's Board of Directors Objectif Court Terme Dollar Member of the Boards of Directors of the SICAVs: - Objectif Small Caps Euro - Lazard Equity SRI - Objectif Alpha Obligataire
Régis Bégue Managing Director of Lazard Frères Gestion SAS	4	Chairman and Chief Executive Officer of the SICAVs: - Objectif Alpha Europe - Lazard Objectif Alpha Euro - Norden Small Board member of the Lazard Equity SRI SICAV
Monica Nescaut Managing Director of Lazard Frères Gestion SAS	5	Member of the Boards of Directors of the SICAVs: - Norden - Objectif Small Caps Euro - Objectif Alpha Obligataire - Objectif Alpha Europe - Lazard Equity SRI
Fabienne de La Serre Vice president of Lazard Frères Gestion	5	Member of the Boards of Directors of the following SICAVs: . Mahe, Objectif Patrimoine Croissance, Adélaïde, Lazard Equity SRI . Board member and Chief Executive Officer of the SICAV Guilactions
Paul Castello Director of Lazard Frères Gestion SAS	5	Member of the Boards of Directors of the following SICAVs: . Objectif Alpha Court Terme . Lazard Equity SRI . Norden Small . Lazard Convertible Global . Objectif Alpha Obligataire

Directors' fees paid by Lazard Equity SRI SICAV to members of the Board of Directors for the financial year ended September 29th, 2017

Members of the Board of Directors	Amount of the directors' fees paid by the SICAV
Bernard Devy	€ 8 764
Axel Laroza Director of Lazard Frères Gestion SAS	0
François de Saint-Pierre Managing Director of Lazard Frères Gestion SAS	0
UGRR	€ 2 286
OCIRP	€ 2 286
Audiens Prévoyance	€ 2 286
IRP AUTO Prévoyance-Santé	€ 2 286
CARCEPT	€ 2 286
C.F.D.T.	€ 2 286
Jean-Pierre Thomas	€ 2 286
Jean-Jacques de Gournay Managing Director of Lazard Frères Gestion SAS	0
Régis Bégue Managing Director of Lazard Frères Gestion SAS	0
Michel Piermay	€ 3 049
Monica Nescaut Managing Director of Lazard Frères Gestion SAS	0
Fabienne de La Serre Director of Lazard Frères Gestion	0
Paul Castello Managing Director of Lazard Frères Gestion SAS	0

3. MANAGEMENT REPORT

BOARD OF DIRECTORS' REPORT TO THE ORDINARY SHAREHOLDERS' MEETING OF JANUARY 22nd, 2017

To the shareholders,

We have called this Shareholders' Meeting in order to present the balance sheet and accounts for your company for the financial year from October 1st, 2016 to September 29th, 2017.

For Lazard Equity SRI **C shares**, net assets rose from €145 183 539,35 on September 30th, 2016 to €156 015 683,66 on September 29th, 2017, and the number of shares outstanding was 88 206,271.

The net asset value rose from €1 423,22 on September 30th, 2016 to €1 768,75 on September 29th, 2017, which equates to an increase of 24,28%.

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

For Lazard Equity SRI **D shares**, net assets rose from €19 645 313,29 on September 30th, 2016 to €23 862 057,87 on September 29th, 2017, and the number of shares outstanding was 16 232,941.

The net asset value rose from €1 212,76 on September 30th, 2016 to €1 469,97 on September 29th, 2017, which equates to an increase of 24,28% (taking into account the payment of the following dividends: €17,82 in respect of income and €14,82 in respect of capital gains realised on 24/01/17).

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

For Lazard Equity SRI **PC EUR shares**, net assets rose from €10 000,00 on July 31st, 2017 (creation date) to €10 353,16 on September 29th, 2017, and the number of shares outstanding was 1.

The net asset value rose from €10 000,00 on July 31st, 2017 to €10 353,16 on September 29th, 2017, which equates to an increase of 21,48% on an annualised basis.

The benchmark over the period was: 22,35% Information on aggregate risk:

The Fund's aggregate risk is calculated using the commitment method.

ECONOMIC ENVIRONMENT

Introduction

Worldwide growth strengthened over the last year, reflecting improvements in activity in both developed and emerging economies. This synchronised economic recovery was accompanied by an upturn in investment, industrial production and global trade. The business climate index also picked up, despite the political uncertainties associated with the elections in the United States and Europe. More generally, inflation accelerated in developed countries, primarily because of the rise in energy prices, while underlying tensions remained moderate despite improvements in the labour markets. Inflation slowed significantly in certain major emerging countries that export raw materials, allowing these countries' central banks to relax their monetary policy. In developed countries, monetary policies remained highly accommodative. They are nevertheless moving gradually towards normalisation. The Federal Reserve (Fed) hiked its interest rates on three occasions and announced the launch of its balance sheet reduction program. The European Central Bank (ECB) reduced the amount of its monthly asset purchases and extended its purchasing programme. In this more positive economic environment, the equity markets were very dynamic. In contrast, the bond markets suffered from the interest rate hikes.

GDP volume growth (%)	2015	2016	2017 (e)	2018 (e)
World	3,4	3,2	3,6	3,7
Developed countries	2,2	1,7	2,2	2,0
Emerging countries	4,3	4,3	4,6	4,9
Eurozone	2,0	1,8	2,1	1,9
United States	2,9	1,5	2,2	2,3
Japan	1,1	1,0	1,5	0,7
United Kingdom	2,2	1,8	1,7	1,5
China	6,9	6,7	6,8	6,5
India	8,0	7,1	6,7	7,4
Brazil	-3,8	-3,6	0,7	1,5
Russia	-2,8	-0,2	1,8	1,6

IMF Economic Outlook, October 2017

* The data and forecasts for India are presented based on the fiscal year beginning on April 1st and ending on March 31st of the following year.

The MSCI World index of global equity markets, denominated in dollars, gained 16,4% between September 2016 and September 2017. All major areas posted very strong performances: the Topix in yen was up 26,6%, the MSCI Emerging Markets index in dollars was up 19,7%, the Eurostoxx in euros was up 19,6% and the S&P 500 in dollars was up 16,2%, all excluding dividends.

The equity markets were underpinned by the possibility of a fiscal stimulus package in the United States following Donald Trump's victory in the US presidential elections on November 8th, 2016, and by the improvements in the outlook for economic growth and corporate earnings forecasts. The defeats for the eurosceptic parties in the Dutch and French elections in the Spring were also a factor in the markets' growth. In the Summer, European equities suffered from the rise in the value of the euro and geopolitical tensions with North Korea, before recovering strongly in September.

Interest rates in Germany and the United States rose sharply after Donald Trump's election victory. His campaign promises heightened inflationary anticipations and, as a result, the markets anticipated that monetary tightening would come earlier in the United States. Interest rates subsequently rose with a narrow range during the first half of 2017, against a background of disappointing inflation figures across the Atlantic, geopolitical uncertainties and growing doubts over Donald Trump's capacity to implement his stimulus plan. In the third quarter of 2017, interest rates fluctuated in the anticipation of a tightening of monetary policy in Europe and the United States and geopolitical tensions. Over the year, German 10-year yields moved from -0,12% to 0,46% while US 10-year yields rose from 1,59% to 2,33%.

Credit spreads with Germany significantly narrowed in Greece (-320 bps) and Portugal (-153 bps) but widened slightly in Spain (+14 bps) and in Italy (+34 bps). The yield spread between France and Germany widened significantly ahead of the presidential elections, then tightened again when it became likely that Emmanuel Macron would win. Over the year, the credit spread between France and Germany remained almost stable (+3bp). Credit spreads on good quality corporate bonds versus government bonds tightened (-6 bps), while spreads on high yield bonds fell significantly (-154 bps), to 95 and 262 basis points, respectively, according to Merrill Lynch indices.

On the foreign exchange market, Donald Trump's victory initially caused the euro to fall against the dollar. The rate fell from 1,10 before the US elections to 1,04 in December 2016. The euro:dollar rate then fluctuated between 1,04 and 1,08 until the Spring. After the French elections, the euro rose sharply, reaching 1,18 against the dollar at the end of September. Year on year, the euro rose 5,2% against the dollar, 16,7% against the yen and 1,8% against sterling.

Oil prices improved in the fourth quarter of 2016 after the major oil-producing countries reached an agreement on lowering production. The Brent price then fluctuated around €55 until the beginning of March 2017 before worries about surplus supply sparked another price drop. After reaching a low of \$45 at the end of June, oil prices rose to around \$60 at the end of September, underpinned by strong demand and geopolitical uncertainties in the Middle East. Over the year, the Brent price rose from \$48 to \$56 year-on-year, an increase of 18%.

United States

US growth slowed at the end of the year and at the start of 2017 before recovering in Q2 2017, reaching an annualised level of +3,1% (+2,2% year on year). Investment improved significantly in the later quarters.

The ISM surveys improved up until Spring 2017 and then stabilised at a relatively high level. They jumped in September 2017, reaching their highest point since the middle of the 2000s. Year on year, the manufacturing index improved from 51,7 to 60,8 and the non-manufacturing index rose from 56,6 to 59,8.

Job creation remained strong, save for two soft patches in March and September 2017, the latter linked to the Harvey and Irma hurricanes. On average, 155 000 jobs were created over the last twelve months, continuing the fall in the unemployment rate. In September 2017, this reached its lowest level since 2001, falling to 4,2%, compared to 4,9% in September 2016. Growth in hourly wages rose from 2,7% to 2,9%.

Household consumption slowed markedly in Q1 2017, due to the mild weather and its adverse effect on energy consumption, together with government delays in processing income tax refunds. It recovered in Q2 2017 (+3,3% on an annualised basis) before being hit by the hurricanes in Q3 2017.

In the real estate sector, the recovery stalled in 2017. In terms of construction activity, building permits were up 7,2% year on year in August 2017, but housing starts stabilised (+0,5%). As for the residential sector, sales of existing homes fell by 0,7% and sales of new homes fell by 2,2%. The confidence of house builders remained, however, at historically high levels and real estate prices accelerated slightly (+5,8% year on year in July 2017).

Orders of capital goods sharply rose after the low points of Summer 2016, particularly in the mining and oil sectors. Orders excluding defence and aviation increased by 4,0% in August 2017, while they had fallen by 6,2% as at June 2016.

The trade deficit widened slightly, from \$38,5 billion in September 2016 to \$42,4 billion in August 2017. Over the period, exports increased by 3,8% and imports rose by 4,9%.

Year on year inflation reached a high of +2,7% in February 2017 before falling to +2,2% in September 2017, compared with +1,5% in September 2016. Excluding energy and food, it remained stable, in overall terms, at +2,2% until January 2017 before slowing to +1,7% in June 2017. It then stabilised at this level until September 2017.

The Federal Reserve increased its key interest rate by 25 basis points on three occasions: in December 2016, March 2017 and June 2017, bringing it within the 1,00% to -1,25% range. At its September 2017 meeting, it announced that it would begin reducing its balance sheet in October 2017 by ceasing to reinvest part of the income from securities in its portfolio that were due to mature.

Eurozone

Growth in the Eurozone remained strong. It reached an annualised rate of +2,6% in Q2 2017 (+2,3% year on year), after +2,2% in Q1 2017 and +2,6% in Q4 2016. Domestic demand was the main driver of growth.

The PMI composite business climate index in the Eurozone improved sharply despite political uncertainties. It rose from 52,6 to 56,7 between September 2016 and September 2017.

The unemployment rate in the Eurozone continued its rapid fall. At 9,1% in August 2017, compared with 9,9% in September 2016, it returned to the level it was at before the sovereign debt crisis.

Year on year inflation rose from +0,4% in September 2016 to +2,0% in February 2017 before slowing to +1,5% in September 2017. Core inflation moved between +0,7% and +0,9% up to Spring 2017 before rising. It reached +1,1% in September 2017, compared with +0,8% in September 2016.

Growth in Germany was dynamic. It reached an annualised rate of +2,5% in Q2 2017 (+2,1% year on year), after +2,9% in Q1 2017 and +1,7% in Q4 2016. The federal elections on September 24th, 2017 resulted in a big victory for Angela Merkel's CDU/CSU union, which won 246 out of the 598 seats in the Bundestag. The social democrats' status as the opposition party is making it more difficult to form a coalition government.

Growth in France was strong. It reached an annualised rate of +2,2% in Q2 2017 (+1,8% year on year), after +2,1% in Q1 2017 and Q4 2016. The PMI composite business climate index jumped to 57,1 in September 2017 versus 52,7 in September 2016. On 7 May 2017, Emmanuel Macron was elected president of France, having won 66,1% of votes. Following the general election on 18 June 2017, his party, La République en marche, won an overall majority in the National Assembly, with 308 out of 577 seats.

Growth stabilised in Italy. Its economy grew at an annualised rate of +1,5% in Q2 2017 (+1,5% year on year), after +1,8% in Q1 2017 and +1,6% in Q4 2016. On December 4th, Italians rejected by a large majority (59,1%) the constitutional reform sought by Matteo Renzi, who resigned afterwards. The Italian president appointed Paolo Gentilini to replace him.

Growth accelerated in Spain. It reached an annualised rate of +3,6% in Q2 2017 (+3,1% year on year), compared with +3,2% in Q1 2017 and +2,8% in Q4 2016. The Spanish parliamentary elections on June 26th, 2016 failed to produce a government majority. On October 29th, 2016 the parliament finally placed its trust in Mariano Rajoy, the leader of the People's Party, who formed a minority government. On September 6th, 2017, the Catalan government passed a law approving a referendum on self-governance, which was held to be unconstitutional.

On December 8th, 2016, the ECB announced a reduction in the amount of its monthly asset purchases from €80 billion to €60 billion starting from April 2017. In parallel, the asset purchase programme was extended by nine months, until the end of December 2017. During its meeting of June 8th, 2017, the ECB adjusted its communication with a view to a gradual normalisation of its monetary policy. It notably revised its forward guidance on interest rates by removing the reference to a potential rate cut.

Japan

Growth in Japan accelerated. It reached an annualised rate of +2,5% in Q2 2017 (+1,4% year on year), after +1,2% in Q1 2017 and +1,6% in Q4 2016.

The PMI business climate index in the manufacturing sector improved up until February 2017 before stabilising. It rose from 50,4 in September 2016 to 52,9 in September 2017.

The labour market continued to tighten but salary growth remained modest. Between September 2016 and August 2017, the unemployment rate fell from 3,0% to 2,8%. Basic salaries rose by 0,4% year on year, as at August 2017.

Year on year inflation returned to positive territory, reaching +0,7% in August 2017, compared with -0,5% in September 2016. Core inflation slowed up until Spring before rising to +0,2% in August 2017, the level it was at in September 2016.

On September 28th, 2017, the prime minister, Shinzo Abe, dissolved the lower house of parliament, triggering early elections scheduled for October 22nd, 2017.

China

Growth in China accelerated slightly, reaching +6,9% year on year in Q2 2017, versus +6,9% in Q1 2017 and +6,8% in Q4 2016. At the March 2017 National People's Congress, the government announced that it was targeting growth of around 6,5% in 2017.

Household consumption remained solid, despite a slowdown in car sales. Retail sales rose 10,1% in the first eight months of 2017, compared with +10,9% in 2016. Investment slowed by private investment recovered. Monthly statistics showed that investment was up 4,9% over the first eight months of 2017, compared with +6,3% in 2016.

Exports and imports rebounded. Over the first eight months of 2017, exports in US dollars grew by 7,6% and imports in US dollars grew by 16,9%, after falls in 2016 of 7,7% and 7,5%, respectively.

The rise in property prices slowed. Property prices increased by 8,1% year on year, as at August 2017, after reaching a high of 10,5% in December 2016. A number of municipalities announced restrictions on demand which negatively impacted sales of residential properties (+10,3% over the first eight months of 2017, compared with +22,4% in 2016).

The rise in industrial producer prices (+6,9% year on year, as at September 2017) led up an upturn in the profits of companies in the sector (+24,0% year on year, as at September 2017). Inflation remained modest (+1,6% year on year, as at September 2017).

After large capital outflows in 2016, capital flows returned to positive territory (+\$31,1bn in Q2 2017). Currency reserves reached a low in January 2017, at \$2 998bn, before rising to \$3 108bn in September 2017, compared with \$3 166bn one year earlier.

MANAGEMENT POLICY

Over the financial year, Lazard Equity SRI's value grew by +24,28% while its benchmark index, the EuroStoxx, net dividends reinvested, grew by 22,35%, the fund outperforming its benchmark by 193 bps. In the last three months of 2016, Lazard Equity SRI's value grew by +8,60%, versus growth of 7,95% for the EuroStoxx. This period was in particular marked by the election of Donald Trump, whose various proposals were later welcomed favourably, leading to an upturn in the markets. Widely forecast, the quarter-point interest rate hike by the Fed was considered to be consistent with the acceleration in economic growth. The ECB announced a reduction in the amount of its monthly asset purchases from €80 billion to €60 billion starting from April 2017. The sector rotation that began in Summer 2016 intensified in favour of stocks most exposed to the economic cycle. Despite the absences of *Société Générale* (+51,9%) and *Banco Santander* (+27%), the financial sector made a positive contribution to relative performance thanks to *Crédit Agricole* (+34,2%), *BNP* (+32,3%) and *ING* (+21,7%). The portfolio benefited from a very positive selection and allocation effect in the Consumer Discretionary sector. Due to its overweighting, it outperformed the benchmark thanks to *BMW* (+18,6%), *LVMH* (+20,5%) and *Telenet* (+13,5%) among others. With a heavy weighting in the Eurostoxx, the absence of *Anheuser-Busch Inbev* (-12,3%) from our selection of stocks benefited us greatly. With very little exposure to oil, the fund was unable to benefit from the recovery in the crude price (+15,8%) following the announcement by OPEC on reducing production. As a result, the Energy sector, represented solely by *Enagas* (-7,8%), was a negative contributor and suffered from the strong performances of stocks that were outside our portfolio, such as *Total* (+17%) and *ENI* (+20,7%). The fund also suffered from a negative selection effect in the Information Technologies sector, caused by the fall in value of *Nokia* (-11%) following publication of its quarterly earnings and Ericsson's profit warning, together with the fall in value of *Dassault Systemes* (-6,3%). The fall in value of *Henkel Ag & Co* (-6,4%), *Unilever* (-4%) and *Heineken* (-9%) also negatively affected the fund's growth.

In the first quarter of 2017, against a backdrop of strong economic indicators, Lazard Equity SRI outperformed its index by 28 bps (+7,35% vs. +7,07%). A new sector rotation was implemented following the end of the relation trade, given the absence of economic data that pointed towards an acceleration in US growth as a result of Donald Trump's policies. The failure of the Obamacare repeal did nothing to help. The Materials sector benefited from a positive selection effect that enabled it to clearly outperform the benchmark (+14% vs. +5% for the index). This outperformance is primarily due to *Akzo Nobel* (+30,9%) and *Imerys* (+10,4%). The fund's growth was underpinned by a positive selection effect in the basic consumer sector through *Unilever* (+20%) and *Heineken* (+12%). The performance of *Peugeot* (+21,8%) was also a significant factor in the fund outperforming the benchmark. The absence of *Adidas* (+18,8%) and the presence of *BMW* (-3,6%) and *Renault* (-3,6%) in the Consumer Discretionary sector negatively impacted the fund's performance. Moreover, the absence of *Banco Santander* (+17,1%) in the financial sector and *Téléfonica* (+18,9%) in the Telecommunications Services sector curbed the fund's growth.

The second quarter was marked by political uncertainty in Europe and the United States, with persistent doubts over Donald Trump's ability to implement his stimulus package. In June 2017, the Fed also increased its key interest rate by a quarter of a point, for the third time. As for the ECB, Mario Draghi adjusted its communication, pointing towards a gradual normalisation of its monetary policy. Against this background, Lazard Equity SRI outperformed the EuroStoxx, net dividends reinvested, by 225 bps (+3,51% vs. +1,26%). The Finance sector was among the main positive contributors to relative performance, led by *Crédit Agricole* (+15,7%), *Amundi* (+18,7%) and *ING* (+9,5%). The fund stood out from its benchmark index, thanks to the inclusion of *Coface* (+26,9%). Faced with worries over the over-supply of oil, prices fell by 9,3% to around €45 per barrel. Significantly under-exposed to the Energy sector, the fund benefited from positive selection and allocation effects. The absence of stocks such as *Total* (-7,5%) and *ENI* (-11,9%), that suffered as a result of these fears, was beneficial to the fund. In contrast, there was a negative selection effect in the Industry sector as a result in the fall in value of *Rexel* (-15,8%), *Siemens* (-6,3%), while the absence of *Safran* (+15,8%) was detrimental. Lastly, the portfolio suffered from the poor performance of *Peugeot* (-5,2%) and the absence of *Kering* (+24,3%) and *Unicredit* (+13,1%).

Lazard Equity SRI finished the final quarter of the financial year up +2,98%, while its benchmark index was up +4,54%. This quarter was characterised by the considerable tension between North Korea and the United States, leading to a fall in the dollar against the euro. At the Fed, Janet Yellen announced the future reduction of its balance sheet, beginning in October 2017. On of the major events of this quarter was the recovery in the price of oil (+20,1%). Moving back above \$50 per barrel, it came close to \$60 following a possible agreement on extending reduced levels of production at an OPEC meeting scheduled for November. The fund also benefited from the very strong performance of *Alstom* (+18,4%) in the Industry sector, following its merger with Siemens' railway operations, as the performances of *Eiffage* (+10,1%) and *Bureau Veritas* (+12,7%). The allocation and selection effects in the financial sector are positive. It benefited from the fall in systemic risk that was weighing on the sector in Europe after the rescue of the Italian bank Monte dei Paschi at the beginning of the quarter and the acquisition by Intesa Sanpaolo of certain small banks experiencing difficulties. *Amundi* (+11%), *Allianz* (+10,2%) and *BNP* (+8,2%) were the main positive contributors. The excellent performance of *E.On* (+14,6%), our only stock in the Utilities sector, should also be highlighted. The fund was, however, mainly impacted by the under-performance of stocks in the Health sector (-2,9% vs. 0% for the benchmark index) and, more specifically, by the fall in value of *Merck* (-11%). The portfolio, which is under-exposed to the Energy sector, did not benefit from the recovery in the oil price and the absences of *Total* (+6,4%) and *ENI* (+9,5%) were detrimental. Lastly, the absence of *ASML* (+26,2%) in the Information Technology sector, the fall in value of *Publicis* (-9,5%) in the Consumer Discretionary sector and of *Carrefour* (-22,8%) in the Retail sector accentuated Lazard Equity SRI's under-performance over these last three months.

Lazard Equity SRI is PEA-eligible 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
OBJECTIF CT TERME EURO C	15,060,981.53	11,158,633.78
CREDIT AGRICOLE	3,836,558.67	6,298,252.91
SAP SE	6,094,094.03	0.00
SOCIETE GENERALE SA	2,466,266.35	3,342,841.64
E.ON AG NOM.	1,499,464.67	4,204,410.57
ESSILOR INTERNATIONAL	3,001,713.30	2,443,952.70
KBC GROUPE	0.00	4,686,825.00
BMW BAYERISCHE MOTOREN WERKE	716,404.82	3,948,405.52
DAIMLER AG	178,325.00	4,376,062.14
RENAULT SA	912,868.55	3,444,745.76

• **Transparency of securities financing transactions and of the reuse of financial instruments – Securities Financing Transaction Regulation ("SFTR") – in the Funds's accounting currency (EUR)**

During the period, the Fund was not subject to any transactions governed by the SFTR Regulation.

• **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 cash from repurchase transactions.

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.

• **EXERCISING VOTING RIGHTS**

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

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

Lazard Frères Gestion strongly believes that the inclusion of environmental, social and governance (ESG) criteria in the management of assets provides additional assurance that economic performance will be sustainable.

The long-term performance of investments is not simply limited to a company's financial strategy but is also based on the interaction of the company with its social, economic and financial environment.

The use of ESG criteria is a natural step that forms part of our investment process.

Our overall approach may be summarised as follows:

- Financial analysis of the company, which is very rigorous, covers the quality of assets, the financial soundness, the predictability of cash flows and their reinvestment by the company, trends in economic profitability, its sustainability and the quality of management.
- This sustainability is strengthened by the application of extra-financial criteria:
 - Social criteria: through the development of human capital
 - Environmental criteria: through the prevention of all environmental risks

Governance criteria: through respecting the balance between managerial and shareholder structures, to prevent potential conflicts of interest and ensure that the interests of minority shareholders are respected.

The intensity with which, and the procedures through which, ESG criteria are included in our analysis naturally depend on the asset classes and the investment processes, but the common goal is a better understanding of ESG risks that may have a material impact on a company's or sovereign asset's value.

• **ARTICLE 173 REPORT**

- Pursuant to Article 173 of the Law of August 17th, 2015, Lazard Frères Gestion resolved to disclose Lazard Equity SRI's carbon footprint and energy transition scores.

Carbon footprint

- Details of method
- In 2016, we chose to enter into a partnership with Trucost in order to obtain the information needed to calculate the carbon footprint.
- Lazard Frères Gestion chose carbon intensity as its indicator, expressed in equivalent tonnes of CO₂ per €m of turnover.

- The calculation of the carbon footprint takes account of scope 1 and scope 2 greenhouse gas emissions.
 - Scope 1: All direct emissions associated with the combustion of fossil fuels required to manufacture the product.
 - Scope 2: Indirect emissions derived from the company's electricity consumption.
- The calculations were carried out solely on directly held securities.
- In respect of listed companies for which we do not hold carbon data, their weighting is distributed proportionally to the weightings of other companies in the same sector, in order to preserve the initial sectoral weightings.
- The weighting of each security in the portfolio is rebased in order to obtain a total weighting equal to 100%.
- The method used to calculate the carbon intensity of a portfolio is a weighted average of greenhouse gas emissions divided by the turnover of each position. This gives the following formula:

Intensité carbone d'un portefeuille

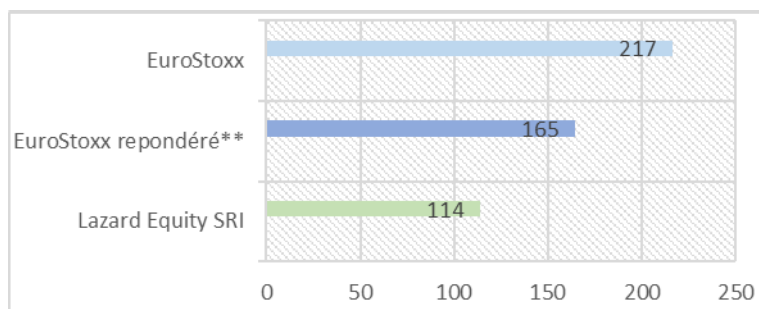
$$= \sum \left[\left(\frac{\text{Émissions (scope 1 + 2)}}{\text{Chiffre d'Affaires}} \right) \text{de chaque titre} \times \text{poids de chaque titre} \right]$$

¹

➤ Policy and objectives

- A company's level of CO2 emissions is strongly associated with its business sector. Certain sectors have, as a structural matter, much greater emissions than other sectors.
- Lazard Frères Gestion's fundamental approach, based on selecting securities, leads to differences in sectoral exposure between the funds and their benchmark indices.
- To remove this sectoral bias, we have defined a method that seeks to neutralise these differences by re-weighting sectors in the index so that they correspond to those in the portfolio. Within each sector in the index, the weighting of each security is preserved.

Emission per €m of turnover (CO2 eq. tonnes/€m of turnover)



²

Fund's coverage rate: 100%
Index's coverage rate: 100%.

Energy Transition

- Each issuer in the portfolio is given a score reflecting the quality of its energy transition strategy.
- The scores are currently allocated by our partner Vigeo Eiris.
- It is based on an analysis of specific criteria associated with climate change and is derived from an analysis of the key challenges for the company and its sector in terms of energy transition. It measures the efforts made by companies to reduce their carbon footprint and thereby contribute to the international goal of limiting global warming to 2°C between now and 2050.
- The portfolio's contribution to Energy Transition is measured as follows:

Score Transition Énergétique d'un portefeuille

$$= \sum [\text{Score Transition Énergétique de chaque titre} \times \text{poids de chaque titre}]$$

³

¹ A portfolio's carbon footprint = \sum (Emissions (scope 1 and 2)/Turnover) of each security x each security's weighting

² EuroStoxx repondéré = reweighted EuroStoxx

³ A portfolio's energy transition score = \sum (energy transition score for each security x each security's weighting)

- It is defined based on the following scoring scale:

Energy Transition Strategy scale:

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

Lazard Equity SRI	Convincing			55
EuroStoxx	Basic			46

- **METHOD USED TO CALCULATE AGGREGATE RISK**

The Fund uses the commitment method to calculate the Fund's aggregate risk on financial contracts.

- **REMUNERATION**

The fixed and variable remuneration paid during the financial year ended on 30/12/2016 by the management company to its personnel, pro rata their investment in the management of UCITSs, excluding the management of AIFs and discretionary management, can be obtained on request by post from the funds legal department of Lazard Frères Gestion. 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.

- **Equity savings plans**

Pursuant to the provisions of Article 91 quater of Appendix 2 to the French General Tax Code, at least 75% of the Fund's assets are permanently invested in securities and rights of a type referred to in Article L. 221-31 (I)(1)(a), (b) and (c) of the French Financial and Monetary Code.

Proportion of assets actually invested over the financial year: 98,14%.

- **OTHER INFORMATION**

The prospectus, the latest annual and periodic reports, and the composition of the assets will be sent out within eight business days upon written request to:

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

The prospectus is also available at www.lazardfreresgestion.fr

Designated contact:

Client Services – Monday to Friday
9 a.m. to 5 p.m.

Tel: +33 (0)1 44 13 01 79

where further information may be obtained if necessary.

5. CERTIFICATION BY THE STATUTORY AUDITOR



Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris La Défense Cedex France

Tel.: +33 (0) 1 46 93 60 60
www.ey.com/fr

LAZARD EQUITY SRI SICAV

Financial year ended on September 29th, 2017

Statutory auditor's report on the annual financial statements

To the General Meeting of Shareholders

Opinion

In accordance with the terms of our appointment by your Board of Directors, we have audited the enclosed annual financial statements of Lazard Equity SRI, established in the form of a SICAV, for the period ended on September 29th 2017.

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

Basis of our opinion

▪ Audit guidelines

We carried out our audit in accordance with 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 "Responsibilities of the statutory auditor in the auditing of financial statements".

▪ Independence

In carrying out our audit, we have complied with the applicable rules on independence over the period from October 1st, 2016 to the date on which our report is issued, and, in particular, we have not provided any services prohibited by the Code of Ethics of the statutory auditing profession.



The basis of our opinions

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code concerning the basis of our opinion, we hereby inform you that the most important assessments we made concerned, in our professional judgement, the appropriateness of the accounting principles applied, the reasonableness of the significant estimates made and the overall presentation of the financial statements, particularly as regards the financial instruments held in the portfolio.

The assessments we have made are part of our audit of the annual financial statements as a whole and have therefore contributed to our opinion expressed above. We do not express any opinion on items in the annual financial statements taken in isolation.

Verification of the management report and the other documents sent to shareholders

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

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

Responsibilities of the board of directors and the persons in governance positions in respect of the annual financial statements

It is the responsibility of the Board of Directors to draw up annual financial statements that give a true and fair view in accordance with French accounting rules and principles and to put in place an internal control system that they deem necessary to produce annual financial statements that are free of material misstatements, whether as a result of fraud or error.

When preparing the financial statements, the Board of Directors is responsible for assessing the Fund's capacity to continue as a going concern, for presenting in those financial statements any necessary information on continuing as a going concern and for applying the going concern principle, save where it is proposed that the Fund be liquidated or that its business activity ceases.

The Board of Directors is responsible for the preparation of the annual financial statements.



The statutory auditor's responsibility when auditing the annual financial statements

It is our duty to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain material misstatements. Reasonable assurance is a high level of assurance, but does not, however, guarantee, that an audit carried out in accordance with professional standards will systematically detect all material misstatements. Misstatements may be the result of fraud or error and are considered to be material where it may reasonably be expected that they may, taken individually or as a whole, influence the economic decisions taken by users of accounts on the basis thereof.

As set out in Article L. 823-10-1 of the French Commercial Code, our auditing engagement does not require us to guarantee the viability of the Fund or the quality of its management.

In an audit carried out in accordance with professional standards in France, a statutory auditor must use its professional judgement throughout the audit.

In addition:

- it must identify and assess the risk that the annual accounts contain material misstatements, whether the result of fraud or error, must define and apply auditing procedures appropriate to those risks, and must gather information that, in its view, is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false declarations or the by-passing of internal controls;
- it must take note of the relevant internal controls for the audit, so that it may define audit procedures that are appropriate to the circumstances, not with a view to expressing an opinion on the effectiveness of internal controls;
- it must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information on management provided in the annual financial statements;
- it must determine whether the board of directors has appropriately applied the going concern principle and, based on information collected, whether there is material uncertainty as a result of events or circumstances that may call into question the Fund's ability to continue as a going concern. This assessment is based on information collected up until the date of its report, provided that later circumstances or events may call the Fund's ability to continue as a going concern into question. If it concludes that there is material uncertainty, it must draw the attention of readers of its report to the information provided in the annual financial statements on this uncertainty or, if that information is not provided or is not relevant, it must issue a qualified opinion or must refuse to issue an opinion;



it must assess the overall presentation of the financial statements and determine whether the annual financial statements reflect the underlying transactions and events, thereby providing a true and fair view.

Paris La Défense, December 22nd, 2017

The statutory auditor
ERNST & YOUNG et Autres

David Koestner

6. ANNUAL FINANCIAL STATEMENTS

• BALANCE SHEET in euros

ASSETS

	29/09/2017	30/09/2016
Net non-current assets		
Deposits		
Financial instruments	180,446,322.66	144,137,228.15
Equities and similar securities	176,546,002.75	144,137,228.15
Traded on a regulated or equivalent market	176,546,002.75	144,137,228.15
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	3,900,319.91	
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	3,900,319.91	
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU		
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities		
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities		
Other non-European entities		
Temporary financial 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		200,510.40
Receivables		
Currency forward exchange transactions		200,510.40
Others	42,965.18	924,849.50
Financial accounts	42,965.18	924,849.50
Cash		
Total assets	180,489,287.84	145,262,588.05

LIABILITIES AND SHAREHOLDERS' EQUITY

	29/09/2017	30/09/2016
Shareholders' equity		
Capital	166,794,431.80	138,624,551.82
Undistributed net capital gains and losses recognised in previous years (a) Balance carried forward (a)	1,503,122.83	1,321,981.14
Net capital gains and losses for the year (a, b) Net income for the year (a, b)	84.83	84.66
Total shareholders' equity (= amount representing net assets)	9,426,489.44	3,089,464.16
Financial instruments	2,163,965.79	2,147,457.58
Sales of financial instruments Temporary securities transactions	179,888,094.69	145,183,539.36
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	601,193.15	79,048.69
Currency forward exchange transactions		
Others	601,193.15	79,048.69
Financial accounts		
Bank overdrafts Borrowings		
Total liabilities and shareholders' equity	180,489,287.84	145,262,588.05

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	29/09/2017	30/09/2016
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**

	29/09/2017	30/09/2016
Income from financial transactions		
Income from deposits and financial securities		
Income from equities and similar securities	4,299,479.88	4,115,766.04
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)	4,299,479.88	4,115,766.04
Expenses related to financial transactions		
Expenses on temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities	42.96	217.48
Other financial expenses		2,310.52
Total (2)	42.96	2,528.00
Income from financial transactions (1 - 2)	4,299,436.92	4,113,238.04
Other income (3)		
Management fees and depreciation and amortisation (4)	2,139,309.93	1,936,065.76
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	2,160,126.99	2,177,172.28
Income adjustment for the financial year (5)	3,838.80	-29,714.70
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 + 6)	2,163,965.79	2,147,457.58

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 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 are recognised at historical cost and are stated in the balance sheet at their present value, which is calculated as the latest known market value or failing the existence of a market by any external means or through the use of financial models.

The difference between the present value used to calculate the net asset value and the historical cost of marketable securities when entered in the portfolio is recorded in "valuation difference" accounts.

Securities that are not in the currency of the portfolio are valued using the method set out below and then converted to the portfolio currency based on the exchange rates on the valuation date.

Deposits:

Deposits with a residual life of less than or equal to three months are valued on a straight-line basis.

Equities, bonds and other securities traded on a regulated or similar market:

To calculate the net asset value, equities and other securities traded on a regulated or similar market are valued based on the last market price of the day.

Bonds and similar securities are valued at the closing price communicated by various financial service providers. Accrued interest on bonds and similar securities is calculated up to the net asset value calculation date.

Equities, bonds and other securities not traded on a regulated or similar market:

Securities that are not traded on a regulated market are valued under the supervision of the board of directors, using methods based on the market value and yield, taking into account the price used during recent significant transactions.

Negotiable debt securities:

Negotiable debt securities and similar securities that are not used for significant transactions are valued using an actuarial method based on the reference rate defined below plus, where relevant, a difference that represents the intrinsic characteristics of the issuer:

Negotiable debt securities maturing in one year or less: Euribor;

Negotiable debt securities maturing after one year: BTAN treasury note rates or rates of medium-term OAT (fungible treasury bonds) for longer maturities.

Negotiable debt securities with a residual life of less than or equal to three months may be valued using the straight-line method.

Treasury notes are valued at the market rate communicated daily by the Banque de France.

Funds held in the portfolio:

Units or shares of funds are valued at the last known NAV.

Temporary securities transactions:

Securities purchased under repurchase agreements are recorded as an asset under the heading "Receivables on securities purchased under repurchase agreements" in the amount stated in the contract plus accrued interest receivable.

Securities sold under repurchase agreements are recorded in the purchaser's portfolio at the present value. Liabilities on securities sold under repurchase agreements are recorded in the seller's portfolio at the value stated in the contract plus accrued interest payable.

Loaned securities are valued at their present value and are recorded as an asset under "Receivables on loaned securities" at their present value plus accrued interest receivable.

Borrowed securities are recorded as an asset under "Borrowed securities" in the amount stated in the contract, and as a liability under "Liabilities on borrowed securities" in the amount stated in the contract plus accrued interest payable.

Forward financial instruments:

Forward financial instruments traded on a regulated or equivalent market:

Forward financial instruments traded on regulated markets are valued at the day's settlement price.

Forward financial instruments not traded on a regulated or equivalent market:

Swaps:

Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future interest flows according to interest rates and/or market exchange rates. This price is adjusted for credit risk.

Index swaps are valued using an actuarial method based on a reference rate provided by the counterparty.

Other swaps are valued at their market value or at a value estimated using methods approved by the board of directors.

Off-balance sheet commitments:

Futures contracts are recorded as an off-balance sheet commitment at their market based on the price used in the portfolio.

Options are recorded at a price equivalent to the underlying asset.

Commitments on swap contracts are presented at their face value or if there is no face value in an equivalent amount.

Management fees

Management fees are calculated based on the net assets on each valuation day. These fees are charged to the Fund's income statement.

The management fees are paid in full to the management company which assumes all of the operating costs related to the funds.

The management fees do not include transaction charges.

The accumulated fees are within the maximum fee rate of 1,30% of net assets excluding funds managed by Lazard Frères Gestion for the C and D shares and the rate of 0,85% of net assets excluding funds managed by Lazard Frères Gestion for the PC EUR shares stated in the fund's prospectus or rules.

The fund incurred a cost of €1 737,21 associated with the AMF contribution.

Allocation of distributable income

Definition of distributable income:

Distributable income consists of:

Net income:

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

Capital gains and losses:

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

Allocation of distributable income:

<i>Distributable income</i>	<i>C and PC shares</i>	<i>D shares</i>
Allocation of net income	Accumulation	Distribution
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or distribution

- **CHANGE IN NET ASSETS in euros**

	29/09/2017	30/09/2016
Net assets at start of year	145,183,539.36	144,364,088.14
Subscriptions (including subscription fees retained by the Fund)	6,632,503.39	15,868,663.21
Redemptions (net of redemption fees retained by the Fund)	-6,801,914.03	-15,381,905.76
Realised capital gains on deposits and financial instruments	11,041,900.42	7,815,760.56
Realised capital losses on deposits and financial instruments	-841,195.43	-3,854,691.58
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction fees	-741,045.50	-712,395.90
Exchange rate differences		
Changes in valuation difference of deposits and financial instruments	23,784,050.75	-4,600,758.10
Valuation difference for financial year N	36,724,435.34	12,940,384.59
Valuation difference for financial year N-1	-12,940,384.59	-17,541,142.69
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	-240,584.93	
Dividends paid in the previous financial year	-289,286.33	-275,907.38
Net profit/loss for the financial year prior to income adjustment	2,160,126.99	2,177,172.28
Interim dividend(s) paid on net capital gains/losses during the financial year		-216,486.11
Interim dividend(s) paid on net income during the financial year		
Other items		
Net assets at end of year	179,888,094.69	145,183,539.36

• **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 financial securities transactions								
Financial accounts							42,965.18	0.02
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 -	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary financial securities transactions										
Financial accounts	42,965.18	0.02								
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**

	Amount		Amount		Amount		Other currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Deposits								
Equities and similar securities								
Bonds and similar securities								
Fund debt securities								
Temporary securities transactions								
Receivables								
Financial accounts								
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	Debit/credit item	29/09/2017
Receivables		
Total receivables		
Liabilities	Redemptions payable	10,550.28
	Management fees	590,642.87
Total liabilities		601,193.15

- NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In shares	In amounts
C shares		
Shares subscribed during the financial year	4,065.937	6,525,165.72
Shares redeemed during the financial year	-4,066.801	-6,747,070.57
Net balance of subscriptions/redemptions	-0.864	-221,904.85
PC EUR shares		
Shares subscribed during the financial year	1.000	10,000.00
Shares redeemed during the financial year		
Net balance of subscriptions/redemptions	1.000	10,000.00
D shares		
Shares subscribed during the financial year	78.015	97,337.67
Shares redeemed during the financial year	-43.875	-54,843.46
Net balance of subscriptions/redemptions	34.140	42,494.21

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
C shares	
Redemption fees retained	
Subscription fees retained	
Total fees retained	
PC EUR shares	
Redemption fees retained	
Subscription fees retained	
Total fees retained	
D shares	
Redemption fees retained	
Subscription fees retained	
Total fees retained	

- MANAGEMENT FEES**

C shares	29/09/2017
Guarantee fees	
Fixed management fees	1,854,598.35
Percentage of fixed management fees	1.30
Variable management fees	
Retrocessions of management fees	
PC EUR shares	
Guarantee fees	
Fixed management fees	13.93
Percentage of fixed management fees	0.84
Variable management fees	
Retrocessions of management fees	
D shares	
Guarantee fees	
Fixed management fees	284,743.02
Percentage of fixed management fees	1.30
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**

	29/09/2017
Securities held under repurchase agreements	
Borrowed securities	

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

	29/09/2017
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	29/09/2017
Equities			
Bonds			
Negotiable debt securities			
Funds			3,900,319.91
	FR0011291657	OBJECTIF CT TERME EURO C	3,900,319.91
Forward financial instruments			

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

	29/09/2017	30/09/2016
Remaining amounts to be allocated		
Retained earnings	84.83	84.66
Net income	2,163,965.79	2,147,457.58
Total	2,164,050.62	2,147,542.24

	29/09/2017	30/09/2016
C shares		
Appropriation		
Distribution		
Balance carried forward for the financial year		
Accumulation	1,878,574.21	1,858,793.39
Total	1,878,574.21	1,858 793,39

	29/09/2017	30/09/2016
PC EUR shares		
Appropriation		
Distribution		
Balance carried forward for the financial year		
Accumulation	- 4.86	
Total	- 4.86	

	29/09/2017	30/09/2016
D shares		
Appropriation		
Distribution	285,375.10	288,662.63
Balance carried forward for the financial year	106.17	84.66
Accumulation		
Total	285,481.27	288,747.29
Information on shares with dividend rights		
Number of shares	16,232.941	16,198.801
Dividend per share	17.58	17.82
Tax credits		
Tax credits attached to income distributions	42,374.72	

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

	29/09/2017	30/09/2016
Remaining amounts to be allocated		
Undistributed capital gains and losses from previous years	1,503,122.83	1,321,981.14
Net capital gains and losses for the year	9,426,489.44	3,089,464.16
Interim dividends paid on net capital gains/losses for the financial year		
Total	10,929,612.27	4,411,445.30

	29/09/2017	30/09/2016
C shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	8,169,929.00	2,671,417.50
Total	8,169,929.00	2,671,417.50

	29/09/2017	30/09/2016
PC EUR shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	151.26	
Total	151.26	

	29/09/2017	30/09/2016
D shares		
Appropriation		
Distribution	238,624.23	240,066.23
Undistributed net capital gains and losses	2,520,907.78	1,499,961.57
Accumulation	0.00	
Total	2,759,532.01	1,740,027.80
Information on shares with dividend rights		
Number of shares	16,232.941	16,198.801
Dividend per share	14.70	14.82

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

	30/09/2013	30/09/2014	30/09/2015	30/09/2016	29/09/2017
Global net assets in euros	124,613,093.31	139,868,562.51	144,364,088.14	145,183,539.36	179,888,094.69
LAZARD EQUITY SRI C					
Net assets in euros	112,447,178.31	120,919,343.01	124,676,869.50	125,538,226.06	156,015,683.66
Number of shares	91,918.000	90,793.000	88,977.153	88,207.135	88,206.271
Net asset value per share (in €)	1,223.34	1,331.81	1,401.22	1,423.22	1,768.75
Accumulation per share pertaining capital gains/losses (in €)		50.06	109.43	30.28	92.62
Accumulation per share pertaining income (in €)	20.18	18.20	19.69	21.07	21.29
LAZARD EQUITY SRI PC					
Net assets in euros					10,353.16
Number of shares					1.000
Net asset value per share (in €)					10,353.16
Accumulation per share pertaining to net capital gains/losses (in €)					151.26
Accumulation per share pertaining to net income (in €)					-4.86
OBJECTIF INVESTISSEMENT RESPONSABLE D					
Net assets in euros	12,165,915.00	18,949,219.50	19,687,218.64	19,645,313.29	23,862,057.87
Number of shares	11,045.000	16,045.000	16,051.000	16,198.801	16,232.941
Net asset value per share (in €)	1,101.48	1,181.00	1,226.54	1,212.76	1,469.97
Distribution per share of distributable net capital gains/losses (in €)			13.48	14.82	14.70
Net undistributed capital gains/losses per share (in €)					155.29
Accumulation per share pertaining capital gains/losses (in €)		44.39			
Distribution per share (in €) pertaining to net income	18.10	16.08	17.18	17.82	17.58
Retained earnings per share (in €) pertaining to net income					
Tax credit per share (in €)					*

* The tax credit will only be calculated on the distribution date, in accordance with prevailing tax laws.

• **INVENTORY in euros**

Description of security	Currency	Quantity (number or nominal amount)	Present value	% Net assets
Equities and similar securities				
Equities and similar securities traded on a regulated or similar market				
GERMANY				
ALLIANZ SE	EUR	32,600	6,192,370.00	3.44
BAYER	EUR	43,150	4,975,195.00	2.77
DEUTSCHE BOERSE AG	EUR	31,950	2,930,134.50	1.63
DEUTSCHE TELEKOM AG	EUR	282,050	4,452,159.25	2.47
HENKEL AG AND CO.KGAA NON VTG PRF	EUR	45,100	5,193,265.00	2.89
INFINEON TECHNOLOGIES	EUR	94,700	2,014,269.00	1.12
MERCK KGA	EUR	45,700	4,301,284.00	2.39
MUENCHENER RUECKVERSICHERUNG AG	EUR	13,700	2,478,330.00	1.38
SAP SE	EUR	70,100	6,497,569.00	3.61
SIEMENS AG NAMEN	EUR	57,800	6,889,760.00	3.83
TOTAL GERMANY			45,924,335.75	25.53
BELGIUM				
TELENET GROUP HOLDING	EUR	62,000	3,470,760.00	1.93
TOTAL BELGIUM			3,470,760.00	1.93
SPAIN				
ENAGAS SA	EUR	105,100	2,504,007.50	1.39
TOTAL SPAIN			2,504,007.50	1.39
FINLAND				
NOKIA (AB) OY	EUR	653,900	3,321,812.00	1.85
TOTAL FINLAND			3,321,812.00	1.85
FRANCE				
AIR LIQUIDE	EUR	49,600	5,597,360.00	3.11
ALSTOM	EUR	111,000	3,988,785.00	2.22
AMUNDI	EUR	61,300	4,310,616.00	2.40
AXA	EUR	192,700	4,931,193.00	2.74
BNP PARIBAS	EUR	91,000	6,210,750.00	3.45
BUREAU VERITAS	EUR	154,600	3,375,691.00	1.88
CARREFOUR	EUR	186,700	3,191,636.50	1.77
COFACE	EUR	279,800	2,543,382.00	1.41
DASSAULT SYSTEMES	EUR	45,300	3,877,227.00	2.16
EIFPAGE	EUR	55,400	4,853,040.00	2.70
ESSILOR INTERNATIONAL	EUR	26,700	2,796,825.00	1.55
IMERYS EX IMETAL	EUR	46,260	3,536,577.00	1.97
LEGRAND SA	EUR	43,300	2,644,764.00	1.47
L'OREAL	EUR	23,200	4,173,680.00	2.32
LVMH (LOUIS VUITTON - MOET HENNESSY)	EUR	19,400	4,528,930.00	2.52
ORANGE	EUR	218,000	3,021,480.00	1.68
PEUGEOT	EUR	161,400	3,252,210.00	1.81
PUBLICIS GROUPE SA	EUR	72,500	4,284,025.00	2.38
REXEL SA	EUR	171,600	2,512,224.00	1.40

SAINT-GOBAIN	EUR	104,100	5,248,722.00	2.92
SANOFI	EUR	80,700	6,779,607.00	3.76
SCHNEIDER ELECTRIC SE	EUR	60,300	4,439,889.00	2.47

Description of security	Currency	Quantity (number or nominal amount)	Present value	% Net assets
SOCIETE GENERALE SA	EUR	51,000	2,526,285.00	1.40
TOTAL FRANCE			92,624,898.50	51.49
ITALY				
INTESA SANPAOLO SPA	EUR	1,470 000	4,398,240.00	2.44
TOTAL ITALY			4,398,240.00	2.44
LUXEMBOURG				
APERAM	EUR	69,100	3,063,203.00	1.70
LUXEMBOURG TOTAL			3,063,203.00	1.70
NETHERLANDS				
AKZO NOBEL	EUR	64,300	5,023,116.00	2.79
HEINEKEN	EUR	52,200	4,366,530.00	2.43
ING GROEP NV	EUR	422,750	6,594,900.00	3.67
UNILEVER	EUR	105,000	5,254,200.00	2.92
TOTAL NETHERLANDS			21,238,746.00	11.81
TOTAL Equities and similar securities traded on a regulated or similar market			176,546,002.75	98.14
TOTAL Equities and similar securities			176,546,002.75	98.14
Undertakings for collective investment				
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
OBJECTIF COURT TERME EURO C	EUR	1,943	3,900,319.91	2.17
TOTAL FRANCE			3,900,319.91	2.17
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			3,900,319.91	2.17
TOTAL Undertakings for collective investment			3,900,319.91	2.17
Liabilities			-601,193.15	-0.33
Financial accounts			42,965 18	0.02
Net assets			179,888,094.69	100.00

LAZARD EQUITY SRI PC	EUR	1.000	10,353.16
LAZARD EQUITY SRI C	EUR	88,206.271	1,768.75
OBJECTIF INVESTISSEMENT RESPONSABLE D	EUR	16,232.941	1,469.97

- **ADDITIONAL INFORMATION ON THE TAX REGIME APPLICABLE TO THE DISTRIBUTION**

BREAKDOWN OF DISTRIBUTION

	NET TOTAL	CURRENCY	NET PER SHARE	CURRENCY
Income subject to non-definitive mandatory withholding				
Shares entitling holders to a tax deduction and subject to non-definitive mandatory withholding	266,544.89	EUR	16.42	EUR
Other income not entitling the recipient to a tax deduction and subject to non-definitive mandatory withholding				
Non-reportable and non-taxable income	18,830.21	EUR	1.16	EUR
Amount of distributions relating to capital gains and losses	238,624.23	EUR	14.70	EUR
TOTAL	523,999.33	EUR	32.28	EUR

7. WORDING OF RESOLUTIONS

LAZARD EQUITY SRI

French open-end investment company (*Société d'Investissement à Capital Variable*)
Registered office: 121, Boulevard Haussmann,
75008 Paris, France
Paris Trade and Companies Register no. 438 703 050

RESOLUTION ON THE APPROPRIATION OF NET INCOME PROPOSED TO THE ORDINARY MEETING OF SHAREHOLDERS OF JANUARY 22nd, 2018

Year ended on September 29th, 2017

Second resolution

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

€2 164 050,62 Distributable amount pertaining to net income
€10 929 612,27 Distributable income relating to net capital gains and

losses and resolves to appropriate it as follows:

1. Distributable income relating to the results
 - C shares: **Accumulation:** €1 878 574,21
 - PC EUR shares: **Accumulation:** €-4.86
 - D shares: **Distribution:** €285 375,10

Each shareholder holding D shares on the detachment date will receive a dividend of **€17,58** which will be detached on **January 24th, 2018** and paid on **January 26th, 2018**.

This amount breaks down as follows:

Income eligible for a tax allowance of 40% and subject to a compulsory 21% advance payment

- Income on French shares: €1.09
- Income on foreign shares: €15.33

Income without tax deduction

- Income on French shares: €1.16

This dividend may be reinvested at no cost in shares of the company over a period of three months starting from the payment date.

Distributable amount pertaining to net capital gains and losses

"C" shares: Accumulation	€8 169 929
"D" shares: Distribution	€238 624,23
"PC EUR" shares: Accumulation	€151.26

Representing a net dividend of €14,70 per share, which will be detached on January 24th, 2018 and paid on January 26th, 2018.

Undistributed net capital gains and losses: €2 520 907,78

Note:	Dividends paid over the last three years
Year ended:	Amount per unit/share
on 30/09/2016	€17,82 D shares
on 30/09/2015	€17,18 D shares
on 30/09/2014	€16,08 D shares