

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

**LAZARD CONVERTIBLE  
GLOBAL**

**ANNUAL REPORT**

at October 31<sup>st</sup>, 2018

Management company: Lazard Frères Gestion

SAS Custodian: Caceis Bank

Statutory auditor: PriceWaterhouseCoopers Audit

## CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	9
3. Management report	12
4. Regulatory information	22
5. Certification by the Statutory Auditor	28
6. Annual financial statements	34

## 1. CHARACTERISTICS OF THE UCI

### • LEGAL FORM

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

### • ALLOCATION OF DISTRIBUTABLE INCOME

Distributable income consists of:

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

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

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

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

For I, R, K, T, R H-EUR, I USD and T H-EUR shares, the Shareholders' Meeting decides each year on the allocation of distributable income. It may pay interim dividends.

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

For ID and ID H-EUR shares, the net income is distributed in full and the allocation of net realised capital gains is decided each year by the Shareholders' Meeting. It may pay interim dividends.

### • INVESTMENT OBJECTIVE

- Investment objective for I, R, ID, T and K shares:

The investment objective is to achieve a return (net of charges) above the Thomson Reuters Global Focus Convertible Bond Index (EUR) (net interest reinvested), expressed in euros, over the recommended investment horizon of five years.

- Investment objective for I USD shares:

The investment objective is to achieve a return (net of charges) above the Thomson Reuters Convertible Global Focus USD index (net interest reinvested), expressed in US dollars, over the recommended investment horizon of five years.

- Investment objective for IC H-EUR, ID H-EUR, R H-EUR and T H-EUR shares:

The investment objective is to achieve a return (net of charges) above the Thomson Reuters Global Focus Hedged (EUR) Convertible Bond Index (net interest reinvested), expressed in euros, hedged against foreign exchange risk with the euro as the base currency, over the recommended investment horizon of five years. The share's performance may be impacted by possible foreign exchange hedging costs.

- Investment objective for IC H-CHF shares:

The investment objective is to achieve a return (net of charges) above the Thomson Reuters Global Focus Hedged Convertible Bond Index (CHF) (net interest reinvested), expressed in Swiss francs, hedged against foreign exchange risk with the Swiss franc as the base currency, over the recommended investment horizon of five years. The share's performance may be impacted by possible foreign exchange hedging costs.

## • BENCHMARK

- Benchmark for I, R ID, T and K shares:

The Thomson Reuters Global Focus Convertible Bond Index (EUR) (net interest reinvested), expressed in euros. It reflects the performance of global convertible bonds and can be accessed on the Bloomberg Terminal (UCBIFOCE) and the UBS website (with access code, ref. UCBINDEXW1414).

- Benchmark for I USD shares:

The Thomson Reuters Global Focus Convertible Bond Index (USD) (net interest reinvested), expressed in US dollars. It reflects the performance of global convertible bonds and can be accessed on the Bloomberg terminal (UICBFOCU).

- Benchmark for IC H-EUR, ID H-EUR, R H-EUR and T H-EUR shares:

The Thomson Reuters Global Focus Hedged (EUR) Convertible Bond Index (net interest reinvested), expressed in euros, hedged against foreign exchange risk with the euro as the base currency. It reflects the performance of global convertible bonds, hedged against foreign exchange risk with the euro as the base currency and can be accessed on the Bloomberg terminal (UCBIFX14) and the UBS website (with access code, ref. UCBINDEXW1059).

- Benchmark for IC H-CHF shares:

The Thomson Reuters Global Focus Hedged (CHF), Convertible Bond Index (net interest reinvested), expressed in Swiss francs, hedged against foreign exchange risk with the Swiss franc as the base currency. It reflects the performance of global convertible bonds, hedged against foreign exchange risk with the Swiss franc as the base currency and can be accessed on the Bloomberg terminal (UCBIFX28) and the UBS website (with access code, ref. UCBINDEXW1068).

## • INVESTMENT STRATEGY

### 1. Strategies used

The SICAV aims to outperform (net of charges), over the recommended investment period of five years, the benchmark:

- the Thomson Reuters Global Focus Convertible Bond Index (EUR), expressed in euros, with net interest reinvested for I, R, ID, T and K shares;
- the Thomson Reuters Global Focus Convertible Bond Index (USD), expressed in US dollars, with net interest reinvested for I USD shares;
- the Thomson Reuters Global Focus Hedged (EUR) Convertible Bond Index, expressed in euros, hedged against foreign exchange risk with the euro as the base currency, with net interest reinvested for IC H-EUR, ID H-EUR, R H-EUR and T H-EUR shares;
- the Thomson Reuters Global Focus Hedged Convertible Bond Index (CHF), expressed in Swiss francs, hedged against foreign exchange risk with the Swiss franc as the base currency, with net interest reinvested for IC H-CHF shares.

The SICAV is actively managed using a fundamental approach comprising several analysis phases: study of the economic environment with market expectations produced by our Economic Strategy department, financial analysis of companies issuing bonds and of underlying equities and analysis of the technical features of issuance contracts.

To this end, the manager will manage the SICAV's overall exposure to interest rates and equity markets. In addition to the characteristics of the portfolio assets (exposure, equities and sensitivity), the manager will use interest-rate and equity futures to increase or decrease the SICAV's sensitivity or exposure to the equity market.

Furthermore, the SICAV will manage currency risk dynamically for shares that are not hedged against foreign exchange risk, in order to optimise performance in the medium term.

The SICAV may also actively manage interest rates through active management of the modified duration (use of BOBL or bund futures, for instance).

The SICAV may use futures, swaps, options and forward foreign-exchange contracts on regulated, organised and/or OTC markets, up to the amount of the net assets (without overexposure), in order to hedge the portfolio and/or expose it to equity, interest rate, exchange rate, credit and volatility risk.

## **2. Equity assets (excluding embedded derivatives):**

Shares in live securities (excluding "Preferred Convertibles") deriving from the conversion of one of the types of instrument defined below, to a maximum of 10% of net assets.

### **Debt securities and money market instruments:**

- European and foreign (including emerging) convertible bonds denominated in euros and/or in local currencies issued by companies and financial institutions and equivalent ("Preferred Convertibles").
- European and foreign (including emerging) bonds exchangeable for shares denominated in euros and/or in local currencies issued by companies and financial institutions.
- European and foreign (including emerging) bonds with share warrants denominated in euros and/or in local currencies issued by companies and financial institutions.
- European and foreign (including emerging) bonds with warrants for participating securities denominated in euros and/or in local currencies issued by companies and financial institutions.
- Bonds whose value is indexed to a stock market index to a maximum of 15% of net assets.
- Up to 10% of net assets, may be invested in negotiable debt securities, repurchase agreements, etc.

### **UCIs:**

French or foreign UCITs or AIFs that meet the four criteria of Article R. 214-13 of the French Monetary and Financial Code (*Code Monétaire et Financier*): money-market, short-term money-market, bond or mixed funds, to a maximum of 10% of net assets.

These UCIs may be managed by the management company.

## **3. Derivatives**

- Types of markets:

- ☒ regulated
- ☒ organised
- ☒ OTC

- The manager intends to seek exposure to:

- ☒ equities
- ☒ interest rates
- ☒ foreign exchange
- ☒ credit
- ☒ other: volatility

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

- ☒ hedging
- ☒ exposure
- ☐ arbitrage
- ☐ other

- Types of instruments used:

- ☒ futures:
  - ☒ equity and equity index
  - ☒ interest rate
  - ☒ currency
- ☒ options:
  - ☒ equity and equity index
  - ☒ interest rate
  - ☒ currency
- ☒ swaps:
  - ☒ equity swaps
  - ☒ interest rate swaps
  - ☒ currency swaps
- ☒ currency forwards
- ☐ credit derivatives

- Derivatives strategy to achieve the investment objective:

- ☒ partial or general portfolio hedging
- ☒ creating synthetic exposure to assets and risks
- ☒ increasing exposure to the market without leverage
- ☐ maximum permitted and sought
- ☐ other strategy

#### **4. Securities with embedded derivatives**

The manager may invest in all securities with embedded derivatives that are permitted under the management company's business plan, notably convertible bonds and warrants traded on regulated, organised and OTC markets, up to 100% of the net assets.

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

#### **5. Deposits:**

Up to 10% of the Fund'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:**

None.

#### **8. Information on financial guarantees:**

In order to achieve its investment objective, the SICAV may receive and provide financial guarantees.

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

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

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

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

#### **• 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.

The risks associated with the SICAV are interest rate risk, credit risk, equity risk, foreign exchange risk and changes in the volatility of options.

#### **Risk of capital loss:**

The SICAV is not guaranteed or protected and therefore there is a possibility that you may not get back the full amount of your initial investment. The risk is incurred when the net asset value falls, in which case investors are not guaranteed to get back the money originally invested.

#### **Equity risk:**

Exposure to fluctuations in equity markets may generate significant changes in net asset value. If the equity markets fall, the SICAV's net asset value is likely to fall.

**Interest rate risk:**

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

**Credit risk:**

The issuer of a bond may default, and this could decrease the SICAV's net asset value. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance. The risk may be even greater if the issuer's credit quality is low, whether the issuer is in the speculative/high yield category and/or connected to emerging markets.

The decline in net asset value could be even greater if the SICAV is invested in unrated or speculative/high yield debt, or in emerging market debt.

**Foreign exchange risk (I, R, K, T, ID and I USD shares only):**

Investing in the fixed-income markets of countries outside the Eurozone generates exposure to foreign exchange risk and could lead to greater volatility.

**Volatility risk:**

Given the options attached to securities, changes in volatility, which is the main component of the option price, could give rise to a decrease in the SICAV's net asset value for an indeterminate period.

**Derivatives risk:**

The SICAV may be synthetically exposed up to 100% of its net assets to fixed-income and/or index-related instruments. The use of derivatives on organised and OTC markets may expose the net asset value to variations due to fluctuations in the underlying markets.

**Counterparty risk:**

This is the risk associated with the SICAV's use of over-the-counter financial forwards. These transactions, entered into with one or more eligible counterparties, potentially expose the SICAV to a risk of failure of any such counterparty, which may lead to default in payment.

**Emerging market risk:**

The main risks relating to investments in emerging countries may be due to the sharp movements in security and currency prices in these countries, potential political instability and accounting and financial practices that are less rigorous than in the developed countries.

The SICAV's net asset value could fall in the event of a downward movement in these markets.

**• GUARANTEE OR PROTECTION**

None.

**• ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE**

All subscribers seeking to optimise their investments in fixed-income instruments.

Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this SICAV.

**Information on US investors:**

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

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

**FATCA:**

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

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

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

Recommended investment period: minimum five years.

## **2. CHANGES AFFECTING THE UCI**

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

The Board of Directors of **LAZARD CONVERTIBLE GLOBAL** (ISIN code of I shares: FR0000098683), which met on December 15<sup>th</sup>, 2017, resolved to create the following Clean Shares: **T and T H-EUR**.

Furthermore, in order to improve identification of the fund's various share classes, it was proposed that the share classes be renamed as follows: AD, A USD, AD H-EUR, AC H-EUR, AC H-CHF and A shares would become ID, I USD, ID H-EUR, IC H-EUR, IC H-CHF and I shares.

It was proposed that an initial minimum subscription amount of €500 000 should apply to the last share class.



## CORPORATE GOVERNANCE (CSR) SECTION

### I. Terms of office of individual members of the board of directors of Lazard Convertible Global as at October 31<sup>st</sup>, 2018

Directors' names	Number of offices held	List of offices and functions
Arnaud Brillois <i>Director of Lazard Frères Gestion SAS</i>	1	Chairman and Chief Executive Officer of the SICAV Lazard Convertible Global
Lionel Clément <i>Vice President of Lazard Frères Gestion SAS</i>	2	Chairman and Chief Executive Officer of Lazard Financials Debt Member of the Board of Directors of Lazard Convertible Global
Arnaud Laforge	1	Member of the Board of Directors of Lazard Convertible Global
Colin Faivre <i>Vice President of Lazard Frères Gestion SAS</i>	2	. Member of the Board of Directors of Lazard Convertible Global . Board member and Deputy Chief Executive Officer of Lazard Alpha Allocation
Geneviève Werner	2	. Member of the Board of Directors of Lazard Convertible Global . Member of the Board of Directors of Conseil Plus Gestion
Jean-Luc Chauchard <i>Vice President of Lazard Frères Gestion SAS</i>	1	. Member of the Board of Directors of Lazard Convertible Global
Paul Castello <i>Managing Director of Lazard Frères Gestion SAS</i>	5	Member of the Boards of Directors of the following SICAVs: . Lazard Euro Short Duration . Lazard Equity SRI . Norden Small . Lazard Convertible Global . Lazard Credit Opportunities
Sylvain Mortera	5	Chairman of Lazard Small Caps Euro's Board of Directors Director of: . Lazard Convertible Global . the SICAV CAAM Convertibles Euroland . CAAM Oblig Internationales . GAREAT . ASSURATOME
Guilaine Perche <i>Vice President of Lazard Frères Gestion SAS</i>	2	Director of Lazard Convertible Global and Norden Family

### II. Agreements covered by Article L225-37-4 para. 2 of the French Commercial Code

The SICAV was not informed of the conclusion of any agreements covered by Article L225-37-4 para. 2 of the French Commercial Code during the financial year ended October 31<sup>st</sup>, 2018.

### III. Table of currently-valid delegations of powers granted by the shareholders' meeting, as stipulated in Article L225-37-4 para. 3 of the French Commercial Code

No delegations of power covered by Article L225-37-4 para. 3 of the French Commercial Code were granted or were ongoing during the financial year ended October 31<sup>st</sup>, 2018.

### IV. Method of operation of the executive management

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

**Directors' fees paid by LAZARD CONVERTIBLE GLOBAL to members of the Board of Directors for the financial year ended October 31<sup>st</sup>, 2018**

<b>Members of the Board of Directors</b>	<b>Directors' fees paid by the SICAV</b>
Arnaud Brillois <i>Director of Lazard Frères Gestion SAS</i>	0
Lazard Frères Gestion SAS Represented by <i>Jean-Jacques de Gournay Managing Director</i>	0
Lionel Clément <i>Vice President of Lazard Frères Gestion SAS</i>	0
Arnaud Laforge	€1 600
Colin Faivre <i>Vice President of Lazard Frères Gestion SAS</i>	0
Geneviève Werner	€1 600
Jean-Luc Chauchard <i>Vice President of Lazard Frères Gestion SAS</i>	0
Paul Castello <i>Managing Director of Lazard Frères Gestion SAS</i>	0
AGPM VIE represented by Didier Rigaut	€1 600
Caisse de Retraite des Notaires Represented by Jean-Paul Muller	€1 600
Sylvain Mortera	€1 600
Guilaine Perche <i>Vice President of Lazard Frères Gestion SAS</i>	0
Marc Wendling	€1 600

### 3. MANAGEMENT REPORT

#### PERFORMANCE

##### Group of unhedged EUR shares:

**Performance of Lazard Convertible Global's I shares: 3,81%.**

**Performance of Lazard Convertible Global's R shares: 3,14%.**

**Performance of Lazard Convertible Global's K shares: 3,81%.**

**Performance of Lazard Convertible Global's ID shares: 3,81%** (including 0,33% of dividends relating to the allocation of distributable income paid on February 15<sup>th</sup>, 2018).

**Performance of Lazard Convertible Global's T shares, created on January 29<sup>th</sup>, 2018: 4,05%.**

The performance of the index (Thomson Global Focus Conv EUR) over the period: -1,04%.

##### Group of hedged EUR shares:

**Performance of Lazard Convertible Global's IC H EUR shares: 0,02%.**

**Performance of Lazard Convertible Global's R H EUR shares: -0,63%.**

**Performance of Lazard Convertible Global's ID H EUR shares: 0,02%** (including 0,33% of dividends relating to the allocation of distributable income paid on February 15<sup>th</sup>, 2018).

**Performance of Lazard Convertible Global's TH shares, created on February 16<sup>th</sup>, 2018: -1,88%.**

The performance of the index (Thomson Global Focus Conv Hedged EUR) over the period: -4,60%.

##### USD shares:

**Performance of Lazard Convertible Global's I USD shares: 0,97%.**

The performance of the index (Thomson Global Focus Conv USD) over the period: -3,75%.

##### Hedged CHF shares:

**Performance of Lazard Convertible Global's IC H CHF shares: -0,69%.**

The performance of the index (Thomson Global Focus Conv Hedged EUR) over the period: -4,92%.

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

#### ECONOMIC ENVIRONMENT

##### Introduction

The global economic recovery continued, thanks in part to the acceleration of the US economy. While remaining solid overall, the business climate in each of the main regions seems to have peaked in early 2018, with the exception of the US, resulting in less synchronised growth at international level. The growth outlook is good but the downside risks have intensified in recent months. These include political risks, notably in the Eurozone with the arrival in power of populist parties in Italy, international trade risks and more concrete protectionist rhetoric from Donald Trump, emerging country risks due to fears of a more pronounced economic slowdown than expected

in China and local weaknesses in certain economies. Against this backdrop, the main developed country central banks gradually tightened monetary policy, particularly given that underlying inflationary pressures remained relatively low. The Federal Reserve increased its policy rate four times and started to reduce its balance sheet. 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. The Bank of Japan modified its policy of yield curve control. The synchronised global economic recovery seen in 2017 had led to very low volatility levels. But with uncertainties on the increase, volatility returned in 2018. Sentiment concerning emerging countries deteriorated in particular, giving rise to a decline in capital flows to these countries and pressure on their currencies.

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

IMF Economic Outlook, October 2018

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

The MSCI World global equity index denominated in dollars gained 7,7% over the year. Within that, the equities of developed countries turned in a good performance (+9,2%) while emerging country equities posted a negative performance (-3,1%). Within the developed economies, the S&P 500 (+15,7% in dollars) outperformed the Topix (+8,5% in yen) and the Eurostoxx (-2,8% in euros).

After a steady increase in Q4 2017 and an exceptional start to 2018, the global equity markets corrected sharply in February 2018, 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 the pace of interest rate hikes by the Fed. The market correction was subsequently amplified by technical factors linked to increased volatility.

From spring 2018, the equity markets fluctuated in line with perceptions around three major risks: a trade war, a budget overrun in Italy and a crisis in emerging countries. The deterioration of the political situation in Italy and fears around contagion of the Turkish crisis to the European banking system in August 2018 after a slide in the Turkish lira explain to a large extent why Eurozone equities underperformed.

US 10-year treasury rates tightened by 73 basis points to 3,06% at the end of September 2018. German 10-year rates remained almost stable, moving from 0,46% to 0,47%. The rise in US interest rates took place in two stages. The first between mid-December 2017 and mid-February 2018 reflected an increase in inflationary anticipations following the approval of tax reform by US Congress and the increase in energy prices. The second, between mid-August and September 2018, was more linked to the rebound in growth. In both cases, investors revised up their anticipations of monetary tightening by the Fed.

In Italy, the arrival in power of a populist government triggered a sharp increase in credit spreads versus Germany (+100bp). Credit spreads in Greece tightened by -148 basis points while in Portugal they tightened by -52 basis points. In France, they widened by a slight +5 basis points.

According to the ICE Bank of America Merrill Lynch indices, the credit spreads of good quality corporate bonds versus government bonds widened by 15 basis points to 110 basis points, while those of high yield bonds widened by 93 basis points to 355 basis points.

The Brent barrel price almost doubled, from \$47 to \$83. It was underpinned by robust global demand, geopolitical tensions in the Middle East and the policy of the main producing countries to reduce supply.

The euro depreciated by 1,8% against the dollar, from 1,18 to 1,16. This exchange rate peaked in mid-February 2018 at 1,25 before falling again on foot of the publication of disappointing economic data and uncertainties in Italy.

Sentiment concerning emerging countries deteriorated sharply, giving rise to a decline in capital flows to these countries and significant pressure on their currencies. The JP Morgan index that measures the average change in emerging currencies against the dollar fell by 10,6%.

### **United States**

Growth in the US has been very strong in recent quarters. It jumped to an annualised rate of +4,2% in Q2 2018 after +2,2% in Q1 2018 and +2,3% in Q4 2017.

The ISM surveys remained at record high levels. The manufacturing sector index reached 59,8 in September 2018 (-0,4 of a point year-on-year) while the non-manufacturing sector index reached 61,6 (+2,2 points year-on-year), its highest level in two decades.

Job creation was strong, averaging 206 000 over the last twelve months, leading to a continued fall in the unemployment rate which reached 3,7% in September 2018, its lowest level since 1969, versus 4,2% a year earlier.

Growth in the hourly wage accelerated only very slightly from +2,6% year-on-year in September 2017 to +2,7% in September 2018. The sharp increase in January 2018, which led to tensions on the financial markets, was revised down in the end.

Household consumption grew at a steady pace after a soft patch in Q1 2018 (an annualised rate of +0,5% quarter-on-quarter). The Conference Board consumer confidence index reached its highest level since 2000 in September 2018.

The US trade deficit widened to \$53 billion in August 2018. The US administration toughened its trade policy, particularly with regard to China. It increased customs duties on \$250 billion worth of Chinese imports and threatened to extend these tariffs to all imports. China retaliated by in turn increasing its customs duties on \$110 billion worth of imports from the US.

Investment in residential property slowed but did not decline. It rose by 1,3% year-on-year in Q2 2018. Household purchasing power on the property market deteriorated due to the steady increase in property prices (+6,0% year-on-year in July) and the rise in mortgage interest rates (+80 basis points year-on-year to 4,60% for a thirty-year mortgage). Investment in non-residential property accelerated by +7,1% year-on-year in Q2 2018.

Inflation excluding energy and food increased from +1,7% year-on-year in September 2017 to +2,2% in September 2018 while headline inflation increased from +2,2% to +2,3%, after peaking at +2,9% in summer 2018.

Tax reform was ratified in December 2017. Which notably entailed a reduction in corporate income tax from 35% to 21%. In February 2018, after a partial federal government shut-down between January 20<sup>th</sup> and 22<sup>nd</sup> and for a few hours on February 9<sup>th</sup> 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).

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

## **Eurozone**

Growth in the Eurozone marked time in the first half of 2018, coming out at an annualised rate of +1,5% in Q2 2018 versus +1,6% in Q1 2018 and +2,6% in Q4 2017. There was a marked slowdown in France, partly due to strikes in the transport sector in spring.

The composite PMI for the Eurozone reached a 12-year high in January 2018 at 58,8, but fell back sharply in the spring. It subsequently stabilised at a level consistent with growth of around 2%. It reached 54,1 in September 2018 (-2,6 points year on year).

Unemployment in the Eurozone continued to fall at a rapid pace, reaching 8,1% in August 2018, its lowest level since November 2008, versus 9,0% a year earlier. Certain wage data in the Eurozone showed an acceleration.

Inflationary pressure remained moderate. Headline inflation increased from +1,5% to +2,1% year-on-year between September 2017 and September 2018, attributable to the rise in energy prices. Excluding energy and food, inflation remained low, falling from +1,1% year-on-year to +0,9% during the period.

In Italy, the general election held on March 4<sup>th</sup>, 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 31<sup>st</sup>, 2018.

On September 27<sup>th</sup>, the Italian government announced a higher-than-anticipated budget deficit target of 2,4% of GDP in 2019.

In Germany's federal elections of September 24<sup>th</sup>, 2017, Angela Merkel's CDU/CSU alliance secured a substantial victory with 246 out of 598 seats in the Bundestag. After six months of negotiations, the social democratic party agreed to form a grand coalition, enabling Angela Merkel to be reappointed Chancellor on March 14<sup>th</sup>, 2018.

In Spain, the government announced the dissolution of the Catalan parliament on October 27<sup>th</sup>, 2017, and imposed direct rule on Catalonia, having refused to recognise the declaration of independence by the region's elected leaders.

On June 1<sup>st</sup>, 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.

On October 26<sup>th</sup>, 2017, the ECB announced it would reduce its monthly asset purchases from €60 billion to €30 billion starting in January 2018. On June 14<sup>th</sup>, 2018, it announced it would again cut its monthly purchases by half until the end of December 2018, after which they would be discontinued. It specified that 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**

Japan's GDP increased by an annualised 0,9% in Q4 2018 before contracting by 0,9% in Q1 2018, penalised by poor weather conditions. It subsequently jumped by 3,0% in Q2 2018.

Pressure on the labour market continued, with unemployment falling by 0,4 of a point year-on-year to a record low of 2,4% in August 2018. Wage growth accelerated sharply to +1,4% year-on-year in August 2018, the fastest pace seen since the end of the 1990s.

Inflation rose slightly, but remained low. In August 2018, headline inflation reached +1,3% year-on-year while inflation excluding energy and food reached +0,4% year-on-year, versus +0,7% and +0,2% respectively one year previously.

The prime minister Shinzo Abe unsurprisingly secured an easy victory in the general election called on October 22<sup>nd</sup>, 2017, with the coalition led by the liberal democratic party winning two thirds of seats in the lower house.

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

## **China**

During the annual economic conference of the members of the Communist Party of China in December 2017, the government 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.

Growth in China slowed only slightly to +6,7% year-on-year in Q2 2018 after +6,8% year-on-year in the previous two quarters, in line with the growth target of around 6,5% defined during the National People's Congress in March 2018.

However, the measures introduced to limit financial risks led to a sharp slowdown in credit, which weighed on infrastructure investment, particularly from the end of Q2 2018.

On foot of this slowdown in investment and the hike in customs duties by the US, the Chinese authorities announced monetary and budgetary measures to boost activity.

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

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 19<sup>th</sup> 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**

During this financial year, the Fund's I shares outperformed the benchmark index (+3,81% versus -1,04% for the benchmark index). Over the period, the US equity markets significantly outperformed the European and Japanese equity markets. Our overexposure to this region therefore contributed positively to the fund's relative performance. US yields and, to a lesser extent, European yields tightened over the period, making a positive contribution to relative performance. The fund's interest rate exposure was lower than that of the index over the period. Currency exposure had a very slight positive impact on the fund's relative performance: the euro depreciated against the dollar, the Swiss franc and most Asian currencies. Over the period, stock picking, in particular the choices made in the technology, communications and cyclical consumption sectors, contributed to the fund's performance

Monthly commentaries are set out below:

### ***November 2017***

In November 2017, Lazard Convertible Global achieved a return of -1,38% compared with -1,77% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 54,9%, while that of its benchmark decreased to 48,9%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,79 versus 2,20. The overexposure to the equity markets had a neutral relative impact over the period with the S&P 500 index in dollars gaining 2,99%, while the Stoxx600 index in euros lost -2,02%. Our underexposure to interest rates was beneficial over the month in relative terms. The best contributions came from the property and non-cyclical consumption sectors. We replaced convertible bonds in the portfolio with more defensive issues from the same issuer, for example Microchip 2025 was replaced by Microchip 2027 and ServiceNow 2018 was replaced by ServiceNow 2022. We remained slightly overweight in the US dollar and the euro over the month.

### ***December 2017***

In December 2017, Lazard Convertible Global achieved a return of -0,62% compared with -1,52% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 51,9%, while that of its benchmark decreased to 47,2%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,75 versus 2,15. The equity markets had a neutral relative impact over the period, with the positive performance of the United States, to which we were overexposed, being counterbalanced by the underexposure to Asia and Japan. Our underexposure to interest rates was beneficial over the month in relative terms. The best contributions came from the telecoms and energy sectors, while the technology and consumer discretionary sectors underperformed. The absence of Steinhoff securities

from the fund's portfolio contributed to the positive performance. We sold Take Two 2018, Micron 2043 and Deutsche Post 2019, and we bought Deutsche Post 2025, AMS 2022 and CTRIP 2022. Over the month, we remained overweight in the US dollar and the euro compared with Asian currencies and the pound sterling.

#### *January 2018*

In January 2018, Lazard Convertible Global achieved a return of +0,88% compared with -0,09% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure remained stable at 52,6%, while that of its benchmark increased to 51,1%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,72 versus 1,96. The equity markets had a positive relative impact over the period, especially in the United States. Our underexposure to interest rates was beneficial over the month in relative terms. Unlike the previous month, the technology and consumer discretionary sectors were the best contributors. We replaced Unibail 2022, Starwood 2018 and Tesla 2021 with Unibail 2021, Starwood 2023 and Tesla 2019, and bought Wendel/Saint Gobain 2019 and 51Job 2019. Over the month, we remained overweight in the US dollar and the euro compared with Asian currencies and the pound sterling.

#### *February 2018*

In February 2018, Lazard Convertible Global achieved a return of +1,80% compared with +0,84% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure remained stable at 52,5%, while that of its benchmark decreased to 48,1%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,74 versus 2,06. The overexposure to the equity markets had a negative relative impact over the period, as all regions to which we were exposed were in sharp decline. Our underexposure to interest rates was beneficial over the month in relative terms, particular in the United States. There were no changes in securities holdings over the period. Over the month, we remained overweight in the US dollar and the euro compared with Asian currencies and the pound sterling.

#### *March 2018*

In March 2018, Lazard Convertible Global achieved a return of -0,84% compared with -1,45% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 50,2%, while that of its benchmark decreased to 46,8%. The fund's exposure to interest rates increased but it remained lower than that of the benchmark, at 0,84 versus 2,11. The overexposure to the equity markets had a negative relative impact over the period, as all regions to which we were exposed were in sharp decline. Our underexposure to interest rates was detrimental over the month in relative terms, as five-year yields eased in Europe and the United States over the period. The best contribution in absolute terms came from property, but the best relative contribution came from the consumer discretionary sector, mainly due to our under-weighting in the automotive sub-sector. Over the period, we sold Salesforce 2018 and Amorim/Galp 2018 and replaced Live Nation 2019 with Live Nation 2023. We strengthened our positions in IAC 2022, 51 Job 2019, Intel 2039, Technip 2021, Total 2022 and Sony 2022. We also took a position in a new issuer as part of a new issuance: Zendesk 2023. Over the month, we remained overweight in the US dollar and the euro compared with Asian currencies and the pound sterling.

#### *April 2018*

In April 2018, Lazard Convertible Global achieved a return of +1,88% compared with +1,25% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure increased to 50,9%, while that of its benchmark rose to 47,3%. The fund's exposure to interest rates increased but it remained lower than that of the benchmark, at 0,85 versus 2,05. The overexposure to the equity markets had a positive relative impact over the period, as all zones to which we were exposed rose, particularly in Europe, where the recovery was strong. Our underexposure to interest rates was beneficial over the month in relative terms, as five-year yields tightened in Europe and the United States over the period. Communications and technology were the best contributors in relative terms over the month, while the manufacturing and non-cyclical consumption sectors underperformed in relative terms. Over the period, we strengthened our positions in Total 2022, Elior 2020, AMS 2022, Rallye/Casino 2020, Deutsche Post 2025, Macquarie Infrastructure 2023, Meritor 2037, Carrefour 2023, Nuance 2035 and Zendesk 2023. Over the month, we remained overweight in the US dollar and the euro compared with Asian currencies and the pound sterling.

#### *May 2018*

In May 2018, Lazard Convertible Global achieved a return of +4,14% compared with +2,93% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure increased to 52,9%, while that of its benchmark fell to 46,6%. The fund's exposure to interest rates decreased, remaining lower than that of the benchmark, at 0,78 versus 1,92. The overexposure to the equity markets had a positive relative impact over the period, especially in the United States, where the equity markets were up sharply, in



particular the technology sector. Our underexposure to interest rates was detrimental over the month in relative terms, as five-year yields eased in Europe and the United States over the period.

Communications and technology were the best contributors in relative terms over the month, while the financial and utilities sectors underperformed. Over the month, we took two new positions, in Gedeon Richter 2019 and Fireeye 2024. We increased our overexposure to the US dollar over the month.

#### *June 2018*

In June 2018, Lazard Convertible Global achieved a return of -1,77% compared with -0,73% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 50,7%, while that of its benchmark decreased to 43,7%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,84 versus 2,17. Our exposure to the equity markets had a slightly positive relative contribution over the period, with our overexposure to the United States and our underexposure to Japan having a positive impact. Our underexposure to interest rates was neutral over the month in relative terms, as five-year yields eased in Europe and tightened in the United States over the period. Unlike the previous month, the communications and technology sectors performed negatively in relative terms. Over the period, we strengthened our positions in AMS 2022, Illumina 2019, Palo Alto Network 2019, Red Hat 2019, America Moviles/KPN 2020, Total 2022 and Technip 2021. Over the month, we remained overweight in the US dollar and the euro compared with all other currencies in our benchmark index.

#### *July 2018*

In July 2018, Lazard Convertible Global achieved a return of +0,20% compared with -0,65% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure increased slightly to 51,5%, while that of its benchmark rose to 44,2%. There was no change in the fund's exposure to interest rates, which remained lower than that of the benchmark, at 0,80 versus 2,06. Our exposure to the equity markets had a positive relative contribution over the period, with our overexposure to the equity markets in the United States and Europe having a positive impact. Our underexposure to interest rates was slightly positive over the month in relative terms, as five-year yields tightened slightly in Europe and the United States over the period. The best contributions over the month came from the cyclical consumption and technology sectors. We took new positions in Square and Akamai Technologie, and replaced Palo Alto 2019 and Zillow 2021 with Palo Alto 2023 and Zillow 2023. Over the month, we remained overweight in the US dollar and the euro compared with all other currencies in our benchmark index.

#### *August 2018*

In August 2018, Lazard Convertible Global achieved a return of +1,80% compared with +1,61% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure increased to 53,1%, while that of its benchmark fell to 43,7%. The fund's exposure to interest rates increased slightly but it remained lower than that of the benchmark, at 0,85 versus 2,11. Our overexposure to equities in the United States offsets falls in the equity markets in other regions. Our underexposure to interest rates was slightly negative over the month in relative terms, as five-year yields eased slightly in Europe and the United States over the period. The best contributions over the month came from the non-cyclical consumption and communications sectors, while the energy and basic materials sectors performed negatively. We took new positions in Michelin 0% 2023, Twitter 0,25% 2024, Exact Science 1% 2025 and BioMarin 0,6% 2024. We slightly increased our overexposure to the US dollar over the month.

#### *September 2018*

In September 2018, Lazard Convertible Global achieved a return of -0,40% compared with -0,21% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 52,0%, while that of its benchmark rose to 44,4%. The fund's exposure to interest rates increased slightly but it remained lower than that of the benchmark, at 0,91 versus 2,13. Our equity exposure had a positive impact in relative terms over the period, particularly our overexposure to the technology sector and our underexposure to Japan. The fund's exposure to interest rates, which is lower than that of the index, was beneficial over the month in relative terms, as five-year swap yields tightened in Europe and the United States over the period. The best contributions over the month came from the non-cyclical consumption and communications sectors, while the technology and basic materials sectors performed negatively. We sold [Aroundtown]<sup>1</sup> 2021, Adidas 2019 and Terumo 2019 and took new positions in Adidas 2023, Terumo 2021 and Splunk 2023. Over the month, we remained overweight in the US dollar and the euro compared with all other currencies.

#### *October 2018*

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<sup>1</sup> NdT : coquille dans le document français - "Aroundtown" au lieu de "Aroundtwon" ?

In October 2018, Lazard Convertible Global achieved a return of -1,77% compared with -1,14% for its benchmark index, the Thomson Reuters Global Focus Convertible index in euros. The fund's equity exposure decreased to 49,8%, while that of its benchmark decreased to 39,7%. The fund's exposure to interest rates increased slightly but it remained lower than that of the benchmark, at 1,20 versus 2,36. Our equity exposure had a positive impact in relative terms over the period, particularly our overexposure to the United States. The fund's exposure to interest rates, which is lower than that of the index, had a marginal impact over the month, as five-year swap yields tightened in the United States and eased in Europe over the period. The best contribution in relative terms over the month came from the technology sector, in particular thanks to Red Hat, which was purchased by IBM with a premium of 65%. The non-cyclical consumption and basic materials sectors performed negatively over the month. We switched Alibaba securities by selling Alibaba 2018 and buying Metusa 2019. We sold Richter Gédéon 2019 by participating in the issuer's tender offer and took a new position in Illumina 2023. Over the month, we remained overweight in the US dollar and the euro, compared with all other currencies.

### Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
AMUNDI TRESO COURT TERME I C	427 690 793,51	414 098 362,07
AMERICA MOVIL SAB DE ZCP 28-05-20	43 487 285,00	0,00
DEUTSCHE POST AG 0,05% 30/06/2025	38 567 013,36	0,00
HUSTHO 3 3/8 04/02/19 CV	18 388 961,74	18 062 529,51
ADIDAS AG 0,05% 12/09/2023 CV	35 586 431,10	0,00
PALO ALTO NETW ZCP 01-07-19	4 963 822,05	28 435 884,31
SPLUNK 0,5% 15-09-23 CV	32 175 585,11	0,00
ZENDESK INC 0,25% 15-03-23 CV	31 160 001,43	0,00
PALO ALTO NETWORKS 0,75% 01-07-23	30 997 913,82	0,00
TWITTER 0,25% 15-06-24 CV	30 861 105,61	0,00

### Transparency of securities financing transactions and the reuse of financial instruments – SFTR – in the UCI's accounting currency (EUR)

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: **1 281 360 229,35**
  - **Currency forwards: 620 142 558,39**
  - **Futures: 661 217 670,96**
  - **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**

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

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

**d) Operating income and expenses related to efficient management techniques**

<b>Operating income and expenses</b>	<b>Amount in the currency of the portfolio</b>
. Income (***) . Other income  <b>Total income</b>  . Direct operating expenses . Indirect operating expenses . Other expenses  <b>Total expenses</b>	

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

## 4. REGULATORY INFORMATION

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

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

### • **BROKERAGE FEES**

Information about brokerage fees is available on the website [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

### • **EXERCISING VOTING RIGHTS**

The scope and procedures for Lazard Frères Gestion SAS' exercise of the voting rights attached to the securities held in the UCIs managed by it are set out in the guidelines it has drawn up on its voting policy. This document can be consulted on the management company's website: [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

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

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

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

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

Our overall approach can be summarised as follows:

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

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

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

### General procedure for incorporating ESG criteria

Lazard Frères Gestion firmly believes that the integration of environmental, social and governance (ESG) criteria by issuers is vital for 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:

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  - Social criteria: through the development of human capital.
  - Environmental criteria: through the prevention of all environmental risks.
  - Governance criteria: by respecting the balance between the managerial and shareholder structures so as to prevent potential conflicts of interest and safeguard the interests of minority shareholders.

### ESG criteria incorporated by Lazard Convertible Global

- Analysis of governance

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

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

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

- Social criteria

Social criteria include the prevention of accidents, staff training, respect for employee rights, human rights, ethics in the supply chain, and social dialogue. Human capital is one of the two drivers of a company alongside financial capital, which if neglected could give rise to risks around the loss of operational profitability or an increase in costs linked to payroll volatility.

- Environmental criteria

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

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

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

### Information used to analyse ESG criteria

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

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

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

Our proprietary analysis tools show financial and extra-financial data for each company under consideration. Data is entered directly in these tools by the analysts/directors.

### ESG analysis methodology and results

#### ▪ ESG analysis methods

Extra-financial analysis is carried out by the analyst-managers and is integrated into the investment assumptions. The six criteria that are analysed are Human Resources, Corporate Governance, Human Rights, Environment, Supply Chain, Community, each of which is the subject of explicit qualitative analysis.

The majority of the analysis of climate change criteria is currently delegated to our partner Vigeo Eiris.

Vigeo analyses the way in which issuers take account of physical risks and transition risks in their growth model, through the Environment criterion, as follows:

#### - Assessment of physical risks

The assessment covers the extent to which issuers control these risks, and examines:

- Whether companies have identified and quantified the physical climate-related risks to which they may be exposed.
- The steps taken to prevent, adapt and mitigate those risks.
- The indicators reflecting the results of its efforts to plan for and mitigate the consequences that the physical impacts of climate change may have on its activities:
  - Impacts on the company's assets (damage, destruction of buildings or production facilities, the early retirement of existing assets, etc.).
  - The impacts on the supply chain (reduced availability/increase in the costs of raw materials, components or equipment, etc.).
  - Consequential costs (insurance costs, investment fees, operational costs, etc.).
  - The repercussions on the company's ability to carry on its activities and operations (reduction in or disruption to production capacity, impact on management and workforce planning, etc.).

#### - Assessment of transition risks 3 transition risks are identified:

- The risk associated with changes in energy prices

This involves assessing issuers' commitment to reducing their energy consumption and associated emissions or how companies are changing their energy mix.

- The risk associated with technological advances

These risks correspond to companies' exposure to the risk of obsolescence associated with a lack of technological innovation, and to the replacement of existing products and services by others with lower emissions.

This involves monitoring the efforts made by companies in developing and selling products and services that have a lower impact on the climate and their involvement in R&D activities for environmentally-friendly products and services.

- The risks associated with regulatory changes

This involves assessing how companies are planning for changes in regulations:

- Carbon footprint/carbon pricing: by analysing carbon footprints, we can determine the sectors and companies that emit the most greenhouse gases and that are therefore the most exposed to climate-related regulations.
- Stranded<sup>2</sup> asset/impairment risk: the identification of issuers whose revenues are derived from fossil fuels and issuers with fossil fuel reserves to identify those that are most exposed to the risk of impairment to their assets.
- Compliance with the 2° scenarios: analysis of issuers' level of engagement in the energy transition of their business model. Measuring levels of engagement and the efficiency of the measures taken to reduce their GHG emissions, change their energy mix and reduce their energy consumption.

- Methods of factoring ESG criteria into the investment decision-making process

The ESG risk analysis is left to the discretion of the analyst-managers and may therefore have an impact on investment decisions.

- Monitoring of ESG indicators

### ➤ **REPORTING OBLIGATIONS UNDER ARTICLE 173**

In the context of Article 173 of the law of August 17<sup>th</sup>, 2015, LAZARD Frères Gestion made a decision to report Lazard Convertible Global's carbon footprint.

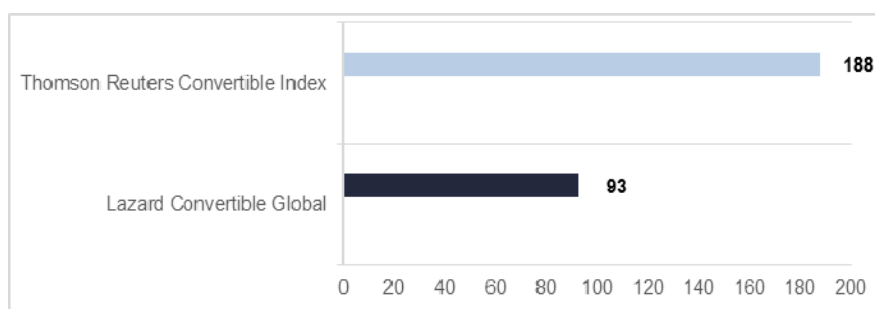
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<sup>2</sup> NdT : coquille dans le document source - "strended".

- To obtain the data needed to calculate the carbon footprint, we decided to establish a partnership with TRUCOST in 2016.
- LAZARD Frères Gestion decided to use the carbon intensity indicator, which is expressed in CO2 equivalent tonnes per million euros of income.
- The carbon footprint assessment takes into account scope 1 and 2 greenhouse gas (GHG) emissions.
- Scope 1: All direct emissions linked to the use of fossil fuels to manufacture a product.
- Scope 2: Direct emissions linked to the production of energy (electricity, etc.) that is consumed by the company.
- Measurement is solely conducted on securities that are directly owned. Listed companies for which we do not have carbon-related data are removed from the scope of analysis and the weight of each security in the portfolio is then rebased to obtain a total weighting of 100%.
- The CO<sub>2</sub> emissions are divided proportionally based on the delta between the issuer and the underlying share.
- The method used to calculate the portfolio's carbon intensity is the weighted average GHG emissions divided by the income of each position. We thus get the following formula<sup>3</sup>:

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

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



Date: 28/09/2018

Fund coverage ratio: 92%

Index coverage ratio: 99%

#### ➤ Contribution to energy transition indicator

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

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

Our partner Vigeo Eiris is responsible for applying this score.

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

The portfolio's contribution to the energy transition is measured as follows<sup>4</sup>:

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

<sup>3</sup> NdT : traduction : Portfolio's carbon intensity =  $\sum$  (Emissions (scope 1+2)/Revenue) of each security x weighting of each security

<sup>4</sup> NdT : traduction : Portfolio's energy transition score =  $\sum$  (energy transition score of each security x weighting of each security)



It is based on the rating scale set out below:

### Energy Transition Strategy Scale

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

### Energy Transition score

<b>LAZARD CONVERTIBLE GLOBAL</b>	<b>Low</b>	<b>25</b>
Thomson Reuters Convertible Index	Low	19

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

- Voting at shareholders' meetings

As a holder of convertible bonds, we were able to vote at the Unibail-Rodamco general meeting on the acquisition of Westfield Corporation. We voted in favour of all resolutions.

- Implementation of an engagement strategy by issuers

Through the Lazard Frères Gestion equity funds, we may hold shares in certain companies to which Lazard Convertible Global is exposed but Lazard Frères Gestion does not currently publish reports on the various initiatives taken and their results.

We are, however, committed to producing and publishing an engagement report by 2019.

### • **METHOD USED TO CALCULATE GLOBAL RISK**

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

### • **SWING PRICING**

In order to protect the UCI's long-term shareholders, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the UCI's outstandings, which may generate costs for shareholders entering and leaving the UCI that would otherwise have been allocated across all shareholders in the UCI. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of UCI units or shares exceeds a threshold predetermined by the management company on the basis of objective criteria and expressed as a percentage of the net assets in the UCI, the NAV may be adjusted upwards or downwards to take account of the readjustment costs attributable to the net subscription/redemption orders. The NAV of each unit or share category shall be calculated separately, but any adjustment shall have an identical impact, expressed as a percentage, on all of the NAV calculations of each unit or share category in the UCI.

The cost parameters and trigger level shall be determined by the management company and shall be reviewed periodically, and at least every six months. These costs shall be estimated by the management company based on transaction fees, bid/offer spreads and tax charges applicable to the UCI.

Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the UCI, it is not possible to accurately predict a given time in the future at which swing pricing will be applied. Consequently, neither is it possible to predict the precise frequency at which the management company will have to make such adjustments, which shall not exceed 1% of the NAV (see prospectus). Investors should be aware that the volatility of the UCI's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

### • **REMUNERATION**

The fixed and variable remuneration paid during the financial year ended December 29<sup>th</sup>, 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**

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

**"Identified employees"**

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

• **OTHER INFORMATION**

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

Lazard Frères Gestion SAS  
25, Rue de Courcelles – 75008 Paris, France

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

## 5. CERTIFICATION BY THE STATUTORY AUDITOR



**STATUTORY AUDITOR'S REPORT  
ON THE ANNUAL FINANCIAL STATEMENTS  
Financial year ended October 31<sup>st</sup>, 2018**

**LAZARD CONVERTIBLE GLOBAL**

UCITS ORGANISED AS A FRENCH OPEN-END INVESTMENT COMPANY (*SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE*)

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

Management company

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

**Opinion**

In accordance with the terms of our appointment by the management company, we conducted our audit of the accompanying annual financial statements of the UCITS LAZARD CONVERTIBLE GLOBAL, as a French open-end investment fund, for the financial year ended October 31<sup>st</sup>, 2018.

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 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 November 1<sup>st</sup>, 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.

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T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://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 CONVERTIBLE GLOBAL

### **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 shareholders**

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

### ***Information provided in the management report and in other documents sent to shareholders on the financial position and annual financial statements***

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 shareholders on the company's financial position and annual financial statements, or its consistency with the annual financial statements.

### ***Information on corporate governance***

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

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## LAZARD CONVERTIBLE GLOBAL

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

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

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

The management company is responsible for the preparation of the annual financial statements.

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

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

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

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

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

Moreover:

- it identifies and assess the risks that the annual financial statements may contain material misstatements, whether from fraud or error, defines and implements audit procedures to resolve these risks, and collects all elements deemed necessary and appropriate in order to give its opinion. The risk of failure to detect a material misstatement resulting from fraud is higher than that resulting from an error because fraud may involve collusion, falsification, deliberate omissions, false statements or by-passing of internal controls;

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## LAZARD CONVERTIBLE GLOBAL

- 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



**STATUTORY AUDITOR'S SPECIAL REPORT ON  
REGULATED AGREEMENTS  
Shareholders' meeting to approve the financial statements for  
the financial year ended October 31<sup>st</sup>, 2018**

**LAZARD CONVERTIBLE GLOBAL**  
UCITS ORGANISED AS A FRENCH OPEN-END INVESTMENT COMPANY (*SOCIÉTÉ  
D'INVESTISSEMENT À CAPITAL VARIABLE*)  
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

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present to you our report on related party agreements.

We are required to report to you, based on the information we have been provided, on the main characteristics and terms, as well as details of the benefits for the fund, of any agreements disclosed to us or that we may have discovered during our audit, without being required to comment on their relevance or substance, or to identify any other agreements. It is your responsibility, pursuant to the terms of Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits of entering into these agreements, prior to approving them.

We are also required, where applicable, to report to you as provided for in Article R. 225-31 of the French Commercial Code on the performance over the past year of any agreements already approved by the shareholders' meeting.

We have performed those checks that we considered necessary in accordance with the professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this operation.

**AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS AT THE GENERAL MEETING**

We hereby inform you that we have not been advised of any agreement authorised during the past financial year to be submitted to the approval of the shareholders' meeting pursuant to Article L. 225-38 of the French Commercial Code.

**AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETING**

We hereby inform you that we have not been advised of any agreement already approved by the shareholders' meeting that remained effective during the past financial year.

Neuilly sur Seine, date of electronic signature

*Document authenticated by electronic signature*

The statutory auditor  
PricewaterhouseCoopers Audit  
Frédéric Sellam

*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*



## 6. ANNUAL FINANCIAL STATEMENTS

### • BALANCE SHEET in euros

#### ASSETS

	31/10/2018	31/10/2017
<b>Net non-current assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>1 719 624 724,71</b>	<b>933 835 568,50</b>
<b>Equities and similar securities</b>	<b>60 253 536,75</b>	<b>35 773 175,03</b>
Traded on a regulated or equivalent market	60 253 536,75	35 773 175,03
Not traded on a regulated or equivalent market		
<b>Bonds and similar securities</b>	<b>1 615 199 076,04</b>	<b>869 980 390,50</b>
Traded on a regulated or equivalent market	1 615 199 076,04	869 980 390,50
Not traded on a regulated or equivalent market		
<b>Debt securities</b>		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
<b>Undertakings for collective investment</b>	<b>38 169 698,71</b>	<b>24 761 291,83</b>
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	38 169 698,71	24 761 291,83
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		
<b>Temporary securities transactions</b>		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions	<b>6 002 413,21</b>	<b>3 320 711,14</b>
<b>Forward financial instruments</b>	<b>6 002 413,21</b>	<b>3 320 711,14</b>
Transactions on a regulated or equivalent market		
Other transactions		
<b>Other financial instruments</b>	<b>643 646 784,19</b>	<b>194 753 320,54</b>
<b>Receivables</b>	<b>620 142 558,39</b>	<b>192 213 628,19</b>
<b>Currency forward exchange transactions</b>	<b>23 504 225,80</b>	<b>2 539 692,35</b>
<b>Other</b>	<b>26 461 747,00</b>	<b>7 966 342,32</b>
<b>Financial accounts</b>	<b>26 461 747,00</b>	<b>7 966 342,32</b>
<b>Cash and cash equivalents</b>		
<b>Total assets</b>	<b>2 389 733 255,90</b>	<b>1 136 555 231,36</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	31/10/2018	31/10/2017
<b>Shareholders' equity</b>		
<b>Capital</b>	<b>1 648 058 702,95</b>	<b>880 560 999,09</b>
Undistributed net capital gains and losses recognised in previous years (a) Retained earnings (a)	2 672 330,67 92,33	
Net capital gains and losses for the year (a, b)	92 217 407,28	54 293 067,43
Net income for the year (a, b)	-780 409,03	1 093 371,72
<b>Total shareholders' equity (= amount representing net assets)</b>	<b>1 742 168 124,20</b>	<b>935 947 438,24</b>
<b>Financial instruments</b>	<b>5 983 387,19</b>	<b>3 291 382,04</b>
<b>Sales of financial instruments</b>		
<b>Temporary securities transactions</b>		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
<b>Forward financial instruments</b>	<b>5 983 387,19</b>	<b>3 291 382,04</b>
Transactions on a regulated or equivalent market	5 983 387,19	3 291 382,04
Other transactions		
<b>Liabilities</b>	<b>641 581 744,51</b>	<b>197 316 411,08</b>
<b>Currency forward exchange transactions</b>	<b>632 933 769,96</b>	<b>196 417 851,64</b>
<b>Other</b>	<b>8 647 974,55</b>	<b>898 559,44</b>
<b>Financial accounts</b>		
<b>Bank overdrafts</b>		
<b>Borrowings</b>		
<b>Total liabilities and shareholders' equity</b>	<b>2 389 733 255,90</b>	<b>1 136 555 231,36</b>

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	31/10/2018	31/10/2017
<b>Hedging transactions</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
FV CBOT UST 5 1217		151 686 716,79
FV CBOT UST 5 1218	340 186 558,31	
XEUR FGBM BOB 1217		58 905 660,00
XEUR FGBM BOB 1218	131 440 000,00	
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		
<b>Other transactions</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
BP GBPUSD 1217		21 471 393,62
CME BP GBPUSD 1218	30 937 458,63	
CME RY EURJPY 1217		46 148 258,81
CME RY EURJPY 1218	94 521 912,23	
EC EURUSD 1217		14 912 667,93
EC EURUSD 1218	19 324 753,98	
EUR XEUR FESX D 1218	19 802 800,00	
SP 500 MINI 1217		20 979 999,14
SP 500 MINI 1218	25 004 187,81	
XEUR FESX DJ 1217		20 229 000,00
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		

- **INCOME STATEMENT in euros**

	31/10/2018	31/10/2017
<b>Income from financial transactions</b>		
Income from deposits and financial accounts	987,23	2 451,18
Income from equities and similar securities	2 197 870,39	1 325 495,86
Income from bonds and similar securities	8 928 686,06	5 365 504,68
Income from debt securities		
Income from temporary purchases and sales of financial securities		
Income from forward financial instruments		
Other financial income		
<b>Total (1)</b>	<b>11 127 543,68</b>	<b>6 693 451,72</b>
<b>Expenses related to financial transactions</b>		
Charges on temporary purchases and sales of financial securities		
Charges on forward financial instruments		
Expenses related to financial liabilities	57 828,32	11 380,95
Other financial charges		
<b>Total (2)</b>	<b>57 828,32</b>	<b>11 380,95</b>
<b>Income from financial transactions (1 - 2)</b>	<b>11 069 715,36</b>	<b>6 682 070,77</b>
Other income (3)		
Management fees and depreciation and amortisation (4)	11 471 677,68	5 644 125,99
<b>Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)</b>	<b>-401 962,32</b>	<b>1 037 944,78</b>
Revenue adjustment for the financial year (5)	-378 446,71	55 426,94
Interim dividends paid on net income for the financial year (6)		
<b>Net income (1 - 2 + 3 - 4 + 5 - 6)</b>	<b>-780 409,03</b>	<b>1 093 371,72</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with French accounting regulation ANC 2017-05 which amends ANC regulation 2014-01 on the chart of accounts for open-end collective investment undertakings.

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. These estimates and their supporting documentation will be provided to the statutory auditor during audits. However, the following instruments are valued using the following specific methods:

○ **Negotiable debt securities:**

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

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

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

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other
Euribor, OISs and BTFs - 3 – 6 – 9 – 12 months BTANs - 18 months, 2 – 3 – 4 – 5 years	Official key rates in the relevant countries

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

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

o **UCIs:**

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

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

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

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

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

o **Futures and options:**

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

Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

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

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

➤ **Valuation methods for off-balance sheet commitments**

Off-balance sheet transactions are valued at the commitment value.

The commitment value for futures contracts is equal to the price (in the SICAV's currency) multiplied by the number of contracts multiplied by the face value.

The commitment value for options is equal to the price of the underlying security (in the SICAV's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.

The commitment value for swaps is equal to the face value of the contract (in the SICAV's currency).

**Management fees**

Management fees are calculated on each valuation day.

The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) less UCIs managed by Lazard Frères Gestion SAS using the following formula:

$$\frac{\text{Gross assets – Lazard Frères Gestion UCIs} \times \text{operating and management fees rate} \times \text{no. of days between the calculated NAV and the previous NAV}}{365 \text{ (or 366 in a leap year)}}$$

- The SICAV pays the operating fees, which include:

- . financial management;
- . administration and accounting;
- . custody services;
- . other operating fees:
  - . statutory auditors' fees;
  - . legal notices (Balo, Petites Affiches, etc.) if applicable. These fees do not include transaction charges.

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

<i>Expenses charged to the SICAV</i>	<i>Basis</i>	<i>Rate</i>	
Financial management fees	Net assets excluding UCIs managed by Lazard Frères Gestion SAS	I shares: Maximum 0,815% incl. taxes R shares: Maximum 1,465% incl. taxes K shares: Maximum 0,815% incl. taxes ID shares: Maximum 0,815% incl. taxes I USD shares: Maximum 0,815% incl. taxes IC H-EUR shares: Maximum 0,865% incl. taxes ID H-EUR shares: Maximum 0,865% incl. taxes IC H-CHF shares: Maximum 0,915% incl. taxes R H-EUR shares: Maximum 1,515% incl. taxes T shares: Maximum 0,815% incl. taxes T H-EUR shares: Maximum 0,865% incl. taxes	
Administrative fees external to the management company	Net assets	AI, R, K, T, ID, I USD, IC H-EUR, ID H-EUR, IC H-CHF, R H-EUR and T H-EUR shares: Maximum 0,035% incl. taxes	
Turnover commission (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge incl. taxes on each transaction	Equities, convertible bonds and similar instruments and foreign exchange	From 0% to 0,25%
		Futures	None
Performance fee	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:**

<i>Distributable income</i>	<i>ID H-EUR and ID shares</i>	<i>I, R, K, T, I USD, T H-EUR and R H-EUR</i>	<i>IC H-EUR and IC H-CHF shares</i>
Allocation of net income	Distribution	Accumulation and/or distribution and/or retention	Accumulation
Allocation of net realised capital gains or losses	Accumulation and/or distribution and/or retention	Accumulation and/or distribution and/or retention	Accumulation

• **CHANGE IN NET ASSETS in euros**

	31/10/2018	31/10/2017
<b>Net assets at start of year</b>	<b>935 947 438,24</b>	<b>428 134 919,82</b>
Subscriptions (including subscription fees retained by the Fund)	1 138 343 173,10	661 811 076,71
Redemptions (net of redemption fees retained by the Fund)	-337 845 436,90	-241 955 043,89
Realised capital gains on deposits and financial instruments	83 133 738,10	38 529 490,70
Realised capital losses on deposits and financial instruments	-2 496 492,27	-2 243 929,05
Realised capital gains on forward financial instruments	25 470 937,42	26 864 633,24
Realised capital losses on forward financial instruments	-31 435 590,52	-17 426 006,33
Transaction fees	-3 762 620,54	-1 765 199,43
Exchange rate differences	24 197 785,56	-20 395 231,93
Changes in valuation difference of deposits and financial instruments	-86 644 070,63	60 771 390,18
Valuation difference for financial year N	25 835 415,31	112 479 485,94
Valuation difference for financial year N-1	-112 479 485,94	-51 708 095,76
Changes in valuation difference of forward financial instruments	-1 689 164,19	2 583 393,44
Valuation difference for financial year N	1 022 162,15	2 711 326,34
Valuation difference for financial year N-1	-2 711 326,34	-127 932,90
Distribution of prior year's net capital gains and losses	-450 362,88	
Dividends paid in the previous financial year	-199 247,97	
Net profit/loss for the financial year prior to income adjustment	-401 962,32	1 037 944,78
Interim dividend(s) paid on net capital gains/losses during the financial year		
Interim dividend(s) paid on net income during the financial year		
Other items		
<b>Net assets at end of year</b>	<b>1 742 168 124,20</b>	<b>935 947 438,24</b>



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

	Amount:	%
<b>Assets</b>		
<b>Bonds and similar securities</b>		
Fixed-rate bonds traded on a regulated or similar market	57 333 424,31	3,29
Convertible bonds traded on a regulated or equivalent market	1 557 865 651,73	89,42
<b>TOTAL Bonds and similar securities</b>	<b>1 615 199 076,04</b>	<b>92,71</b>
<b>Debt securities</b>		
<b>TOTAL Debt securities</b>		
<b>Liabilities</b>		
<b>Sales of financial instruments</b>		
<b>TOTAL Sales of financial instruments</b>		
<b>Off-balance sheet items</b>		
<b>Hedging transactions</b>		
Interest rate	471 626 558,31	27,07
<b>TOTAL Hedging transactions</b>	<b>471 626 558,31</b>	<b>27,07</b>
<b>Other transactions</b>		
Equity	44 806 987,81	2,57
Currency	144 784 124,84	8,31
<b>TOTAL Other transactions</b>	<b>189 591 112,65</b>	<b>10,88</b>

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
<b>Assets</b>								
Deposits								
Bonds and similar securities	1 598 043 696,51	97,73			17 155 379,53	0,98		
Debt securities								
Temporary securities transactions								
Financial accounts							26 461 747,00	1,52
<b>Liabilities</b>								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions							471 626 558,31	27,07
Other transactions								

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

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
<b>Assets</b>										
Deposits										
Bonds and similar securities			205 646 536,21	11,80	252 577 449,82	14,50	770 453 505,36	44,22	382 521 584,65	22,19
Debt securities										
Temporary securities transactions:										
Financial accounts	26 461 474,00	1,52								
<b>Liabilities</b>										
Temporary securities transactions:										
Financial accounts										
<b>Off-balance sheet items</b>										
Hedging transactions							471 626 558,31	27,07		
Other transactions										

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

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

	USD		JPY		CHF		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
<b>Assets</b>								
Deposits								
Equities and similar securities	44 934 453,97	2,58	9 794 978,26	0,56				
Bonds and similar securities	1 077 063 580,74	61,82	72 969 242,05	4,19				
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	39 714 930,90	2,28	2 366 783,92	0,14	53 618 170,87	3,08		
Financial accounts	7 908 867,21	0,45	10 944 152,37	0,63	6 733 614,35	0,39		
<b>Liabilities</b>								
Sales of financial instruments								
Temporary securities transactions								
Liabilities	499 719 318,92	28,68	80 797 463,99	4,64	4 582 820,82	0,26	11 829 715,25	0,68
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions	340 186 558,31	19,53						
Other transactions	75 266 400,42	4,32	94 521 912,23	5,43				

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

	Debit/credit item	31/10/2018
Receivables	Forward currency purchases	54 975 143,89
	Receivables on forward currency sales	565 167 414,50
	Deferred settlement sale	6 242 551,41
	Subscription receivables	210 036,48
	Margin cash deposits	5 484 186,30
	Coupons and dividends in cash	307 798,68
	Collateral	11 259 652,93
<b>Total receivables</b>		<b>643 646 784,19</b>
Liabilities	Forward currency sales	577 982 455,80
	Payables on forward currency purchases	54 951 314,16
	Deferred settlement purchase	6 351 941,93
	Redemptions payable	722 748,62
	Management fees	1 573 284,00
<b>Total liabilities</b>		<b>641 581 744,51</b>

• **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In shares	In amounts
<b>IC H-EUR shares</b>		
Shares subscribed during the financial year	276 509,482	448 414 171,09
Shares redeemed during the financial year	-45 856,937	-73 248 475,51
Net balance of subscriptions/redemptions	230 652,545	375 165 695,58
<b>IC H-CHF shares</b>		
Shares subscribed during the financial year	3 228,379	35 709 507,07
Shares redeemed during the financial year	-256,039	-2 779 486,07
Net balance of subscriptions/redemptions	2 972,340	32 930 021,00
<b>I shares</b>		
Shares subscribed during the financial year	231 373,821	310 186 054,03
Shares redeemed during the financial year	-94 917,491	-125 051 575,62
Net balance of subscriptions/redemptions	136 456,330	185 134 478,41
<b>R shares</b>		
Shares subscribed during the financial year	213 460,536	81 183 824,14
Shares redeemed during the financial year	-151 923,792	-56 141 658,90
Net balance of subscriptions/redemptions	61 536,744	25 042 165,24
<b>K shares</b>		
Shares subscribed during the financial year	405,400	643 999,52
Shares redeemed during the financial year	-250,000	-410 690,00
Net balance of subscriptions/redemptions	155,400	233 309,52
<b>I USD shares</b>		
Shares subscribed during the financial year	92 460,364	99 752 893,69
Shares redeemed during the financial year	-2 683,983	-2 910 507,73
Net balance of subscriptions/redemptions	89 776,381	96 842 385,96
<b>R H-EUR shares</b>		
Shares subscribed during the financial year	248 366,323	53 498 771,75
Shares redeemed during the financial year	-22 811,017	-4 875 977,43
Net balance of subscriptions/redemptions	225 555,306	48 622 794,32
<b>ID shares</b>		
Shares subscribed during the financial year	4 726,226	52 148 875,93
Shares redeemed during the financial year	-4 220,481	-46 269 374,01
Net balance of subscriptions/redemptions	505,745	5 879 501,92
<b>ID H-EUR shares</b>		
Shares subscribed during the financial year	2 812,454	30 638 085,24
Shares redeemed during the financial year	-2 052,829	-22 365 564,23
Net balance of subscriptions/redemptions	759,625	8 272 521,01
<b>T H-EUR shares</b>		
Shares subscribed during the financial year	55 413,645	11 184 176,26
Shares redeemed during the financial year	-3 452,231	-691 441,37
Net balance of subscriptions/redemptions	51 961,414	10 492 734,89
<b>T shares</b>		
Shares subscribed during the financial year	74 728,671	14 982 814,38
Shares redeemed during the financial year	-15 128,307	-3 100 686,03
Net balance of subscriptions/redemptions	59 600,364	11 882 128,35

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
<b>IC H-EUR shares</b>	
Redemption fees retained	
Subscription fees retained	
Total fees retained	

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
<b>IC H-CHF shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>I shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>R shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>K shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>I USD shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>R H-EUR shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>ID shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>ID H-EUR shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>T H-EUR shares</b> Redemption fees retained Subscription fees retained Total fees retained	
<b>T shares</b> Redemption fees retained Subscription fees retained Total fees retained	

- MANAGEMENT FEES**

	31/10/2018
<b>IC H-EUR shares</b> Guarantee fees Fixed management fees Percentage of fixed management fees Variable management fees Retrocessions of management fees	   3 264 510,72 0,90

- MANAGEMENT FEES**

	31/10/2018
<b>IC H-CHF shares</b>	
Guarantee fees	
Fixed management fees	315 431,70
Percentage of fixed management fees	0,95
Variable management fees	
Retrocessions of management fees	
<b>I shares</b>	
Guarantee fees	
Fixed management fees	3 523 803,96
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	
<b>R shares</b>	
Guarantee fees	
Fixed management fees	1 870 715,65
Percentage of fixed management fees	1,50
Variable management fees	
Retrocessions of management fees	
<b>K shares</b>	
Guarantee fees	
Fixed management fees	121 937,01
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	
<b>I USD shares</b>	
Guarantee fees	
Fixed management fees	149 162,69
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	
<b>R H-EUR shares</b>	
Guarantee fees	
Fixed management fees	484 460,63
Percentage of fixed management fees	1,55
Variable management fees	
Retrocessions of management fees	
<b>ID shares</b>	
Guarantee fees	
Fixed management fees	1 262 469,58
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	

- **MANAGEMENT FEES**

	31/10/2018
<b>ID H-EUR shares</b>	
Guarantee fees	
Fixed management fees	353 333,56
Percentage of fixed management fees	0,90
Variable management fees	
Retrocessions of management fees	
<b>T H-EUR shares</b>	
Guarantee fees	
Fixed management fees	33 193,49
Percentage of fixed management fees	0,90
Variable management fees	
Retrocessions of management fees	
<b>T shares</b>	
Guarantee fees	
Fixed management fees	88 658,69
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	

- **COMMITMENTS RECEIVED AND GIVEN**

**Guarantees received by the Fund:**

None.

**Other commitments received and/or given:**

None.



- **PRESENT VALUE OF SECURITIES HELD TEMPORARILY**

	31/10/2018
Securities held under repurchase agreements	
Borrowed securities	

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

	31/10/2018
Financial instruments given as security and retained under their original classification	3 818 841,85
Financial instruments received as security and not recorded on the balance sheet	

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

	ISIN code	Description	31/10/2018
Shares			
Bonds			
NDS			
UCIs			
Forward financial instruments			

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

	31/10/2018	31/10/2017
<b>Remaining amounts to be allocated</b>		
Retained earnings	92,33	
Net income	-780 409,03	1 093 371,72
<b>Total</b>	<b>-780 316,70</b>	<b>1 093 371,72</b>

	31/10/2018	31/10/2017
<b>IC H-EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	29 507,38	431 487,24
<b>Total</b>	<b>29 507,38</b>	<b>431 487,24</b>

	31/10/2018	31/10/2017
<b>IC H-CHF shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	-22 042,75	29 958,37
<b>Total</b>	<b>-22 042,75</b>	<b>29 958,37</b>

	31/10/2018	31/10/2017
<b>I shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	307 288,13	879 939,64
<b>Total</b>	<b>307 288,13</b>	<b>879 939,64</b>

	31/10/2018	31/10/2017
<b>R shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	-907 172,45	-469 197,60
<b>Total</b>	<b>-907 172,45</b>	<b>-469 197,60</b>

	31/10/2018	31/10/2017
<b>K shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	8 106,55	34 003,27
<b>Total</b>	<b>8 106,55</b>	<b>34 003,27</b>

	31/10/2018	31/10/2017
<b>I USD shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	54 197,40	4 252,37
<b>Total</b>	<b>54 197,40</b>	<b>4 252,37</b>

	31/10/2018	31/10/2017
<b>R H-EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	-353 697,34	-7 841,77
<b>Total</b>	<b>-353 697,34</b>	<b>-7 841,77</b>

	31/10/2018	31/10/2017
<b>ID shares</b>		
<b>Appropriation</b>		
Distribution	90 648,36	158 458,14
Balance brought forward for the financial year	52,24	76,72
Accumulation		
<b>Total</b>	<b>90 700,60</b>	<b>158 534,86</b>
<b>Information on shares with dividend rights</b>		
Number of shares	14 691,792	14 186,047
Dividend per share	6,17	11,17
<b>Tax credits</b>		
Tax credit attached to the distribution of earnings	28 976,53	35 546,32

	31/10/2018	31/10/2017
<b>ID H-EUR shares</b>		
<b>Appropriation</b>		
Distribution	2 025,07	32 225,03
Balance brought forward for the financial year	25,91	10,31
Accumulation		
<b>Total</b>	<b>2 050,98</b>	<b>32 235,34</b>
<b>Information on shares with dividend rights</b>		
Number of shares	3 894,356	3 134,731
Dividend per share	0,52	10,28
<b>Tax credits</b>		
Tax credit attached to the distribution of earnings	7 256,73	7 701,00

	31/10/2018	31/10/2017
<b>T H-EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	3 882,37	
<b>Total</b>	<b>3 882,37</b>	

	31/10/2018	31/10/2017
<b>T shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	6 862,43	
<b>Total</b>	<b>6 862,43</b>	

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

	31/10/2018	31/10/2017
<b>Remaining amounts to be allocated</b>		
Undistributed net capital gains and losses recognised in previous years	2 672 330,67	
Net capital gains and losses for the year	92 217 407,28	54 293 067,43
Interim dividends paid on net capital gains/losses for the financial year		
<b>Total</b>	<b>94 889 737,95</b>	<b>54 293 067,43</b>

	31/10/2018	31/10/2017
<b>IC H-EUR shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	19 876 623,25	20 498 788,73
<b>Total</b>	<b>19 876 623,25</b>	<b>20 498 788,73</b>

	31/10/2018	31/10/2017
<b>IC H-CHF shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	2 813 155,87	867 627,76
<b>Total</b>	<b>2 813 155,87</b>	<b>867 627,76</b>

	31/10/2018	31/10/2017
<b>I shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	37 062 910,46	21 404 812,16
<b>Total</b>	<b>37 062 910,46</b>	<b>21 404 812,16</b>

	31/10/2018	31/10/2017
<b>R shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	10 346 617,96	7 607 058,88
<b>Total</b>	<b>10 346 617,96</b>	<b>7 607 058,88</b>

	31/10/2018	31/10/2017
<b>K shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	977 608,36	827 142,79
<b>Total</b>	<b>977 608,36</b>	<b>827 142,79</b>

	31/10/2018	31/10/2017
<b>I USD shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	6 533 407,42	94 431,56
<b>Total</b>	<b>6 533 407,42</b>	<b>94 431,56</b>

	31/10/2018	31/10/2017
<b>R H-EUR shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	1 828 216,43	230 623,31
<b>Total</b>	<b>1 828 216,43</b>	<b>230 623,31</b>

	31/10/2018	31/10/2017
<b>ID shares</b>		
Appropriation		
Distribution	3 189 147,29	351 813,97
Undistributed net capital gains and losses	8 890 969,93	1 090 349,55
Accumulation	0,00	0,00
<b>Total</b>	<b>12 080 117,22</b>	<b>1 442 163,52</b>
<b>Information on shares with dividend rights</b>		
Number of shares	14 691,792	14 186,047
Dividend per share	217,07	24,80

	31/10/2018	31/10/2017
<b>ID H-EUR shares</b>		
Appropriation		
Distribution	819 333,56	78 305,58
Undistributed net capital gains and losses	2 120 541,06	1 242 113,14
Accumulation	0,00	0,00
<b>Total</b>	<b>2 939 874,62</b>	<b>1 320 418,72</b>
<b>Information on shares with dividend rights</b>		
Number of shares	3 894,356	3 134,731
Dividend per share	210,39	24,98

	31/10/2018	31/10/2017
<b>T H-EUR shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	34 180,26	
<b>Total</b>	<b>34 180,26</b>	

	31/10/2018	31/10/2017
<b>T shares</b>		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	397 026,10	
<b>Total</b>	<b>397 026,10</b>	

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

	31/12/2014	30/10/2015	31/10/2016	31/10/2017	31/10/2018
<b>Global net assets in euros</b>	<b>285 654 530,69</b>	<b>356 927 127,47</b>	<b>428 134 919,82</b>	<b>935 947 438,24</b>	<b>1 742 168 124,20</b>
<b>LAZARD CONVERTIBLE GLOBAL IC H-EUR</b>					
Net assets in euros			84 960 254,92	222 251 619,76	586 153 911,28
Number of shares			64 198,000	140 924,939	371 577,484
Net asset value per share in euros			1 323,40	1 577,09	1 577,47
Accumulation per share pertaining to net capital gains/losses in euros			24,01	145,45	53,49
Accumulation per share pertaining to net income in euros			-0,39	3,06	0,07
<b>LAZARD CONVERTIBLE GLOBAL IC H-CHF</b>					
Net assets in Swiss francs			10 191 154,42	22 399 048,35	59 061 613,61
Number of shares			970,000	1 795,774	4 768,114
Net asset value per share in Swiss francs			10 506,34	12 473,20	12 386,78
Accumulation per share pertaining to net capital gains/losses in euros			164,61	483,14	589,99
Accumulation per share pertaining to net income in euros			-3,31	16,68	-4,62
<b>LAZARD CONVERTIBLE GLOBAL I</b>					
Net assets in euros	271 308 481,12	340 437 126,86	312 972 768,51	359 465 797,05	555 996 998,73
Number of shares	274 026,759	309 347,502	278 162,608	278 493,955	414 950,285
Net asset value per share in euros	990,08	1 100,50	1 125,14	1 290,74	1 339,91
Accumulation per share pertaining to net capital gains/losses in euros	51,44	14,51	44,52	76,85	89,31
Accumulation per share pertaining to net income in euros	7,85	4,03	5,80	3,15	0,74
<b>LAZARD CONVERTIBLE GLOBAL R</b>					
Net assets in euros	4 072 215,30	5 070 354,39	9 124 638,45	127 201 143,60	154 552 644,78
Number of shares	14 159,710	15 947,280	28 252,781	345 561,135	407 097,879
Net asset value per share in euros	287,59	317,94	322,96	368,10	379,64
Accumulation per share pertaining to net capital gains/losses in euros	14,94	4,19	12,82	22,01	25,41
Accumulation per share pertaining to net income in euros	0,58	-0,53	-0,31	-1,35	-2,22

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



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

	31/12/2014	30/10/2015	31/10/2016	31/10/2017	31/10/2018
<b>Global net assets in euros</b>	<b>285 654 530,69</b>	<b>356 927 127,47</b>	<b>428 134 919,82</b>	<b>935 947 438,24</b>	<b>1 742 168 124,20</b>
<b>LAZARD CONVERTIBLE GLOBAL K</b>					
Net assets in euros	10 273 834,27	11 419 646,22	11 675 356,40	13 890 817,11	14 665 062,23
Number of shares	8 813,442	8 813,442	8 813,442	9 140,442	9 295,842
Net asset value per share in euros	1 165,70	1 295,70	1 324,72	1 519,70	1 577,59
Accumulation per share pertaining to net capital gains/losses in euros	60,57	17,09	52,42	90,49	105,16
Accumulation per share pertaining to net income in euros	9,24	4,75	6,83	3,72	0,87
<b>LAZARD CONVERTIBLE GLOBAL I-USD</b>					
Net assets in US dollars			987,90	1 845 351,33	111 047 125,86
Number of shares			1,000	1 532,000	91 308,381
Net asset value per share in US dollars			987,90	1 204,53	1 216,17
Accumulation per share pertaining to net capital gains/losses in euros			18,35	61,63	71,55
Accumulation per share pertaining to net income in euros			-0,30	2,77	0,59
<b>LAZARD CONVERTIBLE GLOBAL R H-EUR</b>					
Net assets in euros				6 053 218,38	53 318 351,82
Number of shares				28 683,605	254 238,911
Net asset value per share in euros				211,03	209,71
Accumulation per share pertaining to net capital gains/losses in euros				8,04	7,19
Accumulation per share pertaining to net income in euros				-0,27	-1,39
<b>LAZARD CONVERTIBLE GLOBAL ID</b>					
Net assets in euros				153 052 795,98	163 986 483,91
Number of shares				14 186,047	14 691,792
Net asset value per share in euros				10 788,96	11 161,77
Distribution per share pertaining to net capital gains/losses in euros				24,80	217,07
Undistributed net capital gains and losses per share in euros				76,86	605,16
Accumulation per share pertaining to net capital gains/losses in euros					
Distribution per share pertaining to net income in euros				11,17	6,17
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros					*

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

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

	31/12/2014	30/10/2015	31/10/2016	31/10/2017	31/10/2018
<b>Global net assets in euros</b>	<b>285 654 530,69</b>	<b>356 927 127,47</b>	<b>428 134 919,82</b>	<b>935 947 438,24</b>	<b>1 742 168 124,20</b>
<b>LAZARD CONVERTIBLE GLOBAL ID H-EUR</b>					
Net assets in euros				33 158 416,11	41 067 910,67
Number of shares				3 134,731	3 894,356
Net asset value per share in euros				10 577,75	10 545,49
Distribution per share pertaining to net capital gains/losses in euros				24,98	210,39
Undistributed net capital gains and losses per share in euros				396,24	544,51
Accumulation per share pertaining to net capital gains/losses in euros					
Distribution per share pertaining to net income in euros				10,28	0,52
Retained earnings per share pertaining to net income in euros					
Tax credit per share in euros					*
<b>LAZARD CONVERTIBLE GLOBAL T H-EUR</b>					
Net assets in euros					10 197 114,22
Number of shares					51 961,414
Net asset value per share in euros					196,24
Accumulation per share pertaining to net capital gains/losses in euros					0,65
Accumulation per share pertaining to net income in euros					0,07
<b>LAZARD CONVERTIBLE GLOBAL T</b>					
Net assets in euros					12 402 589,65
Number of shares					59 600,364
Net asset value per share in euros					208,09
Accumulation per share pertaining to net capital gains/losses in euros					6,66
Accumulation per share pertaining to net income in euros					0,11

\* 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 in number or face value	Present value	% Net assets
<b>Equities and similar securities</b>				
<b>Equities and similar securities traded on a regulated or similar market</b>				
<b>SPAIN</b>				
INTL CONSOLIDATED AIRLINES GRP	€	809 986	5 524 104,52	0,32
<b>TOTAL SPAIN</b>			<b>5 524 104,52</b>	<b>0,32</b>
<b>UNITED STATES OF AMERICA</b>				
AMERICAN TOWER CORP	USD	56 022	7 703 797,56	0,44
BANK OF AMER 7,25% 31-12-99	USD	28 325	31 781 097,48	1,83
SBA COMMUNICATIONS	USD	38 075	5 449 558,93	0,31
<b>TOTAL UNITED STATES OF AMERICA</b>			<b>44 934 453,97</b>	<b>2,58</b>
<b>JAPAN</b>				
ORIX CORP	JPY	292 200	4 206 918,96	0,24
OSG	JPY	306 147	5 588 059,30	0,32
<b>TOTAL JAPAN</b>			<b>9 794 978,26</b>	<b>0,56</b>
<b>TOTAL Equities and similar securities traded on a regulated or similar market</b>			<b>60 253 536,75</b>	<b>3,46</b>
<b>TOTAL Equities and similar securities</b>			<b>60 253 536,75</b>	<b>3,46</b>
<b>Bonds and similar securities</b>				
<b>Bonds and similar securities traded on a regulated or similar market</b>				
<b>GERMANY</b>				
ADIDAS AG 0,05% 12/09/2023 CV	€	33 800 000	36 308 124,37	2,08
DEUTSCHE POST AG 0,05% 30/06/2025	€	38 600 000	37 761 177,05	2,18
FRESEN 0% 24/09/2019	€	11 200 000	13 446 552,00	0,77
HANI FINA DEUT ZCP 12-05-20 CV	€	15 300 000	15 175 228,50	0,87
MTU AERO ENGI 0,125% 17-05-23	€	15 600 000	24 758 818,77	1,42
<b>TOTAL GERMANY</b>			<b>127 449 900,69</b>	<b>7,32</b>
<b>AUSTRIA</b>				
AUSTRIAMICROSYSTEMS AG 0,875% 28-09-22	USD	28 800 000	19 816 890,69	1,14
<b>TOTAL AUSTRIA</b>			<b>19 816 890,69</b>	<b>1,14</b>
<b>BELGIUM</b>				
FORTIS BK TV07-191272 CV	€	21 250 000	17 155 379,53	0,98
<b>TOTAL BELGIUM</b>			<b>17 155 379,53</b>	<b>0,98</b>
<b>CHINA</b>				
STRATEGIC INTERNATIONAL GROUP LTD ZCP 21-07-22	€	16 000 000	17 992 080,00	1,03
<b>TOTAL CHINA</b>			<b>17 992 080,00</b>	<b>1,03</b>
<b>SPAIN</b>				
INTL CONSOLIDATED AIRLINES GROU 0,625% 17-11-22	€	14 700 000	14 277 819,60	0,82
<b>TOTAL SPAIN</b>			<b>14 277 819,60</b>	<b>0,82</b>
<b>UNITED STATES OF AMERICA</b>				
AKAMAI TECHNOLOGIES 0,125% 01-05-25	USD	31 150 000	26 890 734,00	1,54
ATLASSIAN INC 0,625% 01-05-23	USD	13 200 000	13 354 913,88	0,77
BIOMARIN PHARMACEUTICAL 0,599% 01-08-24	USD	32 800 000	30 222 408,33	1,73
BOOKING HOLDINGS INC 0,9% 15-09-21	USD	19 150 000	19 691 348,13	1,13
CITR SYST 0,5% 15-04-19 CV	USD	16 100 000	20 118 514,97	1,15
CYPRESS SEMICONDUCTOR 2,0% 01-02-23	USD	21 000 000	17 805 296,92	1,02
EXACT SCIENCES 1,0% 15-01-25	USD	29 620 000	30 758 534,77	1,77
FIREEYE 0,875% 01-06-24 CV	USD	18 100 000	16 853 587,69	0,97
FIREEYE 1,625% 01-06-35	USD	21 670 000	17 723 976,72	1,02
IAC FINANCECO INC 0,875% 01-10-22	USD	28 600 000	35 294 287,37	2,02

Description of security	Currency	Quantity in number or face value	Present value	% Net assets
ILLUMINA ZCP 15-06-19 CV	USD	31 921 000	35 577 384,97	2,03
ILLUMINA ZCP 15-08-23 CV	USD	15 500 000	14 290 082,08	0,82
INTEL CORP 3,25% 01/08/2039 CV	USD	14 400 000	29 231 539,65	1,68
LIVE NATION 2,5% 15-03-23 CV	USD	33 679 000	31 909 931,46	1,83
MACQUARIE INFRASTRUCTURE COMPANY LLC 2,0% 01-10-23	USD	33 600 000	26 401 146,17	1,52
MANDATORY EXCHANGEABLE TRUST 5,75% 01-06-19	USD	136 640	19 450 080,83	1,12
MERITOR INC 3,25% 15-10-37 CV	USD	19 632 000	15 963 849,42	0,92
MICROCHIP TECHNOLOGY 1,625% 15-02-27	USD	21 100 000	17 714 385,20	1,02
MU 3 11/15/43	USD	8 350 000	9 715 431,29	0,56
NUAN COMM 1,5% 01-11-35	USD	29 800 000	26 810 970,10	1,54
ON SEMICONDUCTOR 1,625% 15-10-23	USD	14 800 000	14 233 201,48	0,82
PALO ALTO NETWORKS 0,75% 01-07-23	USD	35 990 000	30 960 410,33	1,78
RED HAT 0,25% 01-10-19 CV	USD	16 800 000	34 474 217,97	1,98
SERVICENOW INC ZCP 01-06-22 CV	USD	26 100 000	32 574 265,04	1,87
SPLUNK 0,5% 15-09-23 CV	USD	37 500 000	31 692 537,11	1,82
SQUARE 0,5% 15-05-23 CV	USD	26 950 000	28 554 930,25	1,64
STARWOOD PROPERTY TRUST 4,375% 01-04-23	USD	33 206 000	29 453 048,27	1,69
TESLA MOTORS 0,25% 03/19 CV	USD	17 025 000	16 075 572,99	0,92
TESLA 1,25% 01/03/2021	USD	12 000 000	11 908 103,50	0,68
TWITTER 0,25% 15-06-24 CV	USD	38 350 000	31 727 865,53	1,82
TWITTER 0,25% 15-09-19	USD	19 500 000	16 655 610,59	0,96
WELLS FARGO AND CO 7,5% 31-12-99	USD	28 070	31 378 150,02	1,80
WORKDAY INC 0,25% 01-10-22 CV	USD	26 450 000	25 955 274,29	1,49
ZENDESK INC 0,25% 15-03-23 CV	USD	34 050 000	32 972 690,78	1,89
ZILLOW 1,5% 01-07-23 CV	USD	25 930 000	20 914 684,95	1,20
<b>TOTAL UNITED STATES OF AMERICA</b>			<b>845 308 967,05</b>	<b>48,52</b>
<b>FRANCE</b>				
ARCHER OBLIGATIONS ZCP 31-03-23	€	30 400 000	36 101 520,00	2,07
BIM 2,5% 13-11-20 CV	€	798 902	18 350 379,49	1,05
CARREFOUR ZCP 14-06-23	USD	33 800 000	25 841 390,94	1,48
CIE GEN DES ETS MICHELIN ZCP 10-11-23	USD	35 400 000	26 661 147,35	1,53
CONVIVIO 0,875% 01/04/19 ORA	€	62 000	6 286 459,00	0,36
INGENICO ZCP 26/06/22 CV	€	148 331	24 512 661,90	1,41
LVMH MOET HENN ZCP 16-02-21 CV	USD	112 190	32 363 554,90	1,86
ORPAR ZCP 20-06-24 CV	€	192	19 952 448,00	1,15
SUEZ ZCP 27-02-20 CV	€	717 184	13 181 841,92	0,76
T 0,5% 02-12-22 EMTN	USD	42 800 000	41 186 792,00	2,37
TECHNIP 0,875% 25-01-21	€	29 100 000	32 917 851,29	1,89
UBISOFT ZCP 27-09-21	€	221 465	18 548 358,15	1,06
UNIB RODA SE ZCP 01-07-21 CV	€	40 609	11 714 397,01	0,67
WEND ZCP 31-07-19 EMTN	€	266 286	13 843 809,71	0,79
<b>TOTAL FRANCE</b>			<b>321 462 611,66</b>	<b>18,45</b>
<b>CAYMAN ISLANDS</b>				
CTRIPO COM INTERNATIONAL 1,25% 15-09-22	USD	21 000 000	17 985 936,92	1,03
WEIBO CORP 1,25% 15-11-22 CV	USD	31 200 000	24 753 577,22	1,42
51JOB 3,25% 15-04-19	USD	13 150 000	17 423 558,18	1,00
<b>TOTAL CAYMAN ISLANDS</b>			<b>60 163 072,32</b>	<b>3,45</b>
<b>ITALY</b>				
TELECOM ITALIA SPA EX OLIVETTI 1,125% 26-03-22	€	22 000 000	20 752 816,96	1,19
<b>TOTAL ITALY</b>			<b>20 752 816,96</b>	<b>1,19</b>

Description of security	Currency	Quantity in number or face value	Present value	% Net assets
<b>JAPAN</b>				
SONY ZCP 30-09-22	JPY	2 108 000 000	22 141 852,43	1,27
TERUMO ZCP 06-12-21	JPY	1 240 000 000	15 495 933,19	0,89
TOYOSA 0 03/04/20	JPY	2 200 000 000	16 998 639,64	0,98
UNI CHARM ZCP 25-09-20	JPY	1 820 000 000	18 332 816,79	1,05
<b>TOTAL JAPAN</b>			<b>72 969 242,05</b>	<b>4,19</b>
<b>MEXICO</b>				
AMERICA MOVIL SAB DE ZCP 28-05-20	€	43 900 000	43 394 930,50	2,49
<b>MEXICO TOTAL</b>			<b>43 394 930,50</b>	<b>2,49</b>
<b>NETHERLANDS</b>				
SALZ FINA BV ZCP 05-06-22	€	16 100 000	16 438 824,50	0,94
<b>TOTAL NETHERLANDS</b>			<b>16 438 824,50</b>	<b>0,94</b>
<b>PORTUGAL</b>				
SONA INVE 1,625% 11-06-19 CV	€	12 200 000	12 294 775,00	0,71
<b>TOTAL PORTUGAL</b>			<b>12 294 775,00</b>	<b>0,71</b>
<b>UNITED KINGDOM</b>				
INMARSAT 3,875% 09-09-23	USD	26 000 000	25 721 765,49	1,48
<b>TOTAL UNITED KINGDOM</b>			<b>25 721 765,49</b>	<b>1,48</b>
<b>TOTAL bonds and similar securities traded on a regulated or equivalent market.</b>			<b>1 615 199 076,04</b>	<b>92,71</b>
<b>TOTAL Bonds and similar securities</b>			<b>1 615 199 076,04</b>	<b>92,71</b>
<b>Undertakings for collective investment General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries</b>				
<b>FRANCE</b>				
AMUNDI TRESO COURT TERME I C	€	1 835	34 350 856,86	1,97
<b>TOTAL FRANCE</b>			<b>34 350 856,86</b>	<b>1,97</b>
<b>TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries</b>			<b>34 350 856,86</b>	<b>1,97</b>
<b>TOTAL Undertakings for collective investment</b>			<b>34 350 856,86</b>	<b>1,97</b>
<b>Securities placed as a deposit General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries</b>				
UNDI TRESO COURT TERME I C	€	204	3 818 841,85	0,22
<b>TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries</b>			<b>3 818 841,85</b>	<b>0,22</b>
<b>TOTAL Securities placed as a deposit</b>			<b>3 818 841,85</b>	<b>0,22</b>
<b>Forward financial instruments</b>				
<b>Futures contracts Futures contracts on a regulated or equivalent market</b>				
CME BP GBPUSD 1218	USD	438	-862 715,68	-0,05
CME RY EURJPY 1218	JPY	-756	2 123 645,16	0,12
EC EURUSD 1218	USD	-154	270 244,03	0,02

Description of security	Currency	Quantity in number or face value	Present value	% Net assets
EUR XEUR FESX D 1218	€	620	-861 800,00	-0,05
FV CBOT UST 5 1218	USD	-3 430	2 402 874,02	0,14
SP 500 MINI 1218	USD	209	-1 706 235,38	-0,10
XEUR FGBM BOB 1218	€	-1 000	-343 850,00	-0,02
<b>TOTAL Futures contracts on a regulated or equivalent market</b>			<b>1 022 162,15</b>	<b>0,06</b>
<b>TOTAL Futures contracts</b>			<b>1 022 162,15</b>	<b>0,06</b>
<b>TOTAL Forward financial instruments</b>			<b>1 022 162,15</b>	<b>0,06</b>
<b>Margin call</b>				
Margin calls for C.A.Indo in US dollars	USD	-129 963,28	-114 702,16	-0,01
Margin calls for C.A.Indo in euros	€	1 205 650	1 205 650,00	0,07
Margin calls for C.A.Indo in yen	JPY	-267 771 250	-2 094 083,97	-0,12
<b>TOTAL Margin call</b>			<b>-1 003 136,13</b>	<b>-0,06</b>
<b>Receivables</b>			<b>643 646 784,19</b>	<b>36,95</b>
<b>Liabilities</b>			<b>-641 581 744,51</b>	<b>-36,83</b>
<b>Financial accounts</b>			<b>26 461 747,00</b>	<b>1,52</b>
<b>Net assets</b>			<b>1 742 168 124,20</b>	<b>100,00</b>

LAZARD CONVERTIBLE GLOBAL IC H-EUR	€	371 577,484	1 577,47
LAZARD CONVERTIBLE GLOBAL ID	€	14 691,792	11 161,77
LAZARD CONVERTIBLE GLOBAL ID H-EUR	€	3 894,356	10 545,49
LAZARD CONVERTIBLE GLOBAL IC H-CHF	CHF	4 768,114	12 386,78
LAZARD CONVERTIBLE GLOBAL I-USD	USD	91 308,381	1 216,17
LAZARD CONVERTIBLE GLOBAL K	€	9 295,842	1 577,59
LAZARD CONVERTIBLE GLOBAL T	€	59 600,364	208,09
LAZARD CONVERTIBLE GLOBAL I	€	414 950,285	1 339,91
LAZARD CONVERTIBLE GLOBAL R	€	407 097,879	379,64
LAZARD CONVERTIBLE GLOBAL R H-EUR	€	254 238,911	209,71
LAZARD CONVERTIBLE GLOBAL T H-EUR	€	51 961,414	196,24

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

**BREAKDOWN OF INTEREST: ID**

	<b>NET OVERALL</b>	<b>CURRENCY</b>	<b>NET PER SHARE</b>	<b>CURRENCY</b>
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	90 648,36	€	6,17	€
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses	3 189 147,29	€	217,07	€
<b>TOTAL</b>	<b>3 279 795,65</b>	<b>€</b>	<b>223,24</b>	<b>€</b>

**BREAKDOWN OF INTEREST: ID H-EUR**

	<b>NET OVERALL</b>	<b>CURRENCY</b>	<b>NET PER SHARE</b>	<b>CURRENCY</b>
Revenue subject to non-definitive withholding tax				
Equities eligible for a tax allowance and subject to non-definitive withholding tax	2 025,07	€	0,52	€
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses	819 333,56	€	210,39	€
<b>TOTAL</b>	<b>821 358,63</b>	<b>€</b>	<b>210,91</b>	<b>€</b>

## 7. TEXT OF RESOLUTIONS

### **LAZARD CONVERTIBLE GLOBAL**

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. 333 455 459

### **RESOLUTION CONCERNING THE ALLOCATION OF DISTRIBUTABLE INCOME PROPOSED AT THE ORDINARY SHAREHOLDERS' MEETING**

**FINANCIAL YEAR ENDED OCTOBER 31<sup>nd</sup>, 2018**

#### **Second resolution**

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

<b>-€780 316,70</b>	distributable amount pertaining to net income.
<b>€94 889 737,95</b>	distributable amount pertaining to net capital gains and losses.

and decides that they shall be allocated as follows:

#### **1. Distributable amount relating to net income**

- IC H-EUR shares: Accumulation:	€29 507,38
- IC H-CHF shares: Accumulation:	-€22 042,75
- I shares: Accumulation:	€307 288,13
- R shares: Accumulation:	-€907 172,45
- K shares: Accumulation:	€8 106,55
- I USD shares: Accumulation:	€54 197,40
- R H-EUR shares: Accumulation:	-€353 697,34
- ID shares: Distribution:	€90 700,60
- ID H-EUR shares: Distribution:	€2 050,98
- T H-EUR shares: Accumulation:	€3 882,37
- T shares: Accumulation:	€6 862,43

Each shareholder holding "ID" shares on the detachment date will receive a dividend of €6,17. This amount breaks down as follows:

Income eligible for a tax allowance of 40% and subject to a compulsory 21% advance payment: €6,17

Each shareholder holding "ID H-EUR" shares on the detachment date will receive a dividend of €0,52. This amount breaks down as follows:

Income eligible for a tax allowance of 40% and subject to a compulsory 21% advance payment: €0,52



## 2. Distributable income relating to net capital gains and losses

- IC H-EUR shares: Accumulation:	€19 876 623,25
- IC H-CHF shares: Accumulation:	€2 813 155,87
- I shares: Accumulation:	€37 062 910,46
- R shares: Accumulation:	€10 346 617,96
- K shares: Accumulation:	€977 608,36
- I USD shares: Accumulation:	€6 533 407,42
- R H-EUR shares: Accumulation:	€1 828 216,43
- ID shares: Distribution:	€3 189 147,29
- ID H-EUR shares: Distribution:	€819 333,56
- T H-EUR shares: Accumulation:	€34 180,26
- T shares: Accumulation:	€397 026,10

Undistributed net capital gains and losses: €11 011 510,99

Year ended	Amount per unit/share
2017	35,97 "ID" share class, 35,26 "ID H-EUR" share class
2016	no dividends were paid
2015	no dividends were paid
2014	no dividends were paid