

French open-end investment fund (FCP)

LAZARD CONVERTIBLE EUROPE ANNUAL REPORT

at September 30th, 2020

Management company: Lazard Frères Gestion SAS

Custodian: Caceis Bank

Statutory auditor: PriceWaterhouseCoopers Audit

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

CONTENTS

1. Characteristics of the UCI	3
2.Changes affecting the UCI	7
3.Management report	8
4. Regulatory information	16
5.Certification by the statutory auditor	19
6.Annual financial statements	24

Key Investor Information

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

LAZARD CONVERTIBLE EUROPE

A French mutual fund (FCP)

This UCITS is managed by LAZARD FRERES GESTION SAS

FR0010637900 - RC EUR

Investment objective and policy

Investment objective: The investment objective is to outperform the benchmark index - the TR European Focus Convertible Index - expressed in euros, net of charges, assuming reinvestment of net dividends or coupons, over the recommended investment period of five years.

Investment policy: Lazard Frères Gestion delegated the financial management of the Fund to Lazard Asset Management LLC, New York. To achieve its objective, the Fund will be actively managed using a fundamental approach comprising several analysis phases: study of the economic environment with market expectations produced by our Economic Strategy department to determine the Fund's main types of exposure, credit analysis of companies issuing bonds, financial analysis of companies providing equity exposure through convertible bonds, analysis of quantitative features specific to convertible bonds, and analysis of the various provisions of issue contracts. The Fund's overall exposure to interest rates (active modified duration management) and equity markets will be actively managed. Interest rate, exchange rate and credit risk (based on securities' ratings) will be actively managed and equity securities will be selectively chosen. The Fund's modified duration is between 0 and 7.

Concerning fixed-income securities, the portfolio management company conducts its own credit assessment for selection purposes, both at the time of purchase and during the life of the securities. It does not rely solely on ratings issued by rating agencies and develops credit risk analysis and the necessary procedures to make purchase decisions or sell or hold decisions in the event of a downgrade. The fund management company does not automatically use agency ratings but gives precedence to its own credit analysis in assessing the credit quality of the assets and in deciding on possible downgrades.

The Fund is invested as follows:

- up to a maximum of 110% of its net assets in:

- convertible bonds and similar instruments issued in Europe by companies and financial institutions. These securities will be expressed in all currencies.
- convertible bonds issued in Europe by companies and financial institutions. These securities will be expressed in all currencies.
- bonds with warrants issued in Europe by companies and financial institutions. These securities will be expressed in all currencies.
- perpetual subordinated notes (TSDI) issued in and outside Europe by companies and financial institutions. These securities will be expressed in all currencies.

The Fund may invest either in investment-grade bonds (i.e. with a minimum rating of BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis), speculative/high yield bonds (i.e. with a rating of under BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis) or bonds not rated by a ratings agency. The fund manager will not invest in contingent convertible bonds (CoCo bonds).

- up to a maximum of 10% of its net assets in:

- UCITS or AIF that meet the four criteria of Article R.214-13 of the French Monetary and Financial Code (Code Monétaire et Financier): French-governed money market, short-term money market, bond or mixed funds;

- shares in cash securities resulting from the conversion of one of the types of instrument listed above.

Investment is solely in UCIs that in turn invest less than 10% of their assets in other UCIs. All of these UCIs may be managed by the management company.

The Fund may, up to the amount of the net assets, use futures, swaps, options, credit derivatives and forward foreign-exchange contracts on regulated, organised and/or OTC markets to hedge the portfolio and/or expose it to equity, interest rate, exchange rate, credit and volatility risk. The Fund may also invest in securities incorporating derivatives.

Allocation of distributable income:

Allocation of net income: Accumulation

Allocation of net realised capital gains: Accumulation

Recommended investment period: This UCI may not be suitable for investors planning to withdraw their investment within five years.

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

Business day	Day of establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

Risk and reward profile



Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

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

Other sizeable risks not taken into account in the indicator:

- **Credit risk:** Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.

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

The occurrence of any of these risks may result in a decrease in the net asset value of the Fund. The other risks are indicated in the prospectus.

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LAZARD CONVERTIBLE EUROPE

A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FR0010642595 - RC H-EUR

Investment objective and policy

Investment objective: The investment objective is to outperform the benchmark index - the TR European Focus Convertible Index Total Return hedged in EUR - expressed in euros, net of charges, assuming reinvestment of net dividends or coupons, over the recommended investment period of five years.

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- UCITS or AIF that meet the four criteria of Article R.214-13 of the French Monetary and Financial Code (Code Monétaire et Financier): French-governed money market, short-term money market, bond or mixed funds;

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Allocation of distributable income:

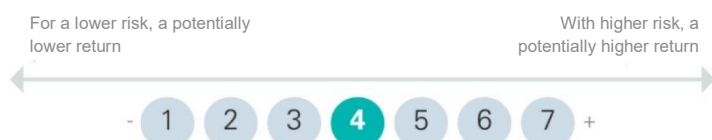
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LAZARD CONVERTIBLE EUROPE

A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FROO10642603 - PC EUR

Investment objective and policy

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FR0010642611 - PC H-EUR

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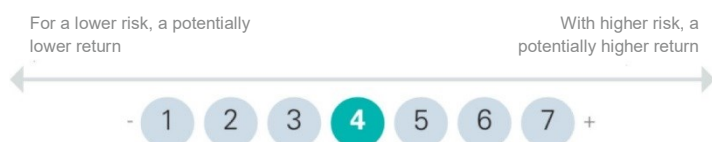
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2. CHANGES AFFECTING THE UCI

None.

3. MANAGEMENT REPORT

PERFORMANCE

The performance of Lazard Convertible Europe RC EUR shares is: +1,86%.

The performance of Lazard Convertible Europe PC EUR shares is: +2,53%.

The benchmark's performance (Thomson European Focus EUR) over the period was: +1,28%.

The performance of Lazard Convertible Europe RC H EUR shares is: +3,55%.

The performance of Lazard Convertible Europe PC H EUR shares is: +4,23%.

The benchmark's performance (Thomson European Focus Hedged EUR) over the period was: +2,90%.

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

ECONOMIC ENVIRONMENT

Economy

While the dissipation of Sino-American trade tensions had allowed the world economy to begin a recovery in the second half of 2019, this movement was abruptly halted by the outbreak of the coronavirus epidemic in the first quarter of 2020. The epidemic, which was initially limited to China, then turned into a pandemic. To contain it, many countries adopted lockdown measures and closed their borders to varying degrees, leading to a drastic economic and financial shock. This context has led central banks and public authorities to take support measures on an unprecedented scale. The improvement in the health situation enabled a gradual lifting of restrictions from mid-February in China and from the end of April in the United States and Europe, enabling a strong rebound in global activity from May onwards. The process of reopening the US economy was interrupted by a resumption of the epidemic between mid-June and end-July. In Europe, the end of the lockdown was followed by a resumption of the epidemic from mid-August, leading to new targeted and localised restriction measures.

In the United States, GDP fell by 9,0% year-on-year in Q2 2020. The composite PMI rose from 51,0 to 54,3 over twelve months, with a low of 27,0 in April. The unemployment rate rose from 3,7% to 7,9% with a peak of 14,7% in April. Consumption fell by 3,2% year-on-year and the savings rate reached 14,1% of disposable income in September. Inflation slowed from +1,7% to +1,3% in headline terms and from +2,4% to +1,7% excluding food and energy. The Federal Reserve announced a raft of support measures: a cumulative cut in its key rate by 150 basis points to 0%-0,25%, an unlimited purchasing programme for Treasuries and mortgage-backed securities, a programme of loans for businesses and local authorities. In September, Jerome Powell said that the Fed would tolerate inflation in excess of 2% to compensate for periods of lower inflation. US Congress adopted an unprecedented fiscal stimulus plan equivalent to 10,7% of GDP.

In the Eurozone, GDP declined by -14,7% year-on-year in Q2 2020. The decline was more pronounced in countries with the strictest lockdown measures: -18,9% in France, -18,0% in Italy, -21,5% in Spain and -11,3% in Germany. The Eurozone composite PMI rose from 50,1 to 50,4 over twelve months, with a low of 13,6 in April. The unemployment rate in the Eurozone hit a record low of 7,2% in March before rising gradually to 8,1% in August. Inflation slowed from +1,7% to -0,3% in headline terms and from +1,0% to +1,7% excluding food and energy. The ECB announced a €120bn increase in its asset purchase programme (APP), a new €1 350bn purchase programme (PEPP) and an increase in its TLTRO loans. In July, EU countries reached an agreement on a European recovery plan of €750 billion, equivalent to 5,4% of GDP.

In China, GDP grew by 3,2% year-on-year in Q3 2020. The Caixin composite PMI rose from 51,9 to 54,5 year-on-year, with a low of 27,5 in February. In August, industrial production increased by +5,6% year-on-year, investment by +9,3% and retail sales by +0,5%. The unemployment rate rose from 5,2% to 5,6% with a peak of 6,2% in February. Year-on-year inflation slowed from +3,0% to +2,4% in headline terms and from +1,5% to +0,5% excluding food and energy. The Chinese central bank lowered its key interest rate by 35 basis points to 2,95% and reduced the level of mandatory reserves for large banks by 100 basis points to 12,50%. The government announced support measures amounting to 4,8% of GDP.

Markets

Equities had ended 2019 well, supported by the resumption of activity and the reduction of uncertainties relating to the trade war and Brexit. Sentiment began to deteriorate at the end of January 2020, after the implementation of lockdown measures in China. The markets collapsed from mid-February when the epidemic began to spread outside China. The movement was extremely drastic and very rapid, with the Euro Stoxx losing almost 40% in just one month.

The rapid action by central banks and public authorities led to a stabilisation in mid-March before the markets bounced back strongly in the second quarter of 2020,, driven by the gradual lifting of restrictive measures in Europe and the United States, the absence of a resumption of the epidemic in countries that had eased their lockdown measures and the strengthening of monetary and fiscal support measures.

In the third quarter, equities were initially boosted by the publication of better-than-expected economic figures, hopes of new measures to stimulate activity and advances in the search for a COVID-19 vaccine. They fell from early September on the back of a drop in US technology shares and concerns about further lockdowns in Europe and amid political uncertainty in the US.

In the end, year-on-year, the MSCI World index in dollars was up +8,5% and the S&P 500 in dollars was up +13,0%. The Euro Stoxx in euros fell by -6,1%.

Government bond yields fell in the United States. The 10-year Treasury yield fell from 1,66% to 0,68%, with an all-time low of 0,54% on March 10th. The German 10-year government bond yield rose from -0,57% to -0,52% over the same period. Peripheral countries' credit spreads against Germany were virtually stable in Italy (-1 basis point), Spain (+5 basis points) and Portugal (+5 basis points). Greek yields tightened by 37 basis points.

In the European credit segment, credit margins widened significantly in the first quarter of 2020 before tightening sharply. According to the ICE Bank of America indices, they rose from 111 basis points to 118 basis points year-on-year for high-quality issuers, with a high of 234 in early April, and from 366 basis points to 472 basis points for high-yield issuers, with a high of 866 in late March.

On the foreign exchange market, the euro appreciated by +7,5% against the dollar, by +5,0% against the yen and by +2,3% against the pound sterling. It depreciated 0,7% against the Swiss franc. Emerging currencies fell on average by -9.6% against the dollar, according to the JPMorgan index.

The price of a barrel of Brent fell from \$63 to \$42, with a low point of \$19 on April 21st. From the end of January, fears of a decline in global demand triggered a downward movement. Oil prices collapsed in March after Russia refused to support OPEC in a coordinated reduction in oil production. An agreement was finally reached on April 12.

MANAGEMENT POLICY

During this financial year, the Fund's hedged and unhedged shares outperformed their respective benchmark indices. European equity markets fell significantly during the financial year (Stoxx 600 -6,1%). Nevertheless, there were significant differences by region: the CAC40 fell by 15,4% while the DAX gained 2,7% and the Spanish equity index fell by 27,3%. Overall, our stock selection had a positive impact over the period, especially in the semiconductor, consumer discretionary and online payment services sectors. Our equity exposure had a positive impact in relative terms, thanks in particular to our active management of equity exposure over the period. European interest rates fell very slightly over the period (the euro 5-year swap rate fell by 1,9 basis points); the relative impact was neutral over the period. In currencies, the dollar, to which we are overexposed, depreciated against the euro, which contributed negatively to relative performance. The following is the fund manager's commentary for each month of the financial year:

In October 2019, Lazard Convertible Europe - PC shares returned -0,45% versus -0,99% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure increased to 33,4% compared with a slight increase for the benchmark index to 30,9%. Modified duration was reduced to 2,84 against a reduction to 2,56 for the benchmark index. Over the period, our underexposure to basic materials had a positive impact in relative terms. Our selection of securities in the luxury goods sector and our overexposure to the aeronautics sector also paid off in relative terms. Our technology securities (particularly video games) and our underexposure to semiconductors had a negative impact. Our overexposure to equities made a neutral contribution over the month (Stoxx 600 nd in euros +1,0%). The Fund's modified duration made a negative contribution in absolute terms and neutral in relative terms, with 5-year swap rates rising over the month. In October, we increased our exposure to the aeronautics (Safran) and healthcare (Qiagen) sectors. The Fund remained overexposed to the dollar against other currencies.

In November 2019, Lazard Convertible Europe - PC shares returned 1,43% versus 1,63% for the Thomson Reuters Convertible Europe Focus index. The portfolio's equity exposure increased slightly to 34,4%, compared with a slight increase to 33,6% for the benchmark. Modified duration was stable at 2.88 compared to a stable benchmark index at 2.54. Over the period, the fund benefited from our selection of securities in healthcare (in molecular diagnostic solutions) and in consumer discretionary (French luxury goods). After falling significantly last month on rumours of bad accounting practices, Wirecard (not in the fund and included in the benchmark) partially bounced back this month, which was costly in relative terms. Our overexposure to equities made a slightly positive contribution over the month (Stoxx 600 nd in euros +2,8%). The Fund's modified duration made a negative contribution in absolute terms and neutral in relative terms, with 5-year swap rates rising slightly over the month. In November, we increased our exposure to consumer staples (Carrefour), energy (BP, Total) and healthcare (Qiagen). The Fund remained overexposed to the dollar against other currencies.

In December 2019, Lazard Convertible Europe - PC shares returned -0,09% versus -0,04% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure decreased to 32,3% compared with a decrease for the benchmark index to 31,0%. The Fund's duration was stable at 2,89 compared with a slight increase for the benchmark index to 2,60. Over the period, our selection of securities in the French aerospace and luxury goods sectors benefited the fund, while our selection of securities in the healthcare sector (in molecular diagnostic solutions) cost us this month. Our underexposure to semiconductors also proved costly in relative terms. After a partial rebound last month on rumours of bad accounting practices, Wirecard (not in the fund and included in the benchmark) fell this month, which had a positive impact in relative terms. Our overexposure to equities made a slightly positive contribution over the month (Stoxx 600 nd in euros +2,1%). The Fund's modified duration made a negative contribution in absolute terms and neutral in relative terms, with 5-year swap rates rising over the month. As the Airbus 2022 was called by the issuer in December, we kept our exposure to the aeronautics sector stable by increasing in our main issuers in this sector (Safran, MTU, Air France). The Fund remained overexposed to the dollar against other currencies.

In January 2020, Lazard Convertible Europe - PC shares returned +1,07% versus +1,27% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure increased to 34,1% compared with a decrease for the benchmark index to 29,5%. The Fund's modified duration was increased to 2,96 compared with an increase for the benchmark index to 2,70. Over the period, our selection of securities in the aeronautics and telecommunications infrastructure sectors benefited the fund in relative terms. Our selection of securities in video games (Ubisoft) also had a positive impact. After falling sharply last year, Wirecard, which was absent from the fund and is included in the index, bounced back in January on announcements of new appointments to head the company, which had a negative impact in relative terms. Airlines and French luxury goods also cost us this month. Our overexposure to equities made a negative contribution over the month (Stoxx 600 nd in euros -1,2%). The Fund's modified duration made a positive contribution in absolute and relative terms, with 5-year swap rates easing over the period. During the month, we reduced our exposure to French luxury goods (LVMH, Kering) due to the risks linked to the spread of the coronavirus. We increased our exposure to technology (payment services), telecommunications and aeronautics. We also increased our exposure to energy (BP, Iberdrola). The Fund remained overexposed to the dollar against other currencies.

In February 2020, Lazard Convertible Europe - PC shares returned -1,0% versus -0,95% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure was sharply reduced to 28,4% against a benchmark index at 25,7%. The Fund's modified duration was increased to 3,0 compared with an increase for the benchmark index to 2,8. Over the period, our selection of securities in the healthcare, food and electronic payment services sectors benefited the fund in relative terms. Consumer cyclical (clothing and airlines in particular) and industry proved costly this month. Our overexposure to equities made a negative contribution over the month (Stoxx 600 nd in euros -8,3%). The Fund's modified duration made a positive contribution in absolute and relative terms, with 5-year swap rates easing over the period. During the month, we reduced our exposure to airlines (Air France) due to the persistent risks linked to the spread of the coronavirus. We increased our exposure to financials (Cembra) and to an electricity supplier (Iberdrola).

In March 2020, Lazard Convertible Europe - PC shares returned -6,33% versus -8,00% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure was actively managed over the period: during the first half of the month, the equity exposure was reduced to below the benchmark and raised to above-benchmark levels after the sharp fall in the equity markets on March 16th. The fund's equity exposure was at 27,8% against a benchmark index at 25,7%. The active management of equity exposure benefited the fund's performance. Modified duration was stable over the month at 2,98, still higher than the benchmark index at 2,87. Modified duration made a neutral contribution in relative terms. Over the period, our selection of securities in financials, particularly our underexposure to German real estate and automotive and UK basic resources, benefited the fund in relative terms. Our selection of securities in aeronautics, telecommunications infrastructure and online payment solutions proved costly this month. During the month, we sold our last exposure to airlines (International Consolidated Airlines). The Fund remained overexposed to the dollar against other currencies.

In April 2020, Lazard Convertible Europe - PC shares returned +3,22% versus +4,91% for the Thomson Reuters Convertible Europe Focus index. The Fund's equity exposure increased significantly over the period and is currently at 43,1% versus 40,0% for its benchmark. The equity market rebound had a positive impact on absolute performance, thanks to the equity overexposure restored during the second half of March. Modified duration was stable over the month at 3,04, still higher than the benchmark index at 2,87. Modified duration made a positive contribution in absolute terms and a neutral contribution in relative terms. Over the period, our selection of securities in technology (particularly semiconductors, which we increased at the beginning of the month) and telecommunications infrastructure benefited the fund in relative terms. Our underexposure to German real estate and a specific share in online retail in the United Kingdom proved costly this month. The major tightening of credit spreads and M&A rumours about index convertible bonds missing from the portfolio had a very negative impact. During the month, we reduced our exposure to chemicals, oil engineering, healthcare and telecommunications and increased our exposure to semiconductors and e-commerce. The Fund remained overexposed to the dollar against other currencies.

In May 2020, Lazard Convertible Europe - PC shares returned +1,43% versus +1,19% for the Thomson Reuters Convertible Europe Focus index. The fund's equity exposure increased over the period and is currently 49,3% versus 45,3% for its benchmark. Our equity overexposure had a slightly positive impact on relative performance. Modified duration fell over the month to 2,77, still higher than the benchmark index at 2,62. Modified duration had a slightly negative impact in absolute terms and neutral in relative terms. Over the period, our selection of securities in online payment services and UK retail had a positive impact in relative terms. Our underexposure to a specific issuer in German real estate proved costly during the month. The tightening of credit spreads benefited the fund in absolute terms and cost the fund slightly in relative terms, as the portfolio is less exposed in terms of credit risk. During the month, we sold low delta positions in communication services and materials. We also reduced our exposure to healthcare and energy. We increased our exposure to luxury goods, online transaction services, video games and online travel booking services. The Fund remained overexposed to the dollar against other currencies.

In June 2020, Lazard Convertible Europe - PC shares returned +0,58% versus +0,31% for the Thomson Reuters Convertible Europe Focus index. The fund's equity exposure increased over the period and is currently 53,5% versus 49,0% for its benchmark. Our equity overexposure had a slightly positive impact on relative performance. Modified duration fell over the month, remaining slightly higher than the benchmark index, at 2,65 versus 2,53. Modified duration made a positive contribution in absolute terms and a neutral contribution in relative terms. Over the period, the selection of securities accounted for most of the outperformance: out of our 10 top contributors, 5 are not included in the index. Our selection of securities in payment services, telecommunications infrastructure and apparel had a positive impact in relative terms. Our underexposure to the internet and German real estate proved costly this month. The tightening of credit spreads benefited the fund in absolute terms and had a neutral impact in relative terms. During the month, we reduced our exposure to payment services, postal services and materials. We increased our exposure to the internet as well as energy. The Fund remained overexposed to the dollar against other currencies.

In July 2020, Lazard Convertible Europe - PC shares returned -0,56% versus +0,18% for the Thomson Reuters Convertible Europe Focus index. The fund's equity exposure decreased slightly during the period and is currently 50,5% versus 45,2% for the benchmark. Our overexposure to equities had a negative impact on relative performance over the period. The fund's modified duration increased slightly over the month while remaining slightly higher than the benchmark, at 2,75 versus 2,59. Modified duration made a positive contribution in absolute terms and a neutral contribution in relative terms. Over the period, our selection of securities in telecommunications infrastructure and spirits had a positive impact in relative terms. Our selection of securities in apparel, semiconductors and payment services proved costly this month. The tightening of credit spreads benefited the fund in absolute terms and had a neutral impact in relative terms. During the month, we reduced our exposure to a hearing aid specialist and a company in travel-related services. We added a new position in online clothing sales. The Fund remained overexposed to the dollar against other currencies.

In August 2020, Lazard Convertible Europe - PC shares returned +2,44% versus +2,12% for the Thomson Reuters Convertible Europe Focus index. The fund's equity exposure increased slightly over the period and is currently at 51,2% versus 47,8% for the benchmark. Our overexposure to equities had a neutral impact on relative performance over the period. Modified duration decreased slightly over the month, in line with the benchmark, at 2,61 versus 2,60. Modified duration had a negative impact in absolute terms and neutral in relative terms. Our selection of securities mainly accounts for the outperformance over the period. Our securities in the hearing aid sector, e-commerce, French luxury goods and semiconductors had a positive impact in relative terms. Aeronautics, search engines and our underexposure to transport cost the fund this month. The tightening of credit spreads benefited the fund in absolute terms and had a neutral impact in relative terms. During the month, we reduced our exposure to food retail, energy, semiconductors and utilities. We increased our exposure to home meal delivery, e-commerce and added three new positions in real estate, healthcare and aeronautics. The Fund remained overexposed to the dollar against

other currencies.

In September 2020, Lazard Convertible Europe - PC shares returned +1,09% versus +0,17% for the Thomson Reuters Convertible Europe Focus index. The fund's equity exposure increased over the period and is currently 52,4% versus 45,3% for its benchmark. Our overexposure to equities had a slightly negative impact on relative performance over the period. Modified duration fell over the month, in line with the benchmark at 2,51 against 2,72. Modified duration had a negative impact in absolute terms and neutral in relative terms. Our selection of securities accounts for most of the outperformance over the period. Our consumer discretionary (spirits and luxury goods in particular), e-commerce, semiconductors and video games securities had a strongly positive impact in relative terms. Telecommunications infrastructure cost the fund slightly in relative terms over the month. The widening of credit spreads had a negative impact on absolute performance and was neutral in relative terms. During the month, we reduced our exposure to telecommunications. We increased our exposure to semiconductors, e-commerce, energy and luxury goods. The Fund remained overexposed to the dollar against other currencies.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
QIAGEN NV 1.0% 13-11-24 CV	6 316 280,71	5 313 397,66
STMICROELECTRONICS NV 0.25% 03-07-24	5 987 930,89	4 606 566,23
STMICROELECTRONICS NV ZCP 03-07-22	4 485 613,09	4 731 149,94
VEOLIA ENVIRONNEMENT ZCP 01-01 -25	4 489 520,00	4 342 800,00
OCADO GROUP 0.875% 09-12-25 CV	4 679 023,85	3 830 297,14
DELIVERY HERO SE 0.25% 23-01-24	7 616 524,36	0,00
AMADEUS CM 1.5% 09-04-25 CV	6 304 432,29	1 303 999,5 1
BASF 0.925% 09-03-23 EMTN	2 222 454,70	5 032 167,86
LVMH MOET HENN ZCP 1 6-02-21 CV	4 839 085,49	2 204 700,61
CARREFOUR ZCP 14-06-23	2 493 005,57	3 729 255,79

- **Transparency of securities financing transactions and the reuse of financial instruments - SFTR - in the Fund's accounting currency (CURRENCY)**

The Fund 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: 0.00**
 - Securities lending:
 - Securities borrowing:
 - Repurchase agreements:
 - Reverse repurchase agreements:
- **Underlying exposure through derivative financial instruments: 20 858 433,56**
 - Currency forwards: 18 301 524,93
 - Futures: 2 556 908,63
 - 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 (*)
	CACEIS BANK, LUXEMBOURG BRANCH

(*) Excluding listed derivatives

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

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

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

d) Operating income and expenses related to efficient management techniques

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

(*) Income on securities lending and repurchase agreements

4. REGULATORY INFORMATION

- **PROCEDURE FOR SELECTING AND ASSESSING INTERMEDIARIES AND COUNTERPARTIES**

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

The information can be consulted on the management company's website: www.lazardfreresgestion.fr

- **BROKERAGE FEES**

Information about brokerage fees is available on the website: www.lazardfreresgestion.fr.

- **EXERCISING VOTING RIGHTS**

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

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

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

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

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

Our overall approach can be summarised as follows:

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

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

Information about ESG criteria is available on the website: www.lazardfreresgestion.fr.

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

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

- **METHOD USED TO CALCULATE GLOBAL RISK**

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

- **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 on December 31st, 2019 by the management company to its personnel, pro rata their investment in the management of the AIFs, excluding the management of the UCITS and discretionary mandates, can be obtained on request by post from the UCI legal department of Lazard Frères Gestion, and are stated in the company's annual report. The total variable remuneration is set by the Lazard Group based on different criteria, including the Lazard Group's financial performance over the past year and taking its results into account. The General Management decides on the total remuneration amount that will be split between the fixed and variable components, complying with the policy to maintain a complete separation between the fixed and variable components. All risks are incorporated into the calculation of the variable remuneration. It is then individualised and determined partly based on the performance of each identified member of staff.

Population at 31/12/2019: Fixed-term and permanent contracts at LFG and LFG-Belgium (i.e. excluding interns and trainees and excluding LFG-Courtage)

Headcount at 31-12-2019 LFG - LFG-Belgium	Fixed annual remuneration for 2019 in €	Variable remuneration for 2019 (Cash paid in 2020 and deferred in 2020) in euros
174	15 947 054	19 567 356

"Identified employees"

Category	Number of employees	Aggregated fixed and variable remuneration 2019 (including deferred) in euros
Senior management	3	4 100 006
Other	48	18 940 465
Total	51	23 040 471

Note: the amounts are unloaded

- **OTHER INFORMATION**

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

LAZARD FRERES GESTION SAS
25, Rue de Courcelles - 75008 Paris, France

www.lazardfreresgestion.fr

5. CERTIFICATION BY THE STATUTORY AUDITOR



**STATUTORY AUDITOR'S REPORT
ON THE ANNUAL FINANCIAL STATEMENTS
Financial year ended September 30th, 2020**

LAZARD CONVERTIBLE EUROPE
UCITS ORGANISED AS A FRENCH OPEN-END INVESTMENT FUND
Governed by the French Monetary and Financial Code (*Code monétaire et financier*)

Management company
LAZARD FRERES GESTION SAS
25, Rue de Courcelles
75008 Paris, France

Opinion

In accordance with the terms of our appointment by the management company, we conducted our audit of the accompanying annual financial statements of LAZARD CONVERTIBLE EUROPE, as a French open-end investment fund, for the financial year ended September 30th, 2020. These financial statements were prepared by the management company on the basis of available information in the context of the evolving COVID-19 crisis.

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

Basis of our opinion

Audit standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion. Our responsibilities under these standards are set out in the section entitled "*Statutory auditor's responsibilities concerning the audit of the financial statements*" in this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us on the period from October 2nd, 2019 to the date of issue of our report, and in particular we have not provided any services prohibited by the French code of ethics for statutory auditors.

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Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). 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, Rouen, Strasbourg and Toulouse.



LAZARD CONVERTIBLE EUROPE

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, prepared under the conditions described above, and the opinion expressed above. We express no opinion on the elements of the annual financial statements taken in isolation.

Specific verifications

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

We have no matters to report regarding the true and fair presentation of the information provided in the management report prepared by the management company, or its consistency with the annual financial statements.

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LAZARD CONVERTIBLE EUROPE

Responsibilities of the management company concerning 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 has prepared 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 EUROPE

- 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.

Given the time required to obtain certain additional information needed to complete our work, this report is issued on the date of its electronic signature.

Neuilly-sur-Seine, date of electronic signature

Document authenticated by electronic signature
The statutory auditor
PricewaterhouseCoopers Audit
Frédéric Sellam

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6. ANNUAL FINANCIAL STATEMENTS

• BALANCE SHEET in euros

ASSETS

	30/09/2020	30/09/2019
NET NON-CURRENT ASSETS		
DEPOSITS		
FINANCIAL INSTRUMENTS	154 129 327,12	95 182 130,88
Equities and similar securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Bonds and similar securities	154 048 755,37	94 938 533,78
Traded on a regulated or equivalent market	154 048 755,37	94 938 533,78
Not traded on a regulated or equivalent market		
Debt securities		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment		
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries		
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU		
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities		
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities		
Other non-European entities		
Temporary securities transactions		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
Forward financial instruments	80 571,75	243 597,10
Transactions on a regulated or equivalent market	80 571,75	243 597,10
Other transactions		
Other financial instruments		
RECEIVABLES	18 722 004,01	14 554 064,36
Currency forward exchange transactions	18 301 524,93	13 526 487,84
Other	420 479,08	1 027 576,52
FINANCIAL ACCOUNTS	2 758 598,04	1 711 944,62
Cash and cash equivalents	2 758 598,04	1 711 944,62
TOTAL ASSETS	175 609 929,17	111 448 139,86

LIABILITIES AND SHAREHOLDERS' EQUITY

	30/09/2020	30/09/2019
SHAREHOLDERS' EQUITY		
Share capital	156 307 619,69	96 046 344,84
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)		
Net capital gains and losses for the year (a, b)	1 778 145,91	1 813 003,24
Net income for the year (a,b)	-1 028 114,35	-438 185,97
TOTAL SHAREHOLDERS' EQUITY*	157 057 651,25	97 421 162,11
<i>* Sum representing the net assets</i>		
FINANCIAL INSTRUMENTS	93 496,54	235 146,80
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments	93 496,54	235 146,80
Transactions on a regulated or equivalent market	93 496,54	235 146,80
Other transactions		
LIABILITIES	18 458 781,38	13 791 830,95
Currency forward exchange transactions	18 295 759,12	13 706 781,70
Other	163 022,26	85 049,25
FINANCIAL ACCOUNTS		
Bank overdrafts		
Borrowings		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	175 609 929,17	111 448 139,86

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	30/09/2020	30/09/2019
HEDGING TRANSACTIONS		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		
OTHER TRANSACTIONS		
Commitments on regulated or similar markets		
Futures contracts		
CME CHF/USD 1220	29 066,12	
EURO STOXX 50 1220	1 884 460,00	
EC EURUSD 1220	626 145,91	
BP GBPUSD 1220	17 236,60	
CME BP GBPUSD 1219		3 826 052,56
CME CME CHF/USD 1219		6 941,39
CME EC EURUSD 1219		14 077 050,08
EUR XEUR FESX D 1219		888 750,00
Commitments on OTC markets		
Other commitments		

• **INCOME STATEMENT in euros**

	30/09/2020	30/09/2019
Income from financial transactions		
Income from deposits and financial accounts	3 436,86	3 265,53
Income from equities and similar securities	7 530,60	27 286,27
Income from bonds and similar securities	334 043,26	327 450,50
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
TOTAL (1)	345 010,72	358 002,30
Expenses related to financial transactions		
Expenses related to temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities	20 114,41	7 370,49
Other financial charges		
TOTAL (2)	20 114,41	7 370,49
INCOME FROM FINANCIAL TRANSACTIONS (1 - 2)	324 896,31	350 631,81
Other income (3)		
Management fees and depreciation and amortisation (4)	1 254 511,07	739 644,82
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	-929 614,76	-389 013,01
Income adjustment for the financial year (5)	-98 499,59	-49 172,96
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	-1 028 114,35	-438 185,97

ACCOUNTING RULES AND PRINCIPLES

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

The general accounting principles apply:

- true and fair view, comparability, business continuity,
- regularity, sincerity,
- prudence,
- consistency of accounting methods from one financial year to the next.

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.

Information on the impact of the COVID-19 crisis

These financial statements were prepared by the management company on the basis of available information in the context of the evolving COVID-19 crisis.

Asset valuation rules

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

- **Shares and similar securities** are valued on the basis of the last known price on their main market.

If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

- **Fixed-income securities:**

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

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

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

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

These valuations and the related supporting documentation will be provided to the statutory auditor during audits.

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

- **Negotiable debt securities:**

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

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

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

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, 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**

Financial instruments that are not traded on a regulated market are valued at their foreseeable sale price under the management company's responsibility.

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

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

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

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

Swing pricing:

The management company has been applying a swing pricing adjustment to the net asset value with a trigger level since September 5th, 2016. Shareholders can consult information on this mechanism in the fund prospectus, which is available at the management company's head office and on its website.

Management fees

Management fees are calculated on each valuation day.

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

Net assets excluding UCIs managed by Lazard Frères Gestion x operating and management fees rate x number of days between the calculated NAV and the previous NAV/365 (or 366 in leap years)

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

The management company pays the Fund's operating fees including for:

financial management;

administration and accounting;

custody services;
other operating fees:
statutory auditors' fees;
legal notices (Balo, Petites Affiches, etc.) if applicable.

These fees do not include transaction charges.
The fees break down as follows, as set out in the regulations:

<i>Expenses charged to the Fund</i>	<i>Basis</i>	<i>Rate</i>	
Financial management fees	Net assets excluding UCIs managed by Lazard Frères Gestion	RC EUR shares: 1,465% including tax RC H-EUR shares: 1,515% including tax PC EUR shares: 0,815% including tax PC H-EUR shares: 0,865% including tax Maximum rate	
Administrative fees external to the management company	Net assets	RC EUR, RC H-EUR, PC EUR, PC H-EUR shares Maximum 0,035%	
Turnover commission (incl. tax) (0% to 100% received by the management company and 0% to 100% received by the custodian)	Maximum charge on each transaction	Equities, convertible bonds and similar instruments and foreign exchange: From 0% to 0,25 %	
		Futures and other transactions	None
Performance fees	n/a	None	

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>"RC EUR" "RC H-EUR" "PC EUR" "PC H-EUR" shares</i>
Allocation of net income	Accumulation
Allocation of net realised capital gains or losses	Accumulation

• **CHANGE IN NET ASSETS in euros**

	30/09/2020	30/09/2019
NET ASSETS AT START OF YEAR	97 421 162,11	72 472 868,82
Subscriptions (including subscription fees retained by the Fund)	81 114 503,16	29 387 115,73
Redemptions (net of redemption fees retained by the Fund)	-25 189 317,54	-6 642 102,63
Realised capital gains on deposits and financial instruments	4 890 880,96	4 095 527,91
Realised capital losses on deposits and financial instruments	-4 454 074,52	-1 734 819,20
Realised capital gains on forward financial instruments	3 784 926,27	1 296 173,83
Realised capital losses on forward financial instruments	-1 933 444,58	-2 129 926,71
Transaction charges	-524 137,18	-239 509,83
Exchange rate differences	-1 928 837,87	1 114 981,89
Changes in valuation difference of deposits and financial instruments	5 114 861,21	75 695,55
Valuation difference for financial year N	6 771 830,27	1 656 969,06
Valuation difference for financial year N-1	-1 656 969,06	-1 581 273,51
Changes in valuation difference of forward financial instruments	-309 256,01	114 169,76
Valuation difference for financial year N	-69 373,82	239 882,19
Valuation difference for financial year N-1	-239 882,19	-125 712,43
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year		
Net profit/loss for the financial year prior to income adjustment	-929 614,76	-389 013,01
Interim dividend(s) paid on net capital gains/losses during the financial year		
Interim dividend(s) paid on net income during the financial year		
Other items		
NET ASSETS AT END OF YEAR	157 057 651,25	97 421 162,11

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

	Amount:	%
Assets		
Bonds and similar securities		
Convertible bonds traded on a regulated or equivalent market	154 048 755,37	98,08
TOTAL bonds and similar securities	154 048 755,37	98,08
debt securities		
TOTAL debt securities		
Liabilities		
Sales of financial instruments		
TOTAL sales of financial instruments		
Off-balance sheet items		
Hedging transactions		
TOTAL hedging transactions		
Other transactions		
Equities	1 884 460,00	1,20
Currency	672 448,63	0,43
TOTAL other transactions	2 556 908,63	1,63

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities	154 048 755,37	98,08						
Debt securities								
Temporary securities transactions								
Financial accounts							2 758 598,04	1,76
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities			4 488 189,00	2,86	37 410 057,41	23,82	73 187 401,87	46,60	38 963 107,09	24,81
Debt securities										
Temporary securities transactions										
Financial accounts	2 758 598,04	1,76								
Liabilities										
Temporary securities transactions										
Financial accounts										
Off-balance sheet items										
Hedging transactions										
Other transactions										

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

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

	USD		CHF		GBP		OTHER	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities								
Bonds and similar securities	27 343 437,88	17,41	10 651 599,70	6,78	5 416 534,35	3,45		
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	175 883,68	0,11			1 872 202,63	1,19		
Financial accounts	576 556,48	0,37	1 097 885,39	0,70	309 904,60	0,20		
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Liabilities	10 599 070,48	6,75	2 798 533,44	1,78	3 062 675,71	1,95		
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions	672 448,63	0,43						

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

	Debit/credit item	30/09/2020
Receivables		
	Forward currency purchases	1 872 202,63
	Receivables on forward currency sales	16 429 322,30
	Margin cash deposits	420 479,08
Total receivables		18 722 004,01
	Forward currency sales	16 460 279,63
	Payables on forward currency purchases	1 835 479,49
	Redemptions payable	30 851,70
	Fixed management fees	132 170,56
Total liabilities		18 458 781,38
Total liabilities and receivables		263 222,63

- NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In shares	In amounts
PC EUR unit		
Shares subscribed during the financial year	2 649,805	53 153 528,33
Shares redeemed during the financial year	-638,948	-12 712 676,05
Net balance of subscriptions/redemptions	2 010,857	40 440 852,28
Number of outstanding shares at end of financial year	4 955,403	
PC H-EUR shares:		
Shares subscribed during the financial year	1 535,222	27 081 225,53
Shares redeemed during the financial year	-644,000	-11 409 986,65
Net balance of subscriptions/redemptions	891,222	15 671 238,88
Number of outstanding shares at end of financial year	2 551,222	
RC EUR shares		
Shares subscribed during the financial year	3 960,492	733 239,21
Shares redeemed during the financial year	-3 124,057	-561 579,42
Net balance of subscriptions/redemptions	836,435	171 659,79
Number of outstanding shares at end of financial year	39 432,240	
RC H-EUR shares		
Shares subscribed during the financial year	888,000	146 510,09
Shares redeemed during the financial year	-3 070,770	-505 075,42
Net balance of subscriptions/redemptions	-2 182,770	-358 565,33
Number of outstanding shares at end of financial year	17 367,742	

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
PC EUR shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
PC H-EUR shares:	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
RC EUR shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
H-EUR shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	

- MANAGEMENT FEES**

	30/09/2020
PC EUR shares	
Guarantee fees	
Fixed management fees	722 779,92
Percentage of fixed management fees	0,85
Variable management fees	
Retrocessions of management fees	
PC H-EUR shares:	
Guarantee fees	
Fixed management fees	381 879,59
Percentage of fixed management fees	0,90
Variable management fees	
Retrocessions of management fees	
RC EUR shares	
Guarantee fees	
Fixed management fees	103 338,13
Percentage of fixed management fees	1,50
Variable management fees	
Retrocessions of management fees	
RC H-EUR shares:	
Guarantee fees	
Fixed management fees	46 513,43
Percentage of fixed management fees	1,55
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**

	30/09/2020
Securities held under repurchase agreements	
Borrowed securities	

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

	30/09/2020
Financial instruments given as security and retained under their original classification	
Financial instruments received as security and not recorded on the balance sheet	

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

	ISIN code	Name	30/09/2020
Equities			
Bonds			
Negotiable debt securities			
UCIs			
Forward financial instruments			
Total group securities			

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

	30/09/2020	30/09/2019
Remaining amounts to be allocated		
Retained earnings		
Net income	-1 028 114,35	-438 185,97
Total	-1 028 114,35	-438 185,97

	30/09/2020	30/09/2019
PC EUR shares		
Appropriation		
Distribution	0,00	0,00
Balance brought forward for the financial year	0,00	0,00
Accumulation	-600 054,15	-211 779,55
Total	-600 054,15	-211 779,55

	30/09/2020	30/09/2019
PC H-EUR shares:		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	-299277,74	-122300,32
Total	-299277,74	-122300,32

	30/09/2020	30/09/2019
RC EUR shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	-91 196,71	-70 158,71
Total	-91 196,71	-70 158,71

	30/09/2020	30/09/2019
RC H-EUR shares:		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	-37 585,75	-33 947,39
Total	-37 585,75	-33 947,39

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

	30/09/2020	30/09/2019
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	1 778 145,91	1 813 003,24
Interim dividends paid on net capital gains/losses for the financial year		
Total	1 778 145,91	1 813 003,24

	30/09/2020	30/09/2019
PC EUR shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	781 485,42	1 553 365,61
Total	781 485,42	1 553 365,61

	30/09/2020	30/09/2019
PC H-EUR shares:		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	882 764,16	63 082,86
Total	882 764,16	63 082,86

	30/09/2020	30/09/2019
RC EUR shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	57 905,37	189 752,19
Total	57 905,37	189 752,19

	30/09/2020	30/09/2019
RC H-EUR shares:		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	55 990,96	6 802,58
Total	55 990,96	6 802,58

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

	30/09/2016	29/09/2017	28/09/2018	30/09/2019	30/09/2020
Global net assets in euros	73 739 407,37	68 688 930,88	72 472 868,82	97 421 162,11	157 057 651,25
LAZARD CONVERTIBLE EUROPE PC EUR EUR shares					
Net assets	28 623 958,34	29 906 338,33	37 232 995,53	57 977 510,15	100 037 395,33
Number of shares	1 618,870	1 588,649	1 968,403	2 944,546	4 955,403
Net asset value per share	17 681,44	18 825,01	18 915,33	19 689,79	20 187,53
Accumulation per share pertaining to net capital gains/losses	83,35	1 268,98	683,17	527,53	1 57,70
Accumulation per unit pertaining to income	-77,49	22,93	-1 6,22	-71,92	-121,09
LAZARD CONVERTIBLE EUROPE PC H-EUR EUR shares					
Net assets	31 289 344,88	26 170 923,17	24 725 987,82	29 155 423,37	46 702 094,34
Number of shares	1 924,250	1 491,250	1 419,000	1 660,000	2 551,222
Net asset value per share	16 260,54	17 549,65	17 424,93	17 563,50	18 305,77
Accumulation per share pertaining to net capital gains/losses	161,79	1 570,34	334,34	38,00	346,01
Accumulation per unit pertaining to income	-82,38	12,51	-23,93	-73,67	-1 17,30
LAZARD CONVERTIBLE EUROPE RC EUR EUR shares					
Net assets	10 403 441,40	9 303 488,86	7 302 767,94	7 075 382,57	7 362 865,33
Number of shares	61 969,285	52 389,947	41 194,873	38 595,805	39 432,240
Net asset value per share	1 67,88	1 77,58	1 77,27	183,31	186,72
Accumulation per share pertaining to net capital gains/losses	0,70	12,02	6,42	4,91	1,46
Accumulation per unit pertaining to income	-1,91	-0,92	-1,29	-1,81	-2,31
LAZARD CONVERTIBLE EUROPE RC H- EUR EUR shares					
Net assets	3 422 662,75	3 308 180,52	3 211 117,53	3 212 846,02	2 955 296,25
Number of shares	22 058,572	19 883,572	19 565,572	19 550,512	17 367,742
Net asset value per share	155,16	166,37	164,12	164,33	170,16
Accumulation per share pertaining to net capital gains/losses	1,62	14,93	3,16	0,34	3,22
Accumulation per unit pertaining to income	-1,82	-0,92	-1,29	-1,73	-2,16

• **INVENTORY in euros**

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Bonds and similar securities				
Bonds and similar securities traded on a regulated or similar market				
GERMANY				
ADIDAS AG 0.05% 1 2-09-23 CV	in euros	4 200 000	5 095 572,54	3,25
DELIVERY HERO SE 0.25% 23-01 -24	in euros	6 800 000	8 072 333,84	5,14
DELIVERY HERO SE 1.0% 23-01 -27	in euros	3 700 000	4 499 649,69	2,86
LEG IMMOBILIEN AG 0.4% 30-06-28	in euros	1 500 000	1 589 072,40	1,01
LEG IMMOBILIEN AG 0.875% 01-09-25	in euros	4 400 000	5 439 086,97	3,47
MTU AERO ENGINES GMBH 0.05% 18-03-27	in euros	4 200 000	3 812 710,75	2,43
RAG STIFTUNG ZCP 02-10-24 CV	in euros	1 500 000	1 454 997,84	0,92
ZALANDO SE 0.05% 06-08-25 CV	in euros	5 600 000	6 498 443,01	4,14
TOTAL GERMANY			36 461 867,04	23,22
BELGIUM				
ECONOCOM GROUP 0.5% 06-03-23	in euros	316 500	2 286 268,13	1,46
TOTAL BELGIUM			2 286 268,13	1,46
DENMARK				
GN GREAT NORDIC LTD AS ZCP 21 -05-24	in euros	3 100 000	3 662 280,98	2,33
TOTAL DENMARK			3 662 280,98	2,33
SPAIN				
AMADEUS CM 1.5% 09-04-25 CV	in euros	4 900 000	6 109 024,60	3,89
CELLNEX TELECOM 0.5% 05-07-28 CV	in euros	6 200 000	8 295 079,75	5,28
INTL CONSOLIDATED AIRLINES GROU 0.625% 17-11 -22	in euros	1 800 000	1 492 958,56	0,95
TOTAL SPAIN			15 897 062,91	10,12
FRANCE				
ARCHER OBLIGATIONS ZCP 31 -03-23	in euros	3 400 000	4 761 525,99	3,03
CIE GEN DES ETS MICHELIN ZCP 10-11 -23	USD	2 000 000	1 641 164,97	1,04
EDF ZCP 14-09-24 CV	in euros	130 000	1 593 890,87	1,01
ELIS EX HOLDELIS ZCP 06-10-23	in euros	63 097	1 868 378,14	1,19
FIGEAC AERO 1.125% 18-10-22	in euros	29 162	631 133,71	0,41
FRAN 0.875% 1 5-05-27 CV	in euros	28 876	3 471 918,94	2,21
LVMH MOET HENN ZCP 1 6-02-21 CV	USD	10 530	4 488 189,00	2,86
ORPAR ZCP 20-06-24 CV	in euros	4 200 000	4 902 312,79	3,13
SAFRAN SA ZCP 21-06-23 CV	in euros	29 941	4 098 202,73	2,61
T 0.5% 02-12-22 EMTN	USD	3 800 000	3 207 145,61	2,04
UBISOFT ZCP 24-09-24 CV	in euros	51 542	6 377 979,64	4,06
VINCI 0.375% 16/02/2022	USD	2 200 000	2 030 969,28	1,29
WORLDLINE ZCP 30-07-25 CV	in euros	17 994	2 238 794,30	1,43

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
WORLDLINE ZCP 30-07-26 CV	in euros	59 343	6 767 980,79	4,30
TOTAL FRANCE			48 079 586,76	30,61
ITALY				
PRYSMIAN ZCP 17-01-22	in euros	1 200 000	1 192 669,88	0,76
TELECOM ITALIA SPA EX OLIVETTI 1.125% 26-03-22	in euros	2 300 000	2 283 456,73	1,45
TOTAL ITALY			3 476 126,61	2,21
LUXEMBOURG				
GRAN CITY PRO 0.25% 02-03-22	in euros	2 100 000	2 143 364,82	1,36
LAGFIN SCA 2.0% 02-07-25 CV	in euros	4 500 000	5 036 048,26	3,21
TOTAL LUXEMBOURG			7 179 413,08	4,57
NETHERLANDS				
IBERDROLA INTERNATIONAL BV ZCP 11-11-22 CV	in euros	3 900 000	4 962 046,79	3,16
QIAGEN NV 1.0% 13-11-24 CV	USD	3 000 000	3 254 054,83	2,07
STMICROELECTRONICS NV 0.000001 0% 04-08-27	USD	3 800 000	3 524 965,39	2,24
STMICROELECTRONICS NV 0.25% 03-07-24	USD	3 400 000	4 511 977,78	2,88
YANDEX 0.75% 03-03-25 CV	USD	4 400 000	4 684 971,02	2,98
TOTAL NETHERLANDS			20 938 015,81	13,33
UNITED KINGDOM				
BP CAP MK 1.0% 28-04-23	GBP	2 900000	3 224 742,64	2,05
OCADO GROUP 0.875% 09-12-25 CV	GBP	1 200 000	2 191 791,71	1,40
TOTAL UNITED KINGDOM			5 416 534,35	3,45
SWITZERLAND				
GE MONEY BANK AG ZCP 09-07-26	CHF	5 000 000	4 809 937,67	3,06
SIKA AG 0.15% 05-06-25 CV	CHF	4 860 000	5 841 662,03	3,72
TOTAL SWITZERLAND			10 651 599,70	6,78
TOTAL Bonds and similar securities traded on a regulated or similar market			154 048 755,37	98,08
TOTAL Bonds and similar securities			154 048 755,37	98,08
Forward financial instruments				
Futures contracts				
Futures contracts on a regulated or equivalent market				
BP GBPUSD 1220	USD	-25	-17 785,57	-0,01
CME CHF/USD 1220	USD	-25	7 594,98	0,00
EC EURUSD 1220	USD	-5	6 896,77	0,01
EURO STOXX 50 1220	in euros	59	-66 080,00	-0,04
TOTAL Futures contracts on a regulated or equivalent market			-69 373,82	-0,04
TOTAL Futures contracts			-69 373,82	-0,04

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
TOTAL Forward financial instruments			-69 373,82	-0,04
Margin call				
CACEIS MARGIN CALL	USD	-11 293,76	-9 630,97	-0,01
CACEIS MARGIN CALL	in euros	66 080	66 080,00	0,05
TOTAL Margin call			56 449,03	0,04
Receivables			18 722 004,01	11,92
Liabilities			-18 458 781,38	-11,76
Financial accounts			2 758 598,04	1,76
Net assets			157 057 651,25	100,00

LAZARD CONVERTIBLE EUROPE PC H-EUR shares	in euros	2 551,222	18 305,77
LAZARD CONVERTIBLE EUROPE RC EUR shares	in euros	39	186,72
LAZARD CONVERTIBLE EUROPE RC H-EUR shares	in euros	432,240	170,16
LAZARD CONVERTIBLE EUROPE PC EUR shares	in euros	17	20 187,53