

**French open-end
investment fund
(SICAV)**

**LAZARD SMALL CAPS
EURO SRI**

ANNUAL REPORT

at September 30th, 2022

Management company: Lazard Frères Gestion SAS

Custodian: Lazard Frères Banque

Statutory auditor: Deloitte & Associés

CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	10
3. Management report	13
4. Regulatory information	17
5. Certification by the Statutory Auditor	24
6. Annual financial statements	31

I. CHARACTERISTICS OF THE UCI

LEGAL FORM

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

CLASSIFICATION

Eurozone country equities.

ALLOCATION OF DISTRIBUTABLE INCOME

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account. Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the UCI'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.

Allocation of distributable income

I, R and T shares

The allocation of distributable income is decided each year by the Shareholders' Meeting. It may pay interim dividends.

INVESTMENT OBJECTIVE

The investment objective is to achieve, through a Socially Responsible Investment (SRI) management approach, a performance net of fees that exceeds that of the following benchmark over the recommended investment period of five years: Emix Smaller Euro. The benchmark index is expressed in euros. Net dividends or coupons are reinvested.

BENCHMARK INDEX

Emix Smaller Euro

The Emix Smaller Euro index is an index of Eurozone companies, weighted by capitalisation and free float.

Data are available at: <https://ihsmarkit.com/emix>

Bloomberg code: JCSCELEN Index

INVESTMENT STRATEGY

I. 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:

- A best-in-universe approach that consists in favouring the issuers with the best non-financial ratings, irrespective of their business sector;
- 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 within the Eurozone but with no other geographical or sectoral restrictions.

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. small and mid-caps from the Eurozone.

The minimum degree of exposure to the Eurozone equity markets is 75% of the SICAV's net assets.

ESG analysis and selection

ESG (environmental, social and governance) analysis is based on a proprietary model shared by the teams in charge of financial management in the form of an internal ESG grid. Based on the various data provided by our ESG partners (non-financial analysis agencies, external service providers, etc.), annual reports and reports on the corporate social responsibility (CSR) of each company and direct exchanges with them, the analysts responsible for monitoring each stock draw up an internal ESG rating based on both a quantitative (energy intensity, staff turnover rate, board independence rate, etc.) and qualitative approach (environmental policy, employment strategy, competence of directors, etc.). This ESG rating takes into account the companies' main negative impacts in terms of sustainability, or Principal Adverse Impacts (carbon emissions, energy consumption, water consumption, waste production) and the risks likely to affect their own sustainability, or Sustainability Risks (regulatory and physical risks, reputational risk through, among other factors, monitoring of controversies).

The information relating to the main negative impacts on the sustainability factors is published in the periodic SFDR reports of the UCI, available on the website of the management company.

Each E, S and G pillar is rated from 1 to 5 (5 being the best rating) based on around ten relevant key indicators per pillar (energy intensity, staff turnover rate, board independence rate, etc.). The company's overall ESG score summarises the scores for each pillar according to the following weighting: 30% for Environment and Social and 40% for Governance.

SRI management

The UCI promotes environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088, the so-called "SFDR".

The UCI is managed in accordance with the principles of the SRI label defined by the French Ministry of the Economy and Finance. The inclusion of ESG criteria influences the analysis of companies held in the portfolio, stock picking and weighting.

In order to meet the SRI label management criteria, the analyst-managers ensure that the fund's ESG rating is higher than the average of the 80% best-rated companies in its SRI investment universe. If this rule is no longer complied with, then the managers would have a period of 6 months to bring the SICAV back into compliance.

For the sake of integrity and objectivity, the ratings used for SRI management are obtained with the support of an independent external partner specialising in non-financial ratings of small and mid cap companies.

A company's ESG rating is based on an absolute rating scale of 0 to 100, with 100 being the highest score. The ratings used for management purposes correspond to four pillars:

- The Corporate Governance pillar:
Composition of governance bodies
Operation of governance bodies
CSR policy, non-financial issues and implementation of the Non-Financial Performance Statement (NFPS)
- The Social pillar:
Working conditions
Health and safety
- The Environment pillar:
Environmental policy and management system

- The External Stakeholders pillar:
Relations with suppliers
Relations with clients, civil society and product liability

The methodology used to calculate ESG ratings can be found in the Transparency Code published on the management company's website.

The fund's SRI investment universe consists of the companies covered by our external partner that are listed in the Eurozone and whose capitalisation is between €100m and €2bn.

The proportion of issuers covered by an ESG analysis in the portfolio must be at least 90%, excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis, and social impact assets (which are therefore capped at 10% of total assets).

In order to assess the ESG performance of each issuer, the following impact indicators are reported on at least once a year:

- Environmental performance:
Carbon intensity of the portfolio, expressed in tonnes of CO2 equivalent per €m of revenue
- Social performance:
Existence of profit-sharing schemes other than those provided for by law (incentive plans, group retirement savings plans (PERCO), employee share ownership)
- Human rights performance:
Signatory to the United Nations Global Compact
- Governance performance:
Formalisation of a business conduct and anti-corruption policy

In addition, within the framework of the Label Relance, two investment rules supplement the investment policy indicated below:

- At least 30% of the SICAV's assets will be invested in equity instruments issued by companies whose registered office is located in France.
- At least 10% of the SICAV's assets will be invested in equity instruments issued by listed or unlisted French VSEs, SMEs or mid-caps.

The analyst-managers also undertake to exclude companies involved in coal-related activities from the SICAV's portfolio.

Regulation (EU) 2020/852, known as the "Taxonomy Regulation"

The European Union Taxonomy aims to identify economic activities that are considered environmentally sustainable. The Taxonomy identifies these activities according to their contribution to six broad environmental objectives:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to the circular economy (waste, prevention and recycling),
- Pollution prevention and control,
- Protection of healthy ecosystems.

To be considered sustainable, an economic activity must demonstrate that it contributes substantially to the achievement of one of the six objectives, while not harming any of the other five (the so-called DNSH principle, standing for "Do No Significant Harm"). In order for an activity to be considered aligned with the European Taxonomy, it must also respect the human and social rights guaranteed under international law.

The "Do No Significant Harm" principle applies only to investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

The minimum percentage of alignment with the European Union Taxonomy is 0%.

2. Assets excluding derivatives

Equities:

Eurozone small and mid caps.

Delisted stocks (to a maximum of 5% of net assets).

Debt securities and instruments:

French and foreign negotiable debt securities (mainly French and US treasury bills and BTAN medium-term treasury notes).

UCIs:

The manager may invest up to a maximum of 10% in UCITS-compliant or alternative investment funds.

These UCIs may be managed by the management company.

The SICAV is an eligible investment for a French equity savings plan (PEA) and therefore maintains a minimum of 75% of the assets as PEA eligible securities.

3. Derivatives

- Types of markets:

- ☒ regulated
- ☒ organised
- ☒ OTC

- The manager intends to seek exposure to:

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

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

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

- Types of instruments used:

☒ **futures:**

- ☒ equity and equity index
- ☐ interest rate
- ☐ currency
- ☐ other

☒ **options:**

- ☒ equity and equity index
- ☐ interest rate
- ☐ currency
- ☐ other

☐ **swaps:**

- ☐ equity swaps
- ☐ interest rate swaps
- ☐ currency swaps
- ☐ performance swaps

- ☐ currency forwards
- ☐ credit derivatives
- ☐ other type

- Derivatives strategy to achieve the investment objective:

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

4. Securities with embedded derivatives

The acquisition of these securities is not part of the SICAV's strategy. Nevertheless, the manager may invest in any securities with embedded derivatives permitted under the management company's business plan, notably warrants, certificates or rights acquired following transactions involving the portfolio securities.

5. Deposits

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

6. Cash borrowings

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

7. Temporary purchases and sales of securities

None.

8. Information on financial guarantees

In 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

There is no guarantee of the UCI's performance or protection of capital. As such, the investor may not get back the full amount of the initial investment during redemption.

▪ Risk associated with discretionary management

Discretionary management is based on anticipating market trends. The UCI's performance depends on both the securities and UCIs that the portfolio manager chooses and on the portfolio manager's allocation of assets. There is therefore a risk that the manager will not select the best performing securities and that the asset allocation is not optimal.

▪ Equity risk

Share price fluctuations may have a negative impact on the UCI's net asset value. The UCI's net asset value may decrease during periods in which the equity markets are falling.

▪ Market capitalisation risk

The volume of small- and mid-cap stocks traded on the stock market is lower than that of large caps, which means they can be more significantly impacted by market movements than large caps. The UCI's net asset value may decline quickly and sharply.

▪ Liquidity risk

The risk that a financial market cannot absorb transaction volumes due to trading volumes being too low or pressure on the markets. Such a situation may impact the pricing or timing when the UCI liquidates, initiates or modifies positions and thus cause a decline in the UCI's net asset value.

▪ Counterparty risk:

This is a risk associated with the use of OTC forward financial instruments. An operation of this type with one or more counterparties potentially exposes the UCI to a risk of insolvency of one or more of these counterparties, which could lead to default on payment and cause a decrease in the UCI's net asset value.

▪ **Interest rate risk**

The risk of a decline in debt instruments as a result of changes in interest rates. This risk is measured by the level of sensitivity. For instance, bond prices tend to move in the opposite direction to interest rates. The net asset value may decline during periods when there is an increase (positive sensitivity) or decrease (negative sensitivity) in interest rates.

▪ **Derivative financial instrument risk**

The risk arising from the UCI's use of forward financial instruments (derivatives), which may lead to a bigger decrease in the net asset value than on the markets or in the underlying assets in which the UCI has invested.

▪ **Sustainability risk**

Any environmental, social or governance event or situation that, if it occurs, could have an actual or potential negative impact on the value of the investment. Specifically, the negative effects of sustainability risks can affect issuers via a range of mechanisms, including: 1) lower revenues; 2) higher costs; 3) damage or impairment of asset value; 4) higher cost of capital; and 5) fines or regulatory risks. Due to the nature of sustainability risks and specific issues such as climate change, the likelihood of sustainability risks impacting returns on financial products is likely to increase in the longer term.

▪ **ESG investment risk and methodological limitations**

Non-financial criteria can be integrated into the investment process using data provided by external providers or directly reported by our analysts, notably in our proprietary ESG analysis grid. Data may be incomplete or inaccurate due to the lack of international standards or systematic verification by external third parties. It can be difficult to compare data because issuers do not necessarily publish the same indicators. The unavailability of data may also force management not to include an issuer in the portfolio. The management company may therefore exclude securities of certain issuers for non-financial reasons, regardless of market opportunities.

GUARANTEE OR PROTECTION

None.

ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE

I and R shares: all subscribers.

* T shares – Authorised investors and minimum subscription amount:

- No minimum subscription amount for (i) UCIs managed by the management company or (ii) the management company in the context of proprietary investment;
- No minimum subscription amount for (i) investors subject to MiFID II (solely and exclusively in the context of their independent advisory activities or the provision of third-party investment management services) or (ii) investors that do not receive retrocession payments on their activities in foreign countries that are not subject to this directive, subject to the prior agreement of the management company;
- An initial minimum subscription amount of €500.000 for all other investors.

The instruments and strategies used are that of an aggressive investment profile. The SICAV 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 UCI.

Information on Russian and Belarusian investors

In accordance with the provisions of EU Regulation No. 833/2014 as amended by EU Regulation No. 2022/328 and EC Regulation No. 765/2006 as amended by Regulation (EU) No. 2022/398, the subscription of units or shares in this UCI is prohibited to any Russian or Belarusian national, any natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State and to natural persons holding a temporary or permanent residence permit in a Member State of the European Union. This prohibition shall remain in effect for as long as the Regulations are in force.

Information on US investors:

The UCI is not registered as an investment vehicle in the United States and its units 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 UCI 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 UCI 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 UCI 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.

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

2. CHANGES AFFECTING THE UCI

The Board of Directors of **LAZARD SMALL CAPS EURO SRI** (ISIN code: FR0000174310), which met on November 3rd, 2021, decided to change the wording regarding the performance fee, pursuant to an AMF position recommendation.

➤ **Effective date: 16/03/2022.**

The Chairman of Lazard Frères Gestion SAS made the following decisions in relation to the SICAV **LAZARD SMALL CAPS EURO SRI** (ISIN code: FR0000174310):

- Insertion of information on Russian and Belarusian investors;
- Regulations / Articles of Association: Deletion of the optional mention of a cap on redemptions ("Gates");
- Subscription and redemption orders are accepted in units and/or in amounts (as the case may be).

➤ **Effective date: 20/06/2022.**

Corporate governance (CSR) section

I. List of appointments

Directors' names	Number of offices held	List of offices and functions
Sylvain Mortera	3	<ul style="list-style-type: none"> - Chairman of the Board of Directors of the Lazard Small Caps Euro SRI SICAV - Director of: <ul style="list-style-type: none"> . Lazard Convertible Global . Sicav Amundi Oblig Internationales
François de Saint-Pierre <i>Managing Director of Lazard Frères Gestion SAS</i>	5	<ul style="list-style-type: none"> - Chairman of the Board of Directors of the SICAV Objectif Monde - Chairman and Chief Executive Officer of Objectif Gestion Mondiale - Member of the Boards of Directors of the SICAVs: <ul style="list-style-type: none"> . Lazard Small Caps Euro SRI . Lazard Equity SRI . T3SO
François-Marc Durand <i>Chairman of Lazard Frères Gestion SAS</i>	4	<ul style="list-style-type: none"> - Chairman and Chief Executive Officer of the Norden SRI SICAV - Member of the Boards of Directors of the SICAVs: <ul style="list-style-type: none"> . Lazard Small Caps Euro SRI . Lazard Funds . Lazard Alpha Allocation
Monica Nescaut <i>Managing Director of Lazard Frères Gestion SAS</i>	5	<ul style="list-style-type: none"> - Member of the Boards of Directors of the SICAVs: <ul style="list-style-type: none"> . Lazard Small Caps Euro SRI . Lazard Funds . Norden SRI . Lazard Equity SRI . Lazard Convertible Global
Jean-Jacques de Gournay <i>Managing Director of Lazard Frères Gestion SAS</i>	5	<ul style="list-style-type: none"> - Chairman and Chief Executive Officer of the Norden Family SICAV - Member of the Boards of Directors of the SICAVs: <ul style="list-style-type: none"> . Lazard Small Caps Euro SRI . Lazard Equity SRI . Lazard Funds . Lazard Convertible Global

II. Directors' fees

Members of the Board of Directors	Directors' fees paid by the SICAV
Sylvain Mortera	€. 7.623
François de Saint-Pierre <i>Managing Director of Lazard Frères Gestion SAS</i>	0
François-Marc Durand <i>Chairman of Lazard Frères Gestion SAS</i>	0
Monica Nescaut <i>Managing Director of Lazard Frères Gestion SAS</i>	0
Lazard Frères Gestion SAS represented by Régis Bégué	0
Jean-Jacques de Gournay <i>Managing Director of Lazard Frères Gestion SAS</i>	0
SMAVie BTP	€. 1.525
La Mondiale	€. 1.525
Caisse Centrale de Réassurance – CCR	€. 1 525
B2V Gestion (<i>Non-voting member</i>)	€. 1.525

III. Agreements covered by Article L. 225-37-4 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 September 30th, 2022.

IV. Table of currently valid delegations of powers granted by the Shareholders' Meeting, as stipulated in Article L. 225-37-4 para.3 of the French Commercial Code

No delegation of authority pursuant to Article L. 225-37-4 para.3 of the French Commercial Code was granted or was ongoing during the financial year ended September 30th, 2022.

V. Method of operation of the general management

The Board of Directors decided to separate the functions of Chairman of the Board of Directors from that of Chief Executive Officer.

3. MANAGEMENT REPORT

PERFORMANCE

❖ I shares

The net asset value of €960,19 on September 30th, 2021 decreased to €712,23 on September 30th, 2022, a decrease of -25,82%.

❖ R shares

The net asset value of €1 811,52 on September 30th, 2021 decreased to €1 339,01 on September 30th, 2022, a decrease of -26,08%.

❖ T shares

The net asset value of €211,86 on September 30th, 2021 decreased to €157,55 on September 30th, 2022, a decrease of -25,63%.

The performance of the EMIX Smaller Euroland index over the period was: -25,93 %.

ECONOMIC ENVIRONMENT

Economy

The outlook has become more clouded in recent months. The war in Ukraine and its impact on commodities is a major shock in a world where the issue of inflation has taken centre stage. Initially seen as the temporary consequence of an exceptional economic recovery due to the reopening of post-lockdown economies and thanks to significant support measures, inflation is higher than expected and seems to become more permanent. This has led to a clear shift in the stance of central banks, which are making the fight against inflation a priority.

Inflation has risen sharply around the world, on top of the increase in commodity and goods prices affected by supply issues and the pandemic. At the same time, unemployment rates have fallen sharply and labour shortages have emerged, putting upward pressure on wages, particularly in the United States, raising fears of a price-wage loop.

This environment of high inflation has led central banks to tighten their monetary policy. Russia's invasion of Ukraine caused major disruption to the global economy, and particularly to the Eurozone where the reduction in Russian gas flows in the summer of 2022 led to a surge in energy prices, increasing the risk of a recession in the short term.

In the US, GDP was up by +1,8% year-on-year in Q2 2022 and by +3,5% from its Q4 2019 level. 5,7 million jobs were created in the last twelve months, bringing total employment to 153.0 million, compared with 152.5 million before the crisis. The unemployment rate fell from 4,7% to 3,5% and the ratio between job offers and job applications increased from 1,5 to 1,8. Hourly wages increased by +5,8% year-on-year. Year-on-year inflation accelerated from +5,4% to +8,3% and from +4,0% to +6,3% excluding food and energy. In November, the US Congress adopted a \$1,200 billion infrastructure investment plan.

The Fed raised its key interest rate by 300 basis points to a band of 3,00-3,25% in five moves: +25 basis points in March, +50 basis points in May, +75 basis points in June, +75 basis points in July and +75 basis points in September. In November 2021, the Fed announced that it would slow down its asset purchases by \$15 billion a month. This pace was doubled in December. In May, the Fed announced it would begin to reduce its balance sheet from June, at a maximum pace of \$47.5 billion per month and then \$95 billion from September.

In the Eurozone, GDP was up +4,1% year-on-year in Q2 2022 and up +1,8% from its Q4 2019 level. In the four largest economies, GDP grew by +1,7% year-on-year in Germany, +4,2% in France, +5,0% in Italy and +6,8% in Spain. The Eurozone unemployment rate fell from 8,1% to 6,6%. Year-on-year inflation accelerated from +3,4% to +10,0% and from +1,9% to +4,8% excluding food and energy. In the face of the energy shock, European governments stepped up their support measures, for an estimated amount of €280 billion.

In Germany, Olaf Scholz was elected Chancellor on December 8th, 2021. A coalition government consisting of the Social Democratic Party, the Greens and the Liberals was formed. In France, Emmanuel Macron was re-elected president on April 24th 2022. The general elections resulted in a relative majority for the presidential party in the National Assembly. In Italy, the right-wing coalition secured a clear victory in the general elections on September 25th, 2022. The far-right Brothers of Italy party, led by Giorgia Meloni, achieved the best score with more than a quarter of the votes.

The ECB hiked its interest rates by 125 basis points in two moves: +50 basis points in July and +75 basis points in September. The deposit rate was raised from -0.50% to 0.75%, the refinancing rate from 0% to 1.25% and the marginal lending facility from 0.25% to 1.50%. In December 2021, the ECB announced that it would slow down its asset purchases in the first quarter of 2022 and that the Pandemic Emergency Purchase Programme (PEPP) would end in March 2022. In March, the ECB announced the end of the PEPP programme and a reduction in the amount of purchases under the Asset Purchase Programme (APP), while indicating that the APP could end in the third quarter of 2022. In June 2022, the ECB announced the end of the APP programme and pre-announced a rate hike for July. In July, the ECB approved the creation of a new mechanism (Transmission Protection Mechanism) that could be activated if credit spreads soar, subject to certain conditions.

In China, GDP was up by +0,4% year-on-year in Q2 2022 and by 2,6% quarter-on-quarter, against the backdrop of a continued zero-Covid policy and a slowdown in the property market. The urban unemployment rate rose from 4,9% to 5,3%. Year-on-year inflation rose from +0,7% to +2,5% in headline terms and fell from +1,2% to +0,9% excluding food and energy. The Chinese central bank cut its key interest rate by 10 basis points, bringing the 1-year refinancing rate to 2,75%. The reserve requirement ratio for the largest banks was lowered by 75 basis points to 11,25%. In March, the government announced a growth target of “around 5,5%” in 2022. In April, Xi Jinping called for every effort to be made to strengthen infrastructure construction.

Markets

Equity markets have fallen sharply over the past twelve months: -16,8% for the S&P 500 in dollars, -19,6% for the Euro Stoxx in euros, -9,6% for the Topix in yen and -30,1% for the MSCI Emerging Markets Index in dollars.

In the fourth quarter, equities benefited from pleasant surprises in corporate earnings releases and reassuring news about the Omicron variant.

The environment became more challenging in the first quarter with the prospect of further monetary tightening by central banks, the outbreak of war between Russia and Ukraine and soaring commodity prices, causing a sharp drop.

The decline intensified in the second quarter as central banks' monetary policy tightening, lockdowns in China and reduced Russian gas supplies to Europe fuelled fears of recession.

Equity markets then rose sharply at the start of the third quarter, supported by the view that the central bank tightening cycle was nearing its end. This idea was eventually undermined by central bankers' speeches at their annual meeting in Jackson Hole, indicating that further rate hikes would be needed to curb inflation. This heightened fears of a recession and sent equity markets tumbling.

The context of very high inflation and the adoption of more restrictive measures or statements by central banks led to major pressure on sovereign yields. The US 10-year Treasury yield rose from 1,49% to 3,83%, with a low of 1,34% on December 3rd, 2021. The German 10-year yield rose from -0,20% to 2,11% with a low of -0,39% on December 6th, 2021.

Credit spreads on European corporate issuers widened in the Investment Grade and High Yield segments. According to the ICE Bank of America indices, the former rose from 85bp to 210bp and the latter from 304bp to 625bp.

On the foreign exchange market, the euro depreciated by 15,4% against the dollar and by 10,3% against the Swiss franc. It appreciated by 10,1% against the yen and by 2,1% against the pound sterling. Emerging currencies depreciated on average by 12,3% against the dollar, according to the JPMorgan index.

The S&P GSCI commodity price index rose by 9,0% over the last twelve months. The price of a barrel of Brent crude oil rose from \$79 to \$86 with a peak of \$134 in early August.

MANAGEMENT POLICY

The net asset value of Lazard Small Caps Euro SRI (1 shares) fell by 25,82% in the financial year ended September 30th, 2022. By way of comparison, the EMIX Smaller Euroland index fell by 25,93%, while the Euro Stoxx index (representing large caps) limited its decline to 17,64% over the same period. The SICAV's volatility was 15,9% over the last financial year and 20,8% over three years, calculated on a weekly basis. The average proportion of investments in securities over the year was 98,46%.

2021 was marked by a rise in the main equity indices, with the Euro Stoxx index up 22,7%. The increase was driven by a broad-based economic recovery supported by more resilient than expected final demand and gradually less restrictive health measures, thanks to the introduction of Covid-19 vaccines in late 2020.

2022 saw a number of new challenges for companies and markets, partly linked to the post-Covid recovery. The global supply chain, on which most companies depend to some extent, has not regained its pre-crisis fluidity and reliability. This has led to problems with the availability of certain components and raw materials, as well as higher prices overall. The scale of the recovery generally had an inflationary effect that became very visible during the first half of the year. The geopolitical situation, and in particular the war in Ukraine, only made this situation worse. Central banks responded by starting a cycle of rate hikes.

In this context, the markets are now questioning the ability of central banks to control this inflation and the likelihood of achieving it through a soft landing without causing a recession. Against a backdrop of macroeconomic uncertainty, the 22,2% fall in the Euro Stoxx index since the beginning of the year is therefore not a surprise. Lazard Small Caps Euro SRI has declined 27.7% since the beginning of the year, a level broadly similar to the 28,0% decline recorded by the EMIX Smaller Euroland index. The more pronounced decline in small and mid caps seems to be mainly explained by a general trend towards risk reduction, which is traditionally negative for small caps.

Despite these macroeconomic uncertainties, the results published by the portfolio companies during the year confirmed a scenario of moderate earnings growth for 2022, despite the inflationary impacts and disruptions to the supply chains that emerged in the second half of 2021. In the vast majority of cases, the portfolio companies did not see a downturn in final demand and managed to pass on the price increases needed to offset cost inflation, sometimes with a slight lag, thereby preserving or even improving their margins.

Many of our portfolio holdings showed significant gains during the year. Italian company Prima Industrie (+38%) rose after the acquisition of more than 50% of its capital by investment funds, which is expected to be followed in the coming months by the launch of a public offering. Altri (+36%) is the portfolio company that benefited most directly from inflation (despite higher gas-related costs), through the price of BEKP pulp, its main product. Ipsos (+19%) recorded solid growth in its results for the 2021 financial year and the first half of 2022, as did Ordina (+20%) and Spie (+13%).

Conversely, the German group Norma (-61%) recorded the largest decline in the portfolio, due to a mismatch between cost increases and price increases and the delayed implementation of an industrial reorganisation plan. Biesse (-57%) was hurt by the first signs of a cyclical slowdown in its order intake, while De'Longhi (-50%), which had benefited from very strong demand during the pandemic, now faces a more demanding basis for comparison. Exel Industries (-55%) and Amadeus Fire (-52%) were also among the main negative contributors during the period.

Between September 30th, 2021 and September 30th, 2022, we initiated two new positions in the portfolio, taking advantage of attractive valuation levels: the first in Sabaf, an Italian manufacturer of burners and valves for gas stoves, which in recent years has developed activities in electronics and more recently in induction (still intended for the household appliance industry); the second in Piovani, an Italian family-owned group that produces a whole range of equipment (food and transport, metering equipment, thermoregulation, etc.) for plastic and food production chains. In return for these purchases, we sold our positions in Draegerwerk, ahead of the expected disappearance of the exceptional demand created by the Covid-19 pandemic, and in LPKF, due to governance and valuation changes. We also sold the Greenvolt Energias Renovaveis shares that we had again received as Altri shareholders, distributed after their subsidiary's IPO last year.

For the future, we will continue to apply the same methodology to managing the portfolio: Lazard Small Caps Euro SRI will continue to consist of stocks selected for the quality of their business models, their high recurring returns and their attractive valuations. We will stay away from fashionable phenomena and avoid investing in companies whose valuation level does not allow us to envisage a high return on investment over time. 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.

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
AMUNDI EURO LIQUIDITY SRI IC	96 724 984,44	116 814 748,13
IPSOS		25 873 758,54
STO AG VORZ.		15 106 933,35
SOPRA STERIA		13 586 307,12
SPIE SA		11 929 654,50
TAKKT AG		10 540 270,07
ALTEN		8 159 126,78
INTERPUMP GROUP		6 760 872,14
MAYR-MELNHOF KARTON		6 143 667,87
DE LONGHI SPA		6 115 387,10

4. REGULATORY INFORMATION

EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES AND DERIVATIVE FINANCIAL INSTRUMENTS (ESMA) IN EUROS

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

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

d) Operating income and expenses related to efficient management techniques

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

(*) Income on securities lending and repurchase agreements

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.

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.

DISCLOSURE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) 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.

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

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 non-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.

SFDR AND TAXONOMY

Article 8 (SFDR) :

The UCI promotes environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088, the so-called “SFDR”.

Report on non-financial performance:

As of 30/09/2022, in accordance with the asset management company's rating criteria, the portfolio's overall rating was 63,5854 on a scale of 0 to 100. It was 56,7016 at the start date of the calculation.

Over the measured period, the portfolio's average ESG rating varied between 56,7016 and 63,5854. It remained higher than that of its universe.

Reminder of the investment objective of promoting ESG criteria:

Information on Environmental, Social and Corporate governance (ESG) criteria, as well as the screening procedure for non-financial criteria, is available on the management company's website (www.lazardfreresgestion.fr).

The UCI is managed in accordance with the principles of the SRI label defined by the French Ministry of Economy and Finance. The inclusion of environmental, social and governance (ESG) criteria influences the analysis of companies held in the portfolio, stock picking and weighting.

In order to meet the SRI label management criteria, the analyst-managers ensure that the fund's ESG rating is higher than the average of the 80% best-rated companies in its SRI investment universe. If this rule is no longer complied with, then the managers would have a period of 6 months to bring the SICAV back into compliance.

For the sake of integrity and objectivity, the ratings used for SRI management are obtained with the support of an independent external partner specialising in non-financial ratings of small and mid cap companies.

A company's ESG rating is based on an absolute rating scale of 0 to 100, with 100 being the highest score. The ratings

used for management purposes correspond to four pillars:

- The Corporate Governance pillar:

Composition of governance bodies

Operation of governance bodies

CSR policy, non-financial issues and implementation of the Non-Financial Performance Statement (NFPS)

- The Social pillar:

Working conditions

Health and safety

- The Environment pillar:

Environmental policy and management system

- The External Stakeholders pillar:

Relations with suppliers

Relations with clients, civil society and product liability

The methodology used to calculate ESG ratings can be found in the Transparency Code published on the management company's website.

The fund's SRI investment universe consists of the companies covered by our external partner that are listed in the Eurozone and whose capitalisation is between €100m and €2bn.

The proportion of issuers covered by an ESG analysis in the portfolio must be at least 90%, excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis, and social impact assets (which are therefore capped at 10% of total assets).

In order to assess the ESG performance of each issuer, the following impact indicators are reported on at least once a year:

- Environmental performance:

Carbon intensity of the portfolio, expressed in tonnes of CO₂ equivalent per €m of revenue

- Social performance:

Commitment to the promotion of social dialogue

- Human rights performance:

Signatory to the United Nations Global Compact

- Governance performance:

Formalisation of a business conduct and anti-corruption policy

In addition, within the framework of the Label Relance, two investment rules supplement the investment policy indicated below:

- At least 30% of the SICAV's assets will be invested in equity instruments issued by companies whose registered office is located in France.

- At least 10% of the SICAV's assets will be invested in equity instruments issued by listed or unlisted French VSEs, SMEs or mid-caps.

The analyst-managers also undertake to exclude companies involved in coal-related activities from the SICAV's portfolio.

Regulation (EU) 2020/852, known as the "Taxonomy Regulation"

The European Union Taxonomy aims to identify economic activities that are considered environmentally sustainable. The Taxonomy identifies these activities according to their contribution to six broad environmental objectives:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to the circular economy (waste, prevention and recycling),
- Pollution prevention and control,
- Prevention and control of healthy ecosystems.

To be considered sustainable, an economic activity must demonstrate that it contributes substantially to the achievement of one of the six objectives, while not harming any of the other five (the so-called DNSH principle, standing for "Do No Significant Harm"). In order for an activity to be considered aligned with the European Taxonomy, it must also respect the human and social rights guaranteed under international law.

The "Do No Significant Harm" principle applies only to investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

The minimum percentage of alignment with the European Union Taxonomy is 0%.

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: 89,76%.

INFORMATION ON DISTRIBUTED INCOME ELIGIBLE FOR THE 40% ALLOWANCE

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, 2021 by the management company to its personnel, in proportion to their investment in the management of the UCITS, excluding the management of the AIFs and discretionary mandates, can be obtained on request by post from the legal department of Lazard Frères Gestion, and are included 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 into account the results of Lazard Frères Gestion.

The total amount of variable compensation should not hinder the ability of the Lazard Group and Lazard Frères Gestion to strengthen their capital base as needed.

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 and conflicts of interest 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.

The remuneration policy is reviewed annually.

Each year, Lazard Frères Gestion's Remuneration Policy Compliance Monitoring Committee, which also has two members independent from the management company, is responsible for issuing an opinion on the proper application of the remuneration policy and its compliance with applicable regulations.

Population at 31/12/2021: Fixed-term and permanent contracts at LFG, LFG Luxembourg and LFG Belgique (i.e. excluding interns and trainees and excluding LFG Courtage)

Headcount at 31/12/2021 LFG - LFG Belgique - LFG Luxembourg	Fixed annual remuneration 2021 in €	Variable remuneration for 2021 (cash paid in 2022 and deferred compensation allocated in 2022) in €
191	18 442 291	41 071 107

"Identified employees"

Category	Number of employees	2021 aggregate fixed and variable remuneration (annual salaries and cash and deferred bonuses)
Senior management	3	6 464 457
Other	64	40 095 707
Total	67	46 560 164

Note: the amounts are stated excluding charges

OTHER INFORMATION

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

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

www.lazardfreresgestion.fr

5. CERTIFICATION BY THE STATUTORY AUDITOR



Deloitte & Associés
6 place de la Pyramide
92908 Paris La Défense, Cedex
France
Telephone: + 33 (0)1 40 88 28 00
www.deloitte.fr

Postal address:
TSA 20303
92030 Paris La Défense Cedex
France

LAZARD SMALL CAPS EURO SRI

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

10 avenue Percier
75008 Paris, France

Statutory Auditor's report on the annual financial statements

Financial year ended September 30th, 2022

To the Shareholders' Meeting,

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 SMALL CAPS EURO SRI, incorporated as a French open-end investment company (SICAV), for the financial year ended September 30th, 2022.

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.

Opinion on the annual financial statements

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 set out in the French Commercial Code and the code of ethics for statutory auditors, for the period from October 1st, 2021 to the date of issue of our report.

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 presentation of all 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 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'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 the management company's application of the accounting policy for a going concern and, based on the information collected, whether there is a significant uncertainty linked to events or circumstances that is likely to call into question the Fund'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, November 28th, 2022

The statutory auditor

Deloitte & Associés



Olivier GALIENNE



Deloitte & Associés
6 place de la Pyramide
92908 Paris La Défense, Cedex
France
Telephone: + 33 (0)1 40 88 28 00
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Postal address:
TSA 20303
92030 Paris La Défense Cedex
France

LAZARD SMALL CAPS EURO SRI

French open-end investment company with sub-funds (Société d'Investissement à Capital Variable à compartiments)

25, Rue de Courcelles
75008 Paris, France

Statutory Auditor's special report on regulated agreements

Shareholders' meeting to approve the financial statements for the financial year ended September 30th, 2022

To the Shareholders' Meeting,

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 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

Agreements entered into during the past financial year

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.

Paris La Défense, November 28th, 2022

The Statutory Auditor
Deloitte & Associés

A handwritten signature in black ink, appearing to be "O. GALIENNE", next to a blue checkmark icon.

Olivier GALIENNE

6. ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET AS AT

30/09/2022 in EUR

ASSETS

	30/09/2022	30/09/2021
NET NON-CURRENT ASSETS		
DEPOSITS		
FINANCIAL INSTRUMENTS	421 047 164,17	748 828 444,69
Equities and similar securities	420 356 011,29	724 330 730,46
Traded on a regulated or equivalent market	420 356 011,29	724 330 730,46
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	691 152,88	24 497 714,23
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	691 152,88	24 497 714,23
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	18 617,38	129 076,19
Currency forward exchange transactions		
Other	18 617,38	129 076,19
FINANCIAL ACCOUNTS	194 103,82	189 230,61
Cash and cash equivalents	194 103,82	189 230,61
TOTAL ASSETS	421 259 885,37	749 146 751,49

LIABILITIES AND SHAREHOLDERS' EQUITY

	30/09/2022	30/09/2021
SHAREHOLDERS' EQUITY		
Share capital	374 108 164,93	730 362 919,51
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)		
Net capital gains and losses for the year (a, b)	42 466 597,34	12 407 607,79
Net income for the year (a,b)	3 715 524,73	2 301 599,79
TOTAL SHAREHOLDERS' EQUITY*	420 290 287,00	745 072 127,09
<i>* Sum representing the net assets</i>		
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	969 598,37	4 074 624,40
Currency forward exchange transactions		
Other	969 598,37	4 074 624,40
FINANCIAL ACCOUNTS		
Bank overdrafts		
Borrowings		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	421 259 885,37	749 146 751,49

(a) Including accrued income

(b) Less interim dividends paid for the financial year

OFF-BALANCE SHEET ITEMS AS OF 30/09/2022 in euros

	30/09/2022	30/09/2021
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 AS OF 30/09/2022 in euros

	30/09/2022	30/09/2021
Income from financial transactions		
Income from deposits and financial accounts		
Income from equities and similar securities	14 529 054,65	14 920 906,87
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)	14 529 054,65	14 920 906,87
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	2 161,35	971,44
Other financial charges		
TOTAL (2)	2 161,35	971,44
INCOME FROM FINANCIAL TRANSACTIONS (1 - 2)	14 526 893,30	14 919 935,43
Other income (3)		
Management fees and depreciation and amortisation (4)	11 027 916,75	12 372 347,13
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	3 498 976,55	2 547 588,30
Income adjustment for the financial year (5)	216 548,18	-245 988,51
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	3 715 524,73	2 301 599,79

I. ACCOUNTING RULES AND PRINCIPLES

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

The general accounting principles apply:

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

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

Purchases and sales of securities are recorded excluding expenses.

The accounting currency of the portfolio is the euro.

The financial year comprises 12 months.

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 Fixed-rate treasury bills with annual interest (BTAN) - 18 months, 2 - 3 - 4 - 5 years	Main official rates of the countries concerned.

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

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

o **UCIs:**

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

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

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

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

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

o **Futures and options:**

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

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

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

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

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

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

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

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

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

Management fees

Management fees are calculated on each valuation day.

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

$$\frac{\text{Net assets} \times \text{operating and management fees rate}}{\frac{\text{x no. of days between the calculated NAV and the previous NAV}}{365 \text{ (or 366 in a leap year)}}}$$

The SICAV pays the operating fees, which include:

- . financial management;
- . administration and accounting;
- . custody services;
- . other operating fees;
- . statutory auditors' fees;
- . legal notices (Balo, Petites Affiches, etc.) if applicable.

These fees do not include transaction charges.

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

<i>Expenses charged to the SICAV</i>	<i>Basis</i>	<i>Rate</i>		
Financial management fees	Net assets	I shares: 1,83% incl. taxes Maximum rate R shares: 2,18% incl. taxes Maximum rate T shares: 1,43% incl. taxes Maximum rate		
Administrative fees external to the management company	Net assets	I, R and T shares: 0,02% incl. taxes Maximum rate		
Transaction fees (incl. taxes): (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	French equities	Up to 100 000 €	0.48%
			From €100 001 to €200 000	0.31%
			From €200 001 to €300 000	0.24%
			More than €300 000	0.17%
		Eurozone equities excluding France	Up to €100 000	0.72%
			From €100 001 to €200 000	0.47%
			From 200 001 to 300 000	0.36%
			More than €300 000	0.25%
		Fixed-income instruments		None
		Futures and other transactions		From €0 to €450 incl. tax per contract
Performance fees T shares	Net assets	20% of the Fund's outperformance relative to the benchmark index*		

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 (for T shares only):

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 Euromoney Smaller Euro (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 20% (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 from the creation of the T shares.

If the SICAV underperforms the benchmark fund between two net asset value dates, any provision previously recognised will be reversed. Amounts deducted from provisions may not exceed the amount previously accumulated.

This variable portion will only be definitively transferred to the management company at the end of the reference period if the SICAV outperforms the benchmark fund over the reference period.

These fees (fixed portion and variable portion, if any) are directly charged to the SICAV's income statement. Redemptions occurring during the life of the SICAV will give rise to the early payment of the corresponding portion of the variable fees.

Where redemptions occur, the performance provision will be adjusted pro rata to the amounts redeemed, and the reversed provision will revert to the management company.

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>Share(s)</i>	<i>Allocation of net income</i>	<i>Allocation of net realised capital gains or losses</i>
LAZARD SMALL CAPS EURO SRI I shares	Accumulation and/or Distribution and/or Retention as decided by the SICAV	Accumulation and/or Distribution and/or Retention as decided by the SICAV
LAZARD SMALL CAPS EURO SRI R shares	Accumulation and/or Distribution and/or Retention as decided by the SICAV	Accumulation and/or Distribution and/or Retention as decided by the SICAV
LAZARD SMALL CAPS EURO SRI T shares	Accumulation and/or Distribution and/or Retention as decided by the SICAV	Accumulation and/or Distribution and/or Retention as decided by the SICAV

2. CHANGE IN NET ASSETS AT 30/09/2022 in euros

	30/09/2022	30/09/2021
NET ASSETS AT START OF YEAR	745 072 127,09	490 923 203,18
Subscriptions (including subscription fees retained by the Fund)	82 135 968,46	200 638 388,98
Redemptions (net of redemption fees retained by the Fund)	-251 055 070,74	-155 348 382,37
Realised capital gains on deposits and financial instruments	55 012 692,38	12 919 488,14
Realised capital losses on deposits and financial instruments	-4 698 520,64	-146 476,02
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		-45,20
Transaction charges	-840 588,62	-651 061,79
Exchange rate differences		
Changes in valuation difference of deposits and financial instruments	-208 835 297,48	194 189 423,87
<i>Valuation difference for financial year N</i>	<i>-51 554 809,36</i>	<i>157 280 488,12</i>
<i>Valuation difference for financial year N-1</i>	<i>-157 280 488,12</i>	<i>36 908 935,75</i>
Changes in valuation difference of forward financial instruments		
<i>Valuation difference for financial year N</i>		
<i>Valuation difference for financial year N-1</i>		
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	3 498 976,55	2 547 588,30
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	420 290 287,00	745 072 127,09

3. ADDITIONAL INFORMATION

3.1. BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STATUS

	Amount	%
ASSETS		
BONDS AND SIMILAR SECURITIES		
TOTAL BONDS AND SIMILAR SECURITIES		
DEBT SECURITIES		
TOTAL DEBT SECURITIES		
LIABILITIES AND SHAREHOLDERS' EQUITY		
SALES OF FINANCIAL INSTRUMENTS		
TOTAL SALES OF FINANCIAL INSTRUMENTS		
OFF-BALANCE SHEET		
HEDGING TRANSACTIONS		
TOTAL HEDGING TRANSACTIONS		
OTHER TRANSACTIONS		
TOTAL OTHER TRANSACTIONS		

3.2. 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							194 103,82	0,05
LIABILITIES AND SHAREHOLDERS' EQUITY								
Temporary securities transactions								
Financial accounts								
OFF-BALANCE SHEET								
Hedging transactions								
Other transactions								

3.3. 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	194 103,82	0,05								
LIABILITIES AND SHAREHOLDERS' EQUITY										
Temporary securities transactions										
Financial accounts										
OFF-BALANCE SHEET										
Hedging transactions										
Other transactions										

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

3.4. BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY (EXCLUDING EUR)

	Currency 1		Currency 2		Currency 3		Currency N OTHER(S)	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Deposits								
Equities and similar securities								
Bonds and similar securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables								
Financial accounts								
LIABILITIES AND SHAREHOLDERS' EQUITY								
Sales of financial instruments								
Temporary securities transactions								
Liabilities								
Financial accounts								
OFF-BALANCE SHEET								
Hedging transactions								
Other transactions								

3.5. RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Debit/credit item	30/09/2022
RECEIVABLES		
	Deferred settlement sale	13 012,42
	Subscription receivables	5 604,96
TOTAL RECEIVABLES		18 617,38
LIABILITIES		
	Redemptions payable	189 358,20
	Fixed management fees	758 986,28
	Variable management fees	21 253,89
TOTAL LIABILITIES		969 598,37
TOTAL LIABILITIES AND RECEIVABLES		-950 980,99

3.6. SHAREHOLDERS' EQUITY

3.6.1. Number of securities issued or redeemed

	In equity	In amounts
LAZARD SMALL CAPS EURO SRI I shares		
Shares subscribed during the financial year	64 087,983	60 795 548,57
Shares redeemed during the financial year	-200 577,777	-184 298 908,94
Net balance of subscriptions/redemptions	-136 489,794	-123 503 360,37
Number of shares outstanding at the end of the financial year	504 625,664	
LAZARD SMALL CAPS EURO SRI R shares		
Shares subscribed during the financial year	4 269,141	7 090 345,79
Shares redeemed during the financial year	-13 307,717	-22 795 229,93
Net balance of subscriptions/redemptions	-9 038,576	-15 704 884,14
Number of shares outstanding at the end of the financial year	32 649,664	
LAZARD SMALL CAPS EURO SRI T shares		
Shares subscribed during the financial year	71 497,000	14 250 074,10
Shares redeemed during the financial year	-217 249,732	-43 960 931,87
Net balance of subscriptions/redemptions	-145 752,732	-29 710 857,77
Number of shares outstanding at the end of the financial year	108 914,495	

3.6.2. Subscription and/or redemption fees

	In amounts
LAZARD SMALL CAPS EURO SRI I shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
LAZARD SMALL CAPS EURO SRI R shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
LAZARD SMALL CAPS EURO SRI T shares	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	

3.7. MANAGEMENT FEES

	30/09/2022
LAZARD SMALL CAPS EURO SRI I shares	
Guarantee fees	
Fixed management fees	9 328 178,64
Percentage of fixed management fees	1,85
Provisioned variable management fees	
Percentage of variable management fees provisioned	
Variable management fees earned	
Percentage of variable management fees earned	
Retrocessions of management fees	
LAZARD SMALL CAPS EURO SRI R shares	
Guarantee fees	
Fixed management fees	1 280 429,56
Percentage of fixed management fees	2,20
Provisioned variable management fees	
Percentage of variable management fees provisioned	
Variable management fees earned	
Percentage of variable management fees earned	
Retrocessions of management fees	
LAZARD SMALL CAPS EURO SRI T shares	
Guarantee fees	
Fixed management fees	398 054,66
Percentage of fixed management fees	1,44
Provisioned variable management fees	20 526,49
Percentage of variable management fees provisioned	0,07
Variable management fees earned	727,40
Percentage of variable management fees earned	
Retrocessions of management fees	

“The amount of variable management fees shown above corresponds to the sum of the provisions and reversals of provisions that impacted the net assets during the period under review.”

3.8. COMMITMENTS RECEIVED AND GIVEN

3.8.1. Guarantees received by the Fund:

None.

3.8.2. Other commitments received and/or given:

None.

3.9. OTHER INFORMATION

3.9.1. Present value of financial instruments held temporarily

	30/09/2022
Securities held under repurchase agreements	
Borrowed securities	

3.9.2. Present value of financial instruments representing security deposits

	30/09/2022
Financial instruments given as security and retained under their original classification	
Financial instruments received as security and not recorded on the balance sheet	

3.9.3. Financial instruments held, issued and/or managed by the Group

	ISIN code	Name	30/09/2022
Equities			
Bonds			
Negotiable debt securities			
UCIs			150,39
	FR0011637164	LAZARD INVESTISSEMENT PEA-PME "R"	150,39
Forward financial instruments			
Total group securities			150,39

3.10. APPROPRIATION OF DISTRIBUTABLE AMOUNTS

Table of appropriation of distributable income pertaining to net income

	30/09/2022	30/09/2021
Remaining amounts to be allocated		
Retained earnings		
Net income	3 715 524,73	2 301 599,79
Total	3 715 524,73	2 301 599,79

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI I shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	3 290 382,60	2 059 448,31
Total	3 290 382,60	2 059 448,31

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI R shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	209 386,14	11 394,10
Total	209 386,14	11 394,10

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI T shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	215 755,99	230 757,38
Total	215 755,99	230 757,38

Table of appropriation of distributable amounts pertaining to net capital gains and losses

	30/09/2022	30/09/2021
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	42 466 597,34	12 407 607,79
Interim dividends paid on net capital gains/losses for the financial year		
Total	42 466 597,34	12 407 607,79

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI I shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	36 308 963,39	10 251 933,90
Total	36 308 963,39	10 251 933,90

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI R shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	4 426 331,11	1 259 665,74
Total	4 426 331,11	1 259 665,74

	30/09/2022	30/09/2021
LAZARD SMALL CAPS EURO SRI T shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	1 731 302,84	896 008,15
Total	1 731 302,84	896 008,15

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

	28/09/2018	30/09/2019	30/09/2020	30/09/2021	30/09/2022
Global net assets in euros	756 029 743,97	487 956 329,97	490 923 203,18	745 072 127,09	420 290 287,00
LAZARD SMALL CAPS EURO SRI I shares in EUR					
Net assets	642 532 391,31	438 473 842,49	440 774 331,84	615 598 859,98	359 411 839,37
Number of shares	822 418,267	642 922,595	650 720,018	641 115,458	504 625,664
Net asset value per share	781,27	682,00	677,36	960,19	712,23
Accumulation per share pertaining to net capital gains/losses	70,40	-2,14	0,17	15,99	71,95
Accumulation per share pertaining to income	0,83	3,91	-3,89	3,21	6,52
LAZARD SMALL CAPS EURO SRI R shares in EUR					
Net assets	87 164 636,58	42 341 106,76	43 339 801,63	75 519 092,66	43 718 294,39
Number of shares	58 517,731	32 677,977	33 795,817	41 688,240	32 649,664
Net asset value per share	1 489,54	1 295,70	1 282,40	1 811,52	1 339,01
Accumulation per share pertaining to net capital gains/losses	134,38	-4,00	0,32	30,21	135,57
Accumulation per share pertaining to income	-4,18	2,78	-11,82	0,27	6,41
LAZARD SMALL CAPS EURO SRI T shares in EUR					
Net assets	26 332 716,08	7 141 380,72	6 809 069,71	53 954 174,45	17 160 153,24
Number of shares	154 159,305	47 700,914	45 609,512	254 667,227	108 914,495
Net asset value per share	170,81	149,71	149,29	211,86	157,55
Accumulation per share pertaining to net capital gains/losses	15,37	-0,47	0,03	3,51	15,89
Accumulation per share pertaining to income	1,30	1,46	-0,27	0,90	1,98

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS in EUR

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Equities and similar securities				
Bonds and similar securities traded on a regulated or similar market				
GERMANY				
ALZCHEM GROUP AG	EUR	500 000	8 175 000,00	1,95
AMADEUS AG FUER ZEITARBEIT UND	EUR	45 000	3 780 000,00	0,90
CEWE COLOR HOLDING	EUR	182 000	13 540 800,00	3,22
HANS EINHELL AG	EUR	47 188	5 615 372,00	1,34
KSB AG PREF	EUR	55 000	15 895 000,00	3,78
NORMA GROUP NAMEN	EUR	510 000	7 053 300,00	1,68
STO AG VORZ.	EUR	108 000	13 413 600,00	3,19
SURTECO GROUP AG	EUR	510 000	9 690 000,00	2,31
TAKKT AG	EUR	1 473 163	13 906 658,72	3,31
TECHNOTRANS NOM.	EUR	383 000	9 575 000,00	2,28
VOSSLOH AG	EUR	235 000	7 332 000,00	1,74
WASH TEC AG	EUR	279 440	9 053 856,00	2,15
TOTAL GERMANY			117 030 586,72	27,85
AUSTRIA				
MAYR-MELNHOF KARTON	EUR	95 765	12 640 980,00	3,01
ROSENBAUER INTERNATIONAL	EUR	384 000	11 404 800,00	2,71
ZUMTOBEL AG	EUR	1 636 100	9 816 600,00	2,34
TOTAL AUSTRIA			33 862 380,00	8,06
BELGIUM				
JENSENGROUP NV	EUR	235 000	6 580 000,00	1,57
VAN DE VELDE	EUR	414 500	13 554 150,00	3,22
TOTAL BELGIUM			20 134 150,00	4,79
FINLAND				
CARGOTEC OYJ B	EUR	260 000	8 086 000,00	1,93
TOTAL FINLAND			8 086 000,00	1,93
FRANCE				
ALTEN	EUR	45 071	5 124 572,70	1,22
AXWAY SOFTWARE	EUR	750 000	12 675 000,00	3,01
EXEL INDUSTRIES	EUR	164 000	5 740 000,00	1,36
GROUPE CRIT	EUR	168 000	9 408 000,00	2,23
IPSOS	EUR	390 000	17 901 000,00	4,26
MANITOU BF	EUR	614 000	10 069 600,00	2,40
MANUTAN INTERNATIONAL	EUR	271 889	16 367 717,80	3,90
NEXITY	EUR	618 000	12 903 840,00	3,07
OENEO EX SABATE DIOSOS	EUR	90 722	1 342 685,60	0,32
SOMFY	EUR	118 988	11 315 758,80	2,70
SOPRA STERIA	EUR	134 600	17 565 300,00	4,18
SPIE SA	EUR	615 000	13 271 700,00	3,16
TOTAL FRANCE			133 685 174,90	31,81
GREECE				
ELEKTRONIKI ATHENS	EUR	261 666	2 616,66	
TOTAL GREECE			2 616,66	

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS in EUR

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
ITALY				
BIESSE	EUR	657 888	7 513 080,96	1,79
DE LONGHI SPA	EUR	576 000	8 680 320,00	2,07
FILA FABBRICA ITALI LAPIS ED AFFI SPA	EUR	2 090 000	14 671 800,00	3,49
INTERPUMP GROUP	EUR	222 000	7 419 240,00	1,76
PIOVAN SPA	EUR	253 854	1 954 675,80	0,47
PRIMA IND SPA	EUR	549 000	13 477 950,00	3,20
SABAF SPA	EUR	250 000	4 175 000,00	0,99
TOTAL ITALY			57 892 066,76	13,77
NETHERLANDS				
LUCAS BOLS NV	EUR	752 400	7 524 000,00	1,78
ORDINA NV	EUR	4 280 594	16 373 272,05	3,90
TOTAL NETHERLANDS			23 897 272,05	5,68
PORTUGAL				
ALTRI SGPS	EUR	1 865 000	9 651 375,00	2,30
CORTICEIRA AMORIM	EUR	1 770 812	16 114 389,20	3,83
TOTAL PORTUGAL			25 765 764,20	6,13
TOTAL Equities and similar securities traded on a regulated or similar market			420 356 011,29	100,02
TOTAL Equities and similar securities			420 356 011,29	100,02
Undertakings for collective investment				
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
AMUNDI EURO LIQUIDITY SRI IC	EUR	3	691 002,49	0,16
LAZARD INVESTISSEMENT PEA-PME "R"	EUR	1	150,39	
TOTAL FRANCE			691 152,88	0,16
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			691 152,88	0,16
TOTAL Undertakings for collective investment			691 152,88	0,16
Receivables			18 617,38	
Liabilities			-969 598,37	-0,23
Financial accounts			194 103,82	0,05
Net assets			420 290 287,00	100,00

LAZARD SMALL CAPS EURO SRI I shares	EUR	504 625,664	712,23
LAZARD SMALL CAPS EURO SRI T shares	EUR	108 914,495	157,55
LAZARD SMALL CAPS EURO SRI R shares	EUR	32 649,664	1 339,01