

# Lazard Fund Managers Limited

## Lazard Investment Funds

Interim Report & Financial Statements  
For the period ended 31 March 2014



## **Lazard Investment Funds – Interim Report and Financial Statements March 2014**

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## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Company Information and Director's Report

#### Company

Lazard Investment Funds

Registered Number IC42

#### Registered Office

50 Stratton Street

London W1J 8LL

#### Director

The Authorised Corporate Director ('ACD') is Lazard Fund Managers Limited which is the sole director.

#### Board of Directors of the ACD

M D Allen

W J Smith

A Bhutani

G Mazzari

J Reinsberg

#### Director's Report

The Director presents its report and financial statements of the Company for the period ended 31 March 2014.

#### Incorporation

Lazard Investment Funds ('the Company') is an open-ended investment company with variable capital incorporated in England under registration number IC42. The Company is authorised by the FCA as a UCITS Scheme as defined in the Collective Investment Schemes Sourcebook (COLL), with eleven constituent parts; Developing Markets Fund, Emerging Markets Fund, European Alpha Fund, European Smaller Companies Fund, Global Equity Income Fund, Managed Balanced Fund, Managed Equity Fund, UK Alpha Fund, UK Income Fund, UK Omega Fund, and UK Smaller Companies Fund. All of these Sub-funds have their own investment objective and policy.

The Company's investment and borrowing powers and restrictions are prescribed by the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) and the COLL as issued and amended by the FCA. Each Sub-fund can have several share classes with different characteristics. As a consequence each share class has a different price. There is a single price for buying, selling and switching shares in each share class of the Sub-funds. This price is derived from the net asset value of each Sub-fund attributable to the relevant share class.

The accounts have been prepared to cover the period from 1 October 2013 to 31 March 2014.

The shareholders are not liable for the debts of the Company. Each Sub-fund would, if it were a separate investment company with variable capital, be a securities scheme.

#### Principal Activities

The Company's principal activity is to carry on business as an open-ended investment company.

The Company is structured as an umbrella company so that the Scheme Property of the Company may be divided among two or more Sub-funds. The assets of a Sub-Fund belong exclusively to that Sub-Fund and cannot be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other Sub-Fund, and shall not be available for any such purpose. While the OEIC Regulations provide for this "segregated liability" between Sub-Funds, the concept is relatively new and so where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the OEIC Regulations. New Sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. If a new Sub-fund is introduced, a new prospectus will be prepared to set out the required information in relation to that Sub-fund.

#### Results

The results for each Sub-fund are set out in detail in the relevant section of this report.

On behalf of the ACD

M D Allen

W J Smith

22 May 2014

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Aggregated long form financial statements

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		52,856		168,915
Revenue	17,362		15,554	
Expenses	(8,989)		(8,178)	
Finance costs: Interest	(2)		(7)	
Net revenue before taxation	8,371		7,369	
Taxation	(1,354)		(1,275)	
Net revenue after taxation for the period		7,017		6,094
Total return before distributions		59,873		175,009
Finance costs: Distributions		(9,559)		(8,105)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>50,314</b>		<b>166,904</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		1,612,679		1,288,735
Debtors	33,242		25,700	
Cash and bank balances	41,791		48,260	
Total other assets		75,033		73,960
<b>Total assets</b>		<b>1,687,712</b>		<b>1,362,695</b>
<b>Liabilities</b>				
Creditors	(25,942)		(25,304)	
Bank overdrafts	(1,494)		(42)	
Distribution payable on income shares	(4,645)		(10,863)	
Total other liabilities		(32,081)		(36,209)
<b>Total liabilities</b>		<b>(32,081)</b>		<b>(36,209)</b>
<b>Net assets attributable to Shareholders</b>		<b>1,655,631</b>		<b>1,326,486</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		1,326,486		1,232,902
Amounts received on issue of shares	377,802		136,699	
Amounts paid on cancellation of shares	(102,032)		(194,689)	
		275,770		(57,990)
Dilution levy		65		10
Stamp Duty Reserve tax		(49)		(64)
Change in net assets attributable to Shareholders from investment activities		50,314		166,904
Retained distribution on accumulation shares		3,026		2,240
Unclaimed distributions		19		24
<b>Closing net assets attributable to Shareholders</b>		<b>1,655,631</b>		<b>1,344,026</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010 ('the IMA SORP 2010').

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2013.

##### Post balance sheet events

The FCA has approved the change of name of the Lazard UK Income Fund to Lazard Multicap UK Income Fund. The new name became effective 1 April 2014. There is no change in the investment approach taken by the Investment Manager as a result of the name change.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Emerging Markets Fund

#### Investment Manager's Report

##### Investment Objective

The investment objective of the Sub-fund is to seek long term capital growth.

##### Investment Review

Over the six month period under review, the Lazard Emerging Markets Fund returned -3.21% against the MSCI Emerging Markets Index return of -1.42%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will invest primarily in issues located, or doing significant business, in emerging market countries. It is likely to focus on, but not be limited to, Latin America, the Pacific Basin and Europe.

##### Market Review

Emerging markets equities continued to be greatly affected by heightened investor concern over the likely direction of interest rates as the US Federal Reserve continued tapering its US bond purchases. The MSCI Emerging Markets Index declined by approximately 1.5%, as measured in pound sterling terms, during the last six months. During the period, shares in Asia rose modestly. Latin America markets declined by almost 5%, while eastern European stocks finished sharply lower as a result of the Crimea crisis.

##### Portfolio Review

During the period, stock selection in India and South Korea added value. Conversely, stock selection within China and South Africa detracted from performance, as did higher-than-index exposure to Russia.

Shares of YPF, an Argentine energy company, were strong due to improved macroeconomic sentiment with the government coming to an agreement with Repsol over compensation for the expropriation on YPF as well as progress on resolving outstanding debt issues.

Punjab National Bank and Axis Bank, both Indian banks, rebounded from prior weakness amid reduced macroeconomic concerns and re-emerging growth in the Indian economy.

Shares of Cielo, a Brazilian credit card processor, performed well due to good results and continued growth in the market.

Shares of Sberbank, a Russian bank, declined as the Crimea crisis resulted in increased political concerns and a weakening ruble.

Shares of Mobile Telesystems, a Russia-based telecom services company, declined amid concerns over increased competition after Rostelecom and Tele2 announced a joint venture, as well as over macro-related concerns including the weakening ruble.

Shares of China Mobile, a Chinese telecom services company, pulled back after the company announced declining earnings driven by higher handset subsidies.

Banco do Brasil, a Brazilian bank, declined on concerns that an upcoming court ruling on depositor lawsuits could hurt the company's profitability.

##### Outlook

We remain bullish on the outlook for emerging-market equities over the short, medium, and long term.

##### General Information as at 31 March 2014

Fund Size	£678.38 million
Net Yield	1.55% Retail Income 1.53% Retail Accumulation 2.10% Institutional Income 2.07% Institutional Accumulation 0.00% Institutional S Income 0.00% Institutional S Accumulation
Sector	Global Emerging Markets
Launch Date	20 October 1999
Fund Managers	James Donald and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Emerging Markets Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Argentina (0.91%)</b>		<b>8,952</b>	<b>1.32</b>
YPF (ADR)	479,289	8,952	1.32
<b>Bermuda (0.47%)</b>		<b>2,273</b>	<b>0.33</b>
Huabao	8,257,131	2,273	0.33
<b>Brazil (13.84%)</b>		<b>103,305</b>	<b>15.23</b>
Ambev	2,000,300	8,891	1.31
Banco do Brasil	4,025,375	24,343	3.59
BB Seguridade	1,916,900	12,775	1.88
Cemig (ADR)	948,500	3,869	0.57
Cielo	870,751	16,735	2.47
Localiza Rent A Car	430,400	3,792	0.56
Natura Cosmetics	592,700	5,993	0.88
Participacoes CCR	1,638,300	7,573	1.12
Souza Cruz	1,205,215	6,574	0.97
Vale (ADR)	875,700	7,264	1.07
Via Varejo	877,200	5,496	0.81
<b>Canada (2.01%)</b>		<b>19,133</b>	<b>2.82</b>
Pacific Rubiales Energy	1,769,200	19,133	2.82
<b>Cayman Islands (4.31%)</b>		<b>27,526</b>	<b>4.06</b>
Baidu	113,300	10,354	1.53
NetEase.com (ADR)	208,900	8,433	1.24
Wynn Macau	3,531,600	8,739	1.29
<b>China (4.09%)</b>		<b>24,936</b>	<b>3.68</b>
China Construction Bank	49,024,320	20,547	3.03
Weichai Power	1,940,600	4,389	0.65
<b>Egypt (0.83%)</b>		<b>7,166</b>	<b>1.06</b>
Commercial International Bank	2,458,120	7,166	1.06
<b>Hong Kong (3.91%)</b>		<b>20,160</b>	<b>2.97</b>
China Mobile (ADR)	481,800	13,170	1.94
CNOOC	7,753,000	6,990	1.03
<b>Hungary (1.44%)</b>		<b>9,253</b>	<b>1.36</b>
OTP Bank	805,804	9,253	1.36
<b>India (4.27%)</b>		<b>40,959</b>	<b>6.04</b>
Axis Bank	515,268	7,550	1.11
Bank of India	1,159,958	2,661	0.40
Bharat Heavy Electricals	2,951,985	5,781	0.85
Jindal Steel & Power	1,410,072	4,142	0.61
Punjab National Bank	1,068,369	7,930	1.17
Tata Consultancy Services	600,767	12,895	1.90
<b>Indonesia (5.12%)</b>		<b>40,398</b>	<b>5.96</b>
Astra International	11,000,000	4,284	0.63
Bank Mandiri	23,258,205	11,605	1.71
Semen Indonesia (Persero)	4,351,400	3,624	0.54
Tambang Batubara Bukit Asam	382,400	188	0.03
Telekomunikasi Indonesia (ADR)	606,400	14,320	2.11
United Tractors	5,862,753	6,377	0.94
<b>Luxembourg (0.51%)</b>		<b>2,581</b>	<b>0.38</b>
Oriflame Cosmetics	177,793	2,581	0.38
<b>Malaysia (0.77%)</b>		<b>4,726</b>	<b>0.70</b>
British American Tobacco - Malaysia	435,200	4,726	0.70
<b>Mexico (2.37%)</b>		<b>9,185</b>	<b>1.35</b>
Grupo Mexico	2,460,403	4,660	0.68
Kimberly Clark De Mexico	2,824,600	4,525	0.67
<b>Netherlands (1.06%)</b>		<b>7,354</b>	<b>1.08</b>
OCI N.V.	270,077	7,354	1.08
<b>Pakistan (1.33%)</b>		<b>6,868</b>	<b>1.01</b>
Oil & Gas Development	1,887,295	2,778	0.41
Pakistan Petroleum	2,994,882	4,090	0.60
<b>Philippines (1.77%)</b>		<b>10,803</b>	<b>1.59</b>
Philippine Long Distance (ADR)	295,400	10,803	1.59

	Holding	Market Value £'000	% of Net Assets
<b>Russia (11.24%)</b>		<b>70,000</b>	<b>10.32</b>
Alrosa	8,135,841	5,008	0.74
Gazprom	814,298	3,795	0.56
Gazprom (ADR)	2,254,960	10,415	1.53
LUKOIL (ADR)	137,440	4,580	0.68
Magnit (GDR)	136,926	4,493	0.66
Megafon (GDR)	441,581	7,440	1.10
Mobile Telesystems (ADR)	1,289,800	13,524	1.99
Sberbank	14,541,811	20,745	3.06
<b>South Africa (10.67%)</b>		<b>71,214</b>	<b>10.50</b>
Bidvest	668,978	10,612	1.56
Imperial	509,107	5,473	0.81
Nedbank	572,113	7,300	1.08
Pretoria Portland Cement	2,216,173	3,685	0.54
Sanlam	2,141,602	7,008	1.03
Shoprite	1,141,767	10,360	1.53
Standard Bank	682,259	5,401	0.80
Tiger Brands	324,666	5,041	0.74
Truworths International	994,971	4,383	0.65
Vodacom	945,601	6,958	1.03
Woolworths	1,193,016	4,993	0.73
<b>South Korea (13.44%)</b>		<b>93,331</b>	<b>13.76</b>
Coway	143,153	6,010	0.89
Hanwha Life Insurance	2,095,004	8,240	1.21
Hyundai Mobis	80,440	14,256	2.10
KB Financial	542,580	11,374	1.68
KT&G	197,282	8,882	1.31
Samsung Electronics	30,183	22,825	3.37
Shinhan Financial	599,196	15,819	2.33
Sk Hynix	292,070	5,925	0.87
<b>Taiwan (4.59%)</b>		<b>30,323</b>	<b>4.47</b>
Hon Hai Precision Industry	4,816,513	8,178	1.21
Taiwan Semiconductor Manufacturing	9,527,580	22,145	3.26
<b>Thailand (2.34%)</b>		<b>16,050</b>	<b>2.37</b>
CP All	6,743,900	5,362	0.79
PTT Exploration & Production	1,708,351	4,944	0.73
Siam Cement	746,800	5,744	0.85
<b>Turkey (4.67%)</b>		<b>29,324</b>	<b>4.32</b>
Akbank	2,787,768	5,292	0.78
KOC Holdings	3,692,954	9,257	1.36
Turkcell Iletism Hizmetleri	2,144,957	7,157	1.06
Turkiye Is Bankasi	5,719,904	7,618	1.12
<b>Portfolio of investments (95.96%)</b>		<b>655,820</b>	<b>96.68</b>
<b>Net other assets (4.04%)</b>		<b>22,556</b>	<b>3.32</b>
<b>Net assets attributable to Shareholders</b>		<b>£678,376</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total purchases for the period: £252,477,554.

Total sales for the period: £21,963,590.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Emerging Markets Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(12,039)		50,874
Revenue	6,491		5,277	
Expenses	(3,324)		(3,050)	
Finance costs: Interest	(1)		(7)	
Net revenue before taxation	3,166		2,220	
Taxation	(821)		(670)	
Net revenue after taxation for the period		2,345		1,550
Total return before distributions		(9,694)		52,424
Finance costs: Distributions		(2,352)		(1,561)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(12,046)</b>		<b>50,863</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		655,820		437,072
Debtors	9,437		10,037	
Cash and bank balances	21,715		23,629	
Total other assets		31,152		33,666
<b>Total assets</b>		<b>686,972</b>		<b>470,738</b>
<b>Liabilities</b>				
Creditors	(6,894)		(10,222)	
Bank overdrafts	(56)		—	
Distribution payable on income shares	(1,646)		(5,049)	
Total other liabilities		(8,596)		(15,271)
<b>Total liabilities</b>		<b>(8,596)</b>		<b>(15,271)</b>
<b>Net assets attributable to Shareholders</b>		<b>678,376</b>		<b>455,467</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		455,467		461,299
Amounts received on issue of shares	274,216		49,706	
Amounts paid on cancellation of shares	(40,107)		(106,056)	
		234,109		(56,350)
Change in net assets attributable to Shareholders from investment activities		(12,046)		50,863
Retained distributions on accumulation shares		846		314
<b>Closing net assets attributable to Shareholders</b>		<b>678,376</b>		<b>456,126</b>

The difference between the opening net assets and the comparative closing net assets is the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregate financial statements on page 3.

##### Fund facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.57%
Retail accumulation	1.57%
Institutional income	1.07%
Institutional accumulation	1.07%
Institutional S income	0.92%
Institutional S accumulation	0.92%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Emerging Markets Fund continued

#### Fund facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)



The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

Emerging markets may also have less developed political, economic and legal systems and there is a higher risk that the Fund may not get back its money.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	180,085,799	202.03	89,140,314
Retail accumulation	39,556,709	218.06	18,139,879
Institutional income	208,250,847	201.03	103,591,004
Institutional accumulation	51,566,831	220.59	23,376,787
September 2012			
Retail income	161,508,323	227.37	71,031,748
Retail accumulation	38,445,930	249.32	15,420,540
Institutional income	207,234,592	226.31	91,571,499
Institutional accumulation	54,110,097	253.50	21,345,579
September 2013			
Retail income	129,798,104	229.37	56,589,567
Retail accumulation	42,974,165	255.27	16,834,999
Institutional income	190,410,687	228.27	83,415,602
Institutional accumulation	61,442,681	260.82	23,557,321
Institutional S income†	25,338,800	92.42	27,417,185
Institutional S accumulation†	5,502,816	93.69	5,873,445
March 2014			
Retail income	110,175,565	224.08	49,167,994
Retail accumulation	60,126,102	249.73	24,076,055
Institutional income	224,683,328	222.98	100,763,852
Institutional accumulation	144,958,373	255.83	56,662,605
Institutional S income	111,970,799	90.27	124,045,729
Institutional S accumulation	26,461,433	91.97	28,772,604

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 0.3245p net per share for Retail income shares 0.4726p net per share for Retail accumulation shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 0.9202p net per share for Institutional income shares and 1.0617p net per share for Institutional accumulation shares.

##### Institutional S shares

The distribution payable on 30 May 2014 is 0.4510p net per share for Institutional S income shares and 0.4542p net per share for Institutional S accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.0183	211.30	116.90
2010	4.2276	260.60	200.90
2011	4.3654	263.50	196.30
2012	3.5780	245.80	207.70
2013	3.4701	265.60	216.10
2014 <sup>(i)</sup>	0.3245	226.50	207.90

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.1041	219.60	118.70
2010	4.4508	275.60	208.80
2011	4.6248	278.70	211.90
2012	3.8697	265.40	224.80
2013	3.8111	291.20	237.40
2014 <sup>(i)</sup>	0.4726	252.00	231.30

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.5954	210.50	116.50
2010	5.2949	259.80	200.30
2011	5.5757	262.70	195.30
2012	4.6894	245.20	206.80
2013	4.6866	264.90	215.40
2014 <sup>(i)</sup>	0.9202	225.60	207.20

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.7145	220.20	118.60
2010	5.5791	277.80	209.50
2011	5.9602	280.90	214.40
2012	5.1635	269.10	228.20
2013	5.2629	296.80	242.30
2014 <sup>(i)</sup>	1.0617	257.80	236.70

##### Institutional S income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2013†	1.2941	105.30	87.04
2014 <sup>(i)</sup>	0.4510	91.39	83.93

##### Institutional S accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2013†	1.2956	105.30	87.04
2014 <sup>(i)</sup>	0.4542	92.64	85.09

<sup>(i)</sup> To 31.03.14.

† Institutional S income and accumulation classes commenced 2 May 2013.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Alpha Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve capital growth at a rate greater than that of the FTSE World Europe ex UK Index, measured in Sterling.

##### Investment Review

Over the six months under review, the Lazard European Alpha Fund returned 10.89% against the FTSE World Europe ex UK Index return of 8.67%.<sup>(1)</sup>

##### Investment Policy

The portfolio will consist of actively managed investments in equity, equity-related and debt related issues of continental European markets. The ACD will select investments by a combination of identifying attractive markets and selecting individual stock in all markets of Continental Europe.

##### Market Review

European equities made further gains during the past six months and outperformed markets globally, due to signs of stabilisation in the euro zone and growing confidence in the global economy. Volatility during the period was caused by the initial talk of tapering US bond purchases in November, the effects of said tapering on emerging market currencies and tensions between Russia and the Ukraine in March. Despite such volatility, investors generally focused on the strengthening recovery in the developed world.

During the past six months, slow yet steady progress in the euro zone has been seen in strengthening Purchasing Managers' Index (PMI) figures, falling government bond yields in peripheral countries and structural reforms across the continent. However, despite such improvements, the European Central Bank has kept monetary policy accommodative, lowering interest rates to 0.25%.

##### Portfolio Review

During the past six months, the European Alpha Fund outperformed the FTSE World Europe ex UK Index.

Stock selection in consumer goods added significant value over the period. Within the sector, automobile parts manufacturer Valeo and jeweller Pandora performed well. The former was the strongest performing position in the portfolio, adding to returns after it reported strong results which surpassed expectations.

Stock selection in financials, specifically banks, detracted from performance. A great deal of this underperformance came from not holding Intesa Sanpaolo, Banco Santander and Unicredit.

In health care, a bid for health care business Algeta resulted in a significant uplift to its share price and our overweight contributed positively. The approach was made by Bayer, which we also hold; Bayer's share price reacted positively to the announcement.

Oil & gas has been a weak sector for the Fund, and our overweight in Petroleum Geo-Services hurt returns. Results were somewhat poor, and guidance was reduced towards the end of 2013.

Utilities was also a positive sector for the Fund, with electricity supplier Red Electrica a noteworthy contributor, as Spanish regulatory changes announced in January were more positive than expected.

##### Outlook

The steady recovery we are currently seeing in the euro zone is likely to continue and become increasingly self sustaining in the coming months, though this will also be reliant on global growth, particularly in the emerging markets, which have had a decidedly mixed start to the year. Although earnings outlooks have not lived up to expectations, we still believe there is room for share prices to rise, as the potential for further profit recovery in Europe still exceeds that globally and valuations are close to their historical average. In addition, stock market activity is still high, with a significant increase in IPOs during the first quarter. Given encouraging signs of economic growth and the room we believe still exists for further share price appreciation, we remain constructive on the outlook for European equities.

##### General Information as at 31 March 2014

Fund Size	£121.50 million
Net Yield	1.26% Retail Income 1.26% Retail Accumulation 1.70% Institutional Income 1.98% Retail C Income 1.90% Retail C Accumulation
Sector	Europe excluding UK
Launch Date	27 August 1986
Fund Managers	Aaron Barnfather, Barnaby Wilson and team.

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Alpha Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Austria (0.00%)</b>		<b>2,239</b>	<b>1.84</b>
Erste Bank	50,320	1,032	0.85
UNIQA Insurance	152,222	1,207	0.99
<b>Belgium (3.50%)</b>		<b>4,275</b>	<b>3.52</b>
Anheuser-Busch InBev	67,961	4,275	3.52
<b>Cayman Island (0.30%)</b>		<b>394</b>	<b>0.32</b>
Polarcus	851,786	394	0.32
<b>Denmark (4.81%)</b>		<b>8,890</b>	<b>7.32</b>
Carlsberg	15,404	918	0.76
ISS	59,710	1,203	0.99
Novo Nordisk	141,532	3,865	3.18
Pandora	41,195	1,633	1.34
Topdanmark	72,760	1,271	1.05
<b>Finland (3.88%)</b>		<b>4,851</b>	<b>4.00</b>
Nokia	413,949	1,843	1.52
Sampo (A)	96,653	3,008	2.48
<b>France (14.09%)</b>		<b>15,257</b>	<b>12.56</b>
BNP Paribas	107,802	4,990	4.11
Cap Gemini	29,193	1,326	1.09
EADS	39,545	1,700	1.40
Plastic Omnium	70,193	1,563	1.29
Sanofi-Aventis	63,947	4,001	3.29
Valeo	19,910	1,677	1.38
<b>Germany (19.34%)</b>		<b>26,524</b>	<b>21.83</b>
Allianz	28,110	2,855	2.35
Bayer	63,937	5,200	4.28
BMW	33,773	2,559	2.11
Continental	13,869	1,994	1.64
Deutsche Wohnen	93,124	1,196	0.98
Fresenius	23,483	2,205	1.82
HeidelbergCement	32,874	1,693	1.39
SAP	57,815	2,812	2.31
Siemens	43,896	3,549	2.92
Volkswagen non voting preference shares	15,783	2,461	2.03
<b>Greece (0.00%)</b>		<b>1,463</b>	<b>1.20</b>
Piraeus Bank	889,123	1,463	1.20
<b>Ireland (3.14%)</b>		<b>2,652</b>	<b>2.18</b>
Kerry	8,684	396	0.32
Kerry (A)	30,267	1,381	1.14
Ryanair	138,832	875	0.72
<b>Italy (3.61%)</b>		<b>5,963</b>	<b>4.91</b>
Eni	136,344	2,053	1.69
Mediaset	536,180	1,798	1.48
Mediolanum	373,153	2,112	1.74
<b>Netherlands (7.54%)</b>		<b>7,395</b>	<b>6.09</b>
Koninklijke Philips	87,849	1,852	1.53
Reed Elsevier	150,186	1,947	1.60
Unilever	145,812	3,596	2.96
<b>Norway (5.21%)</b>		<b>3,893</b>	<b>3.20</b>
Dolphin Group	416,274	234	0.19
Gjensidige Forsikring	108,535	1,324	1.09
Petroleum Geo-Services	165,698	1,208	0.99
Telenor	84,756	1,127	0.93
<b>Portugal (0.81%)</b>		<b>1,205</b>	<b>0.99</b>
Galp Energia	116,356	1,205	0.99
<b>Spain (5.04%)</b>		<b>5,885</b>	<b>4.84</b>
Acciona	27,400	1,423	1.17
Atresmedia	87,817	811	0.67
BBVA	202,467	1,459	1.20
BBVA Rights	202,467	28	0.02
Red Electrica	44,394	2,164	1.78

	Holding	Market Value £'000	% of Net Assets
<b>Sweden (8.04%)</b>		<b>5,055</b>	<b>4.16</b>
Modern Times	62,034	1,733	1.43
SKF	89,536	1,373	1.13
Swedbank (A)	121,327	1,949	1.60
<b>Switzerland (17.69%)</b>		<b>20,532</b>	<b>16.90</b>
Compagnie Financiere Richemont	30,724	1,760	1.45
GAM	122,234	1,320	1.08
Julius Baer	29,957	798	0.66
Novartis	146,739	7,473	6.15
Panalpina Welttransport	21,247	1,958	1.61
Swatch	3,450	1,297	1.07
Swiss Re	29,702	1,652	1.36
Syngenta	8,650	1,964	1.62
UBS	186,402	2,310	1.90
<b>Turkey (2.63%)</b>		<b>2,274</b>	<b>1.87</b>
Turkcell Iletism Hizmetleri	343,184	1,145	0.94
Türkiye Garanti Bankasi	549,980	1,129	0.93
<b>Portfolio of investments (99.63%)</b>		<b>118,747</b>	<b>97.73</b>
<b>Net other assets (0.37%)</b>		<b>2,754</b>	<b>2.27</b>
<b>Net assets attributable to Shareholders</b>		<b>£121,501</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total purchases for the period: £30,060,881.

Total sales for the period: £27,235,008.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Alpha Fund

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		10,568		15,920
Revenue	804		757	
Expenses	(823)		(720)	
Net (deficit)/revenue before taxation	(19)		37	
Taxation	(103)		(70)	
Net deficit after taxation for the period		(122)		(33)
Total return before distributions		10,446		15,887
Finance costs: Distributions		(44)		(26)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>10,402</b>		<b>15,861</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		118,747		105,303
Debtors	3,951		1,582	
Cash and bank balances	2,792		2,241	
Total other assets		6,743		3,823
<b>Total assets</b>		<b>125,490</b>		<b>109,126</b>
<b>Liabilities</b>				
Creditors	(3,950)		(2,037)	
Distribution payable on income shares	(39)		(1,395)	
Total other liabilities		(3,989)		(3,432)
<b>Total liabilities</b>		<b>(3,989)</b>		<b>(3,432)</b>
<b>Net assets attributable to Shareholders</b>		<b>121,501</b>		<b>105,694</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		105,694		89,258
Amounts received on issue of shares	9,843		5,298	
Amounts paid on cancellation of shares	(4,457)		(8,133)	
		5,386		(2,835)
Change in net assets attributable to Shareholders from investment activities		10,402		15,861
Retained distribution on accumulation shares		8		—
Unclaimed distributions		11		18
<b>Closing net assets attributable to Shareholders</b>		<b>121,501</b>		<b>102,302</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

##### Fund facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.58%
Retail accumulation	1.57%
Institutional income	1.07%
Retail C income	0.82%
Retail C accumulation	0.82%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Alpha Fund continued

#### Fund facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards			Typically Higher Rewards			
1	2	3	4	5	6	7

The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	72,031,658	371.79	19,374,343
Retail accumulation	4,052,285	389.38	1,040,698
Institutional income	23,127,910	372.41	6,210,348
September 2012			
Retail income	72,932,236	425.15	17,154,407
Retail accumulation	5,373,636	452.22	1,188,280
Institutional income	10,952,451	425.96	2,571,229
September 2013			
Retail income	77,622,390	522.35	14,860,218
Retail accumulation	6,955,330	563.32	1,234,713
Institutional income	16,443,788	523.37	3,141,900
Retail C income†	1,764,870	519.88	339,475
Retail C accumulation†	2,907,471	566.99	512,794
March 2014			
Retail income	78,477,907	573.06	13,694,494
Retail accumulation	8,785,608	618.01	1,421,603
Institutional income	19,630,010	575.20	3,412,711
Retail C income	10,940,202	571.30	1,914,975
Retail C accumulation	3,667,367	624.37	587,371

#### Distribution Information

##### Retail shares

A shortfall for Income and Accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Institutional shares

The distribution payable on 30 May 2014 is 0.4538p net per share for Institutional income shares.

##### Retail C shares

The distribution payable on 30 May 2014 is 1.2337p net per share for Retail C income shares and 1.2812p net per share for Retail C accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	8.7051	463.50	288.50
2010	5.2214	464.00	381.10
2011	5.3561	494.20	352.90
2012	6.4457	460.50	366.10
2013	7.2703	565.00	462.70
2014 <sup>(1)</sup>	—	576.50	541.10

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009 <sup>(2)</sup>	5.9802	472.70	346.90
2010	6.1431	479.60	388.60
2011	5.9134	510.20	364.40
2012	6.8702	489.80	383.50
2013	7.8485	609.30	492.20
2014 <sup>(1)</sup>	—	621.70	583.50

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	10.4495	465.50	289.90
2010	7.4622	465.40	383.00
2011	7.7375	497.00	353.80
2012	8.5365	461.90	367.20
2013	9.8500	566.80	464.20
2014 <sup>(1)</sup>	0.4538	579.10	543.10

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	461.00	100.00
2013	11.3799	563.40	463.30
2014 <sup>(1)</sup>	1.2337	575.90	539.90

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	490.50	100.00
2013	11.9044	614.40	492.90
2014 <sup>(1)</sup>	1.2812	628.10	588.80

<sup>(1)</sup> To 31.03.14

<sup>(2)</sup> Available from 05.05.09.

†Retail C income and accumulation classes commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Smaller Companies Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve long term capital growth by investing in European Smaller Companies.

##### Investment Review

Over the six month period under review, the Lazard European Smaller Companies Fund returned 16.21%, net of fees, against the MSCI Europe Small Cap Index return of 14.45%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will achieve this by generally investing in the smallest 10% of European listed companies, measured by market capitalisation.

At the discretion of the ACD, the Sub-fund may retain its investments in companies which were within that bracket at the time of acquisition but which grow beyond it in course of time.

##### Market Review

The equity market's upbeat mood continued into 2014, on the heels of two consecutive years of double-digit returns for European small cap stocks. However, the first quarter of this calendar year ended up proving volatile, as expectations were recalibrated on the back of mixed results and some newsflow that concerned the market. On the positive side, the European Purchasing Manufacturers' Index remained in expansionary territory, consumer confidence was improving, inflation remained subdued and the peripheral countries experienced some signs of modest growth. The interest rate yield remained near its steepest level ever, and net fund inflows remained positive. However, during the first quarter, these encouraging signs were counterbalanced to some degree by less positive news. Emerging markets witnessed continued outflows, as the Chinese economy continued to decelerate and turmoil was created by the annexation of Crimea into the Russian Federation. In developed markets, Japan added to investor concerns as the hike in the value-added tax rate led to a stronger-than-anticipated hit on consumption. Investors chose to look through the more negative news of the first quarter of 2014.

##### Portfolio Review

One contributor to strategy performance was the UK-listed company Greencore, which focuses on the convenience food and "food-to-go" categories. The company's results continue to provide evidence of strong operational execution and market share gains in the tough UK food market. Additionally, the potential for business expansion in the United States is exceptionally good on the back of rollouts with very important reference customers, as well as through business extensions. The results that Greencore has produced over the past 18 months in the United States amply confirm that potential. We remain shareholders.

Another performance contributor was the Italian asset manager Azimut. In March, the company announced better-than-expected results for the fourth quarter of 2013, due to strong growth in revenue and performance fees. Azimut easily surpassed its target for net inflows in 2013, and inflows have remained strong in the first months of 2014. The company maintains its solid balance sheet with a high level of net cash, and the CEO reaffirmed his pledge to return cash to shareholders at the end of the year if no appropriate major acquisition targets can be identified. We continue to hold the stock.

One detractor from performance was the utility APR Energy, which is listed in the United Kingdom but operates globally. Market concerns centered on the relatively high levels of debt and issues of cash collection, particularly as APR faced material payment delays related to a major project. However, toward the end of the first quarter this year, the debtor involved in that major payment delay made payments and APR has structured tighter controls going forward. The company is also in discussions to refinance its debt. We remain shareholders given APR's strong record of operational execution, which has been underpinned by a very high level of contract renewals, and the potential for a more robust financial structure.

##### Outlook

The steady recovery we are currently seeing in the euro zone is likely to continue and become increasingly self sustaining in the coming months, though this will also be reliant on global growth, particularly in the emerging markets, which have had a decidedly mixed start to the year. Although earnings outlooks have not lived up to expectations, we still believe there is room for share prices to rise, as the potential for further profit recovery in Europe still exceeds that globally and valuations are close to their historical average. In addition, stock market activity is still high, with a significant increase in IPOs during the first quarter. Given encouraging signs of economic growth and the room we believe still exists for further share price appreciation, we remain constructive on the outlook for European equities.

##### General Information as at 31 March 2014

Fund Size	£169.14 million
Net Yield	0.60% Retail Accumulation 1.06% Institutional Accumulation 1.04% Retail C Accumulation
Sector	European Smaller Companies
Launch Date	31 May 2000
Fund Manager	Brian Pessin and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Smaller Companies Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Austria (1.90%)</b>		<b>5,938</b>	<b>3.51</b>
AMS	28,904	2,428	1.44
Kapsch Trafficcom	39,128	1,281	0.76
Porr AG	14,791	597	0.35
Uniqi Insurance	205,761	1,632	0.96
<b>Belgium (5.07%)</b>		<b>6,181</b>	<b>3.65</b>
Ackermans & van Haaren	29,045	2,200	1.30
Kinepolis	33,906	3,981	2.35
<b>Denmark (1.45%)</b>		<b>5,249</b>	<b>3.10</b>
Auriga Industries	70,745	1,500	0.89
Royal Unibrew	25,015	2,490	1.47
Topdanmark	72,087	1,259	0.74
<b>Finland (0.98%)</b>		<b>1,722</b>	<b>1.02</b>
Caverion	267,712	1,722	1.02
<b>France (4.48%)</b>		<b>6,808</b>	<b>4.03</b>
GTT	51,800	2,008	1.19
Ingenico	55,539	3,114	1.84
Plastic Omnium	75,683	1,686	1.00
<b>Germany (12.24%)</b>		<b>22,287</b>	<b>13.18</b>
Aurelius	96,031	2,190	1.29
Compugroup Medical	99,135	1,492	0.88
CTS Eventim	64,861	2,575	1.52
Duerr	55,643	2,582	1.53
Freenet	99,484	2,089	1.24
Heidelberger Druck	662,162	1,221	0.72
Jenoptik	144,458	1,572	0.94
Kuka	57,183	1,674	0.99
Norma	78,065	2,477	1.46
SHW AG	45,818	1,758	1.04
Wirecard	106,940	2,657	1.57
<b>Greece (1.24%)</b>		<b>2,202</b>	<b>1.30</b>
Jumbo	207,291	2,202	1.30
<b>Ireland (4.52%)</b>		<b>7,896</b>	<b>4.67</b>
Glanbia	177,758	1,636	0.97
Greencore	1,343,436	3,694	2.18
United Drug	731,215	2,566	1.52
<b>Italy (7.69%)</b>		<b>14,643</b>	<b>8.66</b>
Azimut	216,472	4,626	2.74
Ei Towers	66,256	2,341	1.38
Mediolanum	304,082	1,721	1.02
Recordati	250,709	2,624	1.55
SIAS	224,697	1,622	0.96
Sorin	953,331	1,709	1.01
<b>Luxembourg (1.93%)</b>		<b>2,161</b>	<b>1.28</b>
Saf-Holland	232,680	2,161	1.28
<b>Netherlands (2.68%)</b>		<b>6,267</b>	<b>3.71</b>
Aalberts Industries	199,448	4,171	2.47
Frank's International	141,200	2,096	1.24
<b>Norway (2.14%)</b>		<b>6,094</b>	<b>3.60</b>
Kongsberg Gruppen	135,771	1,857	1.10
Petroleum Geo-Services ASA	222,617	1,623	0.96
Sevan Drilling	1,854,165	667	0.39
Sparebank	319,952	1,947	1.15
<b>Sweden (7.94%)</b>		<b>15,291</b>	<b>9.04</b>
Bygghmax	278,404	1,307	0.77
Cloetta	934,526	2,032	1.20
Hexpol	50,915	2,687	1.59
Indutrade	72,579	2,061	1.22
Intrum Justitia	178,831	2,918	1.73
Loomis	162,458	2,487	1.47
Modern Times	64,388	1,799	1.06

	Holding	Market Value £'000	% of Net Assets
<b>Switzerland (3.86%)</b>		<b>5,430</b>	<b>3.21</b>
Cembra Money Bank	41,016	1,677	0.99
Gam	166,075	1,793	1.06
Kardex	65,812	1,960	1.16
<b>United Kingdom (38.94%)</b>		<b>57,703</b>	<b>34.11</b>
Abcam	297,202	1,156	0.68
Aberdeen Asset Management	386,860	1,510	0.89
APR Energy	179,423	1,445	0.85
Arrow Global	736,797	1,665	0.98
Ashtead	234,575	2,230	1.32
Big Yellow	329,758	1,796	1.06
Brammer	503,760	2,444	1.45
Darty	910,600	1,068	0.63
Dignity	140,657	2,062	1.22
Direct Line Insurance	714,056	1,695	1.00
Elementis	682,009	1,953	1.16
Fenner	482,080	1,921	1.14
Foxtons	203,830	727	0.43
Galliford Try	158,290	2,097	1.24
Hansteen	2,145,389	2,338	1.38
Hunting	231,809	1,995	1.18
IG	608,403	3,815	2.26
International Personal Finance	314,702	1,610	0.95
Micro Focus International	194,026	1,610	0.95
Provident Financial	102,509	2,032	1.20
Rightmove	105,044	2,770	1.64
Rotork	75,662	2,002	1.18
RPC	383,367	2,411	1.43
Spectris	60,928	1,412	0.83
Spirax-Sarco Engineering	57,968	1,675	0.99
Synergy Healthcare	134,950	1,861	1.10
Taylor Wimpey	1,283,248	1,510	0.89
Telecity	142,863	996	0.59
Ultra Electronics	106,637	1,908	1.13
Wood (John)	180,998	1,388	0.82
Workspace	439,332	2,601	1.54
<b>Portfolio of investments (97.06%)</b>		<b>165,872</b>	<b>98.07</b>
<b>Net other assets (2.94%)</b>		<b>3,268</b>	<b>1.93</b>
<b>Net assets attributable to Shareholders</b>		<b>£169,140</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total purchases for the period: £45,462,416.

Total sales for the period: £39,223,135.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Smaller Companies Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		22,879		22,855
Revenue	760		652	
Expenses	(842)		(673)	
Finance costs: Interest	(1)		—	
Net deficit before taxation	(83)		(21)	
Taxation	60		(19)	
Net deficit after taxation for the period		(23)		(40)
Total return before distributions		22,856		22,815
Finance costs: Distributions		(8)		(2)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>22,848</b>		<b>22,813</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		165,872		136,802
Debtors	1,115		803	
Cash and bank balances	3,575		4,862	
Total other assets		4,690		5,665
<b>Total assets</b>		<b>170,562</b>		<b>142,467</b>
<b>Liabilities</b>				
Creditors	(1,422)		(1,514)	
Total other liabilities		(1,422)		(1,514)
<b>Total liabilities</b>		<b>(1,422)</b>		<b>(1,514)</b>
<b>Net assets attributable to Shareholders</b>		<b>169,140</b>		<b>140,953</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		140,953		119,312
Amounts received on issue of shares	17,033		1,239	
Amounts paid on cancellation of shares	(11,689)		(8,856)	
		5,344		(7,617)
Stamp Duty Reserve tax		(13)		(3)
Change in net assets attributable to Shareholders from investment activities		22,848		22,813
Retained distribution on accumulation shares		8		—
<b>Closing net assets attributable to Shareholders</b>		<b>169,140</b>		<b>134,505</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

##### Fund facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail accumulation	1.57%
Institutional accumulation	1.04%
Retail C accumulation	0.84%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard European Smaller Companies Fund continued

#### Fund facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards			Typically Higher Rewards			
1	2	3	4	5	6	7
1	2	3	4	5	6	7

The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

It may not be possible to sell the shares of smaller companies as easily as those of larger companies and this may cause the share price to fall.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail accumulation	3,465,491	207.55	1,669,738
Institutional accumulation	107,670,805	215.43	49,980,598
September 2012			
Retail accumulation	5,058,266	244.49	2,068,937
Institutional accumulation	114,253,299	255.24	44,763,187
September 2013			
Retail accumulation	4,421,684	316.38	1,397,566
Institutional accumulation	136,459,523	332.20	41,077,593
Retail C accumulation†	71,886	318.09	22,599
March 2014			
Retail accumulation	13,893,644	365.71	3,799,077
Institutional accumulation	153,503,700	384.99	39,872,302
Retail C accumulation	1,742,262	368.98	472,182

#### Distribution Information

##### Retail shares

The shortfall for Retail accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Institutional shares

The distribution payable on 30 May 2014 is 0.0157p net per share for Institutional accumulation shares.

##### Retail C shares†

The distribution payable on 30 May 2014 is 0.3932p net per share for Retail C accumulation shares.

#### Distribution and price record (pence per share)

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.5313	201.20	121.30
2010	1.2409	242.40	183.40
2011	1.3127	254.40	196.30
2012	2.1895	262.70	212.10
2013	2.1937	348.10	265.60
2014 <sup>(1)</sup>	—	369.00	342.20

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	3.2695	206.60	124.10
2010	2.4928	250.60	189.00
2011	2.7743	263.70	204.00
2012	3.6150	274.70	220.50
2013	4.0988	366.00	277.70
2014 <sup>(1)</sup>	0.0157	388.40	359.90

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	263.00	100.00
2013	3.8360	350.50	266.00
2014 <sup>(1)</sup>	0.3932	372.10	344.80

<sup>(1)</sup> To 31.03.14.

†Retail C accumulation class commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to seek to generate substantial income as well as long term capital growth.

##### Investment Review

In the six month under review, the Lazard Global Equity Income Fund returned 4.19% against the MSCI AC World Index return of 5.60%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will invest in global securities seeking to diversify income stream through exposure to a portfolio of high-yielding securities, comprising primarily of equities, a proportion of which may be in emerging markets.

##### Market Review

Global markets rose in the fourth quarter as investors weighed the prospects of improving economic conditions against the likelihood that the US Federal Reserve (the Fed) would begin tapering its bond-buying program in the coming months. Ultimately, investors cheered the Fed's December announcement that it would reduce its monthly bond purchases by US\$10 billion, as the decision underscored Fed officials' belief that the country's economic recovery was sustainable. European markets rose in response to strong manufacturing data and an agreement by euro zone finance ministers on a common "backstop" for failing banks, seen by many as a key step in the establishment of a banking union for the currency bloc. Investors in China were encouraged that the government announced plans for economic and social reforms. Stocks sold-off early in the New Year in response to geopolitical tensions in Eastern Europe, before recovering late in the period to end the quarter mostly flat. The Japanese market materially underperformed amid a second consecutive quarter of lacklustre GDP growth, as excitement over a potential recovery driven by Prime Minister Shinzō Abe's quantitative easing and reform policy faded. European markets continued to perform well as sovereign bond yields plunged. Many trends that were in place throughout 2013 continued through the first two months of 2014. After dramatically outperforming in 2013, the US market demonstrated continued strength early in the quarter, even amid concerns over yet another shut down of the government, while emerging markets continued to lag. However, late in the quarter there was a dramatic rotation into less-expensive parts of the global markets; emerging markets materially outperformed the United States, and certain strong-performing and frothy parts of global equity markets, such as US biotech and Chinese internet companies, fell sharply.

#### Portfolio Review

The portfolio benefited from its position in Spanish electricity provider Red Electrica, as shares rose after management said that they expected a new regulation to allow the company to achieve satisfactory returns on its projects. We continue to believe that the company's dividend yield is secure and has potential to grow, and that valuation is attractive at current levels. A position in Atlantia also contributed positively to performance. Shares of the Italian toll road operator rose after a report showed the country's economy had exited recession, while ratings agency Moody's upgraded its outlook for the country. We were encouraged by the reports, as we believe Atlantia is favourably positioned to benefit from traffic growth as the Italian economy continues to improve. A position in casino operator Wynn Resorts also added value. Shares rose as the company's Macau casinos experienced strong VIP and mass market revenues. We sold our position in March as the stock approached our target valuation.

In contrast, the portfolio was hurt by its position in Mobile Telesystems. Shares fell as Russian stocks sold off sharply amid ongoing geopolitical turmoil. However, we continue to like Mobile Telesystems as we believe the company should benefit from increasing mobile data use by customers, and we expect data services to continue to drive revenue growth. Shares of Banco do Brasil fell as some investors were concerned by management's comments indicating that future net interest income growth would be lower than expected, citing tightening credit spreads and higher growth in low-risk segments. However, we believe the company maintains strong growth prospects from its insurance and credit card businesses. A position in offshore drilling contractor Transocean also hurt returns, as shares fell amid investor concerns that oil majors would reduce deepwater capital expenditures, which would likely lead to lower utilisation rates for offshore drillers. While we do expect utilisation rates to decline, we believe the market is overestimating the negative impact this will have on earnings. Furthermore, we are encouraged by Transocean's ongoing cost-savings initiative.

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund continued

#### Outlook

The current environment has led us toward higher-quality emerging-market companies with strong competitive positions we feel can continue to generate strong free-cash flow and pay robust dividends even in a more adverse environment. The dramatic shift in sentiment on Europe during the past two years gives us confidence that sentiment on the emerging markets will inevitably turn as well. A continued recovery in the global economy will boost investor confidence and likely lead investors to look to the more attractively valued stocks outside of the regions currently perceived to be safe as such wide regional valuation gaps as currently exist are unsustainable in a globally integrated world. We feel that a portfolio invested using a systematic, valuation-driven investment process that is skewed to the parts of the world that remain attractively valued is well suited for such an environment.

#### General Information as at 31 March 2014

Fund Size	£336.2 million
Net Yield	4.67% Retail Income 4.52% Retail Accumulation 4.67% Institutional Income 4.50% Institutional Accumulation 4.63% Retail C Income 4.51% Retail C Accumulation
Sector	Global Growth
Launch date	22 October 2007
Fund Manager:	Patrick Ryan and team.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets		Holding	Market Value £'000	% of Net Assets
<b>Australia (1.96%)</b>		<b>7,569</b>	<b>2.25</b>	<b>Spain (2.34%)</b>		<b>5,340</b>	<b>1.59</b>
DUET	3,703,524	4,283	1.27	Red Electrica de Espana	109,573	5,340	1.59
Transurban	815,262	3,286	0.98	<b>Sweden (2.10%)</b>		<b>4,598</b>	<b>1.37</b>
<b>Austria (0.00%)</b>		<b>2,775</b>	<b>0.83</b>	Electrolux	150,373	1,964	0.59
Uniq Insurance	349,842	2,775	0.83	SwedBank	163,980	2,634	0.78
<b>Belgium (1.07%)</b>		<b>8,092</b>	<b>2.41</b>	<b>Switzerland (2.44%)</b>		<b>16,256</b>	<b>4.83</b>
Bpost	602,367	8,092	2.41	Cembra Money Bank	66,039	2,700	0.80
<b>Brazil (4.95%)</b>		<b>20,407</b>	<b>6.07</b>	Swiss Re	115,001	6,396	1.90
Banco do Brasil	934,134	5,649	1.68	Transocean	192,165	4,764	1.42
BB Seguridade Participacoes	786,000	5,238	1.56	Zurich Insurance	13,018	2,396	0.71
Cia Hering	231,700	1,686	0.50	<b>Taiwan (2.31%)</b>		<b>9,175</b>	<b>2.73</b>
Direcional Engenharia	874,200	2,324	0.69	Radiant Opto-Electronics	1,600,690	3,847	1.14
Grendene Sa	658,200	2,715	0.81	Siliconware Precision Industries	6,704,000	5,328	1.59
Natura Cosmetics	276,400	2,795	0.83	<b>Thailand (2.03%)</b>		<b>5,205</b>	<b>1.55</b>
<b>Canada (0.00%)</b>		<b>1,654</b>	<b>0.49</b>	Dynasty Ceramic	2,891,600	2,794	0.83
Alaris Royalty	102,300	1,654	0.49	Krung Thai Bank	7,009,700	2,411	0.72
<b>Cayman Islands (4.01%)</b>		<b>15,527</b>	<b>4.62</b>	<b>Turkey (1.81%)</b>		<b>5,409</b>	<b>1.61</b>
Sands China	1,637,600	7,326	2.18	Tofas Turk Otomobil Fabrikasi	822,124	2,801	0.83
Wynn Macau	3,314,400	8,201	2.44	Tupras-Turkiye Petrol Rafinerileri	205,531	2,608	0.78
<b>Channel Islands (1.16%)</b>		-	-	<b>United Kingdom (9.59%)</b>		<b>19,339</b>	<b>5.75</b>
<b>China (4.33%)</b>		<b>18,677</b>	<b>5.55</b>	Direct Line Insurance	1,827,232	4,338	1.29
Agricultural Bank of China	22,693,000	5,896	1.75	Infinis Energy Plc	1,178,760	2,805	0.83
China Construction Bank	11,421,240	4,787	1.42	Rexam	392,344	1,910	0.57
China Shenhua Energy	873,000	1,505	0.45	Royal Dutch Shell 'A'	236,321	5,180	1.54
Huaneng Power International	2,988,000	1,707	0.51	Vodafone	2,318,228	5,106	1.52
Industrial & Commercial Bank of China	4,431,055	1,631	0.48	<b>United States (29.83%)</b>		<b>102,877</b>	<b>30.59</b>
SJM	1,882,000	3,151	0.94	Arosa Zao	5,006,654	3,082	0.92
<b>Finland (0.93%)</b>		<b>3,459</b>	<b>1.03</b>	Apple	18,006	5,795	1.72
Sampo 'A'	111,161	3,459	1.03	Aviv	111,876	1,641	0.49
<b>France (5.04%)</b>		<b>27,583</b>	<b>8.20</b>	Blackstone Mortgage Trust	321,500	5,538	1.65
AXA	375,304	5,853	1.74	Capital One Financial (Non-Cumulative Perpetual Preference shares)	273,935	3,852	1.15
Eutelsat Communication	312,329	6,362	1.89	CBL & Associates	334,000	3,558	1.06
GTT	104,630	4,055	1.21	Century Link	592,385	11,673	3.47
Rexel	164,362	2,588	0.77	Cisco Systems	378,348	5,086	1.51
Total	221,710	8,725	2.59	ConocoPhillips	74,360	3,137	0.93
<b>Germany (2.36%)</b>		<b>8,183</b>	<b>2.43</b>	Diamond Offshore	79,560	2,326	0.69
Allianz	40,681	4,132	1.23	Federated Investor	92,053	1,686	0.50
BMW	53,451	4,051	1.20	Globaltrans GDR	461,742	3,196	0.95
<b>Indonesia (0.32%)</b>		<b>2,322</b>	<b>0.69</b>	Hartford Financial	79,149	1,674	0.50
Bank Pembangunan Daerah Jawa Barat dan Banten	42,291,200	2,322	0.69	Hasbro	68,615	2,288	0.68
<b>Israel (1.13%)</b>		<b>5,341</b>	<b>1.59</b>	Intel	545,980	8,453	2.51
Bezeq The Israeli Telecom Company	5,003,690	5,341	1.59	International Paper	114,223	3,143	0.93
<b>Italy (6.31%)</b>		<b>14,977</b>	<b>4.45</b>	JP Morgan Chase	180,922	2,368	0.70
Atlantia	421,275	6,492	1.93	Lexington Realty Trust	251,918	1,649	0.49
ENI	563,592	8,485	2.52	Maxim Integrated	126,100	2,504	0.75
<b>Japan (1.50%)</b>		<b>2,350</b>	<b>0.70</b>	Megafon-Reg S GDR	147,937	2,493	0.74
Canon	126,500	2,350	0.70	Microsoft	140,300	3,450	1.03
<b>Luxembourg (1.58%)</b>		<b>3,176</b>	<b>0.94</b>	Pattern Energy	170,369	2,771	0.82
RTL	46,713	3,176	0.94	People's United Financial	557,511	4,969	1.48
<b>Mexico (0.39%)</b>		<b>3,894</b>	<b>1.16</b>	Pfizer	219,688	4,233	1.26
Fibra Uno	2,009,100	3,894	1.16	Regions Financial	121,138	1,752	0.52
<b>Norway (0.58%)</b>		-	-	Republic Services	105,800	2,167	0.64
<b>Russia (3.81%)</b>		<b>8,055</b>	<b>2.40</b>	Seadrill	164,317	3,464	1.03
Mobile Telesystems (ADR)	601,700	6,309	1.88	Sysco	120,847	2,620	0.78
Sberbank of Russia (ADR)	299,829	1,746	0.52	United Bankshares	125,760	2,309	0.69
<b>South Africa (4.47%)</b>		<b>7,225</b>	<b>2.15</b>	<b>Portfolio of investments (98.35%)</b>		<b>329,465</b>	<b>97.98</b>
Avi	322,649	1,034	0.31	<b>Net other assets (1.65%)</b>		<b>6,780</b>	<b>2.02</b>
Vodacom	499,180	3,673	1.09	<b>Net assets attributable to Shareholders</b>		<b>£336,245</b>	<b>100.00</b>
Woolworths	601,628	2,518	0.75				

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holding at 30.09.13.

Total purchases for the period: £140,208,568.

Total sales for the period: £87,357,365.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		10,943		30,665
Revenue	4,822		3,946	
Expenses	(1,807)		(1,409)	
Finance costs: Interest	—		—	
Net revenue before taxation	3,015		2,537	
Taxation	(464)		(457)	
Net revenue after taxation for the period		2,551		2,080
Total return before distributions		13,494		32,745
Finance costs: Distributions		(4,261)		(3,411)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>9,233</b>		<b>29,334</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		329,465		267,364
Debtors	9,875		2,925	
Cash and bank balances	4,794		8,732	
Total other assets		14,669		11,657
<b>Total assets</b>		<b>344,134</b>		<b>279,021</b>
<b>Liabilities</b>				
Creditors	(4,620)		(4,609)	
Bank overdrafts	(1,357)		—	
Distribution payable on income shares	(1,912)		(2,574)	
Total other liabilities		(7,889)		(7,183)
<b>Total liabilities</b>		<b>(7,889)</b>		<b>(7,183)</b>
<b>Net assets attributable to Shareholders</b>		<b>336,245</b>		<b>271,838</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		271,838		203,397
Amounts received on issue of shares	65,650		46,469	
Amounts paid on cancellation of shares	(11,098)		(26,704)	
Stamp Duty Reserve tax		54,552		19,765
		(11)		(7)
Change in net assets attributable to Shareholders from investment activities		9,233		29,334
Retained distribution on accumulation shares		632		537
Unclaimed distribution monies		1		—
<b>Closing net assets attributable to Shareholders</b>		<b>336,245</b>		<b>253,026</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

##### Fund Facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.55%
Retail accumulation	1.55%
Institutional income	1.05%
Institutional accumulation	1.06%
Retail C income	0.80%
Retail C accumulation	0.80%

The Ongoing Charges Figure (OCF) represents the interim operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund continued

#### Fund Facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards

Typically Higher Rewards

1	2	3	4	5	6	7
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The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

High yielding assets may carry a greater risk of capital values falling or have limited prospects of capital growth or recovery.

The securities markets may be less developed in emerging markets and there is a greater risk that the Fund may experience delays in buying, selling and claiming ownership of its investments. Emerging markets may also have less developed political, economic and legal systems and there is a higher risk that the Fund may not get back its money.

The annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	37,237,417	77.84	47,841,426
Retail accumulation	24,407,130	95.17	25,645,795
Institutional income	88,808,814	79.42	111,821,900
Institutional accumulation	1,180,969	97.59	1,210,108
September 2012			
Retail income	53,670,962	86.88	61,774,749
Retail accumulation	30,272,285	111.24	27,213,446
Institutional income	117,451,648	89.10	131,824,759
Institutional accumulation	2,002,068	114.64	1,746,357
September 2013			
Retail income	55,395,263	94.85	58,404,290
Retail accumulation	40,705,219	127.69	31,878,934
Institutional income	137,859,521	97.76	141,020,499
Institutional accumulation	2,634,790	132.24	1,992,392
Retail C income†	32,266,261	95.45	33,802,733
Retail C accumulation†	2,976,606	128.63	2,314,053
March 2014			
Retail income	42,976,884	98.05	43,830,947
Retail accumulation	34,706,041	133.74	25,950,803
Institutional income	171,289,571	101.33	169,046,574
Institutional accumulation	1,625,687	138.83	1,171,027
Retail C income	73,683,245	99.08	74,370,093
Retail C accumulation	11,963,130	135.26	8,844,380

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Global Equity Income Fund continued

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 0.6509p net per share for Retail income shares and 0.8813p net per share for Retail accumulation shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 0.6732p net per share for Institutional income shares and 0.9144p net per share for Institutional accumulation shares.

##### Retail C shares

The distribution payable on 30 May 2014 is 0.6566p net per share for Retail C income shares and 0.8937p net per share for Retail C accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	3.8159	84.98	56.20
2010	4.3112	91.52	77.03
2011	4.2554	92.97	75.01
2012	3.9252	91.37	81.06
2013	4.7856	104.90	90.87
2014 <sup>(1)</sup>	1.2867	99.64	93.90

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.0977	93.97	59.60
2010	4.9096	106.50	88.66
2011	4.9961	111.00	90.70
2012	4.8875	117.00	100.80
2013	6.2318	137.80	117.50
2014 <sup>(1)</sup>	1.7391	135.00	127.20

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	3.9402	85.98	56.70
2010	4.4112	92.92	78.11
2011	4.3499	94.67	76.54
2012	4.0270	93.82	82.98
2013	4.9252	107.90	93.31
2014 <sup>(1)</sup>	1.3393	102.90	96.96

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	4.1904	95.55	60.30
2010	4.9800	108.80	90.37
2011	5.1516	113.70	92.94
2012	5.0430	120.70	103.70
2013	6.4323	142.70	121.20
2014 <sup>(1)</sup>	1.7961	140.00	132.00

#### Distribution and price record (pence per share) continued

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	100.00	85.61
2013	4.7887	105.40	90.99
2014 <sup>(1)</sup>	1.2965	100.50	94.77

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	117.20	100.00
2013	6.2697	138.90	117.70
2014 <sup>(1)</sup>	1.7539	136.30	128.50

<sup>(1)</sup> To 31.03.14.

<sup>†</sup>Retail C income and accumulation classes commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve capital growth whilst maintaining a reasonable yield.

##### Investment Review

Over the six months under review the Lazard Managed Balanced Fund returned 3.93% against the Customised Index\* return of 4.05%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will invest in diversified investments largely in equity markets with a bias towards UK and international equities, fixed income securities issued by governments, corporations and bank deposits.

##### Market Review

Global markets rose in the fourth quarter as investors weighed the prospects of improving economic conditions against the likelihood that the US Federal Reserve (the Fed) would begin tapering its bond-buying program in the coming months. Ultimately, investors cheered the Fed's December announcement that it would reduce its monthly bond purchases by US\$10 billion, as the decision underscored Fed officials' belief that the country's economic recovery was sustainable. European markets rose in response to strong manufacturing data and an agreement by euro zone finance ministers on a common "backstop" for failing banks, seen by many as a key step in the establishment of a banking union for the currency bloc. Investors in China were encouraged that the government announced plans for economic and social reforms. Stocks sold-off early in the New Year in response to geopolitical tensions in Eastern Europe, before recovering late in the period to end the quarter mostly flat. The Japanese market materially underperformed amid a second consecutive quarter of lacklustre GDP growth, as excitement over a potential recovery driven by Prime Minister Shinzō Abe's quantitative easing and reform policy faded. European markets continued to perform well as sovereign bond yields plunged. Many trends that were in place throughout 2013 continued through the first two months of 2014. After dramatically outperforming in 2013, the US market demonstrated continued strength early in the quarter, even amid concerns over yet another shut down of the government, while emerging markets continued to lag. However, late in the quarter there was a dramatic rotation into less-expensive parts of the global markets; emerging markets materially outperformed the United States, and certain strong-performing and frothy parts of global equity markets, such as US biotech and Chinese internet companies, fell sharply.

#### Portfolio Review

In the global portion of the Fund, the portfolio benefited from its position in Danish pharmaceutical maker Novo Nordisk. Shares of the company rose after management reported solid quarterly results, which highlighted strong sales growth. Management also increased its guidance for 2014. We continue to like Novo Nordisk as we believe it has favourable positioning in non-US markets, high levels of financial productivity and is attractively valued.

In contrast, the portfolio was hurt by its position in Sberbank Russia. Shares of the company fell as Russian stocks sold off sharply amid ongoing geopolitical turmoil. As a partially state-owned bank, Sberbank would be impacted materially by aggressive western economic sanctions against Russia. We sold our position in March as we felt other opportunities had better risk-reward profiles.

In the UK, Equipment hire business Ashted performed very well and was the best performer in the UK portion of the portfolio. It delivered strong results for its third quarter, and management raised profit guidance for the full financial year.

In the consumer goods sector, boohoo.com detracted from performance. We bought the online retailer when it listed in March and it quickly suffered from comparison with the larger and more established ASOS, when it delivered a disappointing update.

In terms of what helped the fixed income portion of the portfolio, performance was primarily driven by our overweight positioning in corporate bonds, as credit significantly outperformed gilts over this period.

#### Outlook

The six years since the beginning of the global financial crisis have included many unprecedented situations. As we contemplate the end of quantitative easing and the path that the Federal Open Market Committee chooses to take in the months and years ahead, we believe it is important to recognise that the underlying driver of any decision to taper and end monetary stimulus is likely to be economic strengthening. This is ultimately a positive for corporate revenue and earnings growth.

#### General Information as at 31 March 2014

Fund Size	£23.81 million
Net Yield	1.70% Retail Income 2.14% Institutional Income 2.09% Institutional Accumulation
Sector	ABI Managed Balanced Index (Pensions)
Launch Date	1 June 1999
Fund Managers	Alan Custis, Andrew Lacey and teams.

\*FTSE All-Share Index 50%; MSCI AC World Index 25%; FTSE UK Govt All Stocks Index 25%.

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Equities (80.44%)</b>		<b>18,733</b>	<b>78.67</b>
<b>Belgium (0.83%)</b>		<b>201</b>	<b>0.84</b>
Anheuser-Busch InBev	3,196	201	0.84
<b>Bermuda (0.40%)</b>		<b>61</b>	<b>0.26</b>
Signet Jewellers	957	61	0.26
<b>Brazil (0.30%)</b>		<b>55</b>	<b>0.23</b>
Cia Hering	7,540	55	0.23
<b>British Virgin Islands (0.14%)</b>		<b>68</b>	<b>0.29</b>
Gem Diamonds	39,520	68	0.29
<b>Canada (0.26%)</b>		<b>82</b>	<b>0.34</b>
Caracal Energy	12,703	44	0.18
MacDonold Dettwiler	818	38	0.16
<b>Channel Islands (0.97%)</b>		<b>66</b>	<b>0.28</b>
Experian	6,068	66	0.28
<b>Denmark (0.48%)</b>		<b>248</b>	<b>1.04</b>
Novo Nordisk	7,010	191	0.80
Topdanmark	3,290	57	0.24
<b>Finland (0.35%)</b>		<b>99</b>	<b>0.42</b>
Sampo 'A'	3,182	99	0.42
<b>France (0.18%)</b>		-	-
<b>Germany (0.91%)</b>		<b>273</b>	<b>1.15</b>
Continental	1,124	162	0.68
Symrise	1,305	39	0.17
Volkswagen Non Voting Preference Shares	463	72	0.30
<b>Indonesia (0.43%)</b>		<b>26</b>	<b>0.11</b>
PT Telekomunikasi Indonesia (ADR)	1,111	26	0.11
<b>Japan (1.78%)</b>		<b>411</b>	<b>1.73</b>
Daiwa House Industry	13,000	133	0.56
Mitsubishi Estate	10,600	151	0.63
Park 24	3,100	35	0.15
Sumitomo Mitsui Financial	34,000	92	0.39
<b>Peru (0.32%)</b>		<b>76</b>	<b>0.32</b>
Credicorp	919	76	0.32
<b>Philippines (0.40%)</b>		<b>83</b>	<b>0.35</b>
Alliance Global	102,500	39	0.16
Security Bank	30,982	44	0.19
<b>Russia (0.74%)</b>		<b>126</b>	<b>0.52</b>
Magnit (GDR)	1,927	63	0.26
Mobile Telesystems (ADR)	5,990	63	0.26
<b>South Africa (0.28%)</b>		<b>88</b>	<b>0.37</b>
Life Healthcare	40,206	88	0.37
<b>South Korea (0.47%)</b>		<b>140</b>	<b>0.59</b>
Samsung Electronics	185	140	0.59
<b>Spain (1.47%)</b>		<b>307</b>	<b>1.29</b>
International Consolidated Airline	73,538	307	1.29
<b>Sweden (0.44%)</b>		<b>159</b>	<b>0.67</b>
Assa Abloy 'B'	4,993	159	0.67
<b>Switzerland (1.09%)</b>		<b>213</b>	<b>0.89</b>
Novartis	3,085	157	0.66
Panalpina Welttransport	604	56	0.23
<b>Taiwan (0.25%)</b>		<b>70</b>	<b>0.29</b>
Taiwan Semiconductor	5,818	70	0.29
<b>Thailand (0.34%)</b>		<b>64</b>	<b>0.27</b>
Kasikornbank	18,800	64	0.27
<b>Turkey (0.29%)</b>		-	-

	Holding	Market Value £'000	% of Net Assets
<b>United Kingdom (51.03%)</b>		<b>11,305</b>	<b>47.48</b>
<b>Oil &amp; Gas Producers (6.04%)</b>		<b>1,307</b>	<b>5.49</b>
BG	10,330	115	0.48
BP	118,360	568	2.38
Ophir Energy	20,255	49	0.21
Premier Oil	16,673	49	0.21
Royal Dutch Shell 'B'	22,480	526	2.21
<b>Oil Equipment, Services &amp; Distribution (0.47%)</b>		<b>101</b>	<b>0.42</b>
Hunting	11,774	101	0.42
<b>Chemicals (0.33%)</b>		<b>77</b>	<b>0.32</b>
Elementis	26,810	77	0.32
<b>Constructions &amp; Materials (0.34%)</b>		<b>87</b>	<b>0.37</b>
Keller	8,108	87	0.37
<b>Industrial Metals &amp; Mining (0.13%)</b>		-	-
<b>Mining (3.70%)</b>		<b>836</b>	<b>3.51</b>
Anglo American	10,224	156	0.65
Glencore Xstrata	89,372	276	1.16
Rio Tinto	10,627	355	1.49
Vedanta	5,405	49	0.21
<b>Aerospace &amp; Defence (0.80%)</b>		<b>245</b>	<b>1.03</b>
Cobham	20,640	62	0.26
Rolls-Royce	16,994	183	0.77
<b>General Industrials (0.77%)</b>		<b>240</b>	<b>1.01</b>
Rexam	34,635	169	0.71
DS Smith	21,830	71	0.30
<b>Electronic &amp; Electrical Equipment (0.47%)</b>		<b>62</b>	<b>0.26</b>
Spectris	2,664	62	0.26
<b>Industrial Engineering (0.55%)</b>		<b>142</b>	<b>0.60</b>
Weir	5,580	142	0.60
<b>Support Services (3.69%)</b>		<b>745</b>	<b>3.13</b>
Aggreko	5,712	86	0.36
Ashtead	20,596	196	0.82
Capita	11,432	125	0.53
Hays	105,520	153	0.64
Howden Joinery	22,948	85	0.36
Wolseley	2,930	100	0.42
<b>Automobiles &amp; Parts (0.00%)</b>		<b>84</b>	<b>0.35</b>
GKN	21,490	84	0.35
<b>Beverages (2.00%)</b>		<b>375</b>	<b>1.57</b>
Diageo	20,144	375	1.57
<b>Food Producers (1.66%)</b>		<b>435</b>	<b>1.83</b>
Unilever	16,976	435	1.83
<b>Personal Goods (1.20%)</b>		<b>112</b>	<b>0.47</b>
Taylor Wimpey	94,982	112	0.47
<b>Tobacco (1.93%)</b>		<b>392</b>	<b>1.65</b>
British American Tobacco	11,756	392	1.65
<b>Health Care Equipment &amp; Services (0.54%)</b>		<b>222</b>	<b>0.93</b>
NMC Health	16,007	81	0.34
Smith & Nephew	15,549	141	0.59
<b>Pharmaceuticals &amp; Biotechnology (3.71%)</b>		<b>904</b>	<b>3.80</b>
AstraZeneca	7,620	295	1.24
GlaxoSmithKline	21,548	343	1.44
Shire	9,040	266	1.12
<b>Food &amp; Drug Retailers (1.05%)</b>		<b>105</b>	<b>0.44</b>
Tesco	35,476	105	0.44
<b>General Retailers (1.48%)</b>		<b>553</b>	<b>2.32</b>
Asos	1,010	52	0.22
Boohoo.com	115,090	60	0.25
Carphone Warehouse	31,898	103	0.43
Dixons Retail	236,590	116	0.49
Lookers	61,710	91	0.38

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund continued

#### Portfolio statement continued

	Holding	Market Value £'000	% of Net Assets
<b>General Retailers (continued)</b>			
Next	1,620	107	0.45
Poundland	6,300	24	0.10
<b>Media (1.49%)</b>		<b>296</b>	<b>1.24</b>
ITV	85,748	164	0.69
Reed Elsevier	14,453	132	0.55
<b>Travel &amp; Leisure (2.05%)</b>		<b>452</b>	<b>1.90</b>
Compass	21,423	196	0.82
easyJet	4,867	83	0.35
Spirit Pub	72,620	59	0.25
TUI Travel	25,921	114	0.48
<b>Fixed Line Telecommunications (0.91%)</b>		<b>228</b>	<b>0.96</b>
BT	60,191	228	0.96
<b>Mobile Telecommunications (3.30%)</b>		<b>308</b>	<b>1.29</b>
Vodafone	139,761	308	1.29
<b>Electricity (0.38%)</b>		<b>100</b>	<b>0.42</b>
Drax	13,045	100	0.42
<b>Gas, Water &amp; Multiutilities (1.20%)</b>		<b>135</b>	<b>0.57</b>
Pennon	18,136	135	0.57
<b>Banks (6.91%)</b>		<b>1,284</b>	<b>5.39</b>
Bank of Georgia	1,604	40	0.17
Barclays	111,759	261	1.10
HSBC	91,562	556	2.33
Lloyds Banking	572,937	427	1.79
<b>Life Insurance (1.65%)</b>		<b>592</b>	<b>2.49</b>
Prudential	18,490	235	0.99
Resolution	36,996	111	0.47
St. James's Place Capital	14,827	122	0.51
Standard Life	32,760	124	0.52
<b>Real Estate Investment Trusts (0.90%)</b>		<b>256</b>	<b>1.08</b>
Big Yellow	13,220	72	0.30
Derwent London	2,816	76	0.32
Shaftesbury	16,407	108	0.46
<b>Financial Services (0.45%)</b>		<b>219</b>	<b>0.92</b>
International Personal Finance	11,270	58	0.24
Man Group	116,361	118	0.50
Sherborne Investors	43,409	43	0.18
<b>Software &amp; Computer Services (0.00%)</b>		<b>141</b>	<b>0.59</b>
Sage	19,100	80	0.33
Wandisco	5,930	61	0.26
<b>Technology Hardware &amp; Equipment (0.93%)</b>		<b>270</b>	<b>1.13</b>
ARM	14,871	148	0.62
IQE	178,833	41	0.17
NXP Semiconductors	2,300	81	0.34
<b>United States (16.29%)</b>		<b>4,512</b>	<b>18.94</b>
American Express	2,860	154	0.65
Apple	597	192	0.81
Autozone	262	84	0.35
Baidu	620	57	0.24
Bristol-Myers Squibb	2,905	91	0.38
Citigroup	6,335	181	0.76
Comcast ('A' Non-voting)	3,535	103	0.43
Consol Energy	6,780	162	0.68
CVS Caremark	1,680	75	0.32
Eastman Chemicals	1,520	79	0.33
Eaton	2,175	98	0.41
EMC	6,680	110	0.46
Google	239	160	0.67
Hartford Financial Services	6,880	146	0.61
Honeywell International	3,270	182	0.77
Intel	6,635	103	0.43

	Holding	Market Value £'000	% of Net Assets
<b>United States (continued)</b>			
IntercontinentalExchange	840	100	0.42
Joy Global	2,235	78	0.33
Kellogg	2,120	80	0.34
Macy's	2,555	91	0.38
MasterCard	2,380	107	0.45
McKesson	1,210	128	0.54
Microsoft	3,305	81	0.34
Molson Coors Brewing	3,382	119	0.50
Monsanto	1,360	93	0.39
Pfizer	8,655	167	0.70
Qualcomm	2,580	122	0.51
Quintiles	2,440	74	0.31
Realegy	1,505	39	0.16
Red Hat	2,160	69	0.29
Regions Financial	12,165	81	0.34
Ross Stores	2,045	88	0.37
Schlumberger	2,510	147	0.62
Tyco International	3,675	93	0.39
United Health	2,575	127	0.53
United Technologies	2,245	157	0.66
Vertex Pharmaceuticals	810	34	0.14
Viacom 'B'	3,455	176	0.74
Visa	1,225	159	0.67
Xerox	8,800	60	0.25
Zoetis	3,755	65	0.27
<b>Government Stocks (7.84%)</b>		<b>2,597</b>	<b>10.91</b>
Treasury 4.25% 07.06.2032	£300,000	338	1.42
Treasury 4.25% 07.03.2036	£198,000	223	0.94
Treasury 4.25% 07.12.2046	£600,000	689	2.89
Treasury 4.25% 07.12.2055	£170,000	200	0.84
Treasury 4.75% 07.09.2015	£250,000	265	1.11
Treasury 4.75% 07.03.2020	£410,000	471	1.98
Treasury 4.75% 07.12.2038	£160,000	195	0.82
Treasury 5% 07.03.2025	£180,000	216	0.91
<b>Corporate Bonds (7.74%)</b>		<b>1,760</b>	<b>7.39</b>
Aviva 6.125% Open Maturity	£70,000	73	0.31
Barclays Bank 10% 21.05.2021	£75,000	98	0.41
Barclays Bank 5.75% 14.09.2026	£50,000	53	0.22
Compagnie 5.625% 15.11.2024	£100,000	111	0.47
Deutsche Telekom 6.5% 08.04.2022	£50,000	60	0.25
Deutsche Bahn Finance 2.75% 20.06.2012	£75,000	74	0.31
General Electric Capital 5.50% 15.09.2066	£50,000	51	0.21
Glencore 6.5% 27.02.2019	£50,000	57	0.24
Halifax 7.881% Open Maturity	£30,000	34	0.14
Holcim 8.75% 24.04.2017	£50,000	59	0.25
HSBC Bank 5.844% 29.11.2049	£100,000	103	0.43
Investec 7.75% 01.03.2016	£50,000	49	0.21
Munich Finance 7.625% 21.06.2028	£72,000	84	0.35
Northern Gas Networks 4.875% 15.11.2035	£70,000	72	0.30
Prudential 6.125% 19.12.2031	£50,000	56	0.24
Rabobank Nederland 4.625% 13.01.2021	£100,000	109	0.46
Rolls-Royce 6.75% 30.04.2019	£50,000	59	0.25
Royal Bank of Scotland 5.50% Open Maturity	£70,000	63	0.26
RWE Finance 6.25% 03.06.2030	£30,000	35	0.15
Santander UK 6.222% 24.05.2019	£65,000	63	0.26
Siemens Financieringsmaatschappij 6.125% 14.09.2066	£65,000	70	0.29
Southern Gas Network 4.875% 21.03.2029	£60,000	63	0.27

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund continued

#### Portfolio statement continued

	Holding	Market Value £'000	% of Net Assets
<b>Corporate Bonds (continued)</b>			
Verizon Communications 4.75% Senior European Medium Term Notes 17/2/2034	£100,000	100	0.42
Verizon Wireless Capital 8.875% 18.12.2018	£50,000	64	0.27
Volkswagen International Financing 1.25% 20.08.2015	£100,000	100	0.42
<b>Portfolio of investments (96.02%)</b>		<b>23,090</b>	<b>96.97</b>
<b>Net other assets (3.98%)</b>		<b>721</b>	<b>3.03</b>
<b>Net assets attributable to Shareholders</b>		<b>£23,811</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.2013.

Total purchases for the period: £9,384,988.

Total sales for the period: £8,721,711.

Rating	Market Value £'000
AAA	2,597
AA	74
AA-	223
A	143
A-	259
BBB+	301
BBB	451
BBB-	63
BB	34
NR	212
Total Corporate Bonds	1,760
Government Stocks	2,597
Equities	18,733
<b>Portfolio of investments</b>	<b>£23,090</b>

Bonds have been categorized by Bloomberg Composite Ratings  
(Source: Bloomberg L.P).

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		794		2,109
Revenue	304		267	
Expenses	(108)		(95)	
Finance costs: Interest	—		—	
Net revenue before taxation	196		172	
Taxation	(1)		(5)	
Net revenue after taxation for the period		195		167
Total return before distributions		989		2,276
Finance costs: Distributions		(231)		(200)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>758</b>		<b>2,076</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		23,090		21,646
Debtors	231		251	
Cash and bank balances	781		848	
Total other assets		1,012		1,099
<b>Total assets</b>		<b>24,102</b>		<b>22,745</b>
<b>Liabilities</b>				
Creditors	(186)		(150)	
Bank overdraft	(71)		(7)	
Distribution payable on income shares	(34)		(44)	
Total other liabilities		(291)		(201)
<b>Total liabilities</b>		<b>(291)</b>		<b>(201)</b>
<b>Net assets attributable to Shareholders</b>		<b>23,811</b>		<b>22,544</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		22,544		18,536
Amounts received on issue of shares	1,498		2,036	
Amounts paid on cancellation of shares	(1,184)		(1,060)	
Stamp Duty Reserve tax		314		976
Change in net assets attributable to Shareholders from investment activities		758		2,076
Retained distribution on accumulation shares		197		172
<b>Closing net assets attributable to Shareholders</b>		<b>23,811</b>		<b>21,758</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

##### Fund facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.59%
Institutional income	0.95%
Institutional accumulation	0.94%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable.

The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Balanced Fund continued

#### Fund facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards			Typically Higher Rewards			
1	2	3	4	5	6	7

The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the prices of the investments made by the Fund have been subject to higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

Investment in lower rated bonds increases the risk of default on repayment and the risk to capital of the Fund.

50% of the annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	1,471,303	98.67	1,491,183
Institutional income	1,728,472	100.61	1,717,913
Institutional accumulation	11,995,027	109.33	10,971,364
September 2012			
Retail income	1,514,913	112.88	1,342,025
Institutional income	1,983,041	115.43	1,717,887
Institutional accumulation	15,037,760	128.65	11,688,714
September 2013			
Retail income	1,475,290	125.86	1,172,125
Institutional income	2,216,915	129.05	1,717,826
Institutional accumulation	18,852,029	147.08	12,817,299
March 2014			
Retail income	1,279,596	129.90	985,071
Institutional income	2,405,770	133.38	1,803,704
Institutional accumulation	20,126,031	153.52	13,109,381

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 1.0458p net per share for Retail income shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 1.3188p net per share for Institutional income shares and 1.5086p net per share for Institutional accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.5521	101.00	75.30
2010	2.3291	111.10	95.48
2011	2.3883	113.40	96.53
2012	2.4572	116.20	105.60
2013	2.2259	131.90	116.90
2014 <sup>(1)</sup>	1.0458	133.70	127.50

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.8358	103.40	76.40
2010	2.7113	113.20	97.20
2011	2.7950	115.70	98.44
2012	2.9019	119.10	108.00
2013	2.8781	135.50	119.80
2014 <sup>(1)</sup>	1.3188	137.50	131.10

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.8721	105.90	76.40
2010	2.8093	119.80	101.50
2011	3.0093	123.70	106.50
2012	3.2041	132.80	118.30
2013	3.2166	154.40	133.50
2014 <sup>(1)</sup>	1.5086	156.70	149.40

<sup>(1)</sup> To 31.03.14.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Equity Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve capital growth.

##### Investment Review

Over the six month period under review, the Lazard Managed Equity Fund returned 5.27% against the custom benchmark (50% FTSE All-Share TR/ 50% FTSE World ex UK TR return) of 5.60%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will achieve its objective by investing in a diversified portfolio of global equities, with a minimum of 50% exposure to the UK market.

##### Market Review

Global markets rose in the fourth quarter as investors weighed the prospects of improving economic conditions against the likelihood that the US Federal Reserve (the Fed) would begin tapering its bond-buying program in the coming months. Ultimately, investors cheered the Fed's December announcement that it would reduce its monthly bond purchases by US\$10 billion, as the decision underscored Fed officials' belief that the country's economic recovery was sustainable. European markets rose in response to strong manufacturing data and an agreement by euro zone finance ministers on a common "backstop" for failing banks, seen by many as a key step in the establishment of a banking union for the currency bloc. Investors in China were encouraged that the government announced plans for economic and social reforms. Stocks sold-off early in the New Year in response to geopolitical tensions in Eastern Europe, before recovering late in the period to end the quarter mostly flat. The Japanese market materially underperformed amid a second consecutive quarter of lacklustre GDP growth, as excitement over a potential recovery driven by Prime Minister Shinzō Abe's quantitative easing and reform policy faded. European markets continued to perform well as sovereign bond yields plunged. Many trends that were in place throughout 2013 continued through the first two months of 2014. After dramatically outperforming in 2013, the US market demonstrated continued strength early in the quarter, even amid concerns over yet another shut down of the government, while emerging markets continued to lag. However, late in the quarter there was a dramatic rotation into less-expensive parts of the global markets; emerging markets materially outperformed the United States, and certain strong-performing and frothy parts of global equity markets, such as US biotech and Chinese internet companies, fell sharply.

#### Portfolio Review

In the global portion of the Fund, the portfolio benefited from its position in Danish pharmaceutical maker Novo Nordisk. Shares of the company rose after management reported solid quarterly results, which highlighted strong sales growth. Management also increased its guidance for 2014. We continue to like Novo Nordisk as we believe it has favourable positioning in non-US markets, high levels of financial productivity and is attractively valued.

In contrast, the portfolio was hurt by its position in Sberbank. Shares of the company fell as Russian stocks sold off sharply amid ongoing geopolitical turmoil. As a partially state-owned bank, Sberbank would be impacted materially by aggressive western economic sanctions against Russia. We sold our position in March as we felt other opportunities had better risk-reward profiles.

In the UK, Equipment hire business Ashted performed very well and was the best performer in the UK portion of the portfolio. It delivered strong results for its third quarter, and management raised profit guidance for the full financial year.

In the consumer goods sector, boohoo.com detracted from performance. We bought the online retailer when it listed in March and it quickly suffered from comparison with the larger and more established ASOS, when it delivered a disappointing update.

#### Outlook

The six years since the beginning of the global financial crisis have included many unprecedented situations. As we contemplate the end of quantitative easing and the path that the Federal Open Market Committee chooses to take in the months and years ahead, we believe it is important to recognise that the underlying driver of any decision to taper and end monetary stimulus is likely to be economic strengthening. This is ultimately a positive for corporate revenue and earnings growth.

#### General Information as at 31 March 2014

Fund Size	£77.16 million
Net Yield	1.18% Institutional Accumulation
Sector	Global Growth
Launch Date	16 September 2002
Fund Managers	Alan Custis, Andrew Lacey and teams.

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested, in Sterling, Institutional Share Class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Equity Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets		Holding	Market Value £'000	% of Net Assets
<b>Belgium (1.49%)</b>		<b>1,123</b>	<b>1.46</b>	<b>United Kingdom (continued)</b>			
Anheuser-Busch InBev	17,859	1,123	1.46	IQE	1,282,860	295	0.38
<b>Bermuda (0.60%)</b>		-	-	ITV	306,981	588	0.76
<b>Canada (0.44%)</b>		<b>192</b>	<b>0.25</b>	Lloyds Banking	1,967,222	1,468	1.90
Macdonald Dettwiler	4,085	192	0.25	Low & Bonar	456,438	387	0.50
<b>Channel Islands (3.30%)</b>		-	-	Next	13,740	907	1.18
<b>Denmark (0.87%)</b>		<b>1,370</b>	<b>1.77</b>	Prudential	96,394	1,223	1.58
Novo Nordis	38,740	1,058	1.37	Reed Elsevier	97,368	892	1.16
Topdanmark	17,882	312	0.40	Rio Tinto	38,683	1,291	1.67
<b>Finland (1.01%)</b>		<b>569</b>	<b>0.74</b>	Rolls-Royce	38,320	412	0.53
Sampo 'A'	18,301	569	0.74	Royal Dutch Shell 'B'	84,520	1,978	2.56
<b>France (0.85%)</b>		-	-	RPC	79,460	500	0.65
<b>Germany (1.63%)</b>		<b>1,488</b>	<b>1.92</b>	Sage	153,360	641	0.83
Continental	6,140	882	1.14	Segro	193,340	642	0.83
Symrise	7,084	212	0.27	Serco	98,350	414	0.54
Volkswagen	2,525	394	0.51	Severn Trent	35,795	653	0.85
<b>Gorgia (0.00%)</b>		<b>512</b>	<b>0.66</b>	Spirit Pub	394,510	319	0.41
Bank Of Georgia	20,550	512	0.66	St James'S Place	73,400	605	0.78
<b>Ireland (0.71%)</b>		<b>1,748</b>	<b>2.27</b>	Travis Perkins	49,620	935	1.21
Eaton	12,315	555	0.72	Unilever	67,782	1,736	2.25
Shire	40,536	1,193	1.55	Vodafone	456,217	1,005	1.30
<b>Japan (3.78%)</b>		<b>2,281</b>	<b>2.96</b>	Wandisco	27,380	281	0.36
Daiwa House	71,000	724	0.94	Weir	25,627	650	0.84
Mitsubishi Estate	59,000	839	1.09	Workspace	106,888	633	0.82
Park24	16,800	192	0.25	<b>United States (27.87%)</b>		<b>24,314</b>	<b>31.50</b>
Sumitomo Mitsui Financial	40	1	-	American Express	22,665	1,223	1.58
Sumitomo Mitsui Trust	194,000	525	0.68	Apple	2,867	923	1.20
<b>Jersey (0.00%)</b>		<b>87</b>	<b>0.11</b>	Autozone	1,730	557	0.72
Boohoo.com	166,460	87	0.11	Bristol-Myers Squibb	13,155	410	0.53
<b>Nigeria (0.00%)</b>		<b>156</b>	<b>0.20</b>	Citigroup	35,065	1,001	1.30
Lekoil	296,650	156	0.20	Comcast ('A' Non-voting)	19,550	572	0.74
<b>Netherlands (0.00%)</b>		<b>437</b>	<b>0.57</b>	Consol Energy	33,820	810	1.05
Nxp Semiconductors	12,395	437	0.57	CVS Caremark	7,850	353	0.46
<b>Sweden (0.94%)</b>		<b>880</b>	<b>1.14</b>	Eastman Chemical	9,165	474	0.61
Assa Abloy 'B'	27,595	880	1.14	EMC	39,490	649	0.84
<b>Switzerland (1.99%)</b>		<b>2,577</b>	<b>3.34</b>	Google	1,315	879	1.14
Glencore Xstrata	447,595	1,382	1.79	Hartford Financial	38,030	805	1.04
Novartis	17,411	887	1.15	Honeywell	21,400	1,191	1.54
Panalpina Welttransp	3,342	308	0.40	Intel	35,985	557	0.72
<b>United Arab Emirates (0.00%)</b>		<b>606</b>	<b>0.79</b>	Intercontinentale	4,589	545	0.71
NMC Health	120,400	606	0.79	Joy Global	12,939	450	0.58
<b>United Kingdom (49.65%)</b>		<b>35,395</b>	<b>45.88</b>	Kellogg	11,565	435	0.56
Arm Holdings	68,729	685	0.89	Macy S	14,665	522	0.68
Ashtread	79,372	754	0.98	Mastercard 'A'	13,270	595	0.77
Astrazeneca	35,988	1,395	1.81	Mckesson	5,927	628	0.81
Babcock	42,703	575	0.75	Microsoft	13,805	339	0.44
Barclays	359,170	838	1.09	Molson Coors	19,156	676	0.88
Big Yellow	95,610	521	0.68	Monsanto	6,275	428	0.55
BP	270,075	1,296	1.68	Pfizer	54,690	1,054	1.37
British American Tobacco	20,788	693	0.90	Qualcomm	14,985	709	0.92
BT	315,866	1,199	1.55	Quintiles Transnational	12,745	388	0.50
Carphone Warehouse	127,400	413	0.54	Realogy	8,145	212	0.27
Compass	111,312	1,019	1.32	Red Hat	11,735	373	0.48
Diageo	64,940	1,208	1.57	Regions Financial	66,225	440	0.57
Dixons Retail	923,864	454	0.59	Ross Stores	11,135	478	0.62
DS Smith	146,010	474	0.61	Schlumberger	13,580	794	1.03
Foxtons	41,134	147	0.20	Tyco International	16,665	424	0.55
GKN	142,310	555	0.72	United Technologies	12,410	870	1.13
GlaxoSmithKline	70,300	1,118	1.45	Unitedhealth	14,205	699	0.91
Hays	492,341	714	0.93	Vertex Pharmaceuticals	4,225	179	0.23
HSBC	243,527	1,479	1.92	Viacom 'B'	18,768	957	1.24
International Airlines	224,560	937	1.21	Visa 'A'	8,465	1,095	1.42
International Personal Finance	91,180	466	0.60	Xerox	36,700	230	0.30
				Zoetis	21,365	390	0.51

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Equity Fund

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Portfolio of investments (95.13%)</b>		<b>73,735</b>	<b>95.56</b>
<b>Net other assets (4.87%)</b>		<b>3,429</b>	<b>4.44</b>
<b>Net assets attributable to Shareholders</b>		<b>£77,164</b>	<b>100.00</b>

*Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.*

*The percentages in brackets show the equivalent comparative holdings at 30.09.13.*

*Total purchases for the period: £29,549,768.*

*Total sales for the period: £29,536,195.*

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Equity Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		3,639		9,493
Revenue	804		737	
Expenses	(405)		(375)	
Net revenue before taxation	399		362	
Taxation	(12)		(36)	
Net revenue after taxation for the period		387		326
Total return before distributions		4,026		9,819
Finance costs: Distributions		(389)		(326)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>3,637</b>		<b>9,493</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		73,735		70,073
Debtors	1,920		1,306	
Cash and bank balances	3,272		3,172	
Total other assets		5,192		4,478
<b>Total assets</b>		<b>78,927</b>		<b>74,551</b>
<b>Liabilities</b>				
Creditors	(1,763)		(852)	
Bank overdrafts	—		(35)	
Total other liabilities		(1,763)		(887)
<b>Total liabilities</b>		<b>(1,763)</b>		<b>(887)</b>
<b>Net assets attributable to Shareholders</b>		<b>77,164</b>		<b>73,664</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		73,664		66,557
Amounts received on issue of shares	3,084		3,352	
Amounts paid on cancellation of shares	(3,605)		(4,914)	
		(521)		(1,562)
Stamp Duty Reserve tax		(6)		(5)
Change in net assets attributable to Shareholders from investment activities		3,637		9,493
Retained distribution on accumulation shares		390		325
<b>Closing net assets attributable to Shareholders</b>		<b>77,164</b>		<b>74,808</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Managed Equity Fund continued

#### Fund facts

as at 31 March 2014

#### Ongoing Charges Figure (OCF)

	March 2014
Institutional accumulation	1.07%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable.

The OCF is expressed as an annual percentage rate.

#### Synthetic Risk and Reward Indicator (SRRI)



The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Institutional accumulation	57,724,244	152.77	37,784,517
September 2012			
Institutional accumulation	66,557,282	180.73	36,826,823
September 2013			
Institutional accumulation	73,664,305	217.75	33,829,418
March 2014			
Institutional accumulation	77,163,615	229.54	33,616,621

#### Distribution Information

#### Institutional shares

The distribution payable on 30 May 2014 is 1.1589p net per share for Institutional accumulation shares.

#### Distribution and price record (pence per share)

#### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.8066	152.40	103.00
2010	2.2905	175.10	142.40
2011	2.5456	180.20	146.40
2012	3.0264	186.90	165.00
2013	2.7150	232.90	187.80
2014 <sup>(1)</sup>	1.1589	236.70	223.30

<sup>(1)</sup> To 31.03.14.

Accumulation shares available only.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Alpha Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve long-term capital growth.

##### Investment Review

Over the six months under review, the Lazard UK Alpha Fund returned 4.80% against the FTSE All-Share Index return of 4.79%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will achieve this by investing in a concentrated portfolio of UK equities.

##### Market Review

UK equities appreciated during the past six months, though gains were held back by volatility in the emerging markets and tensions between Russia and Ukraine during the first quarter of 2014. Significant gains were made at the end of 2013, as the UK economy gathered momentum and economic activity globally continued to grow. This momentum spilled over into the New Year before macro concerns moderated equity market returns.

The UK economy has gone from strength to strength during the period under review. The Bank of England (BoE) upgraded its growth forecast for 2014, while inflation and unemployment have both continued to fall. Throughout, monetary policy has remained accommodative with interest rates remaining at 0.50%, while the Government has attempted to spur economic growth with measures such as the help-to-buy housing scheme.

##### Portfolio Review

The Lazard UK Alpha Fund performed in line with the FTSE All Share Index during the period under review.

Industrials was the strongest performing sector for the Fund during the past six months. Equipment hire business Ashted performed very well and was the best performer in the portfolio. It delivered strong results for its third quarter, and management raised profit guidance for the full financial year.

The largest detractor was consumer goods company Boohoo.com, which listed in March, but failed to maintain the momentum of its opening morning. Another online retailer in the portfolio, ASOS, also delivered a disappointing update, with currency movements negatively impacting its international growth. As Boohoo.com is also embarking on overseas expansion, this further weighed on its share price.

Stock selection in consumer services added to returns over the period. Carphone Warehouse shares surged in Q1 2014 on news of merger talks with Dixons Retail.

International Airlines Group (IAG), which owns British Airways, bmi and Iberia also performed well over the period. Its restructuring program appears to be progressing well and we feel that there is still room for further share price appreciation.

The basic materials sector hurt performance and our overweight in Glencore Xstrata was a significant detractor from portfolio returns during the period.

Lastly, an overweight in health care added value. NMC Health, which operates hospitals and medical centres in the UAE, was the strongest performer in the sector. Full year results towards the end of February showed strong revenue and profit growth.

##### Outlook

Despite a mixed earnings season and a volatile first quarter, primarily as a result of geopolitical risks, we do not feel there is a need to be too bearish when it comes to the UK equity market. With the exception of the market's reaction to events in Crimea, investors have become more discerning, punishing and rewarding stocks depending upon their earnings, creating an environment that favours stock pickers. In addition, economic growth is strengthening, so companies that missed expectations this time round could pick up in the coming months and given that valuations are not far off their average, expectations have not run too far ahead of the economic reality. We believe the appetite for risk remains and it is growth businesses that have continued to perform well through the recent earnings season. Against a background where positive results are rewarded and negative results punished, we believe it is adept stock pickers who will thrive, as the market becomes more scrupulous when picking those companies in the UK that exhibit a competitive advantage.

##### General Information as at 31 March 2014

Fund Size	£86.89 million
Net Yield	1.45% Retail Income 1.44% Retail Accumulation 1.91% Institutional Income 1.89% Institutional Accumulation 2.21% Retail C Income 2.16% Retail C Accumulation
Sector	UK All Companies
Launch date	3 November 1999
Fund Manager:	Lloyd Whitworth and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested, in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Alpha Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Oil &amp; Gas Producers (8.74%)</b>		<b>7,604</b>	<b>8.75</b>
BP	597,749	2,869	3.30
Lekoil	660,660	348	0.40
Royal Dutch Shell 'B'	187,418	4,387	5.05
<b>Oil Equipment, Services &amp; Distribution (1.14%)</b>		-	-
<b>Mining (8.16%)</b>		<b>5,900</b>	<b>6.79</b>
Glencore Xstrata	999,203	3,086	3.55
Rio Tinto	84,336	2,814	3.24
<b>Construction &amp; Materials (0.00%)</b>		<b>851</b>	<b>0.98</b>
Low & Bonar	1,004,560	851	0.98
<b>Aerospace &amp; Defence (2.52%)</b>		<b>900</b>	<b>1.04</b>
Rolls-Royce	83,840	900	1.04
<b>General Industrials (0.88%)</b>		<b>2,169</b>	<b>2.50</b>
RPC	177,690	1,118	1.29
Smith (DS)	324,130	1,051	1.21
<b>Industrial Engineering (2.67%)</b>		<b>1,440</b>	<b>1.66</b>
Weir	56,786	1,440	1.66
<b>Support Services (7.97%)</b>		<b>7,517</b>	<b>8.65</b>
Ashtead	175,362	1,667	1.92
Babcock	94,970	1,279	1.47
Hays	1,102,605	1,599	1.84
Serco	216,660	912	1.05
Travis Perkins	109,360	2,060	2.37
<b>Automobiles &amp; Parts (0.00%)</b>		<b>1,215</b>	<b>1.40</b>
GKN	311,400	1,215	1.40
<b>Beverages (0.00%)</b>		<b>2,605</b>	<b>3.00</b>
Diageo	140,000	2,605	3.00
<b>Food Producers (3.15%)</b>		<b>3,779</b>	<b>4.35</b>
Unilever	147,579	3,779	4.35
<b>Personal Goods (4.00%)</b>		-	-
<b>Tobacco (1.71%)</b>		<b>1,531</b>	<b>1.76</b>
British American Tobacco	45,909	1,531	1.76
<b>Health Care Equipment &amp; Services (0.00%)</b>		<b>875</b>	<b>1.01</b>
NMC Health	173,870	875	1.01
<b>Pharmaceuticals &amp; Biotechnology (5.66%)</b>		<b>8,196</b>	<b>9.43</b>
Astrazeneca	79,500	3,082	3.55
GlaxoSmithKline	156,816	2,494	2.87
Shire	88,980	2,620	3.01
<b>Food &amp; Drug Retailers (2.44%)</b>		-	-
<b>General Retailers (1.73%)</b>		<b>4,117</b>	<b>4.74</b>
Boohoo.com	365,848	192	0.22
Carphone Warehouse	278,690	903	1.04
Dixons	2,045,930	1,006	1.16
Next	30,540	2,016	2.32
<b>Media (3.98%)</b>		<b>3,284</b>	<b>3.78</b>
ITV	684,506	1,311	1.51
Reed Elsevier	215,363	1,973	2.27
<b>Travel &amp; Leisure (6.36%)</b>		<b>5,054</b>	<b>5.82</b>
Compass	247,179	2,262	2.61
Spirit Pub	874,220	706	0.81
International Airlines	500,080	2,086	2.40
<b>Fixed Line Telecommunications (2.69%)</b>		<b>2,654</b>	<b>3.05</b>
BT	699,394	2,654	3.05
<b>Mobile Telecommunications (5.61%)</b>		<b>2,211</b>	<b>2.54</b>
Vodafone	1,004,066	2,211	2.54
<b>Electricity (1.56%)</b>		-	-
<b>Gas, Water &amp; Multiutilities (3.05%)</b>		<b>1,442</b>	<b>1.66</b>
Severn Trent	79,098	1,442	1.66

	Holding	Market Value £'000	% of Net Assets
<b>Banks (11.45%)</b>		<b>9,133</b>	<b>10.51</b>
Bank of Georgia	45,840	1,142	1.32
Barclays	615,660	1,437	1.65
HSBC	537,644	3,266	3.76
Lloyds Banking	4,407,381	3,288	3.78
<b>Life Insurance (4.56%)</b>		<b>4,037</b>	<b>4.64</b>
Prudential	213,880	2,713	3.12
St. James's Place	160,590	1,324	1.52
<b>Real Estate Investment &amp; Services (0.72%)</b>		<b>328</b>	<b>0.38</b>
Foxtons	91,790	328	0.38
<b>Real Estate Investment Trusts (2.69%)</b>		<b>3,964</b>	<b>4.56</b>
Big Yellow	209,620	1,141	1.31
Segro	428,858	1,423	1.64
Workspace	236,520	1,400	1.61
<b>Financial Services (0.00%)</b>		<b>1,036</b>	<b>1.19</b>
International Personal Finance	202,460	1,036	1.19
<b>Software &amp; Computer Services (0.00%)</b>		<b>2,044</b>	<b>2.35</b>
Sage	340,030	1,422	1.64
Wandisco	60,640	622	0.71
<b>Technology Hardware &amp; Equipment (3.22%)</b>		<b>2,177</b>	<b>2.50</b>
ARM Holdings	153,310	1,530	1.76
IQE	2,813,390	647	0.74
<b>Portfolio of investments (96.66%)</b>		<b>86,063</b>	<b>99.04</b>
<b>Net other assets (3.34%)</b>		<b>831</b>	<b>0.96</b>
<b>Net assets attributable to Shareholders</b>		<b>£86,894</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total Purchases for the period: £39,285,025.

Total sales for the period: £44,394,058.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Alpha Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		3,388		16,438
Revenue	1,181		1,638	
Expenses	(629)		(831)	
Finance costs: Interest	—		—	
Net revenue before taxation	552		807	
Taxation	—		—	
Net revenue after taxation for the period		552		807
Total return before distributions		3,940		17,245
Finance costs: Distributions		(552)		(807)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>3,388</b>		<b>16,438</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		86,063		87,768
Debtors	2,149		2,328	
Cash and bank balances	2,715		2,631	
Total other assets		4,864		4,959
<b>Total assets</b>		<b>90,927</b>		<b>92,727</b>
<b>Liabilities</b>				
Creditors	(3,611)		(1,113)	
Distribution payable on income shares	(422)		(812)	
Total other liabilities		(4,033)		(1,925)
<b>Total liabilities</b>		<b>(4,033)</b>		<b>(1,925)</b>
<b>Net assets attributable to Shareholders</b>		<b>86,894</b>		<b>90,802</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		90,802		125,465
Amounts received on issue of shares	1,203		5,783	
Amounts paid on cancellation of shares	(8,618)		(17,320)	
Stamp Duty Reserve tax		(7,415)		(11,537)
Change in net assets attributable to Shareholders from investment activities		3,388		16,438
Retained distribution on accumulation shares		117		123
Unclaimed distributions		7		5
<b>Closing net assets attributable to Shareholders</b>		<b>86,894</b>		<b>130,460</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Alpha Fund continued

#### Fund facts

as at 31 March 2014

#### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.56%
Retail accumulation	1.57%
Institutional income	1.06%
Institutional accumulation	1.05%
Retail C income	0.81%
Retail C accumulation	0.81%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

#### Synthetic Risk and Reward Indicator (SRRI)



The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

In view of the concentrated nature of the Fund's portfolio of investments, the level of risk is expected to be higher than for broader based portfolios and the net asset value may be more volatile.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
<b>September 2011</b>			
Retail income	72,089,417	117.45	61,376,943
Retail accumulation	4,574,574	127.06	3,600,218
Institutional income	59,445,590	118.38	50,213,859
Institutional accumulation	13,499,664	130.69	10,329,218
<b>September 2012</b>			
Retail income	64,887,944	136.64	47,487,612
Retail accumulation	1,448,089	150.86	959,896
Institutional income	44,578,066	137.75	32,362,293
Institutional accumulation	14,550,848	156.00	9,327,408
<b>September 2013</b>			
Retail income	62,567,313	163.03	38,378,022
Retail accumulation	1,414,694	182.73	774,212
Institutional income	11,076,705	164.32	6,740,812
Institutional accumulation	15,021,390	189.97	7,907,364
Retail C income†	639,637	162.92	392,601
Retail C accumulation†	81,910	184.09	44,494
<b>March 2014</b>			
Retail income	54,984,734	168.98	32,539,701
Retail accumulation	1,133,067	190.37	595,192
Institutional income	10,309,612	170.31	6,053,569
Institutional accumulation	13,926,290	198.42	7,018,481
Retail C income	6,164,017	168.89	3,649,750
Retail C accumulation	376,104	192.54	195,341

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 0.8791p net per share for Retail income shares and 0.9822p net per share for Retail accumulation shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 1.3247p net per share for Institutional income shares and 1.5387p net per share for Institutional accumulation shares.

##### Retail C shares

The distribution payable on 30 May 2014 is 1.5334p net per share for Retail C income shares and 1.7294p net per share for Retail C accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.4337	126.20	83.40
2010	1.9547	144.70	115.90
2011	1.8885	146.50	113.20
2012	2.7950	144.30	125.90
2013	2.4754	173.30	145.70
2014 <sup>(1)</sup>	0.8791	178.30	167.30

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.5316	132.50	85.60
2010	2.0789	154.10	122.40
2011	2.0369	156.10	122.50
2012	3.0209	159.30	137.60
2013	2.7466	194.20	160.90
2014 <sup>(1)</sup>	0.9822	199.90	187.50

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Alpha Fund continued

#### Distribution Information continued

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.9902	127.40	84.30
2010	2.6239	146.00	117.00
2011	2.6319	148.00	114.10
2012	3.5165	145.70	127.00
2013	3.2977	174.90	147.10
2014 <sup>(1)</sup>	1.3247	180.10	168.90

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	3.0770	135.00	86.90
2010	2.8069	157.90	125.10
2011	2.8543	160.00	126.00
2012	3.9109	164.90	142.10
2013	3.7728	202.20	166.60
2014 <sup>(1)</sup>	1.5387	208.20	195.30

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	144.50	100.00
2013	3.7745	173.60	146.00
2014 <sup>(1)</sup>	1.5334	178.80	167.60

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	159.50	100.00
2013	4.1808	196.10	161.10
2014 <sup>(1)</sup>	1.7294	202.00	189.40

<sup>(1)</sup> To 31.03.14.

<sup>†</sup>Retail C income and accumulation classes commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Income Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve a reasonable level of income combined with capital growth from a portfolio of securities primarily made up of equity investments listed in the United Kingdom.

##### Investment Review

Over the six month period under review, the Lazard Multi Cap UK Income Fund returned 7.72% against the FTSE All-Share Index return of 4.79%.<sup>(1)</sup>

##### Investment Policy

The sub-fund will invest primarily in equity investments listed in the United Kingdom. The sub-fund will not be restricted in respect of choice of investments by company size or industry, and up to a maximum of 20% of the sub-fund may be invested in equities listed outside the United Kingdom and in other securities, either listed in the United Kingdom or listed on other exchanges outside the United Kingdom, including but not limited to preference shares, convertibles, fixed income or shares in listed open and closed end funds.

##### Market Review

UK equities appreciated during the past six months, though gains were held back by volatility in the emerging markets and tensions between Russia and Ukraine during the first quarter of 2014. Significant gains were made at the end of 2013, as the UK economy gathered momentum and economic activity globally continued to grow. This momentum spilled over into the New Year before macro concerns moderated equity market returns.

The UK economy has gone from strength to strength during the period under review. The Bank of England (BoE) upgraded its growth forecast for 2014, while inflation and unemployment have both continued to fall. Throughout, monetary policy has remained accommodative with interest rates remaining at 0.50%, while the Government has attempted to spur economic growth with measures such as the help-to-buy housing scheme.

##### Portfolio Review

The Lazard Multi Cap UK Income Fund outperformed the FTSE All-Share during the period under review.

Stock selection in industrials accounted for a great deal of outperformance during the past six months. Utilitywise was the strongest performing position during the period. Its results have shown significant revenue growth and an improved gross margin.

Also in industrials, Housebuilder Galliford Try has performed well, reporting significant growth in revenues and profitability.

Utilities was the only sector to detract from relative returns. This was in part due to the ongoing political rhetoric in the UK, and our overweight in Centrica was the largest detractor from performance in the period.

Stock selection in consumer services helped returns. In December, we participated in the IPO of Safestyle, a leading replacement window and door company with 7.5% market share in a highly fragmented market. The stock has been one of our strongest performers since purchase.

Conversely, also in consumer services, publishing group Pearson was one of our largest detractors. The company reported results for 2013 which disappointed, largely due to the performance of its North American business, while guidance for 2014 was also below expectations.

Lastly, packaging business RPC Group was a strong performer, especially following the announcement of the proposed acquisition of Maynard & Harris.

##### Outlook

Despite a mixed earnings season and a volatile first quarter, primarily as a result of geopolitical risks, we do not feel there is a need to be too bearish when it comes to the UK equity market. With the exception of the market's reaction to events in Crimea, investors have become more discerning, punishing and rewarding stocks depending upon their earnings, creating an environment that favours stock pickers. In addition, economic growth is strengthening, so companies that missed expectations this time round could pick up in the coming months and given that valuations are not far off their average, expectations have not run too far ahead of the economic reality. We believe the appetite for risk remains and it is growth businesses that have continued to perform well through the recent earnings season. Against a background where positive results are rewarded and negative results punished, we believe it is adept stock pickers who will thrive, as the market becomes more scrupulous when picking those companies in the UK that exhibit a competitive advantage.

##### General Information as at 31 March 2014

Fund Size	£92.80 million
Net Yield	3.71% Retail Income 3.64% Retail Accumulation 3.72% Institutional Income 3.58% Institutional Accumulation

Sector	UK Equity Income
Launch Date	20 October 1999
Fund Manager	Alan Clifford and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Income Fund

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Equities (96.26%)</b>		<b>91,347</b>	<b>98.43</b>
<b>Oil &amp; Gas Producers (10.22%)</b>		<b>8,734</b>	<b>9.41</b>
BP	913,356	4,384	4.72
Lekoil	402,927	212	0.23
Ophir Energy	60,679	146	0.16
Royal Dutch Shell 'B'	170,544	3,992	4.30
<b>Alternative Energy (0.62%)</b>		<b>505</b>	<b>0.54</b>
Utilitywise	149,315	505	0.54
<b>Chemicals (0.70%)</b>		<b>796</b>	<b>0.86</b>
Synthomer	281,022	796	0.86
<b>Mining (7.37%)</b>		<b>6,630</b>	<b>7.14</b>
BHP Billiton	120,698	2,225	2.40
Glencore Xstrata	526,175	1,625	1.75
Rio Tinto	83,302	2,780	2.99
<b>Construction &amp; Materials (2.94%)</b>		<b>3,497</b>	<b>3.77</b>
Costain	113,599	329	0.35
Galliford Try	97,119	1,287	1.39
Kier Group	42,495	702	0.76
Low & Bonar	916,584	777	0.84
Norcross	2,012,393	402	0.43
<b>Aerospace &amp; Defence (0.00%)</b>		<b>1,179</b>	<b>1.27</b>
Rolls-Royce	109,763	1,179	1.27
<b>General Industrials (1.67%)</b>		<b>1,700</b>	<b>1.83</b>
Rexam	177,252	863	0.93
RPC	133,136	837	0.90
<b>Electronic &amp; Electrical Equipment (2.74%)</b>		<b>2,155</b>	<b>2.32</b>
Domino Printing Sciences	97,995	768	0.83
E2V Technologies	399,266	623	0.67
XP Power	46,659	764	0.82
<b>Industrial Transportation (1.35%)</b>		<b>1,707</b>	<b>1.84</b>
BBA Aviation	223,723	742	0.80
DX	425,647	524	0.56
UK Mail	67,902	441	0.48
<b>Support Services (5.71%)</b>		<b>5,206</b>	<b>5.61</b>
AMEC	76,372	857	0.92
Atkins 'WS'	60,652	844	0.91
Brammer	131,528	638	0.69
Capita	91,044	998	1.08
office2office	296,372	65	0.07
Premier Farnell	345,111	806	0.87
SThree	179,101	716	0.77
Vianet	361,951	282	0.30
<b>Food Producers (2.07%)</b>		<b>2,322</b>	<b>2.50</b>
Unilever	90,678	2,322	2.50
<b>Household Goods &amp; Home Construction (0.84%)</b>		<b>936</b>	<b>1.01</b>
Headlam	195,946	936	1.01
<b>Tobacco (3.81%)</b>		<b>3,851</b>	<b>4.15</b>
British American Tobacco	115,460	3,851	4.15
<b>Pharmaceuticals &amp; Biotechnology (7.88%)</b>		<b>8,583</b>	<b>9.25</b>
AstraZeneca	74,996	2,907	3.13
GlaxoSmithKline	281,008	4,471	4.82
Novartis	23,657	1,205	1.30
<b>Food &amp; Drug Retailers (2.29%)</b>		<b>983</b>	<b>1.06</b>
Conviviality Retail	12,159	19	0.02
Tesco	326,172	964	1.04
<b>General Retailers (1.05%)</b>		<b>1,599</b>	<b>1.72</b>
Boohoo.com	707,934	371	0.40
Lookers	435,022	645	0.69
Safestyle	303,590	583	0.63

	Holding	Market Value £'000	% of Net Assets
<b>Media (3.89%)</b>		<b>4,047</b>	<b>4.36</b>
Creston	535,310	546	0.59
ITV	488,973	936	1.01
Moneysupermarket.com	295,312	552	0.59
Pearson	92,711	985	1.06
Reed Elsevier	112,236	1,028	1.11
<b>Travel &amp; Leisure (4.23%)</b>		<b>4,314</b>	<b>4.65</b>
Compass	100,480	919	0.99
easyJet	42,123	723	0.78
Greene King	100,167	904	0.97
International Airlines	173,623	724	0.78
TUI Travel	238,347	1,044	1.13
<b>Fixed Line Telecommunications (2.11%)</b>		<b>2,630</b>	<b>2.83</b>
Alternative Networks	130,635	621	0.67
BT Group	409,073	1,552	1.67
Mannx Telecom	291,350	457	0.49
<b>Mobile Telecommunications (5.22%)</b>		<b>3,394</b>	<b>3.66</b>
Vodafone	1,540,842	3,394	3.66
<b>Electricity (0.00%)</b>		<b>791</b>	<b>0.85</b>
Infinis Energy	332,404	791	0.85
<b>Gas, Water &amp; Multiutilities (2.96%)</b>		<b>1,986</b>	<b>2.14</b>
Centrica	245,136	808	0.87
Pennon	158,632	1,178	1.27
<b>Banks (10.60%)</b>		<b>7,786</b>	<b>8.39</b>
Barclays	340,737	795	0.86
HSBC	849,805	5,162	5.56
Lloyds Banking	2,451,973	1,829	1.97
<b>Nonlife Insurance (2.69%)</b>		<b>2,848</b>	<b>3.07</b>
Amlin	176,009	852	0.92
Direct Line Insurance	408,451	970	1.04
Novae	120,316	695	0.75
Randall & Quilter	239,880	331	0.36
<b>Life Insurance (5.59%)</b>		<b>4,381</b>	<b>4.72</b>
Legal & General	733,009	1,501	1.62
Phoenix	126,925	833	0.90
Prudential	82,862	1,051	1.13
Standard Life	263,928	996	1.07
<b>Real Estate Investment &amp; Services (1.07%)</b>		<b>389</b>	<b>0.42</b>
Belvoir Lettings	254,251	389	0.42
<b>Real Estate Investment Trusts (2.43%)</b>		<b>3,423</b>	<b>3.69</b>
Big Yellow	161,005	877	0.94
Hansteen	790,132	861	0.93
NewRiver Retail	339,607	934	1.01
Workspace	126,911	751	0.81
<b>Financial Services (2.81%)</b>		<b>3,644</b>	<b>3.93</b>
Aberdeen Asset Management	135,159	528	0.57
Brewin Dolphin	241,855	815	0.88
Intermediate Capital	178,085	736	0.79
Provident Financial	56,508	1,120	1.21
Servelec	168,665	445	0.48

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Income Fund continued

#### Portfolio statement continued

	Holding	Market Value £'000	% of Net Assets
<b>Software &amp; Computer Services (1.40%)</b>		<b>1,331</b>	<b>1.44</b>
Computacenter	98,560	642	0.69
Micro Focus International	82,990	689	0.75
<b>BONDS (1.78%)</b>		<b>—</b>	<b>—</b>
<b>Corporate Bonds (1.78%)</b>		<b>—</b>	<b>—</b>
<b>Portfolio of investments (98.04%)</b>		<b>91,347</b>	<b>98.43</b>
<b>Net other assets (1.96%)</b>		<b>1,455</b>	<b>1.57</b>
<b>Net assets attributable to Shareholders</b>		<b>£92,802</b>	<b>100.00</b>

*Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.*

*The percentages in brackets show the equivalent comparative holding at 30.09.13.*

*Total purchases for the period: £19,956,285.*

*Total sales for the period: £24,205,851.*

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Income Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		5,889		10,184
Revenue	1,548		1,545	
Expenses	(607)		(530)	
Finance costs: Interest	—		—	
Net revenue before taxation	941		1,015	
Taxation	(6)		(4)	
Net revenue after taxation for the period		935		1,011
Total return before distributions		6,824		11,195
Finance costs: Distributions		(1,499)		(1,496)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>5,325</b>		<b>9,699</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		91,347		89,700
Debtors	3,237		1,794	
Cash and bank balances	1,189		753	
Total other assets		4,426		2,547
<b>Total assets</b>		<b>95,773</b>		<b>92,247</b>
<b>Liabilities</b>				
Creditors	(2,599)		(335)	
Distribution payable on income shares	(372)		(416)	
Total other liabilities		(2,971)		(751)
<b>Total liabilities</b>		<b>(2,971)</b>		<b>(751)</b>
<b>Net assets attributable to Shareholders</b>		<b>92,802</b>		<b>91,496</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		91,496		76,034
Amounts received on issue of shares	2,378		12,649	
Amounts paid on cancellation of shares	(7,217)		(10,355)	
		(4,839)		2,294
Stamp Duty Reserve tax		(8)		(9)
Change in net assets attributable to Shareholders from investment activities		5,325		9,699
Retained distribution on accumulation shares		828		769
Unclaimed distribution		—		1
<b>Closing net assets attributable to Shareholders</b>		<b>92,802</b>		<b>88,788</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Income Fund continued

#### Fund facts

as at 31 March 2014

#### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.32%
Retail accumulation	1.30%
Institutional income	0.80%
Institutional accumulation	0.84%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable.

The OCF is expressed as an annual percentage rate.

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards			Typically Higher Rewards			
1	2	3	4	5	6	7

The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

High yielding assets may carry a greater risk of capital values falling or have limited prospects of capital growth or recovery.

The annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	33,391,830	407.24	8,199,546
Retail accumulation	28,750,223	701.35	4,099,272
Institutional income	1,995,708	427.07	467,303
Institutional accumulation	6,368	524.12	1,215
September 2012			
Retail income	35,198,516	469.67	7,494,236
Retail accumulation	38,983,390	846.61	4,604,629
Institutional income	1,844,502	495.06	372,583
Institutional accumulation	7,710	634.57	1,215
September 2013			
Retail income	33,612,666	549.32	6,118,970
Retail accumulation	49,560,345	1,032.47	4,800,193
Institutional income	8,239,961	581.98	1,415,852
Institutional accumulation	83,235	777.10	10,711
March 2014			
Retail income	32,963,046	581.17	5,671,837
Retail accumulation	53,670,254	1,109.40	4,837,755
Institutional income	5,875,860	617.26	951,926
Institutional accumulation	293,071	836.70	35,027

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 5.5584p net per share for Retail income shares and 10.5679p net per share for Retail accumulation shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 5.9352p net per share for Institutional income shares and 7.9098p net per share for Institutional accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	17.0245	429.40	279.00
2010	16.8822	452.60	380.40
2011	18.3626	488.80	395.30
2012	20.8324	495.40	430.60
2013	22.0870	588.00	496.60
2014 <sup>(1)</sup>	8.9591	604.10	570.00

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	26.3095	682.50	426.60
2010	27.3559	732.30	623.80
2011	30.9935	832.70	680.80
2012	36.6986	893.00	757.50
2013	40.6651	1,105.00	901.70
2014 <sup>(1)</sup>	17.0184	1,142.00	1,078.00

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	17.6820	446.30	288.80
2010	17.6669	471.00	396.30
2011	19.1885	512.00	414.50
2012	21.9855	522.80	453.20
2013	23.4761	623.80	524.10
2014 <sup>(1)</sup>	9.5730	641.40	605.00

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	18.8585	507.30	316.70
2010	19.5805	544.90	464.50
2011	21.5103	621.80	508.70
2012	26.5537	669.90	567.10
2013	29.9535	832.90	676.40
2014 <sup>(1)</sup>	12.6746	861.20	812.40

<sup>(1)</sup> To 31.03.14.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Omega Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve long term capital growth through a portfolio of primarily UK listed stocks.

##### Investment Review

Over the six months under review the Lazard UK Omega Fund returned 6.14%. The FTSE All-Share Index returned 4.79% over the same period.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will consist of a portfolio of primarily UK listed securities. Investments may also be made in securities of companies with significant sources of profit from or with close economic links with the UK.

##### Market Review

UK equities appreciated during the past six months, though gains were held back by volatility in the emerging markets and tensions between Russia and Ukraine during the first quarter of 2014. Significant gains were made at the end of 2013, as the UK economy gathered momentum and economic activity globally continued to grow. This momentum spilled over into the New Year before macro concerns moderated equity market returns.

The UK economy has gone from strength to strength during the period under review. The Bank of England (BoE) upgraded its growth forecast for 2014, while inflation and unemployment have both continued to fall. Throughout, monetary policy has remained accommodative with interest rates remaining at 0.50%, while the Government has attempted to spur economic growth with measures such as the help-to-buy housing scheme.

##### Portfolio Review

The Lazard UK Omega Fund outperformed the FTSE All-Share Index during the period under review.

Stock selection in industrials, especially among support services companies, was additive to returns in the past six months. Equipment hire business Ashted performed very well and was the best performer in the portfolio. It delivered strong results for its third quarter, and management raised profit guidance for the full financial year.

In the oil & gas sector, there were several detractors of note. Caracal Energy, which was added to the portfolio earlier in the period detracted from returns, and we were underweight BP when it reported good results and an increase in its dividend.

Stock selection in consumer services added to returns over the period. Carphone Warehouse shares surged in Q1 2014 on news of merger talks with Dixons Retail. International Airlines Group (IAG), which owns British Airways, bmi and Iberia also performed well over the period.

Its restructuring program appears to be progressing well and we feel that there is still room for further share price appreciation.

The consumer goods sector detracted from returns and boohoo.com proved to be the poorest performer in the portfolio. We bought the online retailer when it listed in March and it quickly suffered from comparison with the larger and more established ASOS, when it delivered a disappointing update.

Finally, an overweight in pharmaceuticals business Shire contributed positively to returns, despite profit-taking toward the end of the period.

##### Outlook

Despite a mixed earnings season and a volatile first quarter, primarily as a result of geopolitical risks, we do not feel there is a need to be too bearish when it comes to the UK equity market. With the exception of the market's reaction to events in Crimea, investors have become more discerning, punishing and rewarding stocks depending upon their earnings, creating an environment that favours stock pickers. In addition, economic growth is strengthening, so companies that missed expectations this time round could pick up in the coming months and given that valuations are not far off their average, expectations have not run too far ahead of the economic reality. We believe the appetite for risk remains and it is growth businesses that have continued to perform well through the recent earnings season. Against a background where positive results are rewarded and negative results punished, we believe it is adept stock pickers who will thrive, as the market becomes more scrupulous when picking those companies in the UK that exhibit a competitive advantage.

##### General Information as at 31 March 2014

Fund size	£1.41 million
Net Yield	0.07% Retail Income 0.00% Retail Accumulation 0.51% Institutional Income 0.61% Institutional Accumulation 1.09% Retail C Income 1.08% Retail C Accumulation
Sector	UK All Companies
Launch Date	25 February 2005
Fund Manager:	Alan Custis and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Omega Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Oil &amp; Gas Producers (0.00%)</b>		<b>76</b>	<b>5.39</b>
BP	15,830	76	5.39
<b>Oil Equipment, Services &amp; Distribution (1.99%)</b>		<b>-</b>	<b>-</b>
<b>Mining (5.27%)</b>		<b>80</b>	<b>5.67</b>
Rio Tinto	2,412	80	5.67
<b>Construction &amp; Materials (0.00%)</b>		<b>37</b>	<b>2.62</b>
Keller	3,450	37	2.62
<b>Aerospace &amp; Defense (0.00%)</b>		<b>30</b>	<b>2.13</b>
Rolls Royce	2,760	30	2.13
<b>General Industrials (4.13%)</b>		<b>88</b>	<b>6.24</b>
DS Smith	9,300	30	2.13
Glencore Xstrata	18,639	58	4.11
<b>Electronic &amp; Electrical Equipment (0.00%)</b>		<b>31</b>	<b>2.20</b>
Ceres Power	392,970	31	2.20
<b>Industrial Engineering (2.75%)</b>		<b>-</b>	<b>-</b>
<b>Support Services (6.80%)</b>		<b>160</b>	<b>11.35</b>
Aggreko	2,318	35	2.48
Hays	29,280	42	2.98
Travis Perkins	2,110	40	2.84
Weir	1,705	43	3.05
<b>Automobiles &amp; Parts (0.00%)</b>		<b>31</b>	<b>2.20</b>
GKN	7,850	31	2.20
<b>Beverages (4.43%)</b>		<b>57</b>	<b>4.04</b>
Diageo	3,085	57	4.04
<b>Food Producers (4.51%)</b>		<b>64</b>	<b>4.54</b>
Unilever	2,520	64	4.54
<b>Personal Goods (1.91%)</b>		<b>-</b>	<b>-</b>
<b>Tobacco (0.00%)</b>		<b>-</b>	<b>-</b>
<b>Pharmaceuticals &amp; Biotechnology (3.44%)</b>		<b>117</b>	<b>8.29</b>
AstraZeneca	1,230	48	3.40
Shire	2,330	69	4.89
<b>Food &amp; Drug Retailers (3.13%)</b>		<b>-</b>	<b>-</b>
<b>General Retailers (7.49%)</b>		<b>41</b>	<b>2.91</b>
Boohoo.com	11,969	6	0.43
Carphone Warehouse	10,664	35	2.48
<b>Media (3.36%)</b>		<b>42</b>	<b>2.98</b>
ITV	21,966	42	2.98
<b>Travel &amp; Leisure (10.54%)</b>		<b>115</b>	<b>8.16</b>
Compass	4,756	43	3.05
International Airlines	10,020	42	2.98
Spirit Pub	37,020	30	2.13
<b>Fixed Line Telecommunications (3.21%)</b>		<b>49</b>	<b>3.48</b>
BT	12,794	49	3.48
<b>Mobile Telecommunications (5.73%)</b>		<b>28</b>	<b>1.99</b>
Vodafone	12,756	28	1.99
<b>Electricity (2.67%)</b>		<b>-</b>	<b>-</b>
<b>Banks (11.46%)</b>		<b>96</b>	<b>6.81</b>
HSBC	6,982	42	2.98
Lloyds Banking	72,079	54	3.83
<b>Life Insurance (4.81%)</b>		<b>77</b>	<b>5.46</b>
Prudential	2,876	36	2.55
St. James's Place Capital	4,930	41	2.91
<b>Real Estate Investment Trust (0.00%)</b>		<b>34</b>	<b>2.41</b>
Big Yellow	6,200	34	2.41

	Holding	Market Value £'000	% of Net Assets
<b>Financial Services (2.06%)</b>		<b>102</b>	<b>7.23</b>
International Personal Finance	6,530	33	2.34
Man	35,890	36	2.55
Milton	68,930	33	2.34
<b>Software &amp; Computer Services (3.13%)</b>		<b>27</b>	<b>1.91</b>
Wandisco	2,600	27	1.91
<b>Technology Hardware &amp; Equipment (2.44%)</b>		<b>-</b>	<b>-</b>
<b>Portfolio of investments (95.26%)</b>		<b>1,382</b>	<b>98.01</b>
<b>Net other assets (4.74%)</b>		<b>28</b>	<b>1.99</b>
<b>Net assets attributable to Shareholders</b>		<b>£1,410</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total purchases for the period: £898,079.

Total sales for the period: £842,357.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Omega Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		80		292
Revenue	14		22	
Expenses	(19)		(23)	
Net deficit before taxation	(5)		(1)	
Taxation	—		—	
Net deficit after taxation for the period		(5)		(1)
Total return before distributions		75		291
Finance costs: Distributions		—		(1)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>75</b>		<b>290</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		1,382		1,247
Debtors	47		48	
Cash and bank balances	26		40	
Total other assets		73		88
<b>Total assets</b>		<b>1,455</b>		<b>1,335</b>
<b>Liabilities</b>				
Creditors	(45)		(24)	
Total other liabilities		(45)		(26)
<b>Total liabilities</b>		<b>(45)</b>		<b>(26)</b>
<b>Net assets attributable to Shareholders</b>		<b>1,410</b>		<b>1,309</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		1,309		1,833
Amounts received on issue of shares	203		59	
Amounts paid on cancellation of shares	(177)		(230)	
Change in net assets attributable to Shareholders from investment activities		26		(171)
		75		290
<b>Closing net assets attributable to Shareholders</b>		<b>1,410</b>		<b>1,952</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

##### Fund facts

as at 31 March 2014

##### Ongoing Charges Figure (OCF)

	March 2014
Retail income	2.95%
Retail accumulation	3.37%
Institutional income	2.47%
Institutional accumulation	2.41%
Retail C income	1.85%
Retail C accumulation	1.75%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Omega Fund continued

#### Fund facts continued

as at 31 March 2014

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards

Typically Higher Rewards

1	2	3	4	5	6	7
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The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

In view of the concentrated nature of the Fund's portfolio of investments, the level of risk is expected to be higher than for broader based portfolios and the net asset value may be more volatile.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	857,216	109.74	781,104
Retail accumulation	137,590	115.58	119,046
Institutional income	1,635,652	109.47	1,494,092
Institutional accumulation	1,859,823	116.58	1,595,252
September 2012			
Retail income	873,895	137.56	635,290
Retail accumulation	38,552	145.16	26,558
Institutional income	897,951	137.27	654,141
Institutional accumulation	22,859	147.95	15,450
September 2013			
Retail income	835,317	173.42	481,676
Retail accumulation	56,962	181.19	31,438
Institutional income	328,169	173.08	189,609
Institutional accumulation	86,492	187.70	46,080
Retail C income†	1,108	173.13	640
Retail C accumulation†	1,117	184.63	605
March 2014			
Retail income	857,787	183.08	468,533
Retail accumulation	69,287	190.84	36,306
Institutional income	268,046	183.14	146,360
Institutional accumulation	158,390	198.73	79,703
Retail C income	1,175	183.59	640
Retail C accumulation	55,054	195.73	28,127

#### Distribution Information

##### Retail shares

A shortfall for Income and Accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Institutional shares

A shortfall for Income and Accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Retail C shares

The distribution payable on 30 May 2014 is 0.0343p net per share for Retail C income shares and 0.3522p net per share for Institutional C accumulation shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	1.3838	114.60	97.50
2010	0.8932	136.40	73.30
2011	0.5017	140.20	105.00
2012	1.0745	147.90	123.10
2013 <sup>(1)</sup>	0.1357	186.80	149.90
2014	—	193.40	181.50

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	1.5598	118.30	75.00
2010	0.9769	143.50	112.20
2011	0.1175	147.00	110.60
2012	0.2307	155.50	129.40
2013	—	194.70	157.40
2014 <sup>(1)</sup>	—	201.60	189.20

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	1.9666	114.90	73.50
2010	1.6416	136.70	107.70
2011	1.5324	140.90	104.80
2012	1.9593	147.80	123.00
2013	0.9357	186.70	149.80
2014 <sup>(1)</sup>	—	193.40	181.40

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	2.0607	119.50	75.60
2010	—	143.10	112.20
2011	1.9102	148.10	111.60
2012	1.8551	159.30	131.00
2013	1.2226	202.50	161.40
2014 <sup>(1)</sup>	—	209.90	196.90

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Omega Fund continued

#### Distribution and price record (pence per share) continued

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	148.10	100.00
2013	2.0090	187.10	150.10
2014 <sup>(i)</sup>	0.0343	193.90	181.90

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	156.00	100.00
2013	2.1202	199.30	158.20
2014 <sup>(i)</sup>	0.3522	206.70	193.80

<sup>(i)</sup> To 31.03.14.

†Retail C income and accumulation classes commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Smaller Companies Fund

#### Investment Manager's Report

##### Investment Objective

The objective of the Sub-fund is to achieve capital growth at a rate greater than that of the Numis Small Cap Index (ex. Investment Trusts).

##### Investment Review

Over the six months under review, the Lazard UK Smaller Companies Fund returned 14.23% against the Numis Small Cap Index (ex. Investment Trusts) Index return of 12.17%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will invest at least 80% of its assets in UK securities of companies which form part of the Numis Small Cap Index (ex. Investment Trusts) or have an equivalent or lower market capitalisation.

##### Market Review

UK equities appreciated during the past six months, though gains were held back by volatility in the emerging markets and tensions between Russia and Ukraine during the first quarter of 2014. Significant gains were made at the end of 2013, as the UK economy gathered momentum and economic activity globally continued to grow. This momentum spilled over into the New Year before macro concerns moderated equity market returns.

The UK economy has gone from strength to strength during the period under review. The Bank of England (BoE) upgraded its growth forecast for 2014, while inflation and unemployment have both continued to fall. Throughout, monetary policy has remained accommodative with interest rates remaining at 0.50%, while the Government has attempted to spur economic growth with measures such as the help-to-buy housing scheme.

##### Portfolio Review

The Lazard UK Smaller Companies Fund outperformed the Numis Small Cap Index (ex. Investment Trusts) Index during the past six months.

Stock selection in industrials accounted for a great deal of outperformance during the past six months. Utilitywise was the strongest performing position during the period. Its results have shown significant revenue growth and an improved gross margin. Also in industrials, Housebuilder Galliford Try has performed well, reporting significant growth in revenues and profitability.

Technology was the worst performing sector during the period and not holding set-top box maker Pace was the poorest performing position relative to the benchmark. IQE and Anite also hurt returns in the technology sector.

Stock selection in financials added to returns. The UK budget in March included a painful reminder for life insurers about the potential for political interference. The news that pension holders will no longer be compelled to purchase annuities impacted significantly on the sector, and not holding Partnership Assurance Group or Just Retirement benefited our performance relative to the benchmark.

Lastly, an overweight in health care added value. NMC Health, which operates hospitals and medical centres in the UAE, was the strongest performer in the sector. Full year results towards the end of February showed strong revenue and profit growth.

##### Outlook

Despite a mixed earnings season and a volatile first quarter, primarily as a result of geopolitical risks, we do not feel there is a need to be too bearish when it comes to the UK equity market. With the exception of the market's reaction to events in Crimea, investors have become more discerning, punishing and rewarding stocks depending upon their earnings, creating an environment that favours stock pickers. In addition, economic growth is strengthening, so companies that missed expectations this time round could pick up in the coming months and given that valuations are not far off their average, expectations have not run too far ahead of the economic reality. We believe the appetite for risk remains and it is growth businesses that have continued to perform well through the recent earnings season. Against a background where positive results are rewarded and negative results punished, we believe it is adept stock pickers who will thrive, as the market becomes more scrupulous when picking those companies in the UK that exhibit a competitive advantage.

##### General Information as at 31 March 2014

Fund Size	£57.87 million
Net Yield	0.82% Retail Income 1.23% Institutional Income 1.39% Retail C Income
Sector	UK Smaller Companies
Launch date	8 February 1963
Fund Manager	Alan Clifford and team

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested, in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Smaller Companies Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets		Holding	Market Value £'000	% of Net Assets
<b>Oil &amp; Gas Producers (2.85%)</b>		<b>1,131</b>	<b>1.95</b>	<b>Food Producers (1.48%)</b>		<b>347</b>	<b>0.60</b>
Amerisur Resources	354,130	196	0.34	Devro	147,637	347	0.60
Bahamas Petroleum	1,121,804	25	0.04	<b>Household Goods &amp; Home Construction (3.92%)</b>		<b>2,517</b>	<b>4.34</b>
Graphene Nanochem	253,024	240	0.41	Bellway	36,056	598	1.03
Gulf Keystone Petroleum	45,708	39	0.07	Bovis Homes	70,619	630	1.09
Ophir Energy	38,081	91	0.16	Halfords	75,720	349	0.60
Salamander Energy	331,369	336	0.58	Headlam	144,153	689	1.19
Wentworth Resources	434,406	204	0.35	Telford Homes	73,478	251	0.43
<b>Oil Equipment, Services &amp; Distribution (1.13%)</b>		<b>611</b>	<b>1.06</b>	<b>Health Care Equipment &amp; Services (2.53%)</b>		<b>1,481</b>	<b>2.56</b>
Hunting	70,970	611	1.06	AL Noor Hospitals	36,965	397	0.69
<b>Alternative Energy (0.93%)</b>		<b>579</b>	<b>1.00</b>	CareTech	225,627	530	0.91
Utilitywise	171,268	579	1.00	NMC Health	110,178	554	0.96
<b>Chemicals (3.09%)</b>		<b>1,401</b>	<b>2.41</b>	<b>Pharmaceuticals &amp; Biotechnology (2.33%)</b>		<b>1,192</b>	<b>2.06</b>
Scapa	273,631	315	0.54	Allergy Therapeutics	906,611	179	0.31
Synthomer	219,258	621	1.07	Genus	30,382	300	0.52
Victrex	23,146	465	0.80	Horizon Discovery	158,334	314	0.54
<b>Mining (1.52%)</b>		<b>1,149</b>	<b>1.99</b>	Vectura	261,219	399	0.69
African Barrick Gold	84,740	223	0.39	<b>Food &amp; Drug Retailers (0.00%)</b>		<b>290</b>	<b>0.50</b>
Ferrexpo	170,762	264	0.46	Clinigen	53,746	290	0.50
Gem Diamonds	287,439	494	0.85	<b>General Retailers (8.31%)</b>		<b>4,888</b>	<b>8.45</b>
Kenmare Resources	1,203,121	168	0.29	Boohoo.com	690,100	362	0.63
<b>Construction &amp; Materials (5.45%)</b>		<b>3,477</b>	<b>6.01</b>	Brown (N)	105,450	602	1.04
Costain	86,145	250	0.43	Conviviality Retail	14,695	23	0.04
Galliford Try	61,466	814	1.41	CVS	192,301	585	1.01
James Halstead	157,163	448	0.77	Debenhams	348,663	278	0.48
Keller	53,575	574	0.99	Dignity	42,662	626	1.08
Kier	23,496	388	0.67	Lookers	464,257	688	1.19
Low & Bonar	715,710	607	1.05	Poundland	32,000	122	0.21
Norcros	1,409,028	282	0.49	Safestyle UK	214,628	412	0.71
Superglass	272,179	114	0.20	SuperGroup	33,757	576	1.00
<b>Aerospace &amp; Defence (2.51%)</b>		<b>1,201</b>	<b>2.08</b>	WH Smith	51,079	614	1.06
Senior	208,900	642	1.11	<b>Media (4.17%)</b>		<b>2,185</b>	<b>3.77</b>
Ultra Electronics	31,247	559	0.97	Creston	444,241	453	0.78
<b>General Industrials (0.97%)</b>		<b>617</b>	<b>1.07</b>	Entertainment One	231,203	763	1.32
RPC	98,017	617	1.07	Euromoney Institutional Investor	30,008	359	0.62
<b>Electronic &amp; Electrical Equipment (3.37%)</b>		<b>2,189</b>	<b>3.78</b>	Moneysupermarket.com	223,807	419	0.72
Domino Printing Sciences	75,992	596	1.03	Perform	75,996	183	0.32
E2V	247,815	387	0.67	Phorm	72,129	8	0.01
Morgan Advanced Materials	163,390	585	1.01	<b>Travel &amp; Leisure (7.00%)</b>		<b>4,184</b>	<b>7.23</b>
Oxford Instruments	27,880	353	0.61	Bwin.Party Digital Entertainment	327,245	414	0.71
Renishaw	13,761	268	0.46	Enterprise Inns	242,270	354	0.61
<b>Industrial Engineering (2.76%)</b>		<b>1,561</b>	<b>2.70</b>	Essenden	69,259	73	0.13
Bodycote	76,774	620	1.07	FirstGroup	285,130	416	0.72
Fenner	101,404	404	0.70	Go-Ahead	27,892	519	0.90
Hellermannntyton	164,754	537	0.93	Goals Soccer Centres	201,979	454	0.78
<b>Industrial Transportation (1.18%)</b>		<b>890</b>	<b>1.54</b>	Greene King	66,534	600	1.04
BBA Aviation	146,378	486	0.84	Northgate	118,056	613	1.06
DX	328,252	404	0.70	Snoozebox	1,025,464	118	0.20
<b>Support Services (12.57%)</b>		<b>6,126</b>	<b>10.59</b>	Spirit Pub	771,376	623	1.08
Anite	472,993	375	0.65	<b>Fixed Line Telecommunications (1.49%)</b>		<b>1,324</b>	<b>2.29</b>
Atkins (WS)	44,086	613	1.06	Alternative Networks	125,296	595	1.03
Brammer	142,968	694	1.20	Cable & Wireless Communications	628,888	331	0.57
Energy Assets	160,009	528	0.91	Mannx Telecom	253,550	398	0.69
Johnson Service	1,007,248	574	0.99	<b>Electricity (0.00%)</b>		<b>402</b>	<b>0.69</b>
Mears	89,198	464	0.80	Infinis Energy	169,100	402	0.69
Nature	591,299	148	0.26	<b>Banks (0.00%)</b>		<b>450</b>	<b>0.78</b>
office2office	280,437	62	0.11	Bank of Georgia	18,050	450	0.78
PayPoint	36,416	416	0.72	<b>Nonlife Insurance (1.31%)</b>		<b>683</b>	<b>1.18</b>
Premier Farnell	225,808	527	0.91	Novae	88,658	513	0.89
Regenersis	95,000	375	0.65	Randall & Quilter	123,305	170	0.29
SIG	275,447	553	0.95				
SThree	149,187	597	1.03				
Vianet	256,019	200	0.35				

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Smaller Companies Fund continued

#### Portfolio statement continued

Holding	Market Value £'000	% of Net Assets
<b>Real Estate Investment &amp; Services (6.16%)</b>	<b>3,737</b>	<b>6.46</b>
Belvoir Lettings	190,441	0.50
Development Securities Capital	247,547	1.00
Foxtons	104,997	0.65
Hansteeen	521,428	0.98
Inland Homes	1,066,646	0.88
LSL Property Services	127,760	0.96
Quintain Estates & Development	844,409	1.49
<b>Real Estate Investment Trusts (3.18%)</b>	<b>2,488</b>	<b>4.30</b>
Big Yellow	99,901	0.94
Newriver Retail	243,942	1.16
Shaftesbury	78,072	0.89
Workspace	128,439	1.31
<b>Financial Services (6.12%)</b>	<b>3,579</b>	<b>6.18</b>
Arrow Global	234,976	0.92
Brewin Dolphin	195,334	1.14
Intermediate Capital	95,353	0.68
International Personal Finance	102,976	0.91
Paragon	155,714	1.11
Servelec	99,300	0.45
Tullett Prebon	109,833	0.53
Tungsten	104,932	0.44
<b>Equity Investment Instruments (0.22%)</b>	<b>119</b>	<b>0.21</b>
St Peter Port Capital	217,925	0.21
<b>Software &amp; Computer Services (8.31%)</b>	<b>4,468</b>	<b>7.72</b>
Computacenter	79,995	0.90
EMIS	51,353	0.58
Fidessa	20,098	0.88
Innovation	1,025,915	0.61
Kofax	107,377	0.91
Micro Focus	63,672	0.91
Phoenix	58,634	0.67
RM	264,794	0.68
StatPro	283,760	0.41
Telecity	67,050	0.81
Wandisco	20,542	0.36
<b>Technology Hardware &amp; Equipment (3.92%)</b>	<b>1,724</b>	<b>2.98</b>
CSR	73,543	0.92
Imagination Tech	123,464	0.43
IQE	994,843	0.40
Monitise	409,200	0.50
Nanoco	59,374	0.11
Spirent Communications	361,068	0.62
<b>Portfolio of investments (98.78%)</b>	<b>56,990</b>	<b>98.48</b>
<b>Net other assets (1.22%)</b>	<b>877</b>	<b>1.52</b>
<b>Total net assets attributable to shareholders</b>	<b>£57,867</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holding at 30.09.13.

Total purchases for the period: £9,476,694.

Total sales for the period: £18,712,936.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Smaller Companies Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		7,001		8,531
Revenue	557		629	
Expenses	(333)		(351)	
Net revenue before taxation	224		278	
Taxation	(1)		(3)	
Net revenue after taxation for the period		223		275
Total return before distributions		7,224		8,806
Finance costs: Distributions		(223)		(275)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>7,001</b>		<b>8,531</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		56,990		59,212
Debtors	913		4,558	
Cash and bank balances	651		1,113	
Total other assets		1,564		5,671
<b>Total assets</b>		<b>58,554</b>		<b>64,883</b>
<b>Liabilities</b>				
Creditors	(467)		(4,387)	
Distribution payable on income shares	(220)		(550)	
Total other liabilities		(687)		(4,937)
<b>Total liabilities</b>		<b>(687)</b>		<b>(4,937)</b>
<b>Net assets attributable to Shareholders</b>		<b>57,867</b>		<b>59,946</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		59,946		56,030
Amounts received on issue of shares	1,469		2,631	
Amounts paid on cancellation of shares	(10,605)		(6,004)	
		(9,136)		(2,456)
Dilution Levy		60		—
Stamp Duty Reserve tax		(4)		(4)
Change in net assets attributable to Shareholders from investment activities		7,001		8,531
<b>Closing net assets attributable to Shareholders</b>		<b>57,867</b>		<b>62,101</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard UK Smaller Companies Fund continued

#### Fund facts

as at 31 March 2014

#### Ongoing Charges Figure (OCF)

	March 2014
Retail income	1.58%
Institutional income	1.06%
Retail C income	0.83%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable. The OCF is expressed as an annual percentage rate.

#### Synthetic Risk and Reward Indicator (SRR)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards      Typically Higher Rewards

1	2	3	4	5	6	7
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The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

In view of the concentrated nature of the Fund's portfolio of investments, the level of risk is expected to be higher than for broader based portfolios and the net asset value may be more volatile.

It may not be possible to sell the shares of smaller companies as easily as those of larger companies and this may cause the share price to fall.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
September 2011			
Retail income	11,008,824	924.14	1,191,247
Institutional income	35,757,990	924.31	3,868,625
September 2012			
Retail income	12,435,999	1,138.97	1,091,862
Institutional income	43,593,761	1,139.57	3,825,447
September 2013			
Retail income	13,183,178	1,446.43	911,427
Institutional income	45,631,195	1,447.66	3,152,064
Retail C income†	1,131,768	1,447.24	78,202
March 2014			
Retail income	13,779,537	1,643.93	838,209
Institutional income	42,412,343	1,645.49	2,577,497
Retail C income	1,674,919	1,645.23	101,805

#### Distribution Information

##### Retail shares

The distribution payable on 30 May 2014 is 3.1222p net per share for Retail income shares.

##### Institutional shares

The distribution payable on 30 May 2014 is 7.1798p net per share for Institutional income shares.

##### Retail C shares

The distribution payable on 30 May 2014 is 9.0198p net per share for Retail C income shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	10.3799	857.00	508.30
2010	4.8200	1,040.00	806.50
2011	8.5168	1,149.00	897.30
2012	12.2148	1,204.00	963.70
2013	13.5262	1,584.00	1,225.00
2014 <sup>(i)</sup>	3.1222	1,694.00	1,579.00

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2009	13.6880	857.20	509.30
2010	9.2572	1,042.00	808.10
2011	13.9686	1,151.00	897.50
2012	17.8583	1,206.00	965.20
2013	20.3657	1,587.00	1,228.00
2014 <sup>(i)</sup>	7.1798	1,699.00	1,583.00

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012†	—	1,206.00	1,000.00
2013	22.9504	1,558.00	1,227.00
2014 <sup>(i)</sup>	9.0198	1,700.00	1,584.00

<sup>(i)</sup> To 31.03.14.

Income shares available only.

†Retail C income share class launched on 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future.

The value of shares and the income from them can go down as well as up.

An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Developing Markets Fund

#### Investment Manager's Report

##### Investment Objective

The investment objective of the Sub-fund is to seek long-term capital growth through a diversified portfolio primarily of equity and equity related shares and securities including warrants, depositary receipts, preference shares and other transferable securities.

##### Investment Review

Over the six month period under review, the Lazard Developing Markets Fund returned -3.18% against the MSCI Emerging Markets Index return of -1.42%.<sup>(1)</sup>

##### Investment Policy

The Sub-fund will invest, with a growth bias, primarily in issuers that are domiciled, incorporated or listed in, or which have significant business activities in emerging market countries. It is likely to focus on, but not be limited to Latin America, the Pacific Basin and Europe. The Sub-fund may also invest in eligible collective investment schemes including eligible exchange traded funds and in listed closed ended vehicles. On an occasional basis the Sub-fund may invest in investment grade government and corporate fixed income securities including convertible debt securities.

##### Market Review

Emerging markets equities continued to be greatly affected by heightened investor concern over the likely direction of interest rates as the US Federal Reserve continued tapering its US bond purchases. The MSCI Emerging Markets Index declined by approximately 1.5% as measured in sterling terms during the last six-months. During the period, shares in Asia fared best. Latin America markets fell almost 5%, while Eastern European stocks finished sharply lower as a result of the Crimea crisis.

##### Portfolio Review

During the past six months, stock selection in the financials, health care and consumer discretionary sectors, as well as in India, Taiwan, Mexico and China helped performance. Lower-than-index exposure to the consumer staples and telecom services sectors and to Chile, as well as higher-than-index exposure to the consumer discretionary sector and to India also added value.

Conversely, stock selection in the energy, information technology and industrials sectors, as well as in Brazil and Russia hurt returns. Lower-than-index exposure to the information technology sector and to South Africa, as well as higher-than-index exposure to Russia and Turkey also detracted from performance.

ICICI Bank, an Indian bank, outperformed on expectations of a BJP election victory and that interest rates may have peaked, setting the stage for an improvement in economic fundamentals.

Shares of Sands China, a developer and operator of casinos in Macau, also rose on strong results on the back of its new property.

Estacio Participacoes, a Brazilian private education company, performed well on the back of management guiding for 2014 to be a year of strong new student enrollment growth and margin expansion.

Aurobindo Pharma, an Indian generic pharmaceuticals company, outperformed after releasing strong results. Bank Rakyat, an Indonesian bank, also rose after reporting strong quarterly earnings with higher margins and stable asset quality.

Marcopolo, a Brazilian bus body manufacturer, underperformed due to concerns about delays in intercity bus orders. Shares in Eurasia Drilling, a Russian oilfield services company, also sold off following the loss of a large client and uncertainties around the sustainability of the company's margins going forward.

Globaltrans Investment, a Russian rail freight logistics company; Novatek, a Russian natural gas exploration and production company; and TMK, a Russian manufacturer and supplier of tubular products for the oil and gas industry, all underperformed in the wake of the Crimean crisis along with the overall Russian stock market.

#### Outlook

We remain bullish on the outlook for emerging-market equities over the short, medium and long term.

#### General Information as at 31 March 2014

Fund Size	£10.42 million
Net Yield	0.37% Retail Income 0.47% Retail Accumulation 1.28% Institutional Income 1.28% Institutional Accumulation 1.50% Retail C Income 1.32% Retail C Accumulation
Sector	Global Emerging Markets
Launch Date	30 September 2010
Fund Managers	Kevin O'Hare, Peter Gillespie and team.

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2014.

(1) Source: Morningstar Direct, Bid to Bid Price, net income reinvested in sterling, retail share class net of fees, to 31 March 2014.

Figures refer to past performance which is not a reliable indicator of future results.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Developing Markets Fund continued

#### Portfolio statement

as at 31 March 2014

	Holding	Market Value £'000	% of Net Assets
<b>Bermuda (0.88%)</b>		—	—
<b>Brazil (16.22%)</b>		<b>1,626</b>	<b>15.60</b>
Banco Bradesco (ADR)	19,299	158	1.52
Cyrela Brazil Realty	49,000	178	1.71
Energias do Brasil	25,000	68	0.65
Estacio Participacoes	47,900	291	2.79
Gerdau (ADR)	47,980	184	1.76
Localiza Rent a Car	9,091	80	0.77
Marcopolo (Preference shares)	179,000	217	2.08
Petroleo Brasileiro (ADR)	27,100	225	2.16
Vale (ADR)	16,940	141	1.35
Via Varejo	13,400	84	0.81
<b>Canada (2.74%)</b>		<b>277</b>	<b>2.66</b>
Pacific Rubiales Energy	25,568	277	2.66
<b>Cayman Islands (8.74%)</b>		<b>512</b>	<b>4.91</b>
AAC Technologies	36,500	113	1.08
China State Construction	203,500	206	1.98
Sands China	43,100	193	1.85
<b>China (6.16%)</b>		<b>1,152</b>	<b>11.06</b>
Agricultural Bank of China	694,000	180	1.73
Anhui Conch Cement	82,000	211	2.02
Anton Oilfield Services	258,000	97	0.93
Changsha Zoomlion Heavy Industry			
Science and Technology Development	202,720	84	0.81
China Construction Bank	164,394	69	0.66
China Merchants Bank	121,328	131	1.26
China National Materials Company	529,000	57	0.55
China Oilfield Services	86,000	121	1.16
New Oriental Education & Technology	11,500	202	1.94
<b>Colombia (3.12%)</b>		<b>360</b>	<b>3.45</b>
Bancolombia	5,410	183	1.75
Cemex Latam	37,191	177	1.70
<b>Cyprus (3.09%)</b>		<b>247</b>	<b>2.37</b>
Globaltrans Investment (GDR)	35,604	247	2.37
<b>Hong Kong (7.30%)</b>		<b>663</b>	<b>6.36</b>
Ping An Insurance	40,500	201	1.93
Techtronic Industries	157,000	260	2.49
Zhuzhou CSR Times Electric	100,500	202	1.94
<b>India (8.09%)</b>		<b>1,364</b>	<b>13.09</b>
Aurobindo Pharma	37,825	194	1.86
Cairn India	55,699	186	1.78
HDFC Bank (ADR)	6,450	159	1.53
ICICI Bank (ADR)	10,800	284	2.73
Maruti Suzuki India	344	6	0.06
Reliance Industries	14,268	134	1.29
Shriram Transport Finance	25,030	191	1.83
Tata Motors (ADR)	9,900	210	2.01
<b>Indonesia (1.52%)</b>		<b>205</b>	<b>1.97</b>
Bank Rakyat Indonesia	406,700	205	1.97
<b>Mexico (3.36%)</b>		<b>390</b>	<b>3.74</b>
Genomma Lab Internacional	168,500	259	2.48
Grupo Financiero Banorte	32,500	131	1.26
<b>Netherlands (3.49%)</b>		<b>314</b>	<b>3.01</b>
X5 Retail	15,536	146	1.40
Yandex	9,300	168	1.61
<b>Peru (0.98%)</b>		<b>179</b>	<b>1.72</b>
Credicorp	2,175	179	1.72
<b>Philippines (0.86%)</b>		<b>75</b>	<b>0.72</b>
SM Investments	7,999	75	0.72
<b>Poland (0.00%)</b>		<b>74</b>	<b>0.71</b>
Eurocash	9,390	74	0.71
<b>Qatar (0.83%)</b>		<b>102</b>	<b>0.98</b>
Qatar Electricity & Water	3,603	102	0.98

	Holding	Market Value £'000	% of Net Assets
<b>Russia (9.57%)</b>		<b>504</b>	<b>4.84</b>
Eurasia Drilling (GDR)	484	7	0.07
NovaTek (GDR)	3,526	231	2.22
Sberbank	109,800	157	1.51
TMK (GDR)	20,834	109	1.04
<b>South Africa (2.95%)</b>		<b>204</b>	<b>1.96</b>
Exxaro Resources	12,935	103	0.99
Standard Bank	12,734	101	0.97
<b>South Korea (5.35%)</b>		<b>614</b>	<b>5.89</b>
Halla Climate Control	650	18	0.17
Kia Motors	3,855	129	1.24
Korea Aerospace Industries	5,480	105	1.01
Samsung Electronics	478	362	3.47
<b>Taiwan (5.81%)</b>		<b>624</b>	<b>5.99</b>
Catcher Technology	17,000	74	0.71
Hiwin Technologies	24,720	143	1.37
MediaTek	26,000	230	2.21
Taiwan Semiconductor Manufacturing	76,000	177	1.70
<b>Turkey (4.71%)</b>		<b>392</b>	<b>3.76</b>
Aselsan Elektronik Sanayi (GDR)	50,015	121	1.16
Emlak Konut Gayrimenkul			
Yatirim Ortakligi	191,584	135	1.30
TAV Havalimanlari	28,284	136	1.30
<b>United States (2.47%)</b>		<b>290</b>	<b>2.78</b>
Baidu (ADR)	1,110	101	0.97
First Cash Financial Services	3,900	118	1.13
Freeport-McMoRan Copper & Gold	3,600	71	0.68
<b>Portfolio of investments (98.24%)</b>		<b>10,168</b>	<b>97.57</b>
<b>Net other assets (1.76%)</b>		<b>253</b>	<b>2.43</b>
<b>Net assets attributable to Shareholders</b>		<b>£10,421</b>	<b>100.00</b>

Unless otherwise stated, all holdings are quoted in ordinary shares and listed on a recognised exchange.

The percentages in brackets show the equivalent comparative holdings at 30.09.13.

Total purchases for the period: £2,522,342.

Total sales for the period: £4,633,475.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Developing Markets Fund continued

#### Statement of total return

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(286)		1,554
Revenue	77		84	
Expenses	(92)		(121)	
Net deficit before taxation	(15)		(37)	
Taxation	(6)		(11)	
Net deficit after taxation for the period		(21)		(48)
Total return before distributions		(307)		1,506
Finance costs: Distributions		—		—
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(307)</b>		<b>1,506</b>

#### Balance sheet

as at 31 March 2014

	31.03.14		30.09.13	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		10,168		12,548
Debtors	367		68	
Cash and bank balances	281		239	
Total other assets		648		307
<b>Total assets</b>		<b>10,816</b>		<b>12,855</b>
<b>Liabilities</b>				
Creditors	(385)		(61)	
Bank overdrafts	(10)		—	
Distribution payable on income shares	—		(21)	
Total other liabilities		(395)		(82)
<b>Total liabilities</b>		<b>(395)</b>		<b>(82)</b>
<b>Net assets attributable to Shareholders</b>		<b>10,421</b>		<b>12,773</b>

#### Statement of change in net assets attributable to Shareholders

for the period ended 31 March 2014

	31.03.14		31.03.13	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		12,773		15,181
Amounts received on issue of shares	1,225		6,560	
Amounts paid on cancellation of shares	(3,275)		(5,057)	
		(2,050)		1,503
Dilution levy		5		10
Change in net assets attributable to Shareholders from investment activities		(307)		1,506
<b>Closing net assets attributable to Shareholders</b>		<b>10,421</b>		<b>18,200</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

#### Notes to the Financial Statements

##### Accounting policies

The accounting policies for the Sub-fund are the same as those disclosed in the aggregated financial statements on page 3.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Developing Markets Fund continued

#### Fund facts

as at 31 March 2014

#### Ongoing Charges Figure (OCF)

	March 2014
Retail income	2.17%
Retail accumulation	2.19%
Institutional income	1.59%
Institutional accumulation	1.59%
Retail C income	1.52%
Retail C accumulation	1.61%

The Ongoing Charges Figure (OCF) represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Sub-fund: Registration fees, Depositary fees, Safe Custody fees, Audit fee, FCA fee, Distribution fees, Issuance fees, Non-audit fees, and Transaction charges where applicable.

The OCF is expressed as an annual percentage rate.

#### Synthetic Risk and Reward Indicator (SRRI)

◀ Lower Risk ..... Higher Risk ▶

Typically Lower Rewards			Typically Higher Rewards			
1	2	3	4	5	6	7

The risk and reward category is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee.

The lowest category (ie category 1) does not mean "risk free".

The Fund appears in the higher risk category on the risk and reward indicator.

This is because the Fund invests primarily in shares, whose values tend to have higher price fluctuations.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, and the currency of the Fund's investments, your share class and where you live.

Emerging markets may also have less developed political, economic and legal systems and there is a higher risk that the Fund may not get back its money.

There is no capital guarantee or protection of the value of the Fund. The value of your investment and the income from it can go down as well as up and you may not get back the amount you invested.

See "Risk Factors" in the UCITS Prospectus for more information about risks.

#### Performance record

as at 31 March 2014

#### Net asset values

Date	Net asset value (£)	Net asset value (pence per share)	Shares in issue at period end
<b>September 2011</b>			
Retail income	571,803	77.96	733,481
Retail accumulation	2,430,220	78.16	3,109,135
Institutional income	3,416,683	78.19	4,369,597
Institutional accumulation	4,122,098	78.20	5,271,259
<b>September 2012</b>			
Retail income	699,828	84.80	825,317
Retail accumulation	2,496,519	85.44	2,922,032
Institutional income	5,768,459	85.07	6,781,179
Institutional accumulation	6,216,011	85.92	7,234,293
<b>September 2013</b>			
Retail income	164,569	81.25	202,549
Retail accumulation	3,340,032	82.07	4,069,667
Institutional income	1,781,252	81.40	2,188,284
Institutional accumulation	6,421,833	83.06	7,731,252
Retail C income†	22,763	81.01	28,099
Retail C accumulation†	1,042,063	82.62	1,261,205
<b>March 2014</b>			
Retail income	139,987	79.37	176,376
Retail accumulation	2,779,328	80.16	3,467,075
Institutional income	51,948	79.68	65,199
Institutional accumulation	5,852,387	81.38	7,191,584
Retail C income	157,028	79.36	197,872
Retail C accumulation	1,440,180	80.94	1,779,285

#### Distribution Information

##### Retail shares

A shortfall for Income and Accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Institutional shares

A shortfall for Income and Accumulation shares arose because expenses exceeded the revenue of the class. This being the case there is no distribution payable on 30 May 2014.

##### Retail C shares

A shortfall for Retail C Accumulation shares arose because expenses exceeded the revenue of the class and the distribution payable on 30 May 2014 is 0.0490p net per share for Retail C Income shares.

#### Distribution and price record (pence per share)

##### Retail income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2010 <sup>(2)</sup>	—	110.20	100.00
2011	0.1023	112.20	73.13
2012	0.3767	99.24	80.80
2013	0.2898	97.29	78.13
2014 <sup>(1)</sup>	—	82.58	73.62

##### Retail accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2010 <sup>(2)</sup>	—	110.20	100.00
2011	0.1126	112.20	73.30
2012	0.3540	99.51	81.03
2013	0.3774	98.02	78.72
2014 <sup>(1)</sup>	—	83.41	74.36

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

### Lazard Developing Markets Fund continued

#### Distribution and price record (pence per share) continued

##### Institutional income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2010 <sup>(2)</sup>	—	110.40	100.00
2011	0.1023	112.20	73.13
2012	0.8113	99.76	81.29
2013	0.9107	97.80	78.60
2014 <sup>(1)</sup>	—	82.86	73.96

##### Institutional accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2010 <sup>(2)</sup>	—	109.90	100.00
2011	0.4499	111.90	73.35
2012	0.8231	99.80	81.34
2013	0.9335	98.82	79.47
2014 <sup>(1)</sup>	—	84.55	75.47

##### Retail C income shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	100.00	83.67
2013	1.0646	97.56	78.51
2014 <sup>(1)</sup>	0.0490	82.48	73.64

##### Retail C accumulation shares

Calendar year	Net revenue per share p	Highest price per share	Lowest price per share
2012 <sup>†</sup>	—	100.00	84.29
2013	1.0663	98.29	79.06
2014 <sup>(1)</sup>	—	84.10	75.06

<sup>(1)</sup> To 31.03.14.

<sup>(2)</sup> Available from 30.09.10

<sup>†</sup>Retail C income and accumulation classes commenced 1 November 2012.

#### Risk warning

It is important to remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

## Lazard Investment Funds – Interim Report and Financial Statements March 2014

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### Management and Professional Services

<b>Authorised Corporate Director (ACD)</b>	Lazard Fund Managers Limited 50 Stratton Street London W1J 8LL Telephone 020 7588 2721 Dealing 0870 606 6408 <a href="http://www.lazardassetmanagement.co.uk">www.lazardassetmanagement.co.uk</a> (Authorised and regulated by the Financial Conduct Authority) (Member of IMA)
<b>Investment Adviser</b>	Lazard Asset Management Limited 50 Stratton Street London W1J 8LL <a href="http://www.lazardassetmanagement.co.uk">www.lazardassetmanagement.co.uk</a> (Authorised and regulated by the Financial Conduct Authority) (Member of IMA)
<b>Depository</b>	State Street Trustees Limited 20 Churchill Place London E14 5HJ (Authorised and regulated by the Financial Conduct Authority)
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
<b>Registrar</b>	The Bank of New York Mellon (International) Limited BNY Mellon House Ingrave Road Brentwood Essex CM15 8TG (Authorised and regulated by the Financial Conduct Authority)
<b>Prospectus</b>	Copies of the latest Prospectus are available free of charge from the ACD at the above address.
<b>Key Investor Information Documents (KIIDs)</b>	Copies of Key Investor Information Documents are available free of charge from the ACD at the above address.