

OBJECTIF SMALL CAPS EURO

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

**ANNUAL REPORT
for the year ended September 29th, 2017**

**Ordinary Shareholders'
Meeting on January 16th, 2018**

LAZARD Group fund

Registered office: 121, boulevard Haussmann, 75008 Paris
Paris Trade and Companies Register number 449 972 835
PARIS

Board of Directors and statutory auditors

September 29th, 2017

CHAIRMAN

François Werner

NON-BOARD MEMBER

CHIEF EXECUTIVE

OFFICER

Jean-François Cardinet

Director of Lazard Frères Gestion
SAS

DEPUTY CHIEF EXECUTIVE OFFICERS

James Ogilvy

Director of Lazard Frères Gestion SAS

Annabelle Vinatier

Vice President of Lazard Frères Gestion SAS

MEMBERS OF THE BOARD OF DIRECTORS

François-Marc Durand

Chairman of Lazard Frères Gestion SAS

François de Saint-Pierre

Managing Director of Lazard Frères Gestion SAS

AREAS VIE

represented by Sylvain Mortera

Lazard Frères Gestion SAS

represented by François Voss

Guarantee Fund

represented by Christian Schor

Jean-Jacques de Gournay

Managing Director of Lazard Frères Gestion SAS

SMAVIE BTP

represented by Philippe Desurmont

Reuni Retraite Salariés

represented by Francis Weber

Monica Nescaut

Managing Director of Lazard Frères Gestion SAS

NON-VOTING BOARD MEMBERS

Acte Iard S.A.

represented by Marc Wendling

B2V Gestion represented by

Caroline Fleury-Verny

STATUTORY AUDITORS

Principal: Deloitte & Associés

*at the close of the Ordinary Shareholders'
Meeting and of the Board of Directors' meeting*

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François de Saint-Pierre

Managing Director of Lazard Frères Gestion SAS

AG2R LA MONDIALE

represented by Olfa Ghoudi

Lazard Frères Gestion SAS

represented by François Voss

Guarantee Fund

represented by Christian Schor

Jean-Jacques de Gournay

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OSE

EUROZONE COUNTRY EQUITIES

A and R shares:

Accumulation and/or distribution and/or retention of distributable income

Tax rules applicable to French equity savings plans (*Plans d'Epargne en Actions* - PEA)

Investment objective

The SICAV seeks to achieve capital growth at the end of the recommended investment period through exposure to small- and mid-cap markets.

Benchmark

The SICAV does not have a benchmark. Performance may be compared against the Euromoney Smaller Euro index, net dividends reinvested, over the recommended investment horizon.

The Euromoney Smaller Euro is a capitalisation-weighted, free-float adjusted index comprising several hundred Eurozone companies.

Risk profile

Your money will be mainly invested in financial instruments selected by the management company.

These instruments will be exposed to market trends and fluctuations.

- Risk of capital loss:

The SICAV does not provide any guarantees or capital protection. It is therefore possible that you may not recover the full amount of your initial investment.

- Equity market risk:

Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the SICAV's net asset value. The Fund's NAV may decrease during periods in which equity markets are falling.

In addition, the volume of small- and mid-cap stocks listed on the stock exchange is relatively small and downward market movements tend to be more pronounced and faster than for large caps. The SICAV's net asset value may therefore decline rapidly and significantly.

- Risk associated with investment in the futures markets:

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

- 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 insolvency of any such counterparty, which may lead to default on payment or cause the SICAV's NAV to fall.

- Interest rate risk:

There is a risk of a fall in the value of bonds and other fixed-income securities and instruments, and hence in the portfolio, resulting from a change in interest rates. Because of its sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in interest rates if the portfolio's sensitivity is positive, or in the case of a fall in interest rates if the portfolio's sensitivity is negative.

Eligible subscribers and typical investor profile

All subscribers.

The instruments and strategies used are that of an aggressive investment profile. The Fund is intended for investors seeking exposure to small- and mid-cap markets. Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this SICAV.

Information on US investors:

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

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

FATCA:

Pursuant to the provisions of the Foreign Account Tax Compliance Act ("FATCA") applicable as of July 1st, 2014, if the SICAV invests directly or indirectly in US assets, the 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.

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

Recommended investment period: minimum five years

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 A and R shares, the shareholders' meeting decides each year on the allocation of distributable income. It may pay interim dividends.

ESTABLISHMENT RESPONSIBLE for RECEIVING SUBSCRIPTION and REDEMPTION ORDERS

- Subscription and redemption orders are executed at Lazard Frères Gestion SAS on the basis of
- the next net asset value in the case of subscriptions (NAV settlement date +1 business day)
 - the next net asset value in the case of redemptions (NAV settlement date + 3 business days) for orders placed before 11 a.m.

CUSTODIAN

LAZARD FRERES BANQUE. 121, boulevard Haussmann - 75008 Paris, France

**BOARD OF DIRECTORS' REPORT
TO THE ORDINARY SHAREHOLDERS'
MEETING of
January 16th, 2018**

To the shareholders,

We have called this Shareholders' Meeting in order to present the balance sheet and accounts for your company for the financial year from September 30th, 2016 to September 29th, 2017.

During this period, net assets rose from €699 876 448,68 on September 30th, 2016 to €1 044 341 009,49 on September 29th, 2017, and the number of shares outstanding was 920 945,976 A shares and 120 888,158 R shares.

A shares

The number of shares subscribed for over the financial year was 423 650,018, representing a total of €347 055 960,48.

At the same time, the number of shares submitted for redemption was 310 828,645, for a total of €254 426 629,35.

The net asset value rose from €716,60 on September 30th, 2016 to €906,36 on September 29th, 2017, which equates to an increase of 26,48%.

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

R shares

The number of shares subscribed for over the financial year was 81 636,82, representing a total of €134 006 373,81.

At the same time, the number of shares submitted for redemption was 48 535,377, for a total of €75 108 569,28.

The net asset value rose from €1 375,68 on September 30th, 2016 to €1 734,07 on September 29th, 2017, which equates to an increase of 26,05%.

Past performance is no guarantee of the UCI's future results. The benchmark over the period was: 26,38%.

Distributable net income available at the end of the financial year was a loss of €1 731 264,90, compared with a profit of €2 492 404,96 the previous financial year.

Portfolio movements over the period:

Transaction code	ISIN	Name	Net amount €
Purchase	FR0010251660	FCP Amundi Cash Corp. Ic-(3d)	128 226 494,19
Purchase	FR0011291657	FCP Obj.court Terme Euro C-3d	79 215 895,14
Purchase	DE0007446007	Takkt	38 752 429,94
Purchase	FR0010112524	Nexity	38 318 457,15
Purchase	FR0000034639	Altran	36 155 065,64

Transaction code	ISIN	Name	Net amount €
Sale	FR0010251660	FCP Amundi Cash Corp. Ic-(3d)	79 136 139,08
Sale	FR0011291657	FCP Obj.court Terme Euro C-3d	78 237 822,44
Sale	DE000A2DAMW7	Gfk Se (offre)	31 154 700,00
Sale	FR0000121881	Havas	27 549 041,09
Sale	FR0000053142	Faiveley Transport	24 037 239,43

Securities financing transactions pursuant to the SFTR:

The UCI did not engage in any securities financing transactions during the financial period ended September 29th, 2017.

Temporary purchases and sales of securities:

As part of daily cash management, the manager may undertake repurchase agreements. These repurchase agreements are undertaken solely with Lazard Frères Banque for a term of one day, with a possibility of renewal.

Securities received by the UCI as collateral for the purpose of reducing counterparty risk will be shown, where applicable, in section "3.9 Other transactions" under additional information.

Income from these transactions is shown in the income statement, under "Income from temporary purchases and sales of securities".

ECONOMIC ENVIRONMENT

Global growth strengthened over the past year, reflecting improved activity in both the developed and the emerging economies. This synchronised economic recovery was accompanied by a rebound in investment, industrial production and global trade. The global business climate index also rallied, despite political uncertainties related to elections in the United States and Europe. Generally speaking, inflation accelerated in the developed economies, mainly as a result of rising energy prices, while underlying tensions remained subdued, despite improvements in the labour markets. Inflation slowed substantially in some major commodity-exporting emerging countries, enabling the central banks of those countries to ease their monetary policy. In developed countries, monetary policies remained highly accommodative. Nevertheless, they are gradually heading towards normalisation. The Federal Reserve (Fed) raised interest rates three times and announced the beginning of the reduction of its balance sheet. Meanwhile, the European Central Bank (ECB) reduced the amount of its monthly asset purchases and lengthened the duration of its purchasing programme. The equity markets showed a lot of momentum in this more favourable economic environment. However, the bond markets were penalised by the rise in interest rates.

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

IMF Economic Outlook, October 2017

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

The MSCI World All Countries equity index denominated in dollars gained 16,4% between September 2016 and September 2017. All major areas produced very good performances: +26,6% for the Topix in yen, +19,7% for the MSCI Emerging Markets index in dollars, +19,6% for the Euro Stoxx in euros and +16,2% for the S&P 500 in dollars, all excluding dividends.

The equity markets were buoyed by the possibility of a fiscal stimulus package in the United States, following Donald Trump's victory in the US presidential elections on November 8th, 2016, as well as improved economic growth prospects and corporate earnings forecasts. The defeat of Eurosceptic parties in the Dutch and French elections in spring was another support factor. In summer, European equities were hit by the appreciation of the euro and geopolitical tensions with North Korea, before rallying strongly in September.

German and US interest rates rose sharply after the election of Donald Trump. His campaign promises drove inflation expectations higher and the markets anticipated faster monetary tightening in the United States as a result. Interest rates subsequently moved within a narrow range in the first half of 2017, against a backdrop of disappointing inflation data across the Atlantic, geopolitical uncertainties and growing doubts about Donald Trump's capacity to implement his stimulus plan. In the third quarter of 2017, interest rates moved in line with monetary tightening expectations in Europe and the United States and geopolitical tensions. Over 12 months, 10-year yields on German government bonds rose from -0,12% to 0,46% while US 10-year yields rose from 1,59% to 2,33%.

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

On the foreign exchange market, Donald Trump's win initially led to a depreciation of the euro against the dollar with the euro/dollar exchange rate falling from 1,10 before the US elections to 1,04 in December 2016. It subsequently moved within a range of 1,04 and 1,08 until spring. The euro appreciated strongly after the French election, to reach 1,18 dollars at the end of September. Over the year, the euro appreciated by 5,2% against the dollar, 16,7% against the yen and 1,8% against the pound sterling.

Oil prices rebounded in the fourth quarter of 2016 after major oil producing countries came to an agreement to cut production. The Brent oil price then hovered around \$55 until early March 2017 before concerns about surplus supply sparked another fall in prices. After a low point at \$45 at the end of June, oil prices rallied to nudge the \$60 mark at the end of September, underpinned by robust demand and geopolitical uncertainties in the Middle East. The Brent oil price rose 18% year-on-year from \$48 to \$56.

Eurozone

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

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

The Eurozone unemployment rate continued to fall rapidly. At 9,1% in August 2017, compared to 9,9% in September 2016, it was back to where it was before the sovereign debt crisis.

Year-on-year inflation rose from +0,4% in September 2016 to +2,0% in February 2017 before slowing to +1,5% in September 2017. Core inflation moved within a range of +0,7% to +0,9% until spring 2017 before breaking out to rise to +1,1% in September 2017, compared with +0,8% in September 2016.

Growth was robust in Germany. It stood at an annualised +2,5% in Q2 2017 (+2,1% year-on-year), after +2,9% in Q1 2017 and +1,7% in Q4 2016. The federal elections on September 24th, 2017 resulted in a landslide victory for Angela Merkel's CDU/CSU union, which won 246 of the Bundestag's 598 seats. However, the Social Democrats' move to the opposition makes forming a coalition government more difficult.

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

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

In Spain, growth accelerated to an annualised rate of +3,6% in Q2 2017 (+3,1% year-on-year), against +3,2% in Q1 2017 and +2,8% in Q4 2016. The Spanish parliamentary elections on June 26th, 2016 failed to produce a government majority. On October 29th, 2016 the parliament finally placed its trust in Mariano Rajoy, the leader of the People's Party, who formed a minority government. On September 6th, 2017, the Catalan government passed a bill paving the way for the calling of an independence referendum, which was judged unconstitutional.

On December 8th, 2016, the ECB announced a reduction in the amount of its monthly asset purchases from €80 billion to €60 billion starting from April 2017. In parallel, it extended the duration of its asset purchase programme by nine months, until the end of December 2017. During its meeting of June 8th,

2017, the ECB adjusted its communication with a view to a gradual normalisation of its monetary policy. It notably revised its forward guidance on interest rates by removing the reference to a potential rate cut.

MANAGEMENT POLICY

Objectif Small Caps Euro's A share rose 26,48% over the past financial year and the R share gained 26,05%. For information, this compares with gains of 26,38% for the Euromoney Smaller Euroland index and 22,35% for the Euro Stoxx. The average proportion of investments in securities over the year was 95,52%.

The equity markets remained stable in October and November before rising fairly steadily between December and the end of May. Geopolitical fears weighed on the market during summer before the indices resumed an upward path in September. Small caps outperformed large caps, but this outperformance was smaller than in the previous year. The absolute performances of the Euromoney Smaller Euroland index and the SICAV mainly reflected growth in net earnings per share over the period. As a result, trading multiples, which were already in line with their historical average level, did not inflate significantly during the year.

Between September 30th, 2016 and September 29th, 2017, we sold three lines, all of them in connection with takeover bids. Thus, we contributed the securities held in Faiveley to the takeover bid launched by the US company Wabtec Corporation. We also contributed our position in GFK to KKR's takeover bid for the shares not held by the GFK Foundation. Finally, we sold our position in Havas in the market after the announcement, but before the official launch, of Vivendi's takeover bid for the company. Five new positions were initiated during the year: Biesse, an Italian manufacturer of wood and glass-cutting machines; Altran, a French engineering and technology consulting company; Nexity, a real estate developer in France; Takkt, a German distributor of industrial and office supplies, and Mayr-Melnhof, an Austrian cardboard and packaging manufacturer.

Many stocks in the portfolio recorded significant gains over the year, such as Prima Industrie (+199%), Technotrans (+122%), Biesse (+122% since the purchase of the position), Manitou (108%) or Washtec (+81% after a gain of 101% on the previous year). On the other hand, falls in LPKF (-24%), Van de Velde (-23%), Axway (-23%) and Ordina (-21%) weighed on absolute and relative performance.

Our interactions with the portfolio companies seem to confirm that the improvement in the macroeconomic environment is ongoing. Given the trading multiples, which do not seem either excessively high or particularly discounted, the performance outlook for the coming year is closely linked to earnings growth, which, according to our estimates, should remain strong for the portfolio companies.

For the future, we will continue to apply the same methodology to managing the portfolio: Objectif Small Caps Euro will continue to consist of stocks selected for the quality of their business models, their high recurring returns and their attractive valuations. This means that the SICAV is made up of companies with low gearing, high earnings visibility and a moderate beta. The companies of the portfolio show high, sustainable levels of profitability, healthy balance sheets and sound growth prospects. These companies seem to have a significant appreciation potential, given the strength of their earnings growth and their valuation levels.

ARTICLE 173 REPORTING

- In accordance with Article 173 of the French law of August 17th, 2015, Lazard Frères Gestion has decided to publish the Carbon Footprint of the SICAV Objectif Small Caps Euro.

➤ Details of the methodology

- To obtain the data needed to calculate the carbon footprint, we decided to enter into a partnership with the company Trucost in 2016.
- Lazard Frères Gestion adopted carbon intensity, expressed in tonnes of CO2 equivalent per €m in revenues, as its carbon footprint metric.
- The carbon footprint assessment takes account of scopes 1 and 2 greenhouse gas (GHG) emissions
 - Scope 1: All direct emissions related to the combustion of fossil fuels required to produce the product.
 - Scope 2: Indirect emissions from the company's electricity consumption
- Measurements are made solely on the basis of directly held securities.
- In cases where carbon data is not available for a particular listed company, its weighting will be proportionally distributed across the weightings of the other companies in the same sector, in order to preserve the original sector weightings.
- The weighting of each portfolio stock is rebased to obtain a total weighting equal to 100%.
- A portfolio's carbon intensity is calculated as a weighted average of GHG emissions divided by the revenues of each position. We thus obtain the following formula:

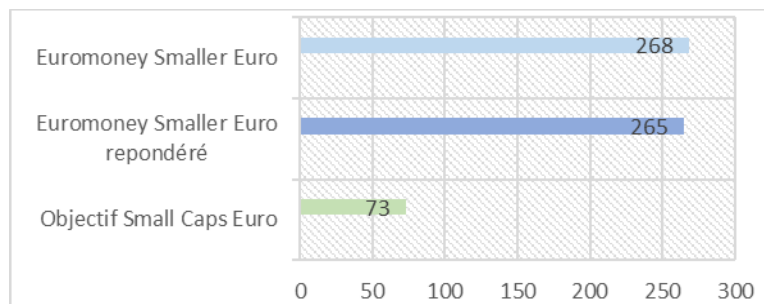
Intensité carbone d'un portefeuille

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

➤ Policy and objectives

- A company's level of CO2 emissions is highly dependent on its field of activity. Some sectors are structurally responsible for more emissions than others.
- Lazard Frères Gestion's stock-picking focused fundamental approach creates discrepancies between the sector exposures of the funds and their benchmarks.
- To overcome these sectoral biases, we have determined a way of neutralising these discrepancies by adjusting the weights of the index sectors to match those of the portfolio. The weight of each stock within each index sector is maintained.

Emissions per millions of euros of revenues (tonnes CO2 eq. /€m of revenues)



Date: 29/09/2017

Fund coverage rate: 100,0%

Index coverage rate: 85,1%

TRADING FEES

Trading fees are levied by Lazard Frères Banque. They are not broken down into different services according to a specific formula.

These charges are levied within the context of the joint venture arrangement between Lazard Frères Banque and Lazard Frères Gestion SAS whereby they have pooled their resources for financial, administrative and accounting management, custody of securities and trade execution.

EXERCISE OF 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 is available on the management company's website: www.lazardfreresgestion.fr.

PROCEDURE FOR SELECTING AND ASSESSING BROKERS 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.

EFFECTIVE PORTFOLIO MANAGEMENT TECHNIQUES

There were no repurchase operations recorded in the portfolio over the financial year.

FINANCIAL INSTRUMENTS ISSUED OR MANAGED BY A LAZARD GROUP ENTITY

Information on these instruments is provided in the SICAV's annual financial statements.

REMUNERATION POLICY

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

INFORMATION ON ESG CRITERIA

Lazard Frères Gestion firmly believes that incorporating environmental, social and governance (ESG) criteria into asset management helps to safeguard sustainable economic performance.

The long-term performance of investments is not solely the result of a financial strategy, it must also consider the company's interaction with its social, economic and financial environment.

The consideration of ESG criteria is therefore a natural step in our investment process.

Our overall approach can be summarised as follows:

- Our extremely rigorous financial analysis of the company covers the quality of assets, financial solidity, the predictability of cash flows and their reinvestment by the company, profitability trends and their sustainability and the quality of management.
- This sustainability is strengthened by factoring in non-financial criteria:
 - Social criteria: by valuing human capital
 - Environmental criteria: by preventing the occurrence of all environmental risks
 - Governance criteria: by respecting the balance between management and shareholder structures in order to prevent potential conflicts of interest and ensure that the interests of minority shareholders are respected.

The extent to which we incorporate ESG criteria and the way in which we do so may naturally vary according to asset classes and investment processes, but the common objective is a better understanding of ESG risks 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.

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

The Board of Directors meeting of October 12th, 2017 decided the following in relation to the **SICAV OBJECTIF SMALL CAPS EURO**:

1. Change of accounting manager
2. Change of centralising agent
3. Various amendments to the prospectus
4. Appointment of a joint centralising agent authorised to receive subscription/redemption orders
5. Change of foreign exchange fixing rate
6. Change of the settlement date for subscriptions and redemptions
7. Change in the basis of calculation of management fees
8. Amendment of the prospectus to allow the transfer of and the adoption of the look-through approach to the SICAV's securities portfolio in accordance with regulatory requirements
9. Change in the terms and conditions of subscription and redemption
10. To provide details on the breakdown of overall management fees in the prospectus
11. Change of the SICAV's name from "LAZARD SMALL CAPS EURO" to "OBJECTIF SMALL CAPS EURO"

Effective date: November 20th, 2017

Terms of office of individual members of Objectif Small Caps Euro at September 29th, 2017

Names of the members	Number of offices held	List of offices and functions
François Werner	1	Chairman of the SICAV's Board of Directors . Objectif Small Caps Euro
François de Saint-Pierre Managing Director of Lazard Frères Gestion SAS	4	Chairman of the SICAV Objectif Monde's Board of Directors Chairman and Chief Executive Officer of the SICAV Objectif Gestion Mondiale Member of the Boards of Directors of the SICAVs: - Objectif Small Caps Euro - Lazard Equity SRI
François-Marc Durand Chairman of Lazard Frères Gestion SAS	4	Member of the Boards of Directors of the SICAVs: . Objectif Small Caps Euro . Objectif Alpha Obligataire . Objectif Alpha Allocation Chairman and Chief Executive Officer of the SICAV Norden
Monica Nescaut Managing Director of Lazard Frères Gestion SAS	5	Member of the Boards of Directors of the SICAVs: . Objectif Small Caps Euro . Objectif Alpha Obligataire . Norden . Objectif Alpha Europe . Lazard Equity SRI
Jean-Jacques de Gournay Managing Director of Lazard Frères Gestion SAS	5	Chairman of the SICAV Objectif Court Terme Dollar's Board of Directors Member of the Boards of Directors of the SICAVs: . Objectif Small Caps Euro . Lazard Equity SRI . Objectif Alpha Obligataire . Lazard Financials Debt

Directors' fees paid by Objectif Small Caps Euro to members of the Board of Directors for the financial year ended September 29th, 2017

Members of the Board of Directors	Directors' fees paid by the SICAV
François Werner	€ 7 623
François de Saint-Pierre Managing Director of Lazard Frères Gestion SAS	0
Jean-François Cardinet Director of Lazard Frères Gestion SAS	0
James Ogilvy Vice President of Lazard Frères Gestion SAS	0
Annabelle Vinatier Vice President of Lazard Frères Gestion SAS	0
François-Marc Durand Chairman of Lazard Frères Gestion SAS	0
Monica Nescaut Managing Director of Lazard Frères Gestion SAS	0
AREAS Vie Represented by Sylvain Mortera	€ 1 525
Lazard Frères Gestion SAS Represented by François Voss	0
Guarantee Fund Represented by Christian Schor	€ 1 525
Jean-Jacques de Gournay Managing Director of Lazard Frères Gestion SAS	0
SMA Vie BTP Represented by Philippe Desurmont	€ 1 525
Réuni Retraites Salariés Represented by Francis Weber	€ 1 525
Acte Iard S.A. Represented by Marc Wendling	€ 1 525
B2V Gestion represented by Caroline Fleury-Verny	€ 1 525

LAZARD SMALL CAPS EURO (FORMERLY OBJECTIF SMALL CAPS EURO)

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

121, boulevard Haussmann
75008 Paris

STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended September 29th, 2017

To the shareholders,

Opinion

In accordance with the terms of our appointment by the SICAV's Board of Directors, we have audited the accompanying annual financial statements of the UCI LAZARD SMALL CAPS EURO (FORMERLY OBJECTIF SMALL CAPS EURO) for the financial year ended September 29th, 2017

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 UCI at the end of said financial year, in accordance with the accounting rules and principles generally accepted in France.

Basis of our audit 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 described in the section "Statutory Auditor's responsibilities for the audit of the financial statements" in this report.

Independence

We conducted our audit engagement in accordance with the applicable rules on independence, from October 1st, 2016 to the date of this report, and in particular we did not provide any services prohibited by the French Code of Ethics for Statutory Auditors.

Justification of our assessments

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de Commerce*) relating to the basis of our opinions, we hereby inform you that the most significant assessments we have made, using professional judgement, focused on the suitability of the accounting principles applied, the reasonable nature of significant accounting estimates used and the overall presentation of the financial statements, under the chart of accounts for open-end collective investment undertakings, particularly as regards the financial instruments in the portfolio.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not provide an opinion on individual items in the financial statements.

Verification of the management report and other documents addressed to shareholders

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

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

Responsibilities of management and those charged with governance for the financial statements

It is the responsibility of the company's management to prepare financial statements presenting a true and fair view in accordance with French accounting principles and to put in place the internal control arrangements that it considers necessary for the preparation of financial statements that do not contain material misstatements, whether due to fraud or error.

In preparing the financial statements, the management of the company is responsible for assessing the UCI's ability to continue as a going concern, to provide in those financial statements, as applicable, the necessary information related to going concern and using the going concern basis of accounting unless management either intends to liquidate the UCI or to cease operations.

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

Responsibility of the statutory auditor for the audit of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As indicated in Article L.823-10-1 of the French Commercial Code, our statutory audit of the financial statements is not to guarantee the viability or the quality of the management of your fund.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor uses professional judgement throughout the entire audit. He also:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that he considers sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. Such conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. If the auditor concludes that a material uncertainty exists, he is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluates the overall presentation of the annual financial statements and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine, December 29th, 2017

The Statutory Auditor

Deloitte & Associés



Olivier GALIENNE

LAZARD SMALL CAPS EURO (FORMERLY OBJECTIF SMALL CAPS EURO)

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

121, Boulevard Haussmann
75008 PARIS

**STATUTORY AUDITOR'S SPECIAL REPORT ON
REGULATED AGREEMENTS**

Shareholders' meeting to approve the financial statements for the financial year ended September 29th, 2017

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 company, 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' 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 ALREADY APPROVED BY THE SHAREHOLDERS' 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, December 29th, 2017

Le Commissaire aux Comptes
Deloitte & Associés



Olivier Galienne

Balance sheet as at September 29th, 2017 (in euros)

ASSETS	YEAR ENDED 29/09/17 €uros	YEAR ENDED 30/09/2016 €uros
NET NON-CURRENT ASSETS	0,00	0,00
DEPOSITS	0,00	0,00
FINANCIAL INSTRUMENTS	1 048 041 426,72	699 830 848,99
➤ EQUITIES AND SIMILAR SECURITIES	968 476 509,96	669 084 317,74
Traded on a regulated or equivalent market	968 476 509,96	669 084 317,74
Not traded on a regulated or equivalent market	0,00	0,00
➤ BONDS AND SIMILAR SECURITIES	0,00	0,00
Traded on a regulated or equivalent market	0,00	0,00
Not traded on a regulated or equivalent market	0,00	0,00
➤ DEBT SECURITIES	0,00	0,00
Traded on a regulated or equivalent market	0,00	0,00
▪ Negotiable debt securities	0,00	0,00
▪ Other debt securities	0,00	0,00
Not traded on a regulated or equivalent market	0,00	0,00
➤ UNDERTAKINGS IN COLLECTIVE INVESTMENT	79 564 916,76	30 746 531,25
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	79 564 916,76	30 746 531,25
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU	0,00	0,00
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities	0,00	0,00
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities	0,00	0,00
Other non-European entities	0,00	0,00
➤ TEMPORARY SECURITIES TRANSACTIONS	0,00	0,00
Receivables on securities purchased under repurchase agreements	0,00	0,00
Receivables on loaned securities	0,00	0,00
Borrowed securities	0,00	0,00
Securities sold under repurchase agreements	0,00	0,00
Other temporary transactions	0,00	0,00
➤ FORWARD FINANCIAL INSTRUMENTS	0,00	0,00
Transactions on a regulated or equivalent market	0,00	0,00
Other transactions	0,00	0,00
➤ OTHER FINANCIAL INSTRUMENTS	0,00	0,00
RECEIVABLES	53 770,82	452 539,32
Currency forward exchange transactions	0,00	0,00
Other	53 770,82	452 539,32
FINANCIAL ACCOUNTS	0,00	0,00
Cash and cash equivalents	0,00	0,00
TOTAL ASSETS	1 048 095 197,54	700 283 388,31

	YEAR ENDED 29/09/17 Euros	YEAR ENDED 30/09/16 Euros
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
➤ Capital	989 597 634,32	654 892 237,24
➤ Undistributed net capital gains and losses recognised in previous years (a)	0,00	0,00
➤ Retained earnings (a)	0,00	0,00
➤ Net capital gains and losses for the year (ab)	56 474 640,08	42 491 806,48
➤ Net income for the year (ab)	-1 731 264,90	2 492 404,96
TOTAL SHAREHOLDERS' EQUITY (= Sum representing the net assets)	1 044 341 009,50	699 876 448,68
FINANCIAL INSTRUMENTS	0,00	0,00
➤ <i>SALES OF FINANCIAL INSTRUMENTS</i>	<i>0,00</i>	<i>0,00</i>
➤ <i>TEMPORARY FINANCIAL SECURITIES TRANSACTIONS</i>	<i>0,00</i>	<i>0,00</i>
Liabilities on financial securities sold under repurchase agreements	0,00	0,00
Liabilities on borrowed financial securities	0,00	0,00
Other temporary transactions	0,00	0,00
➤ <i>FORWARD FINANCIAL INSTRUMENTS</i>	<i>0,00</i>	<i>0,00</i>
Transactions on a regulated or equivalent market	0,00	0,00
Other transactions	0,00	0,00
LIABILITIES	53 340,87	46 848,96
Currency forward exchange transactions	0,00	0,00
Other	53 340,87	46 848,96
FINANCIAL ACCOUNTS	3 700 847,17	360 090,67
Bank account overdrafts	3 700 847,17	360 090,67
Loan	0,00	0,00
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 048 095 197,54	700 283 388,31

(a) Including accrued income

(b) Less interim dividends paid for the financial year

Off-balance sheet items as at September 29th, 2017

(in euros)

	YEAR ENDED 29/09/17 €uros	YEAR ENDED 30/09/16 €uros
HEDGING TRANSACTIONS		
➤ COMMITMENTS ON REGULATED MARKETS OR SIMILAR		
➤ OVER-THE-COUNTER COMMITMENTS		
➤ OTHER COMMITMENTS		
OTHER TRANSACTIONS		
➤ COMMITMENTS ON REGULATED MARKETS OR SIMILAR		
➤ OVER-THE-COUNTER COMMITMENTS		
➤ OTHER COMMITMENTS		

Income statement for the financial year ended September 29th, 2017 (in euros)

	YEAR ENDED 29/09/2017 €uros	YEAR ENDED 30/09/2016 €uros
INCOME FROM FINANCIAL TRANSACTIONS ¹	14 829 397,88	14 660 574,10
▪ Income from deposits and financial accounts	0,00	0,00
▪ Income from equities and similar securities	14 829 397,88	14 660 574,10
▪ Income from bonds and similar securities	0,00	0,00
▪ Income from debt securities	0,00	0,00
▪ Income from temporary purchases and sales of financial securities	0,00	0,00
▪ Income from financial contracts	0,00	0,00
▪ Other financial income	0,00	0,00
TOTAL I	14 829 397,88	14 660 574,10
CHARGES ON FINANCIAL TRANSACTIONS	0,00	0,00
▪ Charges on temporary purchases and sales of financial securities	0,00	0,00
▪ Charges on financial contracts	0,00	0,00
▪ Charges on financial debt	0,00	0,00
▪ Other financial charges	0,00	0,00
TOTAL II	0,00	0,00
NET INCOME FROM FINANCIAL TRANSACTIONS (I - II)	14 829 397,88	14 660 574,10
▪ Other income (III)	0,00	0,00
▪ Management fees and depreciation and amortisation (IV)	16 184 431,64	12 303 510,75
NET INCOME FOR THE FINANCIAL YEAR (L.214-17-1) (I - II + III - IV)	-1 355 033,76	2 357 063,35
▪ Income adjustment for the financial year (V)	-376 231,14	135 341,61
▪ Interim dividends paid on net income for the financial year (VI)	0,00	0,00
NET INCOME (I-II+III-IV+/-V-VI)	-1 731 264,90	2 492 404,96

¹ Based on the allocation for tax purposes of income received from UCIs

Notes to the financial statements

I. ASSET VALUATION AND ACCOUNTING RULES

The fund complied with regulation 2014-01 of the French national accounting standards body (*Autorité des Normes Comptables* - ANC) dated January 14th, 2014 related to the chart of accounts for open-end collective investment undertakings.

1 – 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.

Where applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by the European Central Bank).

- **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.
- Under the valuation rules set out in the prospectus, *“The net asset value is dated the day on which it is valued, where the valuation date falls on the day before a non-working period in France (weekends or public holidays).”*

Financial instruments whose prices have not been determined on the valuation date or whose prices have been adjusted are valued at their probable trading price under the responsibility of the SICAV's board of directors.

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 currencies
EURIBOR, SWAPS OIS and BTF - 3 – 6 – 9 – 12 months BTAN medium-term treasury notes - 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.

▪ **UCIs:**

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

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

▪ **Temporary purchases and sales of securities**

- Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight Eonia, one- or two-week interbank rates, one- to 12-month Euribor) corresponding to the term of the contract.
- Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

▪ **Futures and options**

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

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.

1.1. Financial instruments and securities not traded on a regulated market

All of the SICAV's securities are traded on regulated markets.

1.2. 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 UCI'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 UCI'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 UCI's currency).

2 – Accounting policies

▪ **Income from fixed-income securities**

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

- **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:

$$\begin{array}{rcl} & (\text{Gross assets} - \text{UCIs managed by Lazard Frères Gestion SAS}) & \\ \times & \text{operating and management fees rate} & \\ \times & \frac{\text{no. of days until next NAV}}{365} & \end{array}$$

- Under the valuation rules set out in the prospectus, *“The net asset value is dated the day on which it is valued, where the valuation date falls on the day before a non-working period in France (weekends or public holidays).”*
 - This amount is then recorded in the SICAV's income statement.
 - 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 maximum rate for management fees for A shares is 1,85%. The basis for calculation is the net assets, as described in the prospectus.

The maximum rate for management fees for R shares is 2,20%. The basis for calculation is the net assets, as described in the prospectus.

Allocation of distributable income

A shares: Accumulation and/or Distribution and/or Retention of distributable income

R shares: Accumulation and/or Distribution and/or Retention of distributable income

- **Transaction charges**

Transactions are recorded excluding charges.

- **Retrocessions received on management fees or entry charges**

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 619.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

II – Changes in net assets

		YEAR ENDED 29/09/2017 €uros	YEAR ENDED 30/09/2016 €uros
Net assets at start of year		699 876 448,68	643 051 561,11
Subscriptions (including subscription fees retained by the UCI)	+	481 062 334,29	207 202 674,66
Redemptions (net of redemption fees retained by the UCI)	-	-329 535 198,63	-243 449 349,60
Realised capital gains on deposits and financial instruments	+	54 405 196,93	44 112 752,70
Realised capital losses on deposits and financial instruments	-	-33 037,16	-129 471,82
Realised capital gains on forward financial instruments	+	0,00	0,00
Realised capital losses on forward financial instruments	-	0,00	0,00
Transaction charges	-	-1 903 347,83	-744 843,95
Exchange rate differences	+/-	0,00	0,00
Change in valuation difference of financial instruments	+/-	141 823 646,98	47 476 062,22
▪ Valuation difference for financial year N		279 617 319,26	137 793 672,28
▪ Valuation difference for financial year N - 1		137 793 672,28	90 317 610,06
Change in valuation difference of forward financial instruments	+/-	0,00	0,00
▪ Valuation difference for financial year N		0,00	0,00
▪ Valuation difference for financial year N - 1		0,00	0,00
Distribution of prior year's net capital gains and losses	-	0,00	0,00
Dividends paid in the previous financial year	-	0,00	0,00
Net profit/loss for the financial year prior to income adjustment	+/-	-1 355 033,76	2 357 063,35
Interim dividend(s) paid on net capital gains/losses during the financial year	-	0,00	0,00
Interim dividend(s) paid on net income during the financial year	-	0,00	0,00
Other items*	+/-	0,00	0,01
Net assets at end of year		1 044 341 009,50	699 876 448,68

* Decimal rounding

III – Additional information

3.1 Financial instruments: breakdown by legal or economic type of instrument

Bonds and similar securities by instrument type

➤ index-linked bonds	None
➤ convertible and exchangeable bonds	None
➤ equity investments	None
➤ other	None

Debt securities by instrument type

➤ treasury bills	None
➤ negotiable medium-term notes	None
➤ commercial paper	None
➤ certificates of deposit	None
➤ other	None

Sales of financial instruments by instrument type

➤ negotiable debt securities	None
➤ equities	None
➤ bonds	None

Breakdown of off-balance sheet items by market type

➤ interest rates	None
➤ equities	None
➤ currencies	None

3.2 Breakdown of asset, liability and off-balance sheet items by interest rate type

Assets	Fixed rate	Variable rate	Revisable rate	Other
Deposits				
Bonds and similar securities				
Debt securities				
Temporary financial securities transactions				
Financial accounts				*
Liabilities and shareholders' equity				
Temporary financial securities transactions				
Financial accounts				3 700 847,17
Off-balance sheet items				
Hedging transactions				
Other transactions				

*Non-interest bearing cash

3.3 Breakdown of asset, liability and off-balance sheet items by residual maturity

Assets	0-3 months	3 months-1 year	1-3 years	3-5 years	>5 years
Deposits					
Bonds and similar securities					
Debt securities					
Temporary financial securities transactions					
Financial accounts					
Liabilities and shareholders' equity					
Temporary financial securities transactions					
Financial accounts	3 700 847,17				
Off-balance sheet items					
Hedging transactions					
Other transactions					

3.4 Breakdown of asset, liability and off-balance sheet items by listing or valuation currency

Assets
Deposits
Equities and similar securities
Bonds and similar securities
Debt securities
UCI
Temporary financial securities transactions
Receivables
Financial accounts
Liabilities and shareholders' equity
Sales of financial instruments
Temporary financial securities transactions
Liabilities
Financial accounts
Off-balance sheet items
Hedging transactions
Other transactions

3.5 Breakdown of receivables and liabilities by type

Other receivables

➤ Breakdown of forward foreign exchange transactions	
▪ Purchase	None
▪ Sale	None
➤ Interest and dividends receivable	None
➤ Deferred settlement sale	None
➤ Other	€53 770,82

Other liabilities

➤ Breakdown of forward foreign exchange transactions	
▪ Purchase	None
▪ Sale	None
➤ Deferred settlement purchase	None
➤ Management fees payable	€53 340,87
➤ Other	None

3.6 Shareholders' equity

Number and value of securities:

- issued during the year (including subscription fees retained by the UCI)

Quantity:	423 650,018 A shares	Value: €	347 055 960,48
Quantity:	81 636,820 R shares	Value: €	134,006,373.81

- redeemed during the year (net of redemption fees retained by the UCI)

Quantity:	310 828,645 A shares	Value: €	254 426 629,35
Quantity:	48 535,377 R shares	Value: €	75 108 569,28

Subscription and/or redemption fees:

- Total subscription and/or redemption fees received

€	0,00 A shares
€	0,00 R shares
- Total subscription and/or redemption fees passed on to third parties

€	0,00 A shares
€	0,00 R shares
- Total subscription and/or redemption fees retained by the UCI

€	0,00 A shares
€	0,00 R shares

3.7 Management fees

A shares

- Fixed management fees: percentage of average assets 1,79

R shares

- Fixed management fees: percentage of average assets 2,13

- Performance fees (variable fees): None

- Retrocessions received for UCIs held None

3.8 Commitments received and given

- Commitments received None

- Commitments given None

3.9 Other information

- Stock-market value of securities held temporarily

- Securities held under repurchase option contracts: None

- Securities held under repurchase agreements: None

- Present value of financial instruments representing security deposits: None

- Financial instruments received as security and not recorded on the balance sheet: None

- Financial instruments given as security and retained under their original classification: None

- Financial instruments held in the portfolio and issued by the service provider or the entities of its group and UCI managed by the service provider or the entities of the Lazard Group: see portfolio inventory.

3.10 Table of allocation of distributable income

Interim dividends paid on net income for the financial year				
Date	Total amount	Amount per unit	Total tax credits	Tax credits per unit

Total interim dividends

Interim dividends paid on net capital gains/losses for the financial year		
Date	Total amount	Amount per unit

Total interim dividends

Table of allocation of distributable amounts pertaining to net income	YEAR ENDED 29/09/17	YEAR ENDED 30/09/16
	€uros	€uros

AMOUNTS TO BE ALLOCATED

▪ Retained earnings	0,00	0,00
▪ Profit (Loss)	-1 731 264,90	2 492 404,96
TOTAL	-1 731 264,90	2 492 404,96

A UNIT / FR0000174310

APPROPRIATION

▪ Distribution	0,00	0,00
▪ Balance brought forward for the financial year	0,00	0,00
▪ Accumulation	-864 873,58	2 381 103,82
TOTAL	-864 873,58	2 381 103,82

Information on shares with dividend rights

Number of shares or units	0,00	0,00
Dividend per unit	0,00	0,00

R UNIT / FR0010689141

APPROPRIATION

▪ Distribution	0,00	0,00
▪ Balance brought forward for the financial year	0,00	0,00
▪ Accumulation	-866 391,32	111 301,14
TOTAL	-866 391,32	111 301,14

Information on shares or units with dividend rights

Number of shares or units	0,00	0,00
Dividend per unit	0,00	0,00

Table of allocation of distributable amounts pertaining to net capital gains and losses	YEAR ENDED 29/09/2017 Euros	YEAR 30/09/2016 Euros
AMOUNTS TO BE ALLOCATED		
▪ Undistributed net capital gains and losses recognised in previous financial years	0,00	0,00
▪ Net capital gains and losses for the financial year	56 474 640,08	42 491 806,48
▪ Interim dividends paid on net capital gains/losses for the financial year	0,00	0,00
TOTAL	56 474 640,08	42 491 806,48
A UNIT/ FR0000174310		
APPROPRIATION		
▪ Distribution	0,00	0,00
▪ Undistributed net capital gains and losses	0,00	0,00
▪ Accumulation	45 138 490,30	35 159 582,84
TOTAL	45 138 490,30	35 159 582,84
R UNIT / FR0010689141		
APPROPRIATION		
▪ Distribution	0,00	0,00
▪ Undistributed net capital gains and losses	0,00	0,00
▪ Accumulation	11 336 149,78	7 332 223,64
TOTAL	11 336 149,78	7 332 223,64

Table of Fund income and other significant items over the past five financial years

	Year ended 30/09/2013	Year ended 30/09/2014	Year ended 30/09/2015	Year ended 30/09/2016	Year ended 29/09/2017
NUMBER OF SHARES ISSUED OVER THE FINANCIAL YEAR					
A shares	410 817	517 883,948	191 280,479	237 733,673	423 650,018
R shares	62 743	114 675	32 276,207	38 422,489	81 636,820
Value in euros					
A shares	170 942 370,47	282 300 845,53	109 177 431,01	158 141 382,00	347 055 960,48
R shares	52 378 727,81	119 336 919,90	37 166 310,10	49 061 292,66	134 006 373,81
NUMBER OF SHARES REDEEMED OVER THE FINANCIAL YEAR					
A shares	217 987	522 563	223 798,238	297 261,615	310 828,645
R shares	19 820	90 799	56 117,648	38 805,672	48 535,377
Value in euros					
A shares	86 160 668,58	285 498 812,95	130 274 405,21	194 606 341,40	254 426 629,35
R shares	16 541 493,05	95 650 042,06	60 255 879,89	48 843 008,20	75 108 569,28
NUMBER OF SHARES OUTSTANDING					
A shares	992 985	1 012 181,643	955 822,443	895 911,318	1 041 834,134
R shares	904 850	900 170,304	867 652,545	808 124,603	920 945,976
R shares	88 136	112 011,339	88 169,898	87 786,715	120 888,158
NET ASSETS (in €)					
A shares	506 057 706,15	581 879 268,69	643 051 561,11	699 876 448,68	1 044 341 009,50
R shares	425 644 922,48	469 059 682,90	537 781 167,02	579 109 360,51	834 712 084,30
R shares	80 412 783,67	112 819 585,79	105 270 394,09	120 767 088,17	209 628 925,18
NET ASSET VALUE (in €)					
A shares	470,40	521,07	619,81	716,60	906,36
R shares	912,37	1 007,21	1 193,94	1 375,68	1 734,07
NET INCOME EXCLUDING INCOME ADJUSTMENT (in €)					
	2 801 176,16	-156 326,19	4 230 202,98	2 357 063,35	-1 355 033,76
DISTRIBUTABLE NET INCOME (In €)					
	2 781 716,61	-901 106,33	4 137 314,86	2 492 404,96	-1 731 264,90
Distribution per unit of distributable net capital gains/losses (including interim dividends)		accumulation	accumulation	accumulation	accumulation
Distribution per unit of distributable net income (including interim dividend)	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
Tax credit per unit transferred to unitholders (individuals)*					
Accumulation per unit pertaining to net income (in €)					
A shares	2,58	-0,44	4,32	2,94	-0,93
R shares	5,01	-4,43	4,36	1,26	-7,16
Accumulation per unit pertaining to net capital gains/losses (in €)					
A shares	0,00	35,47	68,99	43,50	49,01
R shares	0,00	68,57	132,90	83,52	93,77

* Pursuant to the Tax Instruction dated March 4th, 1993 issued by the Directorate-General for Taxation, unit tax credit is calculated on the date the dividend is paid by dividing the total tax credit amount between the shares or units in circulation on that date.

**COMPOSITION OF OBJECTIF SMALL CAPS EURO'S ASSETS AS AT
FRIDAY, SEPTEMBER 29th, 2017**

Description	ISIN	Price	Coupon	Cur r.	Exch. rate	QTY	Value (€)	%
TOTAL							1 048 041 426,72	100,35
EQUITIES							968 476 509,96	92,74
EUROPE							606 023 821,44	58,03
ALTRI SGPS SA	PTALT0AE0002	4,4680		EUR		4 623 000,00	20 655 564,00	1,98
AMADEUS FIRE AG.	DE0005093108	78,7200		EUR		194 000,00	15 271 680,00	1,46
ATRESMEDIA CORP. DE MEDIOS SA	ES0109427734	8,8900		EUR		1 735 000,00	15 424 150,00	1,48
BETER BED HOLDING NV	NL0000339703	16,0250		EUR		1 015 000,00	16 265 375,00	1,56
BIESSE SPA	IT0003097257	37,4700		EUR		752 440,00	28 193 926,80	2,70
BIJOU BRIGITTE MODISCHE ACC.AG	DE0005229504	54,0000		EUR		194 000,00	10 476 000,00	1,00
CARGOTEC OYJ -B-	FI0009013429	53,1500		EUR		817 000,00	43 423 550,00	4,16
CORTICEIRA AMORIM SGPS SA	PTCOR0AE0006	11,8650		EUR		2 073 000,00	24 596 145,00	2,36
DE LONGHI SPA	IT0003115950	27,2400		EUR		961 434,00	26 189 462,16	2,51
DECEUNINCK NV	BE0003789063	3,2600		EUR		6 420 000,00	20 929 200,00	2,00
DECEUNINCK NV (STRIP VVPR)	BE0005632063	0,0000		EUR		938 708,00	0,00	0,00
DRAEGERWERK AG & CO KGAA (N)	DE0005550602	71,2000		EUR		368 500,00	26 237 200,00	2,51
ELECTRONIKI ATHINON SA	GRS352003008	0,0100		EUR		261 666,00	2 616,66	0,00
INTERPUMP GROUP SPA	IT0001078911	26,3200		EUR		1 250 000,00	32 900 000,00	3,15
KSB AG (PFD.)	DE0006292030	460,9500		EUR		61 822,00	28 496 850,90	2,73
LPKF LASER & ELECTRONICS AG	DE0006450000	7,6270		EUR		1 189 700,00	9 073 841,90	0,87
LUCAS BOLLS NV	NL0010998878	18,5000		EUR		600 000,00	11 100 000,00	1,06
MAYR-MELNHOF KARTON AG	AT0000938204	121,4000		EUR		80 137,00	9 728 631,80	0,93
ORDINA N.V.	NL0000440584	1,5790		EUR		5 533 800,00	8 737 870,20	0,84
PRIMA INDUSTRIE S.P.A.	IT0003124663	40,4000		EUR		540 000,00	21 816 000,00	2,09
RAPALA VMC OYJ	FI0009007355	3,9400		EUR		1 170 000,00	4 609 800,00	0,44
ROSENBAUER INTERNATIONAL AG	AT0000922554	57,0000		EUR		372 605,00	21 238 485,00	2,03
STO SE AND CO.KGAA (PREF.)	DE0007274136	126,7000		EUR		222 714,00	28 217 863,80	2,70
SURTECO SE	DE0005176903	25,8500		EUR		763 000,00	19 723 550,00	1,89
TAKKT AG	DE0007446007	19,2270		EUR		1 817 100,00	34 937 381,70	3,35
TECHNOTRANS AG (N)	DE000A0XYGA7	49,8000		EUR		375 743,00	18 712 001,40	1,79
VAN DE VELDE NV	BE0003839561	47,2250		EUR		381 200,00	18 002 170,00	1,72
VOSSLOH AG.	DE0007667107	57,1200		EUR		592 011,00	33 815 668,32	3,24
WASHTEC A.G.	DE0007507501	74,3000		EUR		323 376,00	24 026 836,80	2,30
ZUMTOBEL GROUP AG.	AT0000837307	14,7000		EUR		2 260 000,00	33 222 000,00	3,18
FRANCE							362 452 688,52	34,71
ALTEN	FR0000071946	76,5100		EUR		413 000,00	31 598 630,00	3,03
ALTRAN TECHNOLOGIES SA	FR0000034639	15,5600		EUR		2 520 000,00	39 211 200,00	3,75
AXWAY SOFTWARE	FR0011040500	22,2000		EUR		615 000,00	13 653 000,00	1,31
BENETEAU	FR0000035164	14,7000		EUR		999 000,00	14 685 300,00	1,41
EXEL INDUSTRIES -A-	FR0004527638	105,7200		EUR		213 000,00	22 518 360,00	2,16
GROUPE CRIT	FR0000036675	80,7700		EUR		195 600,00	15 798 612,00	1,51
IPSOS SA	FR0000073298	29,2850		EUR		1 365 000,00	39 974 025,00	3,83
MANITOU	FR0000038606	31,7500		EUR		1 481 454,00	47 036 164,50	4,50
MANUTAN INTERNATIONAL	FR0000032302	80,4900		EUR		330 198,00	26 577 637,02	2,54
NEXITY	FR0010112524	51,7000		EUR		798 700,00	41 292 790,00	3,95
SOMFY SA	FR0013199916	78,0100		EUR		259 500,00	20 243 595,00	1,94
SOPRA STERIA GROUP	FR0000050809	157,0500		EUR		317 500,00	49 863 375,00	4,77
UCI							79 564 916,76	7,62
General UCITS aimed at non-professionals and their equivalent in other countries							79 564 916,76	7,62
FCP AMUNDI CASH CORP. -IC-(3D)	FR0010251660	234 775,1750		EUR		209,00	49 068 011,57	4,70
FCP INVESTISSEMENT PEA-PME-A2D (*)	FR0011637156	156,4800		EUR		15 000,00	2 347 200,00	0,22
FCP INVESTISSEMENT PEA-PME-R2D (*)	FR0011637164	153,5300		EUR		1,00	153,53	0,00
FCP OBJ.COURT TERME EURO -C-3D (*)	FR0011291657	2 007,3700		EUR		12 136,00	24 361 442,32	2,33
FCP OBJECTIF MID CAP.EUR-A(2D) (*)	FR0011429521	152,7400		EUR		24 800,00	3 787 952,00	0,36
FCP OBJECTIF MID CAP.EUR-R(2D) (*)	FR0011429539	157,3400		EUR		1,00	157,34	0,00
Securities sold under repurchase agreements							0,00	0,00
Receivables on securities purchased under repurchase agreements							0,00	0,00
Liabilities on securities sold under repurchase agreements							0,00	0,00
Forward financial instruments							0,00	0,00
Swaps							0,00	0,00
Receivables							53 770,82	0,01
Other							53 770,82	0,01
Liabilities							-53 340,87	-0,01
Other							-53 340,87	-0,01
Financial accounts							-3 700 847,17	-0,35
Cash and cash equivalents							-3 700 847,17	-0,35
TOTAL NET ASSETS							1 044 341 009,50	100,00

(*) Financial instruments issued or managed by a Lazard Group entity	Number of R shares as at 29/09/2017	120 888,158
Estimate based on stock prices available on 29/09/2017	Net asset value as at 29/09/2017	1,734.07
	Net assets as at 29/09/2017	209 628 925,18
	Number of A shares as at 29/09/2017	920 945,976
	Net asset value as at 29/09/2017	906,36
	Net assets as at 29/09/2017	834 712 084,30

CERTIFIED BY THE STATUTORY AUDITOR
DELOITTE & ASSOCIES

CERTIFIED BY THE CUSTODIAN
LAZARD FRERES BANQUE

OBJECTIF SMALL CAPS EURO
French open-end investment company
(*Société d'Investissement à Capital Variable*)
Registered office: 121, boulevard Haussmann, 75008
Paris, France
Paris Trade and Companies Register 449 972 835 484 947 627

**RESOLUTION CONCERNING THE ALLOCATION OF DISTRIBUTABLE
INCOME VOTED BY THE ORDINARY SHAREHOLDERS' MEETING OF
JANUARY 16th, 2018**

**FOR THE FINANCIAL YEAR ENDED
SEPTEMBER 29th, 2017**

Second resolution

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

-€1 731 264,90 distributable income pertaining to net income,
€56 474 640,08 distributable income pertaining to net capital gains and losses

and decides that it shall be allocated as follows:

- 1) Distributable income pertaining to net income:
-€1 731 264,90 to share capital
- 2) Distributable income pertaining to net capital gains and losses
€56 474 640,08 accumulation

No dividends will therefore be paid for this financial year.

Reminder: *distributable net income for the past three financial years has been accumulated.*