

French open-end investment fund (SICAV)

LAZARD ALPHA EUROPE

ANNUAL REPORT

at 30 June 2020

Management company: Lazard Frères Gestion SAS

Custodian: Lazard Frères Banque

Statutory auditor: Ernst & Young et Autres

CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	7
3. Management report	9
4. Regulatory information	15
5. Certification by the Statutory Auditor	17
6. Annual financial statements	25

1. CHARACTERISTICS OF THE UCI

- **LEGAL FORM**

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

- **CLASSIFICATION**

International equities.

- **ALLOCATION OF DISTRIBUTABLE INCOME**

Distributable income consists of:

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

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

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

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

For the A shares: distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

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

- **INVESTMENT OBJECTIVE**

The investment objective is to seek long-term performance net of costs that is higher than that of the "Stoxx Europe 600" index with net dividends reinvested.

- **BENCHMARK**

The benchmark index is the Stoxx Europe 600.

It represents the major European shares. It is calculated on the basis of closing prices, with net dividends reinvested. It can be found on the website: www.stoxx.com.

- **INVESTMENT STRATEGY**

1. Strategies used

A company's rate of return on invested capital above the cost of capital reflects its economic performance. This performance is reflected in the stock market performance over the long term. Accordingly, the strategy applied within the SICAV is based on the following:

- Identifying companies with the best economic performance profiles.
- Verifying that performance through financial analysis and examination of underlying strategies.
- Selecting stocks from such companies according to the market's undervaluation of that performance at a given time.
- Building a portfolio focused on 30-80 stocks with good liquidity from large and mid-sized European companies without other restrictions on sectors.

The focus on achieving the optimum ratio between the company's economic performance and valuation may result in wide divergences between the SICAV's performance and its sector and/or country mix and those of the underlying asset class, i.e. large and mid caps from the Eurozone.

2. Assets (excluding embedded derivatives)

Equities:

A minimum of 90% of the SICAV's portfolio is invested in shares and will endeavour to be mainly invested in shares of European large caps. However, this rule is not a constraint.

Debt securities and money market instruments:

Debt securities and money market instruments up to a maximum of 10% of the net assets to meet cash requirements (mainly French and US Treasury bills and BTAN medium-term treasury notes).

UCIs:

French or foreign UCITS or AIFs to a maximum of 10% of the net assets. Investment is solely in UCIs that invest less than 10% of their assets in other UCIs. These UCIs may be managed by the management company.

3. Derivatives

- Types of markets:

- ☒ regulated
- ☒ organised
- ☒ OTC

- The manager intends to seek exposure to:

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

- Transaction types - all transactions must be limited to achieving the investment objective:

- ☒ hedging
- ☒ exposure
- ☐ arbitrage

- Types of instruments used:

- ☒ futures:
- ☒ equity and equity index
 - Hedging: minimum 0% maximum 30% of net assets.
 - Exposure: minimum 0% maximum 30% of net assets.
- ☐ interest rates
- ☒ exchange rates: currency hedging
 - Exposure: minimum 0% maximum 30% of net assets.
- ☒ options:
 - ☐ equity and equity index
 - ☐ interest rate
 - ☐ currency
- ☒ swaps:
 - ☐ equity swaps
 - ☐ interest rate swaps
 - ☒ currency swaps
- ☒ currency forwards: solely to hedge physical assets denominated in a currency other than the SICAV's accounting currency.
- ☐ credit derivatives

- Derivatives strategy to achieve the investment objective:

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

4. Securities with embedded derivatives

The manager may invest in all securities with embedded derivatives permitted under the management company's business plan (notably in subscription rights or warrants).

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

Total investments in securities with embedded derivatives may not exceed 5% of net assets.

5. Deposits

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

6. Cash borrowings

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

7. Temporary purchases and sales of securities

None.

8. Information on financial

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

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

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

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

RISK PROFILE

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

Risk of capital loss:

The SICAV does not benefit from any guarantee or protection. It is therefore possible that you may not recover the full amount of your initial investment.

Equity market risk:

Risk relating to changes in the valuation of the equities investment universe. This risk results in a fall in the net asset value of the SICAV in the event of a fall in the equity markets.

Derivatives risk:

The SICAV may be synthetically exposed up to 30% of its net assets to equity markets. The use of derivatives on organised and OTC markets may cause exposure to strong upside or downside volatility in the net asset value through the underlyings, which react very strongly to market fluctuations.

Foreign exchange risk:

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

Counterparty risk:

This is the risk associated with the SICAV's use of over-the-counter forward financial instruments.

These transactions, entered into with one or more eligible counterparties, potentially expose the SICAV to a risk of failure of any such counterparty, which may lead to a payment default.

GUARANTEE OR PROTECTION

None.

ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE

Any subscriber seeking exposure to "equity" risk.

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

Information on US investors:

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

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

FATCA:

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

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

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

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

2. CHANGES AFFECTING THE UCI

The Board of Directors of the **SICAV LAZARD ALPHA EUROPE** (A shares: FR0000294613 - R shares: FR0011034131), which met on July 26th, 2019, decided to amend the wording of the investment policy as follows:

Former wording:

A minimum of 90% of the net assets will be invested in shares of European large caps.

New wording:

Equities:

A minimum of 90% of the SICAV's portfolio is invested in shares and will endeavour to be mainly invested in shares of European large caps. However, this rule is not a constraint.



Effective date: 28 August 2019

Corporate governance (CSR) section

I. List of appointments

Directors' names	Number of offices held	List of offices and functions
Régis Bégué <i>Managing Director of Lazard Frères Gestion SAS</i>	3	Chairman and Chief Executive Officer of the SICAVs: . Lazard Alpha Euro . Lazard Alpha Europe Board member of the SICAV: . Lazard Equity SRI
Axel Laroza <i>Director of Lazard Frères Gestion SAS</i>	3	Chairman of the board of directors of the SICAV Lazard Actifs Réels CEO and board member of the SICAV Lazard Equity SRI Deputy Chief Executive Officer Board member of the SICAV Lazard Alpha Europe
Thomas Brenier <i>Managing Director of Lazard Frères Gestion SAS</i>	2	Board member of the following SICAVs: . Lazard Alpha Europe . Norden Small

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

The SICAV was not informed of the conclusion of any agreements covered by Article L.225-37-4 para.2 of the French Commercial Code during the financial year ended June 30th, 2020.

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

No delegations of power covered by Article L.225-37-4 para.3 of the French Commercial Code were granted or were ongoing during the financial year ended June 30th, 2020.

IV. Method of operation of executive management

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

3. MANAGEMENT REPORT

PERFORMANCE

The UCI's performance over the period was as follows: -8,92% for the A shares and -9,84% for the R shares.

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

The benchmark's performance over the period was: -4,30%.

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 a wide-ranging support measures. The improvement in the health situation then enabled a gradual lifting of lockdown measures from mid-February in China and from the end-April in the United States and the Eurozone. Thanks to the reopening of economies, global activity bounced back to rebound in May.

In the United States, GDP contracted by an annualised 5,0% in Q1 2020 after increases of 2,1% in Q3 2019 and Q4 2019. The composite PMI fell from 51,5 to 47,9 over twelve months, with a low of 27,0 in May. The unemployment rate rose from 3,7% to 11,1% with a peak of 14,7% in April. In May, consumption fell by 9,8% year-on-year and the savings rate reached 23,2% of disposable income. Headline inflation slowed to +0,1% year-on-year and core inflation to +1,2% year-on-year. The Federal Reserve announced a raft of support measures, inter alia: 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. US Congress adopted an unprecedented fiscal stimulus plan exceeding \$2,000 billion.

In the Eurozone, GDP contracted by an annualised 13,6% in Q1 2020, after an increase of 0,2% in Q3 2019 and 1,2% in Q2 2019. The countries that introduced the strictest lockdown measures experienced the sharpest contractions in GDP in Q1 2020: -19,7% in France, -19,6% in Italy, -19,3% in Spain and -8,6% in Germany. The Eurozone composite PMI fell from 52,2 to 48,5 over twelve months, with a low of 13,6 in May. Unemployment in the Eurozone hit a record low of 7,1% in March before rising gradually to 7,4% in May. Headline inflation slowed to +0,3% year-on-year and core inflation to +0,8% year-on-year. The ECB announced a €120 billion increase in its asset purchase programme, of a new €1 350 billion asset purchase programme and an increase in its TLTRO lending with more attractive terms for banks.

In China, GDP contracted by an annualised 33,8% in Q1 2020, after a rise of 6,1% in Q4 2019 and 5,3% in Q3 2019. The Caixin composite PMI rose from 50,6 to 55,7 year-on-year, with a low of 27,5 in February. The unemployment rate increased from 5,1% to 5,9% over the past year. In May, industrial production and investment showed respective increases of 4,4% and 3,4% year-on-year while retail sales fell by 2,8%. Headline inflation slowed to 2,4% year-on-year and core inflation to 1,1% year-on-year. In particular, 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%. For its part, the government announced support measures amounting to around 4,1% of GDP.

Markets

The equity markets 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 then 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, 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 have eased their lockdown measures and the strengthening of monetary and fiscal support measures. All in all, the MSCI World index in dollars was virtually stable (+0,3%) year-on-year. The S&P 500 in dollars rose 8,8% and the Euro Stoxx fell 6,1%.

In the bond markets, government bond yields fell, especially in the United States where the 10-year Treasury yield fell from 2,00% to 0,66%, with an historic low of 0,54% on March 10th. The German 10-year government bond yield fell from -0,33% to -0,45% over the same period. Peripheral countries' credit spreads in relation to Germany tightened in Italy (-72 basis points) and widened in Spain (+20 basis points) and Portugal (+13 basis points).

In the European credit segment, credit margins widened significantly in the first quarter of 2020 before tightening sharply. They rose from 111 basis points to 148 basis points for high-quality issuers, with a high of 234 in early April, and from 371 basis points to 521 basis points for high-yield issuers, with a high of 866 in late March, according to the ICE Bank of America Merrill Lynch indices.

In the foreign exchange market, the euro depreciated by 1,2% against the dollar, from 1,14 to 1,12 over one year. However, this variation masks a high degree of volatility, particularly in the first quarter of 2020 when the euro moved within a range of 1,07 to 1,14. Year-on-year, the euro depreciated by 1,2% against the yen and by 4,2% against the Swiss franc. It strengthened by 1,1% against the pound sterling. Emerging currencies fell by around 13.6% year-on-year on average against the dollar, according to the JPMorgan index.

The price of a barrel of Brent fell from \$67 to \$41, with a low point of \$19 on April 21st. In mid-September 2019, the attack on two oil facilities in Saudi Arabia caused the price of oil to rise by about \$12 per barrel in a single day, but the movement was brief. From the end of January, fears of a decline in global demand triggered a downward movement. Oil prices subsequently fell 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

Lazard Alpha Europe (*A shares*) delivered a performance of -8,92% over full-year 2020 against -4,30% for its benchmark index, the Stoxx 600 with net dividends reinvested, i.e. an underperformance of 462bp.

The third quarter of 2019 was quite turbulent. The markets fluctuated in line with trade tensions, signs of a slowdown in global growth, accommodative messages from central banks, tensions in Hong Kong and the Middle East, uncertainties about the future of Brexit and the investigation into Donald Trump's impeachment. The MSCI World (net dividends reinvested expressed in euros) nevertheless rose by 5,0% over these three months. July saw further signs of a slowdown in the global economy. The central banks responded by adopting a more accommodative stance. As expected, the Fed cut its key rate by 25bp while the ECB announced further easing measures for the end of the quarter. August saw a further escalation of tensions and tariff increases between China and the United States despite a compromise having been negotiated at the end of June during the G20 summit. The UK's new Prime Minister, Boris Johnson, also caused market jitters due to concerns about a possible exit without an agreement. In September, the market bounced back following signs of an easing of tension between China and the US. This rebound was also triggered by increasingly accommodative statements by central bankers. The Fed decided to reduce its key rate by another 25bp to a band of 1,75%-2,00% while specifying that it would act again if necessary. In Europe, the ECB cut its deposit facility rate by 10bp, improved long-term lending conditions for banks and finally planned to relaunch its quantitative easing programme to the tune of €20 billion a month the following quarter. In the United Kingdom, the Prime Minister remained determined to leave the European Union on October 31st, with or without an agreement. Against this backdrop, Lazard Alpha Europe ended the third quarter of 2019 on an increase of 1,12% compared with an increase of 2,62% for the Stoxx 600 net dividends reinvested. It was mainly hurt by commodities, industrial goods, insurance and retail. Specifically, the portfolio was held back by weak performances by *Imerys* (-20,9%), *ArcelorMittal* (-18,0%), *Spectris* (-14,3%) and *Prudential* (-12,3%), among others. By contrast, the technology, telecommunications and healthcare sectors were the best contributors thanks to a positive stock-picking effect. In addition, the SICAV benefited from its lack of exposure to the energy sector. The main gains of note came from *Vodafone* (26,3%), *Autoliv* (16,2%), *Air France* (13,6%), *Ingenico* (+15,1%) and *ASML* (+23,7%). The portfolio also benefited from the absence of *SAP* (-10,7%) and *Royal Dutch Shell* (-4,7%).

The main stock market indices ended 2019 with performances never seen since 2009, even hitting new all-time in the United States. During this quarter, most of the geopolitical risks faded away, contributing to a sharp market acceleration after a summer soft patch. The hope of a so-called phase 1 partial agreement between Beijing and Washington contributed greatly to renewed investor appetite for risky assets. And it was at the last session of the year that Donald Trump announced that he would sign a first agreement with China on January 15th, 2020. After a series of twists and turns and long months of dithering, Brexit should soon be ratified. Following numerous setbacks and postponements, Boris Johnson won a large victory in the early general elections, allowing him to negotiate freely with Europe during the transition period following a Brexit that was scheduled for January 31st, 2020 at the latest. In addition, markets were once again able to benefit from central banks' accommodative policies. The Fed once again cut its rates, bringing its target range to 1,50%-1,75%. As for the ECB, its QE was officially relaunched in early November and Mario Draghi was replaced by Christine Lagarde. Against this backdrop, Lazard Alpha Europe ended the last quarter of 2019 on an increase of 6,34% compared with an increase of 6,12% for the Stoxx 600 net dividends reinvested. The portfolio was mainly affected by an unfavourable selection effects in the media, retail, telecommunications and food and beverage sectors. More specifically, *Publicis* (-10,5%), *Anheuser-Busch Inbev* (-15,9%), *Carrefour* (-6,9%) and *Orange* (-7,0%) were the worst performers. In contrast, the fund's outperformance over the quarter was due in part to good selection and allocation in industrial goods, commodity, insurance and banking. In addition, the lack of exposure to utilities was also a way to stand out and outperform the benchmark index. More specifically, Lazard Alpha Europe benefited mainly from gains by *Aperam* (+29,6%), *Spectris* (+25,8%), *Société Générale* (+23,4%) and *Rexel* (+20,7%).

The first three months of 2020 were explosive. We need to go back to the 2008 crisis to find disruptions and volatility levels of the same magnitude. However, the start of the year was marked by general optimism. Good news in the previous quarter, such as the lull in the trade war, the fading fears of a hard Brexit and central banks' accommodative monetary policy, continued to boost investor sentiment. Investors really panicked from mid-February onwards. Global markets then fell drastically and volatility spiked. Everything changed when Covid-19, initially announced as a flu-like disease involving only one region of China, became a pandemic. In an attempt to contain it, the affected countries declared a lockdown of the population, bringing the global economy to a sudden halt. Political and monetary authorities took drastic and unprecedented measures (fiscal, tax and monetary), enabling the financial markets to bounce back at the end of the quarter without regaining what had been lost. Against this backdrop, Lazard Alpha Europe ended the first quarter of 2020 with a sharp fall of 27,74% versus -22,57% for the Stoxx 600 net dividends reinvested. The commodity, building and construction materials, banking and automotive sectors were the main negative contributors to relative performance. The fund was hurt mainly by the poor performances of *Weir Group* (-54,3%), *Société générale* (-50,5%), *Air France* (-48,6%), *Autoliv* (-42,1%) and *Arcelormittal* (-44,6%). Conversely, it benefited from a positive allocation and selection effect in energy and benefited from its selection of technology stocks and its lack of exposure to real estate. Lazard Alpha Europe benefited in particular from the rises of *UCB* (+11,4%), *Ingenico* (+0,1%), *Koné* (+2,7% over the holding period) and the absences of *Airbus* (-54,5%), *Royal Dutch Shell* (-36,6%) and *BNP Paribas* (-47,9%).

For almost all stock markets, the second quarter of 2020 was one of the best quarters in ten years. The financial markets took off, seemingly ignoring the still troubled general environment and a worrying global economic situation. This rise was mainly fuelled by the liquidity poured in by the central banks, the fall in interest rates to levels close to zero and the numerous government fiscal support measures. All this restored confidence and a bit of visibility to investors anticipating a V-shaped economic recovery. But this rebound was not enough to cancel out the sharp fall recorded in March. Against this backdrop, Lazard Alpha Europe ended the second quarter of 2020 with a gain of 17,21% versus 13,49% for the Stoxx 600 (net dividends reinvested), i.e. an outperformance of 372bp. The travel and leisure, telecommunications, insurance and banking sectors weighed on the SICAV's relative performance. However, its growth was severely dampened by the performance of *Air France* (-20,9%), which is absent from our benchmark index, but also by *RSA Insurance* (-5%), *Carrefour* (-3,1%), *Orange* (-2,7%) and *Société Générale* (-3,6%). However, the portfolio benefited from its allocation and selection in energy, buildings and construction materials and commodities. Automotive, technology and healthcare also performed well. More specifically, the rises staged by *Rexel* (+50%), *Kingfisher* (+49,5%), *Ingenico* (+46,5%), *Saint-Gobain* (+44,6%) and *Imerys* (+40,4%) were the most noteworthy.

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
LAZARD EURO SHORT TERM MONEY MARKET	5,539,277.19	3,887,828.50
ASML HOLDING NV	1,169,190.11	2,427,366.84
BP PLC	1,936,743.39	1,496,377.63
UNION CHIMIQUE BELGE/ UCB	1,604,050.00	1,766,273.27
NOKIA (AB) OYJ	1,548,142.82	1,444,995.00
KONE OY B NEW	1,391,877.20	1,578,357.71
SOCIETE GENERALE SA	1,371,987.00	1,448,748.10
HENNES AND MAURITZ B	2,010,288.28	519,541.83
ASTRAZENECA PLC	222,103.84	2,256,225.08
REXEL	950,508.40	1,373,151.50

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

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

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

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

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

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

Efficient portfolio management techniques	Derivative financial instruments (*)

(*) Excluding listed derivatives

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

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

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

d) Operating income and expenses related to efficient management techniques

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

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

4. REGULATORY INFORMATION

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

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

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

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

Our overall approach can be summarised as follows:

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

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

Information on 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.

- **PEA employee savings fund**

Pursuant to the provisions of Article 91, quater L Appendix 2 of the French General Tax Code, a minimum of 75% of the SICAV is permanently invested in the securities and rights mentioned in points a, b and c, section 1°, I of Article L. 221-31 of the French Monetary and Financial Code.
Proportion actually invested during the financial year: 77,87%.

- **INFORMATION ON DISTRIBUTED INCOME ELIGIBLE FOR THE 40% ALLOWANCE (FOR DISTRIBUTING UCIs)**

Pursuant to the provisions of Article 41 sexdecies H of the French General Tax Code, income on distributing shares is subject to an allowance of 40%.

- **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 indicated 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, taking its earnings into account. The executive 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-Belgique	Fixed annual remuneration for 2019 in €	Variable remuneration for 2019 (Cash paid in 2020 and deferred in 2020) in €
174	15,947,054	19,567,356

“Identified employees”

Category	Number of employees	Aggregate fixed and variable remuneration in 2019 (including deferred pay) in €
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 full prospectus and the latest annual and periodic reports will be sent out within eight business days upon written request by the shareholder to:

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

www.lazardfreresgestion.fr.

5. CERTIFICATION BY THE STATUTORY AUDITOR



Lazard Alpha Europe

Financial year ended June 30th, 2020

Statutory auditor's report on the annual financial statements

To the shareholders' meeting of the SICAV Lazard Alpha Europe,

Opinion

In accordance with the terms of our appointment by your board of directors, we conducted our audit of the accompanying annual financial statements of the Undertaking for Collective Investment Lazard Alpha Europe, incorporated as a French open-end investment company (SICAV), for the financial year ended June 30th, 2020. These financial statements were approved by the board of directors 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 July 1st, 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.



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, notably with regard to the financial instruments in the portfolio, and the overall presentation of the financial statements in accordance with the chart of accounts for open-end collective investment undertakings.

The assessments we have made are part of our audit of the annual financial statements as a whole, approved 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.

■ Information provided in the management report, other financial reports and the annual financial statements addressed to the shareholders

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

■ Information on corporate governance

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

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

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

As part of the preparation of the annual financial statements, the management is responsible for assessing the SICAV'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 SICAV or terminate its activity.

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

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

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 (Code de commerce), our audit assignment does not consist in guaranteeing the viability or quality of the management of the SICAV.

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;
- ▶ 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, and the related information provided in the annual financial statements;
- ▶ it assesses the appropriateness of management'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.

Paris-La Défense, September 18th, 2020

The statutory auditor
ERNST & YOUNG et Autres

[signature]

David Koestner



Lazard Alpha Europe

Shareholders' meeting to approve the financial statements for the financial year ended June 30th, 2019

Statutory auditor's special report on regulated agreements

ERNST & YOUNG et Autres



Lazard Alpha Europe

Shareholders' meeting to approve the financial statements for the financial year ended June 30th, 2019

Statutory auditor's special report on regulated agreements

To the shareholders' meeting of the SICAV Lazard Alpha Europe,

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 characteristics, the main terms and the 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 and entered into during the past financial year to be submitted for 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.

Paris-La Défense, September 18th, 2020

The statutory auditor
ERNST & YOUNG et Autres

David Koestner

6. ANNUAL FINANCIAL STATEMENTS

•BALANCE SHEET *in euros*

ASSETS

	30/06/2020	28/06/2019
Net non-current assets		
Deposits		
Financial instruments	51,040,910.68	65,312,074.33
Equities and similar securities	49,390,802.76	65,312,074.33
Traded on a regulated or equivalent market	49,390,802.76	65,312,074.33
Not traded on a regulated or equivalent market		
Bonds and similar securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Debt securities		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment	1,650,107.92	
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	1,650,107.92	
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		
Transactions on a regulated or equivalent market		
Other transactions		
Other financial instruments		
Receivables	125,416.84	392,292.50
Currency forward exchange transactions		
Other	125,416.84	392,292.50
Financial accounts	1,116,491.70	1,043,956.06
Cash and cash equivalents	1,116,491.70	1,043,956.06
Total assets	52,282,819.22	66,748,322.89

LIABILITIES AND SHAREHOLDERS' EQUITY

	30/06/2020	28/06/2019
Shareholders' equity		
Capital	55,577,255.36	71,612,277.66
Undistributed net capital gains and losses recognised in previous years (a)	-3,946,859.42	-6,452,882.12
Retained earnings (a)		
Net capital gains and losses for the year (a, b)		
Net income for the year (a, b)	592,447.67	1,341,903.37
Total shareholders' equity (= amount representing net assets)	52,222,843.61	66,501,298.91
Financial instruments		
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
Liabilities	59,975.61	247,023.98
Currency forward exchange transactions		
Other	59,975.61	247,023.98
Financial accounts		
Bank overdrafts		
Borrowings		
Total liabilities and shareholders' equity	52,282,819.22	66,748,322.89

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	3 /06/2020	28/06/2019
Hedging transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		
Other transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		

- **INCOME STATEMENT in euros**

	30/06/2020	28/06/2019
Income from financial transactions		
Income from deposits and financial accounts		
Income from equities and similar securities	1,287,912.26	2,537,192.87
Income from bonds and similar securities		
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
Total (1)	1,287,912.26	2,537,192.87
Expenses related to financial transactions		
Expenses related to temporary purchases and sales of securities		
Expenses related to forward financial instruments		
Expenses related to financial liabilities		
Other financial charges		
Total (2)		
Income from financial transactions (1 - 2)	1,287,912.26	2,537,192.87
Other income (3)		
Management fees and depreciation and amortisation (4)	697,009.48	1,105,878.78
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	590,902.78	1,431,314.09
Income adjustment for the financial year (5)	1,544.89	-89,410.72
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	592,447.67	1,341,903.37

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,
- permanence of the accounting methods used each year.

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

Purchases and sales of securities are recorded excluding expenses.

The accounting currency of the portfolio is the euro.

The financial year comprises 12 months.

Information on the impact of the COVID-19 crisis

The financial statements were approved by the Board of Directors 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. 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, 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.

○ **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.

○ **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.

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

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

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

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

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

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

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

Management fees

Management fees are calculated on each valuation day.

The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) using the following formula:

Gross assets x operating and management fees rate x number of days between the NAV calculation date and the previous NAV calculation date
365 (or 366 in a leap year)

- The SICAV pays the operating fees, which include:
 - . financial management;
 - . administration and accounting;
 - . custody services;
 - . other operating fees:
 - . statutory auditors' fees;
 - . legal notices (Balo, Petites Affiches, etc.) if applicable.

These fees do not include transaction charges.

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

<i>Expenses charged to the SICAV</i>	<i>Basis</i>	<i>Rate</i>	
Financial management fees	Net assets	A shares: Maximum 1,08%incl. taxes R shares: Maximum 2,08% incl. tax	
Administrative fees external to the management company	Net assets	Maximum 0,02% incl. taxes	
Turnover commission (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Equities, bonds, debt securities and foreign exchange	0% to 0,20% incl. taxes
		Futures and other transactions	From €0 to €450 incl. taxes per contract
Performance fee	n/a	15% of the outperformance relative to the Stoxx Europe 600 dividends reinvested*	

The method used to calculate retrocession amounts is set out in the sales and marketing agreements.

- If the amount is significant, a provision is recognised in account 617.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

* Calculation of the performance fee:

Performance fees are calculated using a high water mark system based on a comparison of the performance of each share of the SICAV's assets (excluding variable management fees) with the assets of a benchmark fund:

- with a baseline value equal to the value of the SICAV's assets at the close of the last year to date in which performance fees were charged;

- in addition to which there must be a daily performance equal to that of the Stoxx Europe 600 (net dividends reinvested), in euros and with the same variations in subscription and redemption as the SICAV.

If, at the close of the financial year, the SICAV's assets (excluding variable management fees) exceed those of the benchmark fund, a performance fee will be charged equal to 15% (including taxes) of the difference in value between the SICAV's assets and the benchmark fund.

The performance fee will first be deducted after a period of 12 months or more. Performance fees are accrued on each NAV calculation date and are levied with effect from the closing date of each financial year. A provision reversal will be booked every time that the difference between the two asset values decreases. In the event of underperformance (the asset value of the SICAV is lower than the asset value of the benchmark fund), the provision will be reversed until the entire allocation is extinguished, excluding variable management fees payable to the fund. The provisions in existence at the end of the financial year, and the portion of the fee deriving from purchases of shares during the financial year, will be paid to the management company.

(*) The fund paid exceptional charges amounting to €22 549,20 on debt collection in relation to withholding tax on dividends received from foreign companies.

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>A shares</i>	<i>R shares</i>
Allocation of net income	Accumulation	accumulation and/or distribution and/or retention
Allocation of net realised capital gains or losses	Accumulation	accumulation and/or distribution and/or retention

• **CHANGE IN NET ASSETS *in euros***

	30/06/2020	28/06/2019
Net assets at start of year	66,501,298.91	125,502,122.49
Subscriptions (including subscription fees retained by the Fund)	4,218,885.92	4,539,159.94
Redemptions (net of redemption fees retained by the Fund)	-12,980,263.22	-56,454,254.55
Realised capital gains on deposits and financial instruments	4,205,387.50	5,052,564.47
Realised capital losses on deposits and financial instruments	-7,808,525.93	-12,484,539.80
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction charges	-372,093.65	-593,246.55
Exchange rate differences	279,110.55	83,149.08
Changes in valuation difference of deposits and financial instruments	-2,411,859.25	-574,970.26
Valuation difference for financial year N	-10,319,539.73	-7,907,680.48
Valuation difference for financial year N-1	7,907,680.48	7,332,710.22
Changes in valuation difference of forward financial instruments		
Valuation difference for financial year N		
Valuation difference for financial year N-1		
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year		
Net profit/loss for the financial year prior to income adjustment	590,902.78	1,431,314.09
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	52,222,843.61	66,501,298.91

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

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

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities								
Debt securities								
Temporary securities transactions								
Financial accounts							1,116,491.70	2.14
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary securities transactions										
Financial accounts	1,116,491.70	2.14								
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**

	GBP		CHF		SEK		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities	7,187,817.37	13.76	5,030,665.73	9.63	3,686,295.88	7.06		
Bonds and similar securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	39,986.80	0.08						
Financial accounts	110,758.16	0.21						
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	Debit/credit item	30/06/2020
Receivables	Deferred settlement sale	48,530.04
	Coupons and dividends in cash	76,886.80
Total receivables		125,416.84
Liabilities	Management fees	59,975.61
Total liabilities		59,975.61

- NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In shares	In amounts
A shares		
Shares subscribed during the financial year	8,413.540	4,178,163.16
Shares redeemed during the financial year	-25,532.829	-12,753,211.91
Net balance of subscriptions/redemptions	-17,119.289	-8,575,048.75
R shares		
Shares subscribed during the financial year	151.888	40,722.76
Shares redeemed during the financial year	-802.083	-227,051.31
Net balance of subscriptions/redemptions	-650.195	-186,328.55

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
A shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
R shares	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- MANAGEMENT FEES**

	30/06/2020
A shares	
Guarantee fees	
Fixed management fees	564,123.22
Percentage of fixed management fees	1.10
Variable management fees	
Retrocessions of management fees	
R shares	
Guarantee fees	
Fixed management fees	132,886.26
Percentage of fixed management fees	2.10
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**

	30/06/2020
Securities held under repurchase agreements	
Borrowed securities	

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

	30/06/2020
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	Description	30/06/2020
Equities			
Bonds			
Negotiable debt securities			
UCIs			1,650,107.92
	FR0011291657	LAZARD EURO SHORT TERM MONEY MARKET	1,650,107.92
Forward financial instruments			

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

	30/06/2020	28/06/2019
Remaining amounts to be allocated		
Retained earnings		
Net income	592,447.67	1,341,903.37
Total	592,447.67	1,341,903.37

	30/06/2020	28/06/2019
A shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	581,799.23	1,266,518.98
Total	581,799.23	1,266,518.98

	30/06/2020	28/06/2019
R shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	10,648.44	75,384.39
Total	10,648.44	75,384.39

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

	30/06/2020	28/06/2019
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year		
Interim dividends paid on net capital gains/losses for the financial year	-3,946,859.42	-6,452,882.12
Total	-3,946,859.42	-6,452,882.12

	30/06/2020	28/06/2019
A shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-3,505,436.81	-5,804,242.40
Total	-3,505,436.81	-5,804,242.40

	30/06/2020	28/06/2019
R shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-441,422.61	-648,639.72
Total	-441,422.61	-648,639.72

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

	30/06/2016	30/06/2017	29/06/2018	28/06/2019	30/06/2020
Global net assets in euros	114,862,963.41	137,179,075.88	125,502,122.49	66,501,298.91	52,222,843.61
LAZARD ALPHA EUROPE "A"					
Net assets in euros	97,475,489.49	114,969,150.50	100,443,699.83	59,842,334.14	46,391,599.00
Number of shares	219,721.954	200,414.146	182,054.392	115,053.409	97,934.120
Net asset value per share in EUR	443.63	573.65	551.72	520.12	473.70
Accumulation per share pertaining to net capital gains/losses in euros	-26.04	28.43	51.94	-50.44	-35.79
Accumulation per share pertaining to net income in euros	7.54	7.10	9.55	11.00	5.94
LAZARD ALPHA EUROPE "R"					
Net assets in euros	17,387,473.92	22,209,925.39	25,058,422.66	6,658,964.77	5,831,244.61
Number of shares	67,157.144	67,005.822	79,399.166	22,605.434	21,955.239
Net asset value per share in EUR	258.90	331.46	315.60	294.57	265.59
Accumulation per share pertaining to net capital gains/losses in euros	0.01	16.43	29.87	-28.69	-20.10
Accumulation per share pertaining to net income in euros	1.48	1.06	2.12	3.33	0.48

- **INVENTORY in euros**

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Equities and similar securities				
Equities and similar securities traded on a regulated or similar market				
GERMANY				
ALLIANZ SE	in euros	7,300	1,326,848.00	2.54
BMW BAYERISCHE MOTOREN WERKE	in euros	22,500	1,278,450.00	2.45
MERCK KGA	in euros	11,900	1,229,270.00	2.35
TOTAL GERMANY			3,834,568.00	7.34
BELGIUM				
ANHEUSER BUSCH INBEV SA/NV	in euros	28,200	1,236,993.00	2.37
TOTAL BELGIUM			1,236,993.00	2.37
SPAIN				
BANCO DE BILBAO VIZCAYA S.A.	in euros	395,000	1,210,280.00	2.32
BANCO SANTANDER S.A.	in euros	580,000	1,261,210.00	2.41
TOTAL SPAIN			2,471,490.00	4.73
FRANCE				
AIR FRANCE KLM	in euros	134,000	540,422.00	1.03
ALSTOM	in euros	29,400	1,217,454.00	2.33
AXA	in euros	72,500	1,349,370.00	2.58
CARREFOUR	in euros	92,500	1,272,337.50	2.44
DANONE	in euros	20,000	1,231,200.00	2.36
DASSAULT SYSTEMES	in euros	8,450	1,297,920.00	2.49
EIFFAGE	in euros	15,800	1,286,120.00	2.46
IMERYS EX IMETAL	in euros	43,212	1,311,052.08	2.51
INGENICO	in euros	9,200	1,306,400.00	2.50
MICHELIN - CATEGORY B	in euros	14,300	1,320,462.00	2.53
ORANGE	in euros	106,000	1,128,370.00	2.16
PUBLICIS GROUPE SA	in euros	45,500	1,310,855.00	2.51
REXEL	in euros	122,000	1,240,740.00	2.38
SAINT-GOBAIN	in euros	40,900	1,310,845.00	2.51
SOCIETE GENERALE SA	in euros	89,000	1,317,200.00	2.52
TOTAL FRANCE			18,440,747.58	35.31
LUXEMBOURG				
APERAM	in euros	49,000	1,216,180.00	2.33
ARCELORMITTAL	in euros	123,000	1,152,510.00	2.21
TOTAL LUXEMBOURG			2,368,690.00	4.54
NETHERLANDS AKZO				
NOBEL	in euros	16,500	1,315,710.00	2.52
ASML HOLDING NV	in euros	3,850	1,258,565.00	2.41
JDE PEET'S BV	in euros	36,190	1,305,735.20	2.50
TOTAL NETHERLANDS			3,880,010.20	7.43
UNITED KINGDOM				
KINGFISHER PLC NEW	GBP	535,000	1,299,537.95	2.49
PRUDENTIAL PLC	GBP	89,000	1,193,030.80	2.28
RSA INSURANCE GROUP PLC	GBP	268,000	1,208,211.22	2.31
SPECTRIS PLC	GBP	46,200	1,283,333.33	2.46

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
VODAFONE GROUP PLC	GBP	820,000	1,162,433.44	2.23
WEIR GROUP (THE)	GBP	89,000	1,041,270.63	1.99
TOTAL UNITED KINGDOM			7,187,817.37	13.76
SWEDEN				
AUTOLIV SWED.DEPOSIT.RECEIPTS	SEK	21,500	1,232,798.17	2.36
HENNES AND MAURITZ B	SEK	92,000	1,186,926.61	2.27
SWEDBANK AB	SEK	111,000	1,266,571.10	2.43
TOTAL SWEDEN			3,686,295.88	7.06
SWITZERLAND				
ADECCO GROUP AG-REG	CHF	28,600	1,194,790.70	2.29
CREDIT SUISSE GROUP	CHF	145,000	1,334,940.10	2.55
LAFARGEHOLCIM LTD	in euros	32,500	1,253,525.00	2.40
NESTLE NOM.	CHF	13,000	1,279,417.43	2.45
ROCHE HOLDING	CHF	4,000	1,221,517.50	2.34
TOTAL SWITZERLAND			6,284,190.73	12.03
TOTAL equities and similar securities traded on a regulated or equivalent market			49,390,802.76	94.57
TOTAL Equities and similar securities			49,390,802.76	94.57
Undertakings for collective investment	in euros	829	1,650,107.92	3.16
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
LAZARD EURO SHORT TERM MONEY MARKET				
TOTAL FRANCE			1,650,107.92	3.16
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			1,650,107.92	3.16
TOTAL Undertakings for collective investment			1,650,107.92	3.16
Receivables			125,416.84	0.24
Liabilities			-59,975.61	-0.11
Financial accounts			1,116,491.70	2.14
Net assets			52,222,843.61	100.00

LAZARD ALPHA EUROPE "A"	in euros	97,934.120	473.70
LAZARD ALPHA EUROPE "R"	in euros	21,955.239	265.59

LAZARD ALPHA EUROPE
French open-end investment company
(Société d'Investissement à Capital Variable)
Registered office: 121, Boulevard Haussmann, 75008 Paris, France
Paris Trade and Companies Register 377 963 178

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

FINANCIAL YEAR ENDED JUNE 30TH, 2020

Second resolution

The Shareholders' Meeting approves the distributable income for the financial year, which amounts to:
€592 447,67 distributable amount pertaining to net income;
€-3 946 859,42 distributable amount pertaining to net capital gains and losses.

and decides that they shall be allocated as follows:

1. Distributable amount relating to net income

€ 592 447,67 to the share capital pursuant to Article 27 of the company's articles of association

2. Distributable income relating to net capital gains and losses €-3 946 859,42 Accumulation

For information: There were no dividends paid over the last five years.

Year ended:	Amount per unit/share
2018-2019	no dividend was distributed
2017-2018	no dividend was distributed
2016-2017	no dividend was distributed
2015-2016	no dividend was distributed
2014-2015	no dividend was distributed