

French open-end investment fund (SICAV)

LAZARD SMALL CAPS EURO SRI

ANNUAL REPORT

as of September 29th, 2023

Management company: Lazard Frères Gestion SAS

Custodian: Lazard Frères Banque

Statutory auditor: Deloitte & Associés

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1. 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.

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: MSCI EMU Small Cap. The benchmark index is expressed in EUR. Net dividends or coupons are reinvested.

BENCHMARK INDEX

MSCI EMU Small Cap

The MSCI EMU Small Cap index is a representative index of small caps in the 10 developed countries of the EMU (European Economic and Monetary Union).

Data are available at: www.msci.com

Bloomberg code: M7EMSC.

INVESTMENT STRATEGY

1. Strategies used

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

- 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

Functioning 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 then 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,
- 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 those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the Union 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.

Unlisted stocks after delisting (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 risks

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

hedging

exposure

arbitrage

other

- Types of instruments used:

futures:

equity and equity indices

interest rate

foreign exchange

other

options:

equity and equity indices

interest rate

foreign exchange

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.

Deposits

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

5. 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.

6. Temporary purchases and sales of securities

None.

7. 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 may not select the best-performing securities or choose the optimal asset allocation.

- **Equity risk**

Fluctuations in share prices 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**

This is 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:**

The risk linked to the use of forward financial instruments traded over the counter. A transaction 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 KIID of the **LAZARD SMALL CAPS EURO SRI SICAV** (ISIN code: FR0000174310) was converted to the KID PRIIPS (Key Information Document and Packaged Retail Investment and Insurance-based Products) on January 1st, 2023, in accordance with the European regulations aimed at standardising pre-contractual information on financial products intended for retail investors.

As part of the financial management delegation granted by the **LAZARD SMALL CAPS EURO SRI SICAV** (ISIN code: FR0000174310), Lazard Frères Gestion decided to change the benchmark index as follows:
- **MSCI EMU Small Cap index**, *instead of the EMIX Smaller Euro index*.

➤ **Effective date: 03/04/2023**

The Board of Directors of **LAZARD SMALL CAPS EURO SRI** (ISIN code: FR0000174310) on September 25th, 2023, proposed introducing the gates mechanism in the SICAV's prospectus. An Extraordinary Shareholders' Meeting has been called to include the gates mechanism in the articles of association and to amend the Prospectus.

➤ **Effective date: 16/11/2023**

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</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 the SICAV Objectif Gestion Mondiale - Board member 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</i>	4	<ul style="list-style-type: none"> - Chairman and Chief Executive Officer of the Norden SRI SICAV - Board member of the SICAVs: <ul style="list-style-type: none"> . Lazard Small Caps Euro SRI . Lazard Funds (<i>SICAV with sub-funds</i>) . Lazard Alpha Allocation
Monica Nescaut <i>Managing Director of Lazard Frères Gestion</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 (<i>SICAV with sub-funds</i>) . Norden SRI . Lazard Equity SRI . Lazard Convertible Global
Jean-Jacques de Gournay	2	<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 (<i>SICAV with sub-funds</i>)

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	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 29th, 2023.

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 29th, 2023.

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

Net asset value rose from €712,23 on September 30th, 2022 to €844,65 on September 29th, 2023, which equates to an increase of 18,59%.

R shares

Net asset value rose from €1,339,01 on September 30th, 2022 to €1,582,43 on September 29th, 2023, which equates to an increase of 18,18%.

T shares

Net asset value rose from €157,55 on September 30th, 2022 to €186,91 on September 29th, 2023, which equates to an increase of 18,64%.

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

We draw shareholders' attention to the change in the benchmark index which took effect on April 3rd, 2023. Following the decision by the EMIX Smaller Euroland index provider to stop calculating this index from April 28th, 2023, we have been using the MSCI EMU Small Cap index since April 3rd, 2023. We believe that this new index represents the best choice in terms of continuity and comparability with the Fund's management strategy, which remains unchanged.

The performance of the composite index (MSCI EMU Small Cap since 03/04/23, previously EMIX Smaller Euroland) over the period was: 17,15%.

ECONOMIC ENVIRONMENT

Despite central banks' efforts to curb activity and inflation, growth showed unexpected resilience in Western countries. US growth was robust, underpinned by household consumption. Growth in the Eurozone was modest, against a backdrop of deteriorating purchasing power and rapid transmission of the ECB's monetary tightening. However, the economic impacts of the energy crisis were less severe than feared. The collapse of three US regional banks and the disaster takeover of Credit Suisse in March 2023 could also have had a greater impact. Thanks to lower energy prices and the easing of supply tensions, inflation fell sharply in the US and Europe. However, it remained well above central bank targets, fuelled by the services sector and the still tight labour market situation. Against this backdrop, the Fed and the ECB continued to tighten their monetary policy. The Fed raised its key rate to 5,25%-5,50%, a 22-year high. The ECB raised the refinancing rate to 4,50% and the deposit rate to 4,00%, levels never before reached. In China, after a rebound following the lifting of health restrictions, growth lost momentum amid a slowdown in the real estate sector. Against this backdrop, global equity markets rebounded strongly, making up some of the losses recorded in 2022. US and European interest rates alternated between rises and falls before soaring in the summer of 2023 to reach their highest levels for more than ten years.

Economy

In the United States, GDP growth accelerated to +2,4% year-on-year in Q2 2023. Job creation slowed to an average of +266 000 per month. The unemployment rate rose to 3,8%. Annual hourly wage growth slowed to +4,2%. The year-on-year increase in consumer prices slowed to +3,7% and +4,1% excluding energy and food.

The Fed raised its key rate by +2,25% to 5,25%-5,50%, in the following sequence: a +0,75% hike in November 2022, +0,50% in December 2022 and three consecutive +0,25% hikes in February, March and May 2023. The Fed took a first pause in June 2023, before a further 0,25% hike in July 2023 and a further pause in September 2023.

In terms of unconventional measures, in March 2023 the Fed announced the creation of a new liquidity access mechanism ("Bank Term Funding Program") in response to the collapse of Silvergate Bank, Silicon Valley Bank and Signature Bank.

In the U.S. midterm elections on November 8th, 2022, the Democrats retained their majority in the Senate and the Republicans won the House of Representatives.

In the Eurozone, GDP growth slowed to +0,5% year-on-year in Q2 2023, with contrasting trends between countries. GDP fell by -0,2% in Germany, while rising by +1,0% in France, +0,3% in Italy and +2,2% in Spain. PMI surveys improved until the spring of 2023 before deteriorating rapidly in the summer of 2023. The Eurozone unemployment rate fell to 6,4%. The year-on-year increase in consumer prices slowed to +4,3% and +4,5% excluding energy and food.

The ECB raised its key rates by +3,25%, in the following sequence: +0,75% in October 2022, three consecutive hikes of +0,50% between December 2022 and March 2023 and four consecutive hikes of +0,25% between May and September 2023. The deposit rate was raised from +0,75% to +4,00% and the refinancing rate from +1,25% to +4,50%.

In terms of unconventional measures, in December 2022 the ECB announced a reduction in the size of its APP portfolio from March 2023. In June 2023, the ECB announced that it would end reinvestments under this programme.

In Italy, the right-wing coalition secured a clear victory in the general elections on September 25th, 2022. Giorgia Meloni was elected prime minister on October 22nd, 2022.

In China, GDP growth accelerated to +6,3% year-on-year in Q2 2023. Activity benefited from the complete lifting of health restrictions in December 2022. The real estate sector continued to struggle. The urban unemployment rate fell to 5,2%. Consumer prices remained stable.

China's central bank cut its key rate by 0,25% to 2,50% and the reserve requirement ratio by 0,75% to 10,50%.

At the conclusion of the 20th CCP Congress in October 2022, Xi Jinping won a third term as General Secretary of the Party and head of the armed forces. Xi Jinping was formally re-elected President of the Republic during the annual session of the National People's Congress in March 2023. On this occasion, the government announced that it was aiming for growth of "around +5,0%" in 2023.

Markets

The MSCI World All Country index of global equity markets rose by +18,7% year-on-year, wiping out around half of the decline in the first nine months of 2022. The Topix in yen rose by +26,6%, the Euro Stoxx in euro by +20,9%, the S&P 500 in dollars by +19,6% and the MSCI emerging equities index in dollars by +8,8%.

The unexpected resilience of the global economy was a major support factor for equity markets between the fourth quarter of 2022 and the start of the third quarter of 2023.

The effects of the Eurozone energy crisis were less significant than feared, the Chinese economy reopened faster than expected and US inflation slowed, while the unemployment rate remained low, fuelling the idea of a soft landing for the US economy.

Equity markets also benefited from the sharp rise in tech mega-caps in the United States, linked to the artificial intelligence craze.

The uptrend in equity markets reversed from August 2023 onwards, against a backdrop of increasing economic uncertainty in China, poor economic data in Europe and soaring long-term interest rates.

Bond markets alternated between rises and falls between the fourth quarter of 2022 and the start of the third quarter of 2023, with investors switching from one monetary policy scenario to another.

US and European interest rates soared during the summer of 2023 to reach their highest levels for more than ten years, as the resilience of the US economy and the Fed's more restrictive message led investors to anticipate permanently higher key rates.

The US 10-year yield rose from 3,83% to 4,57% and the German 10-year yield from 2,11% to 2,84%.

According to ICE Bank of America indices, credit spreads for European corporate issuers fell from 210 to 141 basis points in the Investment Grade segment and from 625 to 445 basis points in the High Yield segment.

The euro appreciated by +7,9% against the dollar and by +11,3% against the yen. It stabilised against the Swiss franc and depreciated by -1,2% against sterling. According to the JPMorgan index, emerging currencies depreciated by

-2,9% on average against the dollar,

The S&P GSCI commodity price index was virtually stable over the year. The price of a barrel of Brent crude oil rose from \$86 to \$92, with a peak of \$100 in early November 2022 and a low point of \$72 in mid-March 2023.

MANAGEMENT POLICY

The net asset value of Lazard Small Caps Euro SRI (I shares) rose by 18,59% in the financial year ended September 30th, 2023. We draw shareholders' attention to the change in the benchmark index which took effect on April 3rd, 2023. Following the decision by the EMIX Smaller Euroland index provider to stop calculating this index from April 28th, 2023, we have been using the MSCI EMU Small Cap index since April 3rd, 2023. We believe that this new index represents the best choice in terms of continuity and comparability with the Fund's management strategy, which remains unchanged. By way of comparison, the composite index (MSCI EMU Small Cap since 03/04/23, formerly EMIX Smaller Euroland) rose by 17,15% over the year, while the Euro Stoxx index (representing large caps) gained 23,92% over the same period. The SICAV's volatility was 12,56% over the last financial year and 14,77% over three years, calculated on a weekly basis. The average proportion of investments in securities over the year was 98,76%.

The first part of the year was characterised by a general rise in the European equity markets, with no visible signs of an economic slowdown, before the onset of a market correction during the summer against a backdrop of ongoing interest rate rises and a deterioration in the economic situation (particularly in terms of consumer spending).

In this context of macroeconomic uncertainty, small and mid caps underperformed large caps over the year, with the MSCI EMU Small Cap index up 18,5% compared with 23,9% for the Euro Stoxx index. The Lazard Small Caps Euro SRI SICAV gained 18,6% over the year, broadly in line with the performance of the MSCI EMU Small Cap index. We believe that the underperformance of small- and mid-caps is mainly explained by a general trend towards risk reduction, which is traditionally negative for small caps. Unlike large caps, we believe that the valuation levels of small caps already factor in a cyclical downturn, and that the discount between small caps and large caps has reached a 20-year high.

Despite these macroeconomic uncertainties, the results published by the portfolio companies during the year confirmed a scenario of moderate earnings growth in 2023, although expectations were gradually revised downwards during the year.

However, many of the stocks in our portfolio recorded significant gains over the year, most of which reflected strong economic performances. The German company KSB (+103% over the year), which manufactures pumps and valves used in a wide range of applications, significantly raised its forecasts for 2023.

French IT services company Sopra Steria (+54%) and German distributor of small industrial and office equipment Takkt (+43%) also performed well over the period. Takeover bids also boosted performance, particularly those for French group Manutan (+74% over the year) and Dutch IT services company Ordina (+58%), which was acquired by Sopra Steria.

Conversely, French property developer and services group Nexity (-25% over the year) suffered from the deterioration in the economic climate, which led it to abandon its 2026 targets and cut its dividend. German company Technotrans (-32%) saw its margin fall in the first half of the year, under the effect of several non-recurring factors, while Ipsos (-3%), which had benefited from very strong demand since the pandemic, is now facing a more demanding comparison base and has therefore slightly revised its revenue growth forecasts for the year, against a backdrop of persistently weak demand in the technology sector.

Between September 30th, 2022 and September 29th, 2023, we initiated several new positions in the portfolio, taking advantage of attractive valuation levels on certain stocks: the first in Thermador, a French wholesaler of heating products and taps; the second in Virbac, a French animal health laboratory; the third in PVA Tepla, a German producer of equipment for industry and the semiconductor sector; and the fourth and last in Fiskars, a Finnish group with a portfolio of attractive brands in the consumer goods sector. These new positions were financed by the exit of several portfolio companies targeted by takeover bids, including Manutan, Prima Industrie and Somfy. We also sold the Greenvolt Energias Renovaveis shares that we had again received during the year as Altri shareholders.

In the future, we will continue to apply the same methodology in managing the portfolio: we believe the fund's investment strategy, based on selecting highly profitable companies with low debt levels (leverage of less than 1x) and undervalued by the market, is particularly appropriate in the current context. 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. The companies of the portfolio show high, sustainable levels of profitability, healthy balance sheets and sound growth prospects. We see significant upside potential in these same companies, given the strength of their earnings growth and their valuation levels, which already seem to factor in a cyclical downturn.

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
LAZARD EU SHRT TRM MONEY M-C	88 081 955,61	88 007 805,72
MANUTAN INTERNATIONAL		28 548 345,00
AMUNDI EURO LIQUIDITY SRI IC	8 299 887,66	8 995 743,79
SOMFY		16 608 463,20
PRIMA IND SPA		13 725 000,00
ALTEN SA	11 615 509,13	
VIRBAC SA	11 091 720,72	
THERMADOR GROUPE	10 731 179,82	
KSB AG PREF		8 479 270,36
PVA TEPLA	8 337 810,39	

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: None.**
 - o Securities lending:
 - o Securities borrowing:
 - o Repurchase agreements:
 - o Reverse repurchase agreements:
- **Underlying exposure through derivative financial instruments: None.**
 - 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 (*)
None	None

(*) 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	None
Derivative financial instruments . Term deposits . Equities . Bonds . UCITS . Cash Total	None

(*) 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	None
. Direct operating expenses . Indirect operating expenses . Other expenses Total expenses	None

(*) 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

Pursuant to Article 50 of the SFDR Level 2 Delegated Regulation, information on the attainment of the environmental or social characteristics promoted by the financial product is available in the appendix to this report.

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 Fund/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: 89,17%.

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, 2022 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 31/12/2022: Fixed-term and permanent contracts at LFG, LFG Luxembourg and LFG Belgique (i.e. excluding interns and trainees and excluding LFG Courtage)

Headcount at 31-12-2022 LFG - LFG Belgique - LFG Luxembourg	Fixed annual remuneration in 2022 in €	Variable remuneration for 2022 (cash paid in 2023 and deferred compensation allocated in 2023) in €
205	20 102 615	29 964 115

“Identified employees”

Category	Number of employees	2022 aggregate fixed and variable remuneration (annual salaries and cash and deferred bonuses)
Senior management	3	5 848 796
Other	61	28 469 324
Total	64	34 318 120

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

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 29th, 2023

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 29th, 2023.

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 SICAV 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 01/10/2022 to the date of issue of our report.

Basis of our opinions

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the fact that the assessments that, in our professional judgement, were the most significant for the audit of the annual financial statements for the year concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimates used and the overall presentation of the financial statements.

The assessments we have made are part of our audit of the annual financial statements as a whole and the opinion expressed above. We express no opinion on the elements of the annual financial statements taken in isolation.

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 SICAV'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, December 1st, 2023

The statutory auditor
Deloitte & Associés

The image shows a blue shield-shaped logo with a white checkmark inside, positioned to the left of a handwritten signature in black ink. The signature appears to be 'Olivier GALIENNE'.

Olivier GALIENNE

LAZARD SMALL CAPS EURO SRI

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

10, avenue Percier
75008 Paris, France

Statutory Auditor's special report on regulated agreements

Shareholders' meeting to approve the financial statements for the financial year ended September 29th, 2023

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, December 1st, 2023

The statutory auditor
Deloitte & Associés

The image shows a blue shield-shaped logo with a white checkmark on the left, and a handwritten signature in black ink on the right. The signature appears to be 'Olivier GALIENNE'.

Olivier GALIENNE

6. ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET AS AT 29/09/2023 in EUR

ASSETS

	29/09/2023	30/09/2022
NET NON-CURRENT ASSETS		
DEPOSITS		
FINANCIAL INSTRUMENTS	481 860 245,48	421 047 164,17
Equities and similar securities	481 625 641,83	420 356 011,29
Traded on a regulated or equivalent market	481 625 641,83	420 356 011,29
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	234 603,65	691 152,88
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	234 603,65	691 152,88
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	35 507,55	18 617,38
Currency forward exchange transactions		
Other	35 507,55	18 617,38
FINANCIAL ACCOUNTS	250 208,89	194 103,82
Cash and cash equivalents	250 208,89	194 103,82
TOTAL ASSETS	482 145 961,92	421 259 885,37

LIABILITIES AND SHAREHOLDERS' EQUITY

	29/09/2023	30/09/2022
SHAREHOLDERS' EQUITY		
Share capital	433 475 779,89	374 108 164,93
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)		
Net capital gains and losses for the year (a, b)	40 246 147,74	42 466 597,34
Net income for the year (a, b)	6 283 165,64	3 715 524,73
TOTAL SHAREHOLDERS' EQUITY*	480 005 093,27	420 290 287,00
<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	2 140 868,65	969 598,37
Currency forward exchange transactions		
Other	2 140 868,65	969 598,37
FINANCIAL ACCOUNTS		
Bank overdrafts		
Borrowings		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	482 145 961,92	421 259 885,37

(a) Including accrued income

(b) Less interim dividends paid for the financial year

OFF-BALANCE SHEET ITEMS AS OF 29/09/2023 in euros

	29/09/2023	30/09/2022
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 29/09/2023 in euros

	29/09/2023	30/09/2022
Income from financial transactions		
Income from deposits and financial accounts		
Income from equities and similar securities	15 672 129,27	14 529 054,65
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)	15 672 129,27	14 529 054,65
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
Other financial charges		
TOTAL (2)		2 161,35
INCOME FROM FINANCIAL TRANSACTIONS (1 - 2)	15 672 129,27	14 526 893,30
Other income (3)		
Management fees and depreciation and amortisation (4)	9 310 377,91	11 027 916,75
NET INCOME FOR THE FINANCIAL YEAR (L. 214-17-1) (1 - 2 + 3 - 4)	6 361 751,36	3 498 976,55
Income adjustment for the financial year (5)	-78 585,72	216 548,18
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	6 283 165,64	3 715 524,73

1. 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, for which the shareholders' meeting is responsible. These estimates and their supporting documentation will be provided to the statutory auditor during audits.

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

○ **Negotiable debt securities:**

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

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

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

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

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

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

○ **UCIs:**

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

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

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

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

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

○ **Futures and options:**

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

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

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

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

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

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

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

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

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

Management fees

Management fees are calculated on each valuation day.

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

Expenses charged to the SICAV	Basis	Share	Maximum rate (incl. taxes)		
Financial management fees	Net assets	I shares:	1,83% incl. taxes		
		R shares:	2,18% incl. taxes		
		T shares:	1,43% incl. taxes		
Operating and other service fees	Net assets	Applied to all shares	0,02% incl. taxes		
Indirect charges (management fees and expenses)	N/A	Applied to all shares	None		
Turnover commission (incl. taxes): (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Applied to all shares	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 €	0,48%
				From 100 001 € to 200 000 €	0,31%
				From 200 001 to 300 000 €	0,24%
				More than 300 000 €	0,17%
			Up to 100 000 €	0,72%	
			Fixed-income instruments	None	
Futures and other transactions	From €0 to €450 incl. tax per contract				
Performance fee	Net assets	I, R	None		
		T	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 method

The calculation of the amount of the performance fee is based on a comparison between the performance of each UCI share and that of a notional UCI achieving the performance of its benchmark index and recording the same subscription and redemption pattern as the actual UCI. The outperformance generated by the UCI share on a given date is defined as the positive difference between the assets of the UCI share and the assets of the notional UCI on the same date. If this difference is negative, this amount constitutes an underperformance.

Negative performance recovery and reference period

As stated in the ESMA guidelines on performance fees, the reference period is “the time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset. This period is set at 5 years. This means that after 5 consecutive years without crystallisation, uncompensated underperformances prior to five years will no longer be taken into account in the calculation of the performance fee.

Observation period

The first observation period will start with a period of twelve months starting on 01/10/2021. At the end of each financial year, one of the following two cases may occur:

- The UCI share underperformed over the observation period. In this case, no fee is charged and the observation period is extended by one year, up to a maximum of 5 years (reference period).
- The UCI share outperformed over the observation period. In this case, the management company receives the provisioned fees (crystallisation), the calculation is reset, and a new twelve-month observation period begins.

Provisioning

Each time the net asset value (NAV) is established, the performance fee is subject to a provision (of 20% of the outperformance) when the performance of the UCI share is higher than that of the notional UCI over the observation period, or to a reversal of the provision limited to the existing allocation in case of underperformance. In case of redemptions during the period, the proportion of the provision corresponding to the number of shares redeemed is definitively acquired and charged by the management company.

Crystallisation

The crystallisation period, i.e. the frequency at which the provisioned performance fee, if any, must be paid to the management company, is twelve months.

The first crystallisation period will end on the last day of the financial year ending on 30/09/2022.

The performance fee is deducted even in the event of a negative performance of the UCI.

Allocation of distributable income

Definition of distributable income:

Distributable income consists of:

Net income:

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, remuneration 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.

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

<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 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 29/09/2023 in euros

	29/09/2023	30/09/2022
NET ASSETS AT START OF YEAR	420 290 287,00	745 072 127,09
Subscriptions (including subscription fees retained by the Fund)	80 619 567,38	82 135 968,46
Redemptions (net of redemption fees retained by the Fund)	-98 567 289,12	-251 055 070,74
Realised capital gains on deposits and financial instruments	43 165 927,84	55 012 692,38
Realised capital losses on deposits and financial instruments	-1 486 501,09	-4 698 520,64
Realised capital gains on forward financial instruments		
Realised capital losses on forward financial instruments		
Transaction charges	-645 553,88	-840 588,62
Exchange rate differences		
Changes in valuation difference of deposits and financial instruments	30 266 903,78	-208 835 297,48
<i>Valuation difference for financial year N</i>	-21 287 905,58	-51 554 809,36
<i>Valuation difference for financial year N-1</i>	51 554 809,36	-157 280 488,12
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	6 361 751,36	3 498 976,55
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	480 005 093,27	420 290 287,00

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								
LIABILITIES AND SHAREHOLDERS' EQUITY							250 208,89	0,05
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	250 208,89	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								
UCI								
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	29/09/2023
RECEIVABLES		
	Subscription receivables	35 507,55
TOTAL RECEIVABLES		35 507,55
LIABILITIES		
	Deferred settlement purchase	1 258 020,67
	Redemptions payable	64 086,33
	Fixed management fees	770 137,91
	Variable management fees	48 623,74
TOTAL LIABILITIES		2 140 868,65
TOTAL LIABILITIES AND RECEIVABLES		-2 105 361,10

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	65 178,489	54 427 684,34
Shares redeemed during the financial year	-87 623,036	-74 352 406,56
Net balance of subscriptions/redemptions	-22 444,547	-19 924 722,22
Number of shares outstanding at the end of the financial year	482 181,117	
LAZARD SMALL CAPS EURO SRI R shares		
Shares subscribed during the financial year	7 297,392	12 083 676,71
Shares redeemed during the financial year	-10 663,300	-16 163 432,01
Net balance of subscriptions/redemptions	-3 365,908	-4 079 755,30
Number of shares outstanding at the end of the financial year	29 283,756	
LAZARD SMALL CAPS EURO SRI T shares		
Shares subscribed during the financial year	72 904,918	14 108 206,33
Shares redeemed during the financial year	-40 650,813	-8 051 450,55
Net balance of subscriptions/redemptions	32 254,105	6 056 755,78
Number of shares outstanding at the end of the financial year	141 168,600	

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

	29/09/2023
LAZARD SMALL CAPS EURO SRI I shares	
Guarantee fees	
Fixed management fees	7 852 537,04
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	1 010 887,97
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	

“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.”

	29/09/2023
LAZARD SMALL CAPS EURO SRI T shares	
Guarantee fees	
Fixed management fees	398 329,16
Percentage of fixed management fees	1,45
Provisioned variable management fees	15 089,17
Percentage of variable management fees provisioned	0,05
Variable management fees earned	33 534,57
Percentage of variable management fees earned	0,12
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

	29/09/2023
Securities held under repurchase agreements Borrowed securities	

3.9.2. Present value of financial instruments representing security deposits

	29/09/2023
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	29/09/2023
Equities			
Bonds			
Negotiable debt securities			
UCI			234 603,65
	FR0011291657	LAZARD EU SHRT TRM MONEY M-C	234 432,52
	FR0011637164	LAZARD INVESTISSEMENT PEA-PME "R	171,13
Forward financial instruments			
Total group securities			234 603,65

3.10. APPROPRIATION OF DISTRIBUTABLE AMOUNTS

Table of appropriation of distributable income pertaining to net income

	29/09/2023	30/09/2022
Remaining amounts to be allocated		
Retained earnings		
Net income	6 283 165,64	3 715 524,73
Interim dividends paid on net income for the financial year		
Total	6 283 165,64	3 715 524,73

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI I shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	5 455 037,27	3 290 382,60
Total	5 455 037,27	3 290 382,60

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI R shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	455 065,94	209 386,14
Total	455 065,94	209 386,14

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI T shares		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	373 062,43	215 755,99
Total	373 062,43	215 755,99

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

	29/09/2023	30/09/2022
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	40 246 147,74	42 466 597,34
Interim dividends paid on net capital gains/losses for the financial year		
Total	40 246 147,74	42 466 597,34

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI I shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	34 147 668,15	36 308 963,39
Total	34 147 668,15	36 308 963,39

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI R shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	3 893 601,68	4 426 331,11
Total	3 893 601,68	4 426 331,11

	29/09/2023	30/09/2022
LAZARD SMALL CAPS EURO SRI T shares		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	2 204 877,91	1 731 302,84
Total	2 204 877,91	1 731 302,84

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

	30/09/2019	30/09/2020	30/09/2021	30/09/2022	29/09/2023
Global net assets in euros	487 956 329,97	490 923 203,18	745 072 127,09	420 290 287,00	480 005 093,27
LAZARD SMALL CAPS EURO SRI I shares in EUR					
Net assets	438 473 842,49	440 774 331,84	615 598 859,98	359 411 839,37	407 278 817,71
Number of shares	642 922,595	650 720,018	641 115,458	504 625,664	482 181,117
Net asset value per unit	682,00	677,36	960,19	712,23	844,65
Accumulation per unit pertaining to net capital gains/losses	-2,14	0,17	15,99	71,95	70,81
Accumulation per unit pertaining to income	3,91	-3,89	3,21	6,52	11,31
LAZARD SMALL CAPS EURO SRI R shares in EUR					
Net assets	42 341 106,76	43 339 801,63	75 519 092,66	43 718 294,39	46 339 763,96
Number of shares	32 677,977	33 795,817	41 688,240	32 649,664	29 283,756
Net asset value per unit	1 295,70	1 282,40	1 811,52	1 339,01	1 582,43
Accumulation per unit pertaining to net capital gains/losses	-4,00	0,32	30,21	135,57	132,96
Accumulation per unit pertaining to income	2,78	-11,82	0,27	6,41	15,53
LAZARD SMALL CAPS EURO SRI T shares in EUR					
Net assets	7 141 380,72	6 809 069,71	53 954 174,45	17 160 153,24	26 386 511,60
Number of shares	47 700,914	45 609,512	254 667,227	108 914,495	141 168,600
Net asset value per unit	149,71	149,29	211,86	157,55	186,91
Accumulation per unit pertaining to net capital gains/losses	-0,47	0,03	3,51	15,89	15,61
Accumulation per unit pertaining to income	1,46	-0,27	0,90	1,98	2,64

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS in euros

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Equities and similar securities				
Equities and similar securities traded on a regulated or similar market				
GERMANY				
ALZCHEM GROUP AG	EUR	500 000	9 875 000,00	2,06
AMADEUS AG FUER ZEITARBEIT UND	EUR	45 000	5 031 000,00	1,05
CEWE COLOR HOLDING	EUR	182 000	16 034 200,00	3,34
HANS EINHELL AG	EUR	47 188	6 700 696,00	1,40
KSB AG PREF	EUR	39 371	22 441 470,00	4,67
NORMA GROUP NAMEN	EUR	625 771	10 982 281,05	2,29
PVA TEPLA	EUR	445 000	6 844 100,00	1,43
STO AG VORZ.	EUR	112 492	14 601 461,60	3,04
SURTECO GROUP AG	EUR	510 000	8 619 000,00	1,80
TAKKT AG	EUR	1 473 163	18 915 412,92	3,94
TECHNOTRANS NOM.	EUR	383 000	6 376 950,00	1,33
VOSSLOH AG	EUR	235 000	9 282 500,00	1,93
WASH TEC AG	EUR	279 440	9 361 240,00	1,95
TOTAL GERMANY			145 065 311,57	30,23
AUSTRIA				
MAYR-MELNHOF KARTON	EUR	80 000	10 224 000,00	2,13
ROSENBAUER INTERNATIONAL	EUR	384 000	11 673 600,00	2,43
ZUMTOBEL AG	EUR	1 636 100	9 832 961,00	2,05
TOTAL AUSTRIA			31 730 561,00	6,61
BELGIUM				
JENSENGROUP NV	EUR	235 000	7 520 000,00	1,57
VAN DE VELDE	EUR	441 764	14 600 300,20	3,04
TOTAL BELGIUM			22 120 300,20	4,61
FINLAND				
CARGOTEC OYJ B	EUR	250 000	9 915 000,00	2,07
FISKARS OYJ A	EUR	187 906	3 277 080,64	0,68
TOTAL FINLAND			13 192 080,64	2,75
FRANCE				
ALTEN SA	EUR	125 400	15 624 840,00	3,26
AXWAY SOFTWARE	EUR	765 124	17 674 364,40	3,69
EXEL INDUSTRIES	EUR	129 596	6 000 294,80	1,25
GROUPE CRIT	EUR	156 811	10 945 407,80	2,28
IPSOS	EUR	455 000	19 810 700,00	4,13
MANITOU BF	EUR	666 997	15 140 831,90	3,15
NEXITY	EUR	675 000	9 429 750,00	1,96
OENEO EX SABATE DIOSOS	EUR	436 222	6 107 108,00	1,27
SOPRA STERIA	EUR	124 995	24 486 520,50	5,10
SPIE SA	EUR	485 000	13 347 200,00	2,78
THERMADOR GROUPE	EUR	111 322	8 772 173,60	1,83
VIRBAC SA	EUR	40 206	10 292 736,00	2,14
TOTAL FRANCE			157 631 927,00	32,84

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS in euros

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
GREECE				
ELEKTRONIKI ATHENS	EUR	261 666	2 616,66	
TOTAL GREECE			2 616,66	
ITALY				
BIESSE	EUR	657 888	7 269 662,40	1,52
DE LONGHI SPA	EUR	525 000	10 825 500,00	2,25
FILA FABBRICA ITALI LAPIS ED AFFI SPA	EUR	2 090 000	15 654 100,00	3,26
INTERPUMP GROUP	EUR	199 000	8 654 510,00	1,80
PIOVAN SPA	EUR	1 100 000	9 878 000,00	2,06
SABAF SPA	EUR	497 000	7 604 100,00	1,58
TOTAL ITALY			59 885 872,40	12,47
NETHERLANDS				
LUCAS BOLLS NV ORDINA	EUR	752 400	7 862 580,00	1,64
NV	EUR	3 350 413	19 164 362,36	3,99
TOTAL NETHERLANDS			27 026 942,36	5,63
PORTUGAL				
ALTRI SGPS SA	EUR	1 810 000	7 757 660,00	1,62
CORTICEIRA AMORIM	EUR	1 769 000	17 212 370,00	3,58
TOTAL PORTUGAL			24 970 030,00	5,20
TOTAL Equities and similar securities traded on a regulated or similar market			481 625 641,83	100,34
TOTAL Equities and similar securities			481 625 641,83	100,34
Undertakings for collective investment				
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
LAZARD EU SHRT TRM MONEY M-C	EUR	116	234 432,52	0,05
LAZARD INVESTISSEMENT PEA-PME "R	EUR	1	171,13	
TOTAL FRANCE			234 603,65	0,05
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			234 603,65	0,05
TOTAL Undertakings for collective investment			234 603,65	0,05
Receivables			35 507,55	
Liabilities			-2 140 868,65	-0,44
Financial accounts			250 208,89	0,05
Net assets			480 005 093,27	100,00

LAZARD SMALL CAPS EURO SRI R shares	EUR	29 283,756	1 582,43	
LAZARD SMALL CAPS EURO SRI T shares	EUR	141 168,600	186,91	
LAZARD SMALL CAPS EURO SRI I shares	EUR	482 181,117	844,65	

LAZARD SMALL CAPS EURO SRI
French open-end investment company (Société d'Investissement à Capital
Variable) Registered office: 10 avenue Percier
75008 Paris Trade and Companies Register no. 449 972 835 No. 352 213 599

**RESOLUTION CONCERNING THE ALLOCATION OF DISTRIBUTABLE INCOME PROPOSED
BY THE SHAREHOLDERS' MEETING**

FINANCIAL YEAR ENDED SEPTEMBER 29TH, 2023

Second resolution

The Shareholders' Meeting approves the distributable income for the financial year, which amounts to:
6 283 165,64 € distributable amount pertaining to net income.
40 246 147,74 € distributable amount pertaining to net capital gains or losses.

and decides that they shall be allocated as follows:

1. Distributable amount relating to net income

- I shares: Accumulation: 5 455 037,27 €
- R shares: Accumulation: 455 065,94 €
- T shares: Accumulation: 373 062,43 €

2. Distributable income relating to net capital gains and losses

- I shares: Accumulation: 40 246 147,74 €
- R shares: Accumulation: 3 893 601,68 €
- T shares: Accumulation: 2 204 877,91 €

There were no dividends paid over the last five years.

7. APPENDIX(ES)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Lazard Small Caps Euro SRI

Legal entity identifier: 969500F8C5PA2RZAN106

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

Yes

- It made **sustainable investments with an environmental objective**:
 - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made a minimum of **sustainable investments with a social objective**

No

- It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 36,75% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent was the sustainable investment objective of this financial product met?

In implementing its investment strategy, security analysis, and ESG integration process described below, the portfolio promotes the following environmental characteristics:

Environmental policy:

- Integration by companies of environmental factors appropriate to the sector, geographic location and any other relevant material factor
- Development of an environmental management strategy and system
- Development of a climate strategy

Controlling environmental impacts:

- Limiting and adapting to global warming
- Responsible water and waste management
- Preservation of biodiversity

Managing the environmental impact of products and services:

- Ecodesign of products and services
- Environmental innovation

Moreover, the portfolio promotes the following social characteristics:

Respect for human rights:

- Prevention of situations of human rights violations
- Respect for the right to safety and security of persons
- Privacy and data protection

Human resources management:

- Constructive social dialogue
- Training and career management conducive to human development
- Promoting diversity
- Health, safety and well-being at work

Value chain management:

- Responsible supply chain management
- Product quality, safety and traceability

This product does not use a specific index to determine its alignment with the environmental and social characteristics it promotes.

● ***How did the sustainability indicators perform?***

The achievement of the environmental and social characteristics promoted by this product is measured by sustainability indicators at several levels:

In terms of valuation in the internal analysis model:

The ESG analysis of directly held securities is based on a proprietary model that relies on an internal ESG grid. Based on the various data provided by our ESG partners (non-financial analysis agencies, external service providers, etc.), the annual reports of the companies and direct exchanges with them, the analysts responsible for monitoring each stock draw up an internal ESG rating.

This rating is based on both a quantitative (energy intensity, staff turnover rate, board independence rate, etc.) and qualitative approach (solidity of environmental policy, employment strategy, competence of directors, etc.).

Each E, S and G pillar is rated from 1 to 5 based on a minimum of ten relevant key indicators per dimension.

These internal ESG ratings are built into the valuation models through the Beta used to define the weighted average cost of capital (WACC) for equity management and to the issuer selection process and the determination of issuers' weight in the portfolio for bond management. In terms of controlling the elements of the investment strategy with an external data provider: In addition, to confirm the robustness of the internal model, the analysts-managers in charge of management compare the portfolio's average ESG rating to that of its reference ESG universe using Ethifinance ratings.

Evolution of the ESG score



The portfolio's reference ESG universe is:

The Eurozone equity universe provided by our ESG partners, with market capitalisations of between one hundred million and two billion euros.

● **...and compared to previous periods?**

Not applicable

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The definition of sustainable investment within the meaning of the SFDR is based on the selection of indicators that show a substantial contribution to one or more environmental and social objectives, which do not prejudice any of the adverse impact indicators and ensures good governance principles.

The environmental indicators used are as follows:

- Carbon footprint (PAI 2)
- Carbon intensity (PAI 3)
- Implied temperature rise (ITR)
- Number of “low-carbon” patents held

The social indicators used are as follows:

- % of women in executive management
- Number of hours of training for employees
- Benefits coverage
- Diversity policies by management

A sustainable investment objective is attained if the substantial contribution of the corresponding indicator is validated, the other indicators are not prejudiced, and good governance principles are complied with. Substantial contribution is measured by the application of thresholds for each of the above indicators.

The table below presents the rules (targets) set for each indicator as well as the result obtained over the past period. The result is the average share of the portfolio invested in companies meeting these criteria, calculated on a quarterly basis. The average share is calculated according to the average positions observed over the past period, coupled with the non-financial data at the end of the period.

	Rule	Average share of the portfolio
Carbon footprint in €m	Included in the lowest 20% of the sector	1,15%

	Rule	Average share of the portfolio
GHG intensity	Included in the lowest 20% of the sector	11,34%
Renewable energy consumption	Included in the bottom 20% of the reference universe	7,84%
Energy intensity	Included in the bottom 20% of the reference universe	7,04%
Percentage of waste reused, reemployed, recycled or recovered	Included in the top 20% of the reference universe	4,19%
Percentage of activities with quality certification (e.g. ISO 14001)	See sustainable investment presentation www.lazardfreresgestion.fr	11,92%
% of women in executive management	≤25%	15,36%
Number of hours of training for employees	Included in the top 20% of the reference universe	-
Rate of absenteeism due to illness and workplace accidents	Included in the bottom 20% of the reference universe	4,08%
Pay gap by employee gender	Included in the bottom 20% of the reference universe	1,15%
Commitment to the promotion of social dialogue	See sustainable investment presentation www.lazardfreresgestion.fr	36,29%
Level of involvement in the UN Global Compact	See sustainable investment presentation www.lazardfreresgestion.fr	22,99%

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The absence of significant harm is assessed on the basis of all the PAI indicators listed in Table 1 of Annex I to Delegated Regulation (EU) 2022/1288 of 6 April 2022. In the event of insufficient coverage of the investment universe for certain indicators, alternative criteria may be used on an exceptional basis (such as for PAI 12, use of an indicator on management attention to diversity). Using alternative criteria is subject to the independent control of the Risks and Compliance department. Alternative indicators are also presented on the Lazard Frères Gestion website under the heading “Sustainable investment methodology”.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Indicators of the principal adverse sustainability impacts (PAI) are considered at two levels.

Firstly, they are integrated into the internal analysis of each security monitored, carried out by our analyst-managers in the internal ESG analysis grids.

In addition, they are used to assess the share of sustainable investments.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Compliance with minimum labour and human rights safeguards (OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights) and the eight fundamental conventions of the International Labour Organization is a key indicator for verifying that companies in which investments are made apply good governance practices.

We therefore check whether the company applies a labour rights due diligence policy in accordance with the eight fundamental conventions of the International Labour Organization (PAI 10) as part of our DNSH process. We also ensure that the investments made apply good governance practices, by monitoring a governance rating from a data provider and the internal rating on the Governance pillar.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The proprietary model for ESG analysis of portfolio companies takes into account all indicators related to companies’ principal adverse sustainability impacts (PAI).

These indicators are integrated into the internal grids used to establish a security’s ESG rating, which is taken into account in the valuation models through the Beta used to define the weighted average cost of capital for equity management and in the process of selecting issuers and determining their portfolio weight for bond management.

In addition, as stated above, all of the PAI indicators listed in Table 1 of Annex I of the Regulatory Technical Standards of the SFDR are taken into account in the definition of sustainable investment.



What were the top investments of this financial product?

Largest investments	Sector	Percentage of assets	Country
1. KSB AG PREF	Unkno wn sector	4,59%	India
2. SOPRA STERIA	Information and communication	4,36%	France

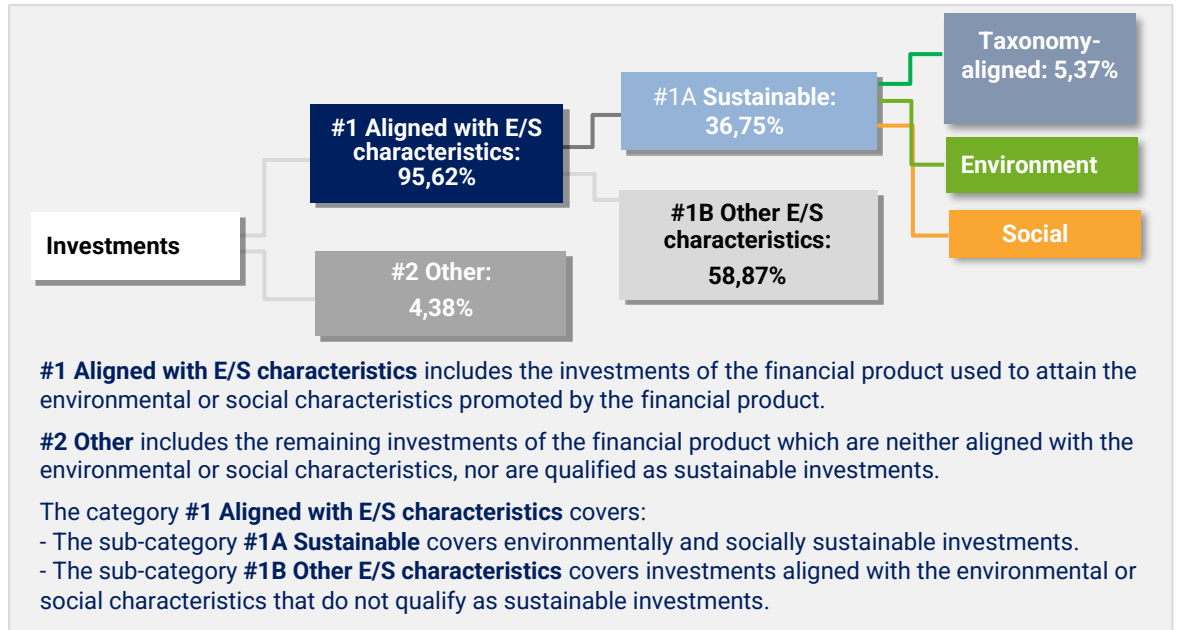
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:
01/10/2022 to
30/09/2023

Largest investments	Sector	Percentage of assets	Country
3. IPSOS	Professional, scientific and technical activities	4,25%	France
4. ORDINA NV	Unknown sector	4,05%	Netherlands
5. TAKKT AG	Wholesale and retail trade; repair of motor vehicles and motorcycles	4,02%	Germany
6. CORTICEIRA AMORIM	Manufacturing	3,42%	Portugal
7. STO AG VORZ.	Manufacturing	3,34%	Germany
8. CEWE COLOR HOLDING	Manufacturing	3,30%	Germany
9. AXWAY SOFTWARE	Information and communication	3,25%	France
10. MANITOU BF	Manufacturing	3,15%	France
11. FILA FABBRICA ITALI LAPIS ED AFFI SPA	Manufacturing	3,12%	Italy
12. VAN DE VELDE	Manufacturing	2,86%	Belgium
13. ALTEN	Information and communication	2,72%	France
14. NEXITY	Construction	2,68%	France
15. SPIE SA	Professional, scientific and technical activities	2,59%	France



What was the proportion of sustainability-related investment?

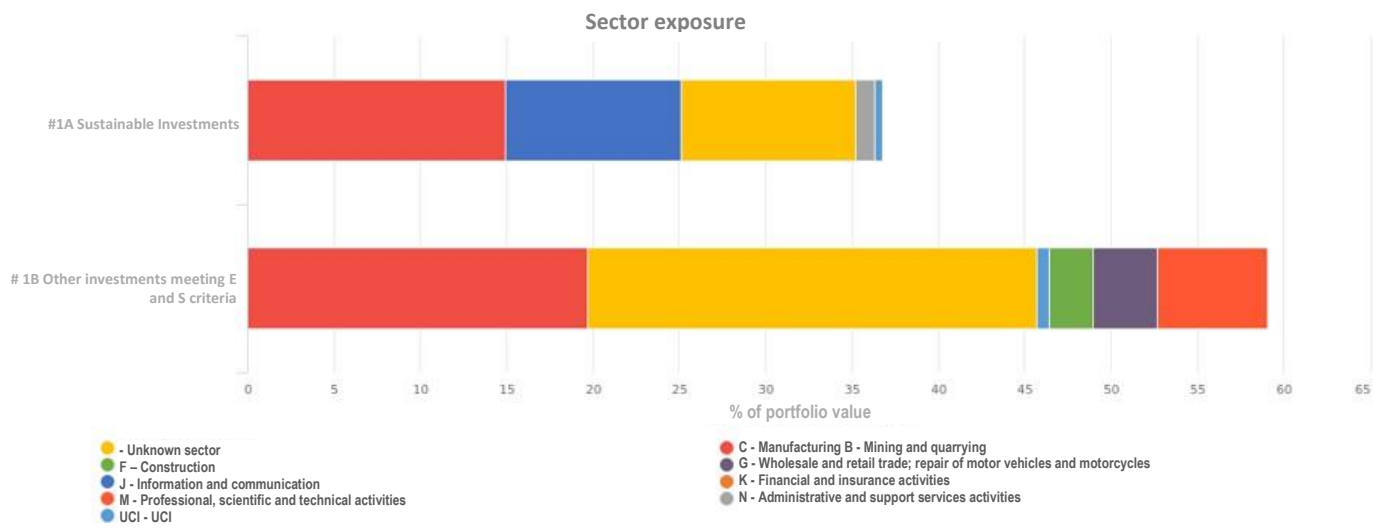
● What was the asset allocation?



Details of sustainable investments	
Weight of sustainable investments in the portfolio	36,75%
Of which sustainable investments E	24,52%
Of which sustainable investments S	33,87%

An investment is considered sustainable if it complies with at least one of the rules presented above, while not harming any of the adverse impact indicators and ensuring good governance criteria. A company can therefore be considered as environmentally and socially sustainable.

● **In which economic sectors were the investments made?**



Exposure to the fossil fuel sector was 0,09% on average over the period.

Taxonomy-aligned activities are expressed as a share of:

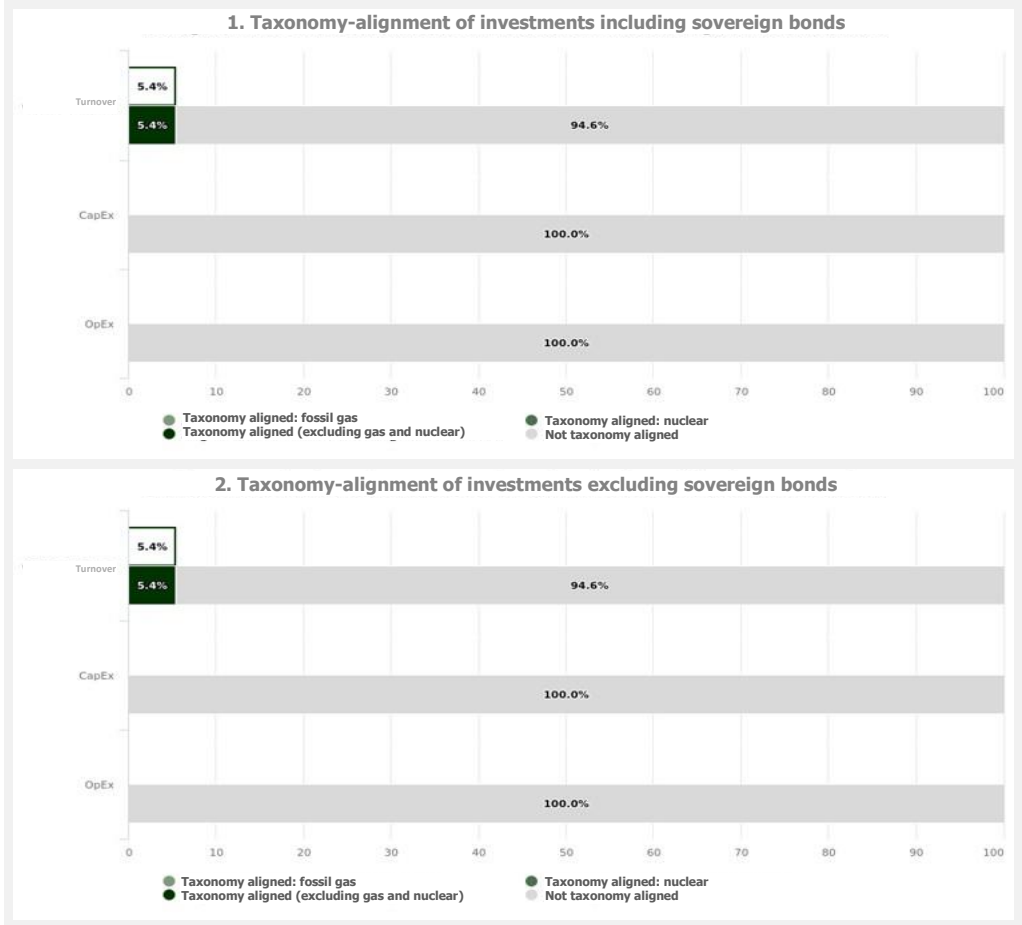
- **turnover** reflects the “greenness” of investee companies today;
- **capital expenditure (CapEx)** shows the green investments made by investee companies, relevant for a transition to a green economy;
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

● **Did the financial product invest in Taxonomy aligned fossil fuel and/or nuclear energy activities?**

At the date of production of this document, Lazard Frères Gestion does not have the data needed to identify the share of activities related to Taxonomy aligned fossil fuel and/or nuclear energy sectors.

The two graphs below show in green the minimum percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The calculation of investment percentages aligned with the EU Taxonomy is based on estimated data.

● **What was the share of investments made in transitional and enabling activities?**

At the date of production of this document, Lazard Frères Gestion does not have the data needed to identify the share of transitional or enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 22,89%.

It corresponds to all activities not aligned with the Taxonomy but respecting the environmental objectives of sustainable investment mentioned above.



What was the share of socially sustainable investments?

The share of socially sustainable investments is 33,87%

It corresponds to all activities that achieve one or more of the social objectives of sustainable investment mentioned above.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The "other" category consists mainly of money market UCIs and cash. Over the past period, the "other" segment represented on average 4,38%.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

To promote environmental and social characteristics, the following elements have been respected:

- The non-financial analysis rate

The rate of non-financial analysis of the product's investments is, according to the product's investment categories, higher than:

- 90% for equities issued by large capitalisation companies with their headquarters in "developed" countries, debt securities and money market instruments with an investment grade credit rating, sovereign debt issued by developed countries;
- 75% for equities issued by large capitalisation companies with their headquarters in "emerging" countries, equities issued by small and mid caps, debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries.

These rates are expressed as a percentage of total assets.
Over the past period, the non-financial analysis rate was 95,62% on average.

- The portfolio's average ESG rating

The analyst-managers ensure that the weighted average ESG rating of the portfolio is higher than the average of the benchmark universe, using EthiFinance's non-financial rating benchmark.

In addition, the management company makes exclusions prior to investments:

- Normative exclusions related to controversial weapons (cluster munitions, anti-personnel mines, biological and chemical weapons) and violations of the UN Global Compact.
- Sector exclusions (tobacco and thermal coal).
- Geographical exclusions (tax havens on the FATF list).

For more information on the engagement and voting policy, please refer to the voting and engagement reports available at <https://www.lazardfreresgestion.fr>.



How did this financial product perform compared to the reference benchmark?

Not applicable.

Benchmark indices are indices used to measure whether the financial product has the environmental or social characteristics it promotes.

● **How does the reference benchmark differ from a broad market index?**

Not applicable.

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

Not applicable.

● **How did this financial product perform compared with the reference benchmark?**

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.