

REGISTERED NUMBER: 01970853 (England and Wales)

LAZARD FUND MANAGERS LIMITED

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2022

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LAZARD FUND MANAGERS LIMITED

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LAZARD FUND MANAGERS LIMITED

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

J Reinsberg
N A Paul
J M Taylor
N I Emmins
H V Tseayo

SECRETARY:

T Russell

REGISTERED OFFICE:

50 Stratton Street
London
W1J 8LL

REGISTERED NUMBER:

01970853 (England and Wales)

AUDITOR:

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

LAZARD FUND MANAGERS LIMITED

Strategic Report **for the Year Ended 31 December 2022**

The directors present their report for the year ended 31 December 2022.

REVIEW OF BUSINESS

At the end of the year there were 10 (2021: 10) sub-funds of Lazard Investment Funds of which nine were active and one pending final closure – the UK Smaller Fund is expected to be closed by September 2023.

The profit for the year after taxation was £265,069 (2021: £366,040).

There have been no changes to the allotted share capital during the year.

KEY PERFORMANCE INDICATORS

The key indicators of the company's performance are the reported assets under management and the associated revenues generated. The revenues earned represent an annual management charge rate applied to the assets under management at each month end period.

During the year total assets under management fell by £280,300,000 (23%) to £956,507,000 (2021: £1,236,807,000) through underlying market depreciation of £110,826,000 (9%) and net outflows of £169,474,000 (14%).

Annual average assets under management decreased by £374,027,000 (27%) to £1,020,171,000 (2021: £1,394,198,000) and by consequence associated annual revenues of £6,544,934 were 28% below prior year (2021: £9,037,948).

Administrative expenses decreased by £2,369,421 (28%) to £6,216,626 (2021: £8,586,047). This was primarily due to reduced investment management fees and reduced external fund administration fees as can be seen in note 5.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties faced by the company include the loss of clients and withdrawal of assets under management due to influences from general market conditions, product types and the performance of the company's strategies. In order to mitigate these risks, the Lazard Asset Management group - of which Lazard Fund Managers Limited is a part of - exerts strong control and oversight over its strategies and funds through the Lazard Oversight Committee, a global asset management committee based in New York which comprises the group's head of risk, senior management and investment professionals and through the London Operational Risk Committee ("LORC"). The company also calls on strong and experienced Marketing and Client Services departments to ensure clients are kept aware of market conditions and Lazard's relative performance through regular client meetings and reporting.

The Lazard Asset Management group takes appropriate steps to minimise the impact of operational risks faced by the company through the operation of the London Operating Committee ("LOC") and the LORC which oversee the company's risks and ensure that the company creates and implements processes to identify, measure and monitor those risks.

The company does not have any involvement in the use of financial instruments and the associated market risks of holding or trading in such instruments.

Credit risk is limited to amounts receivable through direct deduction of management fees from mutual funds by the Trustees.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, cash and cash equivalents are held in a current account with major financial institutions. The company also assesses the adequacy of its liquidity on a constant basis through its obligations under the regulatory requirements of the Financial Conduct Authority ("FCA").

The LORC monitors the impact of cash flow risk on an ongoing basis.

The company managed its capital adequacy with reference to the Lazard Asset Management (UK) Holdings Limited group, Internal Capital Adequacy and Risk Assessment Process ("ICARA"), as required by the FCA. In particular, the ICARA established the minimum capital requirement with reference to a number of stress tests and scenario analyses.

LAZARD FUND MANAGERS LIMITED

Strategic Report

for the Year Ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Details of Lazard Fund Managers Limited approach to capital adequacy, as required under Pillar III of the Capital Requirements Directive are included in Lazard Asset Management (UK) Holdings Limited consolidated financial statements as of the year ended 31 December 2022, which also provide information regarding the remuneration policies and practices for those staff whose professional activities have a material impact on the group's risk profile. These financial statements can be obtained from the Registered Office, 50 Stratton Street, W1J 8LL.

The company applied changes from 1st January 2022 under rules as set out in the Investment Firms Prudential Regime and concluded that the changes did not have a material impact on the regulatory capital requirement of the company, and that a sufficient capital surplus was maintained after transition.

UNITED KINGDOM EXIT FROM THE EUROPEAN UNION

The UK left the European Union on 31 January 2020. Prior to that date, the UK adopted numerous European Union laws and regulations into UK domestic legislation in order to ensure continuity. The "Retained EU Law" bill announced by the UK Government on 22 September 2022, to the extent passed into UK law by the UK Parliament, will result in the disapplication of European Union legacy laws by the end of 2023 unless the UK Government has legislated to retain or replace them. There is currently no certainty on which European Union legacy laws and regulations will be changed going forward and the UK may diverge from these laws and regulations and may decide not to adopt rules that correspond to future European Union legislation. To the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of the company's business, the company may face additional complexity and costs in its compliance efforts, as well as potential increased costs to the extent the company is required to make further adjustments to how the company operates its business in the UK and/or the European Union.

COVID-19 (CORONAVIRUS)

In March 2020, the World Health Organization declared the coronavirus ("COVID-19") a pandemic which continues to affect the global community. The UK Government continued to implement social distancing measures during early 2022 with the company continuing with remote working arrangements and restricted business travel; these arrangements and restrictions were modified during the year as per government guidance. As of 1 April 2022 the UK Government removed all restrictions and social distancing measures relating to COVID-19. These arrangements have not materially affected the company's ability to maintain and conduct its business operations, including the operation of financial reporting systems, internal controls over financial reporting and disclosure controls and procedures. While the COVID-19 pandemic had adversely affected the global economy, an economic recovery has since taken place, reducing the risk of COVID-19's effect on the Company's operational and financial performance.

CONFLICT IN UKRAINE

The conflict in Ukraine, which began in February 2022, has affected market sentiment and increased market volatility. While the company has no direct exposure to clients or suppliers either in Ukraine or subject to sanctions imposed as a result of the conflict, the consequences of the global macroeconomic environment and how that will affect the business remain uncertain, however the directors believe there will be no impact on the financial statements or the company's ability to continue as a going concern business.

LAZARD FUND MANAGERS LIMITED

Strategic Report **for the Year Ended 31 December 2022**

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of our stakeholders in our decision making as well as our responsibility to promote the success of the company in accordance with Section 172 of the Companies Act 2006.

As directors of the company we are actively engaged in all elements of running the business and have a long-term strategy in place in order to meet our objectives.

In doing this, we consider several factors:

- fostering our relationships with existing investors in our funds as well as developing new relationships
- maintaining a reputation for the highest standards of business conduct
- ensuring the ongoing development of, and investment in, new strategies
- acting fairly as between members of the company.

The board regularly reviews its principal stakeholders to ensure the very highest levels of engagement, to consider the long-term impact of decisions made and the need to act fairly as between members of the group. The stakeholder voice is brought into the boardroom through direct engagement with the stakeholders themselves as well as through information provided from the management team.

As the company do not have any employees, they have not been considered as a key stakeholder. We identify the following as key stakeholders;

Investors

The business offers a broad range of funds to a wide range of investors. Every investor has unique needs and Lazard has built a suite of differentiated funds to help investors find the investment solutions that best meet their needs.

Our goal is to produce superior risk adjusted investment returns through the active management of the funds strategies, global fundamental research is the foundation of our investment approach. Investment teams collaborate on detailed fundamental analysis integrating knowledge across regions, sectors and asset classes addressing the demands of the ever-changing financial landscape.

The wider community

The company's results are published and available to view by all interested parties on the Companies House website and available to request from the registered address on the Company information page. We have not identified any additional relevant impacts on the community and environment as the company does not have any employees or physical buildings.

Suppliers

We work closely with our suppliers and the administrators of our funds, where we exert a high level of oversight and demand full transparency.

We view the relationship with our administrators as a partnership and look to innovation and evolution of technology to help drive a better service for the underlying investors.

It is the company's intention to agree appropriate terms of payment with suppliers and to abide by those terms based on the timely submission of valid invoices. In the absence of agreed terms, the company's policy is to pay within 30 days from receipt of a valid invoice.

LAZARD FUND MANAGERS LIMITED

Strategic Report
for the Year Ended 31 December 2022

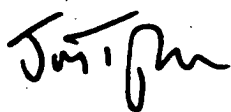
SECTION 172(1) STATEMENT - continued

Regulators and tax authorities

The company insists on the highest standard of professionalism whilst refraining from any conduct or behaviours that could be perceived unfavourably. This extends to dealing honestly and openly with regulators and tax authorities and in compliance with all the relevant laws and regulations in place.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVED BY THE BOARD & SIGNED ON ITS BEHALF:

A handwritten signature in black ink, appearing to read 'J M Taylor', is written over a horizontal line.

J M Taylor - Director

26 April 2023

LAZARD FUND MANAGERS LIMITED

Report of the Directors for the Year Ended 31 December 2022

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

Lazard Fund Managers Limited ("the company") is a wholly owned subsidiary of Lazard Asset Management Limited and acts as an authorised corporate director to Lazard Investment Funds; Lazard Investment Funds is an open ended investment company.

There have not been any significant changes in the company's principal activities in the year under review and the company expects to continue to trade in this way for the foreseeable future.

Information on Principle Risks and Uncertainties are detailed within the Strategic Report.

The company is regulated by the Financial Conduct Authority ("FCA").

DIVIDENDS

Interim dividends totalling £0.17949 per share were paid during the year (2021: £0.17949). The directors recommend that no final dividend be paid (2021: £nil).

The total distribution of dividends for the year ended 31 December 2022 was £350,000 (2021: £350,000).

FUTURE DEVELOPMENTS

The directors expect the company to continue to make progress in its core areas of business.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

J Reinsberg
N A Paul
J M Taylor
N I Emmins
H V Tseayo

In accordance with the company's articles of association and subject to the provisions of the Companies Act 2006, the company has made qualifying third party indemnity provisions for the benefit of its directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and/or discharge of their duties and/or the exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office which were made during the year and remain in force at the date of this report.

N Emmins and H Tseayo remained as non-executive directors during the year.

All other mentioned directors are employees of the Lazard Group.

LAZARD FUND MANAGERS LIMITED

Report of the Directors
for the Year Ended 31 December 2022

GOING CONCERN BASIS

As can be seen from the Statement of Financial Position, the company has considerable financial resources and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence at least twelve months from the date when the financial statements are authorised for issue. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

The company's directors have assessed the situation and have a strong business model and as indicated on the Statement of Financial Position, the company has sufficient financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully throughout the business cycle.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

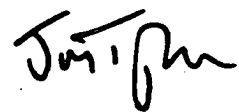
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITOR

The company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of Section 487(2) of the Companies Act 2006.

APPROVED BY THE BOARD & SIGNED ON ITS BEHALF:



J M Taylor - Director

26 April 2023

LAZARD FUND MANAGERS LIMITED

Statement of Directors' Responsibilities **for the Year Ended 31 December 2022**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Lazard Fund Managers Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lazard Fund Managers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity; and
- the related notes 1 to 15

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Lazard Fund Managers Limited - continued

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included compliance with Financial Conduct Authority ('FCA') requirements and regulatory capital requirements.

We discussed among the audit engagement team including relevant internal specialists such as tax and pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- Fee rebates are payments made to customers based on their holdings in funds. Certain fee rebates are calculated manually and there is a risk that this calculation is done incorrectly. We performed a walkthrough of the rebate calculation process to assess how holdings are confirmed and how the rebate is calculated, and tested a sample of transactions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Lazard Fund Managers Limited – continued

Extent to which the audit was considered capable of detecting irregularities, including fraud - continued

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the Directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Report of the Directors.

Matters on which we are required to report by exception

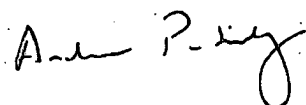
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Partridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

26 April 2023

LAZARD FUND MANAGERS LIMITED**Statement of Comprehensive Income**
for the Year Ended 31 December 2022

	Notes	2022 £	2021 £
TURNOVER	3	6,544,935	9,037,948
Administrative expenses	5	<u>(6,216,626)</u>	<u>(8,586,047)</u>
OPERATING PROFIT	6	328,309	451,901
Interest payable and similar expenses	7	<u>(1,063)</u>	<u>-</u>
PROFIT BEFORE TAXATION		327,246	451,901
Tax on profit	8	<u>(62,177)</u>	<u>(85,861)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>265,069</u>	<u>366,040</u>

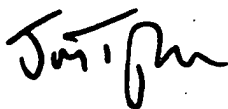
The notes form part of these financial statements

LAZARD FUND MANAGERS LIMITED (REGISTERED NUMBER: 01970853)

Statement of Financial Position
31 December 2022

	Notes	2022 £	2021 £
CURRENT ASSETS			
Debtors	10	2,816,262	2,945,401
Prepayments and accrued income		16,226	36,220
Cash at bank		<u>1,747,670</u>	<u>2,242,249</u>
		4,580,158	5,223,870
CREDITORS			
Amounts falling due within one year	11	<u>(1,939,271)</u>	<u>(2,498,052)</u>
NET CURRENT ASSETS		<u>2,640,887</u>	<u>2,725,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,640,887</u>	<u>2,725,818</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,950,000	1,950,000
Retained earnings		<u>690,887</u>	<u>775,818</u>
SHAREHOLDERS' FUNDS		<u>2,640,887</u>	<u>2,725,818</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2023 and were signed on its behalf by:



J M Taylor - Director

The notes form part of these financial statements

LAZARD FUND MANAGERS LIMITED**Statement of Changes in Equity**
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,950,000	759,778	2,709,778
Changes in equity			
Dividends	-	(350,000)	(350,000)
Total comprehensive income	-	366,040	366,040
Balance at 31 December 2021	<u>1,950,000</u>	<u>775,818</u>	<u>2,725,818</u>
Changes in equity			
Dividends	-	(350,000)	(350,000)
Total comprehensive income	-	265,069	265,069
Balance at 31 December 2022	<u>1,950,000</u>	<u>690,887</u>	<u>2,640,887</u>

The notes form part of these financial statements

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

Lazard Fund Managers Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and;
- the requirement of paragraph 33.7.

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date when the financial statements are authorised for issue. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. Further information can be found in the Report of the Directors on page 7.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. No critical accounting judgements have been made. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover, net of VAT, represents investment management income and expenses from advisory and administrative services, as well as income derived from the sale and cancellation of units, which is recognised on the net basis in accordance with the requirements of FRS 102 Section 23 as the company is considered to be acting as agent for such transactions. These activities are performed in the normal course of business.

Investment management and investment advisory and administration services are recognised as the services are performed. Such fees are primarily based on predetermined percentages of the market value of the assets under management. Income derived from the sale and cancellation of units is recognised as the services are performed.

The company contracts with third parties and affiliates for various mutual fund distribution, investment management and shareholder servicing to be performed on behalf of certain funds of Lazard Investment Funds of which the company is the authorised corporate director ("ACD"). Such arrangements generally are priced as a portion of the fee paid by the fund to the company under the ACD Agreement. In certain cases, the fund takes on the primary responsibility for payment for services such that the company bears no credit risk to the third party. The company accounts for such retrocession arrangements in accordance with Section 23 Revenue of FRS 102, and has recorded its turnover net of retrocessions.

Under contracts with Lazard Investment Funds and the company, the affiliates responsible for the investment management of the funds are entitled to a portion of the fee paid to the company. The company is responsible for collecting the fee and paying the fee share to affiliates on a limited recourse basis. It is not, however, practical to allocate revenues or profits to any particular source in a way that would be useful to the users of these financial statements, as one transaction may involve parties situated in a number of different geographical areas.

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are classified for the purposes of Section 11 and 12 of FRS 102.

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash at bank

Cash and cash equivalents comprise cash held at bank and demand deposits.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities

Financial liabilities are classified as FVTPL or 'other financial liabilities'.

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss account.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Taxation

Taxation for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income.

Current taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Interest receivable and payable

All interest receivable and payable is reflected in the income statement as it accrues.

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

	2022	2021
	£	£
Investment Management fees collected on behalf of affiliates	4,988,961	6,366,666
Investment Management fees retained as authorised corporate director of Lazard Investment Funds	<u>1,555,974</u>	<u>2,671,282</u>
Net income from transactions in units	<u><u>6,544,935</u></u>	<u><u>9,037,948</u></u>

4. DIRECTORS EMOLUMENTS

The company has no direct employees (2021: none). Other than the non-executive directors, the directors receive no emoluments in respect of their services as directors of the company (2021: £nil). The directors, and other staff involved in the company's operations, are employed by Lazard Asset Management Limited, and are remunerated by that company and that remuneration is included in a management charge levied by that company.

Hemen Tseayo was remunerated through payroll for his services as a non-executive director. Nicholas Emmins was also remunerated 50% via payroll for his services as a non-executive director. The remaining 50% was remunerated via invoices for his services as a consultant.

Aggregate emoluments paid to directors and former directors for services in respect of the company for 2022 amounted to £60,000 (2021: £60,000).

5. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
Investment Management fees collected on behalf of affiliates	4,988,961	6,366,666
External fund administration	673,664	1,660,298
Other direct costs	<u>554,501</u>	<u>559,083</u>
	<u><u>6,216,626</u></u>	<u><u>8,586,047</u></u>

6. OPERATING PROFIT

Audit fees are charged to and paid by Lazard Asset Management Limited. The amount allocated to the company in 2022 was £56,192 (2021: £44,141). In addition, the amount paid directly by Lazard Fund Managers Limited in 2022 for Client Assets Assurance Opinion Fees ("CASS") was £65,000 (2021: £45,175).

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Interest expense	<u><u>1,063</u></u>	<u><u>-</u></u>

LAZARD FUND MANAGERS LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2022**8. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
Current year charge	<u>62,177</u>	<u>85,861</u>
Tax on profit	<u>62,177</u>	<u>85,861</u>

UK corporation tax has been charged at 19% (2021: 19%).

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

9. DIVIDENDS

	2022	2021
	£	£
Ordinary 1 shares of £1 each		
Paid:		
Interim dividend for the year ended 31 December 2022 £0.18p (2021: £0.18p) per ordinary share	<u>350,000</u>	<u>350,000</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	2,607,952	2,820,618
Amounts owed by group undertakings	208,310	122,410
Other debtors	<u>-</u>	<u>2,373</u>
	<u>2,816,262</u>	<u>2,945,401</u>

The remaining balance of amounts owed by group undertakings is made up of intercompany trading balances which are all unsecured, have no specified repayment terms and do not accrue interest.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	1,408,650	2,142,526
Amounts owed to group undertakings	31,341	13,883
Tax	3,200	15,861
Social security and other taxes	4,448	14,119
Accruals and deferred income	<u>491,632</u>	<u>311,663</u>
	<u>1,939,271</u>	<u>2,498,052</u>

The remaining balance of amounts owed to group undertakings is made up of intercompany trading balances which are all unsecured, have no specified repayment terms and do not accrue interest.

LAZARD FUND MANAGERS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
1,950,000	Ordinary	£1	<u>1,950,000</u>	<u>1,950,000</u>

13. ULTIMATE PARENT COMPANY

Lazard Ltd (incorporated in Bermuda) is regarded by the directors as being the company's ultimate parent company and is the largest group which includes the company and for which group accounts are prepared. Lazard Ltd is also the ultimate controlling party of the company.

Copies of the Lazard Ltd financial statements may be obtained from The Secretary, Lazard Ltd, 30 Rockefeller Plaza, New York, NY 10020, USA.

The company's immediate controlling party is Lazard Asset Management Limited, a company incorporated and registered in England and Wales.

The parent company of the smallest group, which includes the company and for which group accounts are to be prepared, is Lazard Asset Management (UK) Holdings Limited a company incorporated and registered in England and Wales.

Copies of the Lazard Asset Management (UK) Holdings Limited financial statements may be obtained from The Secretary, Lazard Asset Management (UK) Holdings Limited, 50 Stratton Street, London W1J 8LL.

14. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The related party debtors and creditors, as at year end, have been disclosed within notes 10 and 11.

15. POST BALANCE SHEET EVENTS

There were no subsequent events or transactions since the statement of financial position date.