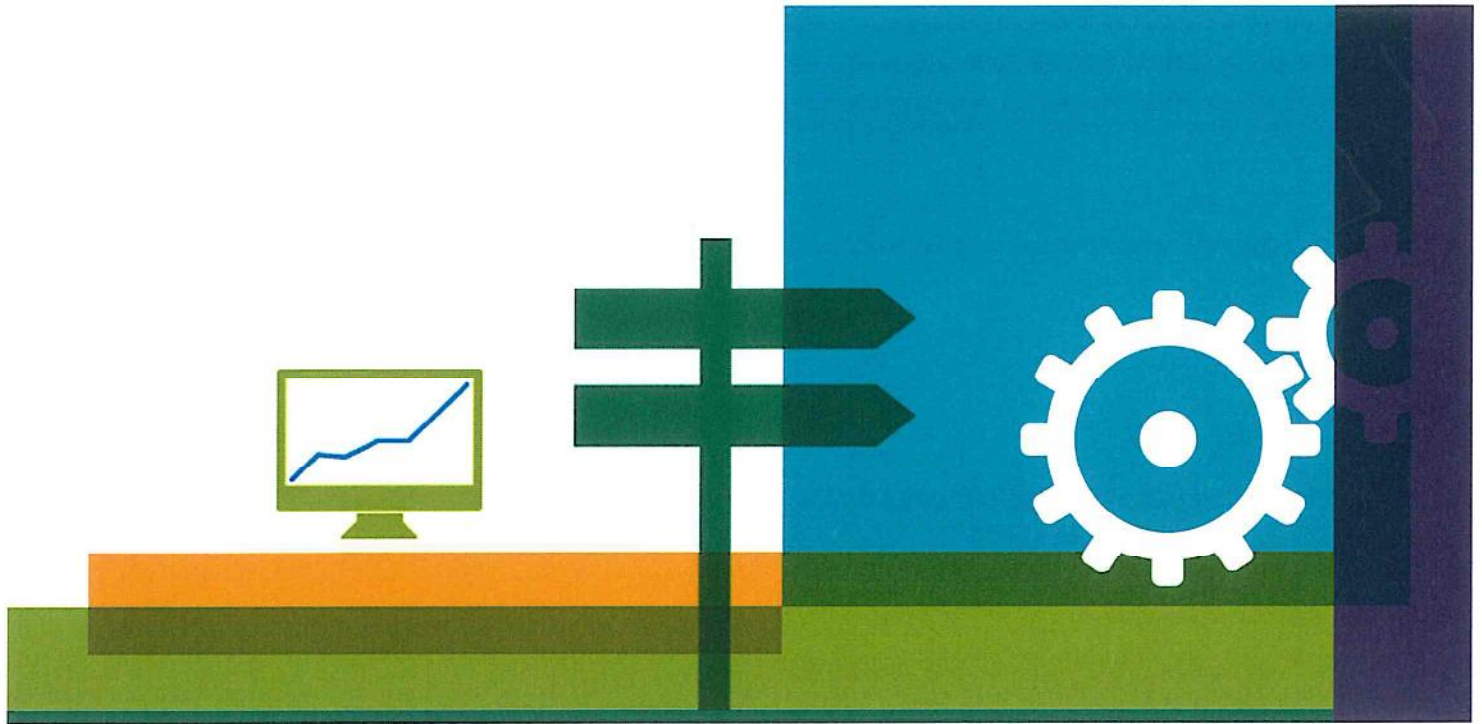


# CAPITA



## **Lazard London Directors' Pension Scheme**

Scheme Registration Number: 10137270X

### **Annual Report and Financial Statements For the Year Ended 31 December 2014**

**CONFIDENTIAL**

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## Trustees and Advisors

Mrs F.A. Heaton (*Chairman retiring 01/04/2015*)

Mr David Anderson (*Chairman from 01/04/2015*)

Mrs B. Albåge Gough-Cooper

Mr P. Dixon

Mr D Cummings\* (*Appointed 01/04/2015*)

Mr T. Cross Brown\* (*Resigned 31/03/2014*)

Mr A. Johnston\* (*appointed 04/04/2014*)

The Law Debenture Pension Trust Corporation plc represented by Andrew Parker (*Independent Trustee*)

\* *Member-nominated trustees*

### Secretary to the Trustees

Inside Pensions (*From 18/02/13*)

3<sup>rd</sup> Floor

54-56 Victoria Street

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Herts, AL1 3HZ

### Principal Employer

Lazard & Co., Services Limited

50 Stratton Street

London W1J 8LL

### Actuary

Mr. J. Dell

Lane Clark & Peacock LLP

95 Wigmore Street

London W1U 1DQ

### Administrator

Capita Employee Benefits Limited

Hartshead House

2 Cutlers Gate

Sheffield S4 7TL

### Legal Adviser

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### Investment Adviser

Lane Clark & Peacock LLP

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### Independent Auditors

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### Investment Managers

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Ruffer LLP

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Henderson Global Investors

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London EC2M 3AE

Veritas Asset Management

6<sup>th</sup> Floor Elizabeth House

39 York Road

London SE1 7NQ

Baillie Gifford & Co

Calton Square

1 Greenside Row

Edinburgh, EH1 3AN (*From 10 February 2014*)

Baring Asset Management

155 Bishopsgate

London, EC2M 3XY (*From 10 February 2014 until 14 October 2014*)

## Trustees and Advisors (continued)

### **AVC Managers**

Cazenove Capital Management  
12 Moorgate  
London EC2R 6DA  
(*discretionary basis*)

Jupiter Unit Trust Managers  
PO Box 300  
West Malling  
Kent ME19 4YY

### **Enquiries**

Enquiries about the Scheme generally, or about an individual's entitlement to benefits, should be addressed to Murray McDowall at the Scheme Administrator, Capita (see address above) or [pensions2enquiries@capita.co.uk](mailto:pensions2enquiries@capita.co.uk).

Other useful addresses are provided in the Compliance Statement on pages 32 and 33.



# Trustees' Report

## For the year ended 31 December 2014

### Introduction

The Trustees of the Lazard London Directors' Pension Scheme ("the Scheme") present their report together with the financial statements for the year ended 31 December 2014.

The Scheme is a defined benefit scheme, provided for former eligible employees of the Principal Employer, Lazard & Co., Services Limited ("the Company") and its predecessors, together the "UK employing companies". It provides members with a retirement pension based on pensionable salary and years of membership. In addition, members were previously able to secure additional money purchase benefits by making voluntary contributions.

The Scheme was closed to new entrants with effect from 1 January 2002 and ceased accrual of future benefits from 31 March 2006. This does not affect benefits accrued up to 31 March 2006.

Members are entitled to receive the Basic State Pension and may be eligible for the State Second Pension.

### Management of the Scheme

In accordance with the Pensions Act 2004, one third of the Trustees are nominated by the members under the rules notified to the members of the Scheme, to serve an initial period of five years. Nominations from Scheme members are invited and the incumbents may also put themselves forward for an additional five year term. Members are asked to vote to elect the Member Nominated Trustees for the next five year term. In the event that there is only one nomination, the person nominated will automatically be appointed as a trustee. A Member Nominated Trustee may be removed before the end of the five year term but only by agreement of all the remaining Trustees.

Any removal of a Member Nominated Trustee before the end of the five year term requires the agreement of all of the other Trustees.

The Trustees who served during the year ended 31 December 2014 are listed on page 2. Although the appointed Trustees are responsible for the overall management of the Scheme, the operation of the Scheme is delegated to the Secretary and certain third party advisors, whose performance is monitored by the Trustees.

In the year ended 31 December 2014 the Trustees met on 8 occasions, including 1 meeting to focus principally on investment matters.

### Changes to the Scheme

The Trustees approved a change to the to the rules so that members over the lifetime allowance can choose whether to take benefits in excess of the Life Time allowance reached as a pension or a cash lump sum.

Trustees' Report (continued)  
For the year ended 31 December 2014

## Membership

Details of the membership of the Scheme are given below:

	2014	2013
<b>Pensioners</b>		
Pensioners at the start of the year	69	69
Members with deferred benefits reaching retirement	2	1
Pensioners who died during the year	(1)	(2)
New spouse and dependant pensions	<u>4</u>	<u>1</u>
<b>Pensioners at the end of the year</b>	<b>74</b>	<b>69</b>
<b>Deferred Members</b>		
Deferred Members at the start of the year	54	55
Deferred members becoming pensioners during the year	(2)	(1)
<b>Deferred members at the end of the year</b>	<b>52</b>	<b>54</b>
	<hr/>	<hr/>
<b>Total membership at the end of the year</b>	<b>126</b>	<b>123</b>
	<hr/>	<hr/>

Of the 74 pensioners at the year end, there were 18 (2013: 15) individuals receiving a pension following the death of their spouse and there were 16 (2013: 16) pensioner annuitants who remain members of the Scheme and have had part of their benefits secured by the purchase of annuities.

These membership figures do not include movements notified to the Administrator after the Scheme year end date.

## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Actuarial Status and Funding

The Trustees of the Lazard London Directors' Pension Scheme agreed with the UK employing companies the terms of the Funding Deed, which was executed on 30 August 2005, and amended on 31 March 2015.

The main ongoing funding objectives of the Deed are:

- to achieve full funding on a "Gilts basis" by 31 May 2020; and
- to achieve full funding on a "Buyout basis" by 31 May 2030.

As part of discussions with the UK employing companies regarding the 2013 valuation, the Trustees agreed:

- Additional security in the form of an uncapped guarantee from Lazard Group LLC. The security is conditional on the Trustees and UK employing companies continuing to work together to agree the Scheme's investment strategy over the period to 2030; and
- A payment of £10.85m to the Scheme during 2015, consisting of £8.7m payable by the Employers together with a transfer of £2.15m from the Security Arrangement agreed as part of the 2010 valuation, which is to then be dissolved. These contributions are in addition to £0.2m that was paid in 2014.

In return for the above, the Trustees agreed to waive the "Gilts basis" objective.

The most recent actuarial valuation of the Scheme, at 31 December 2013, showed the funding position on a Technical provisions basis as follows:

Assets	£141.0m
Amount needed to provide benefits	£150.5m
Deficit	£9.5m
Funding level	94%

The agreed contributions, as set out above, were expected to repair the deficit (based on market conditions at the valuation date) by 31 December 2015.

The Scheme Actuary has estimated that, as at 31 December 2014, the funding level of the Scheme had deteriorated significantly to an estimated deficit of approximately £24m. The deterioration since 31 December 2013 is primarily driven by a fall in government bond yields which has significantly increased the assessment of the amount needed to provide the benefits.

The financial statements on pages 20 to 29 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Scheme's assets increased from £147,347,000 at 31 December 2013 to £162,271,000 at 31 December 2014.



## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Investments

##### 1. Investment Management

The investment objective set by the Trustees is to achieve the best overall investment return in moving towards the 2030 target set out in the Funding Deed, with a level of risk that is commensurate with this objective, having regard to the agreed level of employer contributions and the covenant of the employers.

The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's Investment Adviser. Day to day investment management has been delegated to the seven investment managers with whom the Trustees have put in place investment mandates to implement the strategy.

In accordance with s.35 of the Pensions Act 1995 (as amended) and with the Occupational Pension Schemes (Investment) Regulations 2005, a Statement of Investment Principles ("SIP") was prepared by the Trustees to reflect the terms set out in the Funding Deed, and which incorporates the investment strategy. The SIP, which was last updated in April 2015, is available on the Lazard London Pensioners' website at <http://www.lazard.com/London>. The user name is uklazard and the password is 1a7ard (note: number one at start of password). Members may alternatively request a copy from the Scheme Administrator, Capita Employee Benefits Limited (see page 3 for contact details).

The investment managers are remunerated by fees based on a percentage of funds under management. Fees for Odey Assessment Management also include a performance related element of 20% above the MSCI World Index return, which is deducted directly from the units of Odey's fund.

##### 2. Asset allocation at 31 December 2014

As at 31 December 2014, the Scheme had seven investment managers:

- Lazard Asset Management ("LAM"), which manages defensive equity portfolio;
- Veritas Asset Management ("Veritas"), which manages a defensive global equity portfolio;
- Odey Asset Management ("Odey"), which manages a global equity portfolio;
- Baillie Gifford & Co ("Baillie Gifford"), which manages a global equity portfolio;
- Ruffer LLP ("Ruffer"), which manages an absolute return portfolio;
- Insight Investment Management ("Insight"), which manages a liability matching portfolio, which includes pooled liability matching funds, absolute return bond funds, an asset backed securities fund and cash funds; and
- Henderson Global Investors ("Henderson"), which manages a secured loans portfolio.



## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Investments (continued)

The Scheme's asset allocation as at 31 December 2014 (excluding AVC-based insurance policies and investments, money purchase accounts and cash held to meet net outflows), was split approximately as follows:

Name	Portfolio	Asset allocation at 31 December 2014 (%)
LAM	Defensive equities	10
Veritas	Defensive equities	8
Odey	Global equities	6
Standard Life	Absolute return portfolio	6
Ruffer	Absolute return portfolio	10
	<b>Total "growth" assets</b>	<b>40</b>
Insight	Liability matching portfolio	47
Henderson	Secured loans	10
n/a	Insured pensions	3
	<b>Total "defensive" assets</b>	<b>60</b>
	<b>Total Scheme</b>	<b>100</b>

A more detailed breakdown is provided in section [7] of the Notes to the Financial Statements.

The asset allocation has been set by the Trustees such that the Scheme's investments (excluding cash held to meet net outflows) should comprise 42.5% 'growth' assets and 57.5% 'defensive' assets. The Trustees will review the Scheme's asset allocation from time to time, to ensure that the split between growth and defensive assets remains within 5% of the target allocation.

During the year ending 31 December 2014, a number of changes took place to the structure of the Scheme's assets:

In March 2014, the Trustees redeemed the Scheme's investment in LAM's Global Thematic Fund and invested the proceeds in Baillie Gifford's Global Alpha Fund. The Trustees also redeemed the Scheme's holding in the Standard Life GARS Fund and invested these proceeds in the Baring Asset Management ("Barings") Dynamic Asset Allocation Fund.

Following senior departures at Barings in August 2014, the Trustees redeemed the Scheme's investment with Barings and invested the proceeds in LAM's Managed Volatility Fund, Veritas' Global Equity Income Fund and Ruffer's Absolute Return Fund.

In September 2014 the Trustees invested additional assets in Insight's liability matching funds to reduce risk within the Scheme. This switch was funded by redeeming part of the Insight Bonds Plus Fund holding. So as to maintain the overall expected return, the Trustees also switched some assets from the Insight Bonds Plus Fund to the Insight Bonds Plus 400 Fund, which has a higher return target.

## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Investments (continued)

#### 3. Asset Valuation

A breakdown of the asset valuation as at 31 December 2014 is shown below. The Trustees' bank account is not included in the breakdown.

	31 December 2014 £000s
LAM	14,391
Veritas	12,356
Odey	9,315
Baillie Gifford	9,436
Ruffer	14,849
Insight	71,430
Henderson	14,476
AVC investments	7,286
Insurance policies	8,203
<b>Total</b>	<b>161,742</b>

#### 4. Investment Performance

The investment performance in this section is for the Scheme's defined benefit invested assets. The returns from the Scheme's AVC investments, money purchase accounts, insurance policies, Insight's cash sub-portfolio and Trustees' bank accounts are not included. Unless otherwise stated, all the returns are shown after the deduction of investment management fees.

The overall Scheme benchmark return is calculated as a composite of each of the underlying investment manager's benchmark returns (which are detailed in Section 6), weighted by each manager's benchmark asset allocation.

Total Returns	2014	3 Years Annualised	5 Years Annualised
<b>Scheme (%)</b>	14.5	9.7	9.4
<b>Benchmark (%)</b>	13.8	8.3	8.2
<b>Relative Performance (%)</b>	0.7	1.4	1.2

Over 2014, the Scheme returned 14.5%. All the Scheme's investment managers delivered positive absolute returns in a strong year for both equities and bonds.



## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Investments (continued)

The Scheme's return over 2014 was greater than the annualised three year and five year periods to 31 December 2014, this was mainly due very high positive returns from the liability matching portfolio and the Scheme's equity managers benefitting from the supportive market conditions.

Over three years to 31 December 2014, the Scheme outperformed its benchmark return by 1.4% pa. Outperformance was driven by strong relative performance from the Scheme's absolute return managers and the Insight portfolios.

Over five years to 31 December 2014, the Scheme outperformed its benchmark return by 1.2% pa.

#### **5. Market Commentary<sup>1</sup>**

2014 saw fixed income markets confound many investors with yields on developed government and corporate bond markets alike continuing lower, despite a backdrop of improving economic conditions in the US and UK, along with consistent discussion about the Bank of England (BoE) and the Federal Reserve (the Fed) starting interest rate hiking cycles.

After a weak first quarter (widely accepted to have been affected by adverse weather conditions), US Gross Domestic Product (GDP) growth gathered some momentum and stability for the rest of the year, as did the labour market with the unemployment rate ending the year below 6%. This led investors to believe that interest rate rises might be on the horizon, but the Fed maintained its main interest rate at 0%. The US dollar performed strongly on the back of this improving economic outlook against a number of major developed market currencies, most notably the Euro and the Yen.

The UK followed a similar pattern to the US, with positive developments in the labour market coupled with improving GDP growth. However, the continued fall in consumer price inflation numbers along with stuttering wage growth undermined what was generally a positive year for economic data.

The year saw the European Central Bank (ECB), and its monetary policies, come into sharp focus as the Eurozone struggled to see meaningful economic growth. Despite the falling value of the Euro in the second half of the year, inflation remained a concern. Falling oil prices pushed headline Eurozone CPI numbers to 0.3%, with Spain and Greece continuing to experience outright deflation. This pressed Mario Draghi (president of the ECB) into action with the announcement of an asset purchasing programme (focused on asset-backed securities and covered bonds) with many commentators expecting outright purchases of sovereign European bonds in 2015.

The story of the second half of the year was the plummeting oil price, as it fell by close to 50%. This fuelled fears of a faltering global economy, pushing developed government bond markets to end the year strongly. In US high-yield bond markets, the energy sector makes up between 15% and 20% of the market and this fall in the price of oil saw sharp price falls in some bonds. This has had some knock-on impacts to the US loan market and we saw some signs of this creeping into the European loan market as well, with the latter having a rather subdued end to the year.

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<sup>1</sup> Source: Lazard Asset Management, LCP



## Trustees' Report (continued) For the year ended 31 December 2014

### Investments (continued)

#### 6. Investment Manager Commentary

##### **LAM Managed Volatility Fund**

The Scheme invests in LAM's Managed Volatility Fund, a defensive global equity portfolio which is benchmarked against the MSCI World Index. The performance target of LAM's Managed Volatility Fund is to seek long term capital growth through investment in an actively managed long-only equity portfolio.

The Lazard Managed Volatility Fund returned 20.5% over the year to 31 December 2014, significantly outperforming the MSCI World Index return of 11.5%.

The Fund's positive relative return was largely attributable to stock selection in the Consumer Discretionary, Consumer Staples, Industrial, Healthcare and Financial sectors. Overweight allocations to the Consumer Discretionary and Utilities sectors also contributed positively. Lazard's underweight holding in energy stocks benefitted as the oil price halved towards the end of 2014.

At a regional level, performance was strongest in the United States and the United Kingdom. Underweight allocations to Europe and Japan helped relative returns. Overweight allocations in Asia and poor stock selection in Israel and New Zealand were minor blemishes on the Fund's performance.

##### **Odey Allegra International Fund**

Odey manages a global equity portfolio on behalf of the Scheme. This portfolio is benchmarked against the MSCI World Index. The Trustees have decided to measure Odey against a target of 3-5% pa above the benchmark, after fees, over rolling three to five year periods as Odey does not have a set outperformance target.

Odey returned 6.6% over the year to 31 December 2014, underperforming the MSCI World Index return of 11.5%.

Key contributors to the manager's underperformance were its underweight allocations to the Pharma, Tech, and Consumer Non-Durables sectors. Odey viewed these sectors as expensive and vulnerable to potential interest rate rises (Emerging Market earnings risk), given how much the market was paying for distant cash flows.

Due to the weakness in the European banking sector, Odey was underweight in the Financial sector which contributed positively to the Fund's performance. Overweight allocations to the Consumer Durables, Retail, Transport and Manufacturing sectors were based on Odey's favourable views on US consumer spending and the US housing market; these sectors contributed positively to the Fund performance.

## Trustees' Report (continued) For the year ended 31 December 2014

### Investments (continued)

#### **Veritas Global Equity Income Fund**

Veritas manages a defensive global equity portfolio on behalf of the Scheme. This portfolio is benchmarked against the MSCI World Index. Veritas' performance target is to provide a high and growing level of income and thereafter to preserve capital in real terms over the long term.

Veritas returned 1.4% over the year to 31 December 2014, underperforming the MSCI World Index return of 11.5%.

The main driver of Veritas' underperformance versus the MSCI World Index return over 2014 was its relatively lower exposure to the US equity market, which returned about 20% in Sterling terms. Veritas only held two US stocks during 2014 (Microsoft and Lockheed Martin), representing around 8% of the portfolio, compared to a US equity weighting of around 60% in the MSCI World Index. The reason Veritas has a relatively low US equity weight is that its process is focused on quality high dividend stocks, and dividend yields on US stocks are generally very low. Also contributing to the underperformance was Veritas' overweight holding in energy stocks, which suffered as the oil price halved towards the end of 2014.

The overweight allocation to the health care sector offset some of the underperformance. In particular, the overweight holding in Novartis was beneficial; Novartis' share price was boosted by the company's announcement of a new consumer healthcare business to be created with GlaxoSmithKline.

#### **Baillie Gifford Global Alpha Fund**

The Scheme has invested assets in Baillie Gifford's Global Alpha Fund, which is benchmarked against the MSCI All Country World Index. Baillie Gifford aims to outperform this benchmark by 2 to 3% pa before fees, over rolling five year periods.

Since the Scheme invested on 11 March 2014, the Baillie Gifford Global Alpha Fund returned 7.6% compared to its benchmark return of 11.1%. Given Baillie Gifford's bottom-up stock selection process, the manager's performance should be measured over longer periods of time. In the short term, share prices have been volatile and this volatility helps to explain the manager's underperformance.

During 2014 significant detractors from the Fund's performance were underweight holdings in stocks such as Apple, a US technology company not held by the Fund. Stock holdings in the Energy sector, in particular Ultra Petroleum a low cost US gas producer, also contributed negatively to the Fund's performance.

There were however a number of strong performers in the portfolio of which the most notable was Royal Caribbean, which was helped by a number of factors including positive pricing trends and the lower oil price.



## Trustees' Report (continued) For the year ended 31 December 2014

### Investments (continued)

#### **Ruffer Absolute Return Fund**

Ruffer manages an absolute return portfolio on behalf of the Scheme. Ruffer does not provide a benchmark (due to the nature of its approach). Ruffer's target is to "achieve a consistent return that is significantly greater than the Bank of England Base Rate and not to lose money in any 12-month rolling period". As a rough guide, Ruffer targets at least twice the Bank of England Base Rate over the long term.

Ruffer returned 6.2% over the year to 31 December 2014, outperforming cash (3 month £ LIBOR) by 5.7%.

The main positive contributors to Ruffer's returns over 2014 were inflation-linked bonds, developed market equities and exposure to the US dollar. The allocation to inflation-linked bonds was beneficial as concerns about growth led to higher bond prices. In spite of concerns about global growth, equities delivered good returns over the period, driven by the US market which had relatively better economic releases. The US dollar also rose strongly versus Sterling as the US quantitative easing programme came to an end and expectations of a rate rise in the UK were pushed out.

The main detractors from Ruffer's returns over 2014 were the portfolio's protective derivative positions and Japanese equity holdings. The protective derivative positions did not pay off since equity markets rose over the period. The Japanese market struggled as investor sentiments were hit by an increase in the country's consumption tax in April.

#### **Insight LDI Funds**

The Scheme invests in Insight's Enhanced Selection LDI Funds. These funds invest in gilts and/or derivatives to broadly match the movement in the Scheme's liabilities due to changes in interest rates and inflation expectations. The Funds use leverage to deliver matching of a similar magnitude to three times that of a conventional gilt fund.

Insight aims to outperform a benchmark of achieving protection against movements in interest rates and in inflation using gilts alone, and also a benchmark using derivatives alone.

Over the one year period ending 31 December 2014, the Scheme's Insight LDI portfolio achieved a leveraged return of 83.9% outperforming its gilt comparator benchmark by 2.0%. This strong return is due to long dated gilt yields falling dramatically towards the end of 2014.

The fund outperformed its gilts based comparator over all quarters except the third. Returns were especially high in the second half of the year as market uncertainty arose from the geopolitical instability in Ukraine and the Middle East, this drove gilt yields lower as investors fled to 'safe' investments. Furthermore, concerns about economic growth in Europe, low inflation, and a falling oil price, also contributed to lowering gilt yields, which subsequently enhanced returns.



## Trustees' Report (continued) For the year ended 31 December 2014

### Investments (continued)

#### **Insight Bonds Plus Funds**

As at 31 December 2014, the Scheme invests in Insight's Bonds Plus Fund and Bonds Plus 400 Fund (the latter being added during the year). The objective of these funds is to outperform three month LIBOR by 2% pa and 4% pa respectively, before fees, over a rolling three-year period; the commentary below relates to the +2% Fund which was held for the full year.

The Fund outperformed its benchmark but failed to meet its target by returning 1.1% over the 12 months to the end of December, compared with a return of 0.5% for three-month sterling Libor. The Fund had a strong start to the year, but made a negative return in the fourth quarter, mainly due to duration positioning. The Fund was short duration in the US, UK and Japan and this detracted from performance as yields continued to fall.

Currency positions made a strong contribution to performance later in the year because of the Fund's overweight position in the US dollar versus the Japanese yen. Short-dated high yield positions contributed positively: over the year the fund reduced its exposure to the market and hedged what remained to reduce directional risk. The Fund also retained an exposure to emerging market debt, where the absolute return approach provided positive returns and an element of diversification risk.

Market allocation was negative over the year, mainly due to a long position in US index-linked bonds versus conventional Treasuries, which detracted from returns as inflation expectations fell. Insight traded peripheral European markets tactically over the year and this had a positive impact. The Fund continued to experience very good performance from its allocation to asset-backed securities, with positive returns driven both by the performance of specific securities as well as the broader rally of the asset class.

#### **Insight LIBOR Plus Fund**

Insight manages a LIBOR Plus Fund, which invests in asset backed securities, and aims to outperform three month LIBOR by 2% pa, before fees, over a rolling three-year period.

Insight's LIBOR plus Fund returned 4.6% over the year to 31 December 2014, outperforming cash (3 month £ LIBOR) by 4.1%.

The asset-backed securities market performed strongly in the first half of the year as investors looked for sources of income in the low interest-rate environment. The market was further supported by the news that the European Central Bank was going to start buying asset-backed securities. The Fund's holdings in UK property made a positive contribution as the UK's economy and property market continued to strengthen. The Fund's holdings in Southern Europe, in particular Italy and Spain, also made a positive contribution early in the year as these markets stabilised and started to recover. Elsewhere, the Fund's exposure to high quality collateralised loan obligations contributed positively as this area outperformed.

## Trustees' Report (continued)

### For the year ended 31 December 2014

#### Investments (continued)

Towards the end of the year the asset-backed securities market weakened along with other corporate bond markets because of falling commodity prices and uncertainty about the future path of global growth. The Fund performed in line with its benchmark over this period.

#### **Henderson Secured Loans Fund**

Henderson manages a secured loans portfolio on behalf of the Scheme. This portfolio is benchmarked against three month LIBOR. The target for this portfolio is to outperform the benchmark by 2.5% pa, before fees, over rolling three year periods. The Trustees also measure performance against the Credit Suisse Leveraged Loan Index, as a measure of the wider return of the market.

Henderson returned 2.7% over the year to 31 December 2014, outperforming its benchmark by 2.2% and outperforming the Credit Suisse Leveraged Loan Index by 0.4%.

The manager's principal focus has been on seeking new primary investments, which it considered to offer better value than sourcing assets through the secondary market. Henderson sold some issuers where they believed the risks involved outweighed the potential upside for the fund, including Towergate (UK, Financials) and Iceland (UK, Retail). Henderson also had positive contributions from issuers like Boots (UK, Retail), the subject of a takeover from a US company. During 2014, Henderson did not focus on distressed credits, which benefited the Fund.

Over the year there was a rise in idiosyncratic risk in the loans market with bad news about certain issuers being heavily penalised by investors, and some sharp price falls were witnessed. Henderson remains committed to avoiding defaults and negative credit events through rigorous stock selection and a focus on fundamentally sound businesses.



Trustees' Report (continued)  
For the year ended 31 December 2014

## Custodial Arrangements

Lazard Asset Management Limited and Odey Asset Management LLP are each responsible for custody of the assets of their pooled equity funds in which the Scheme invests, with Citibank N.A and RBC Investor Services Bank S.A, Dublin Branch as sub-custodians respectively.

Under the investment management agreement with Ruffer LLP, the Trustees use RBC Investor Services as custodian, with the custody being arranged by Ruffer.

Northern Trust is custodian for the pooled funds invested with Insight Investment Management Limited. BNP Paribas Securities Services is custodian for the pooled secured loans fund invested with Henderson Global Investors.

The custodians are responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments and are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

## Further Information

Further disclosures required by legislation are included in the Compliance Statement on pages 32 and 33.

The Trustees' Report, Statement of Trustees' Responsibilities and Compliance Statement were approved and signed on behalf of the Trustee on...25/6/15.....

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee



## Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, are the responsibility of the trustees. Pension scheme regulations require the trustees to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each Scheme year which :

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees have ensured that they have fulfilled all of their responsibilities in the above areas.

# Independent Auditor's Report to the Trustees of the Lazard London Directors' Pension Scheme

We have audited the financial statements of the Lazard London Directors' Pension Scheme for the year ended 31 December 2014 which comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereafter. Our audit work has been undertaken so that we might state to the Scheme's Trustees 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 Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities on page 17 the Scheme's Trustees are responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the rest of the annual report which comprises the Trustees' report, Compliance statement and Actuarial certificates to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion**

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2014 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;



## Independent Auditor's Report to the Trustees of the Lazard London Directors' Pension Scheme (continued)

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
LONDON  
Date *25<sup>th</sup> June 2015*



# Financial Statements

## For the year ended 31 December 2014

### Fund Account

	Note	2014 £'000	2013 £'000
<b>Contributions and benefits</b>			
Contributions	3	516	407
		<hr/>	<hr/>
Benefits	4	(5,163)	(5,016)
Administrative expenses	5	(502)	(300)
		<hr/>	<hr/>
		(5,665)	(5,316)
		<hr/>	<hr/>
<b>Net withdrawals from member related transactions</b>		(5,149)	(4,909)
		<hr/>	<hr/>
<b>Returns on investments</b>			
Investment income	6	1,437	5,303
Change in market value of investments	7	18,911	6,524
Investment management fee rebate	8	29	45
Investment management expenses	9	(304)	(368)
		<hr/>	<hr/>
<b>Net returns on investments</b>		20,073	11,504
		<hr/>	<hr/>
<b>Net increase in the fund during year</b>		14,924	6,595
<b>Net assets at 1 January</b>		147,347	140,752
		<hr/>	<hr/>
<b>Net assets at 31 December</b>		162,271	147,347
		<hr/>	<hr/>

The notes on pages 22 to 29 form part of these financial statements.

# Financial Statements

## As at 31 December 2014

### Net Assets Statement

	Note	2014 £'000	2013 £'000
Investment assets	7 (b)	161,750	146,857
Investment liabilities	7 (b)	(8)	-
Current assets	10	711	610
Current liabilities	11	(182)	(120)
<b>Net assets of Scheme at 31 December 2014</b>		<b>162,271</b>	<b>147,347</b>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of long-term obligations to pay pensions and other benefits expected to arise in the future. The actuarial position of the Scheme, which does take account of such obligations, is dealt within the Trustees' Report, in the Actuarial Status and Funding section on page 6, and in the Actuarial certificates on pages 34 and 35, and these financial statements should be read in conjunction with them.

The notes on pages 22 to 29 form part of these financial statements.

The financial statements were approved by the Trustees on.....25/6/15.....

Signed on behalf of the Trustees



Trustee



Trustee

# Notes to the Financial Statements

## For the year ended 31 December 2014

### 1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised May 2007).

### 2. Accounting Policies

The following accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements.

#### **Valuation of Investments**

Investments are included at market value.

Equities traded through the Stock Exchange Electronic Trading Service ("SETS") are valued on the basis of the bid price. Other quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market.

Pooled investment vehicles are valued at the closing bid price if both bid and offer prices are published, or, if single priced, at the closing single price.

AVC with-profits insurance policies are stated at the value advised by the insurance company.

Annuity policies are included in the net assets statement at an actuarial value, based on the discounted value of estimated future proceeds, allowing for mortality.

For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

#### **Administrative expenses and Investment management expenses**

All administrative expenses are accounted for on an accruals basis.

Investment management fees incurred indirectly through the pricing of pooled investment funds are accounted for within the Change in Market Value.

All direct investment management fees are accounted for on an accruals basis.



## Notes to the Financial Statements (continued)

### For the year ended 31 December 2014

#### 2. Accounting Policies (continued)

##### **Contributions and Benefits**

Contributions are accounted for on an accruals basis in the period in which they fall due under the Schedule of Contributions.

Deficit contributions are accounted for on the due dates in accordance with the Schedule of Contributions or on receipt if earlier.

Members can choose whether to take their benefits as a full pension or as a lump sum with a reduced pension. Retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is notified to the Trustees'. Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

##### **Transfers**

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer.

##### **Investment Income**

Income distributed from pooled investment vehicles is accounted for on the date as advised by the investment manager. Income retained within pooled investment vehicles is reflected in the unit price and is accounted for within the change in market value.

Interest on cash deposits is accounted for on an accruals basis.

Dividends and index linked income are accounted for on an accruals basis from the ex-div date.

Income due under annuity contracts is accounted for on an accruals basis to match the related benefit payment.

##### **Foreign Currencies**

Balances denominated in foreign currencies are converted at the rate ruling at the net assets statement date. Asset and liability balances are converted at the bid and offer rates respectively. Transactions denominated in foreign currencies are converted at the rate ruling at the date of the transaction. Differences arising in investment balance conversion are accounted for in the change in market value of investments during the year.

Notes to the Financial Statements (continued)  
For the year ended 31 December 2014

3. Contributions

	2014 £'000	2013 £'000
<b>Employers</b>		
Deficit	200	200
Other	316	207
	<u>516</u>	<u>407</u>

Other contributions relate to employer reimbursements of the expenses of administration, professional fees and levies up to an agreed maximum. The employer has also committed to pay future deficit contributions of £10,850,000 by 31 December 2015.

4. Benefits

	2014 £'000	2013 £'000
Pensions	4,949	4,730
Commutations and lump sums on retirement	214	286
	<u>5,163</u>	<u>5,016</u>

5. Administrative Expenses

	2014 £'000	2013 £'000
Actuarial*	124	52
Administration*	19	19
Audit fee*	20	13
Legal and professional*	272	161
PPF Levy*	6	6
Fees in respect of Trustee Services*	61	49
	<u>502</u>	<u>300</u>

\*reimbursed by the Company, up to a ceiling agreed annually, as agreed in the Schedule of Contributions, see note 3.

Actuarial fees were higher in 2014 due to the Actuarial Valuation that took place as at 31 December 2013.

# Notes to the Financial Statements (continued)

## For the year ended 31 December 2014

### 6. Investment Income

	2014 £'000	2013 £'000 Restated
Dividends from AVC investments	71	58
Dividends from equities*	108	145
Income from index linked securities	41	35
Income from pooled investment vehicles*	462	4,357
Interest on cash deposits	4	1
Annuity income	749	707
Other income	2	-
	<u>1,437</u>	<u>5,303</u>

The equities and Pooled Investment Vehicle income has been restated due to misallocation between the two categories in the prior period. The reallocation has resulted in Equity income decreasing by £100,000 and Pooled Investment Vehicle income increasing by the same amount.

### 7. Investments

(a) The movements in total investments during the year were as follows:

	Value at 01/01/2014 £'000 Restated	Purchases at Cost and Derivative Payments £'000	Sales Proceeds and Derivative Receipts £'000	Change in Market Value £'000	Value at 31/12/14 £'000
Equities*	4,388	12,369	(11,863)	161	5,055
Index linked securities	3,161	1,866	(342)	577	5,262
Pooled investment vehicles*	123,784	34,159	(41,244)	17,293	133,992
Derivatives	189	29	(221)	80	77
Insurance policies	7,559	-	-	644	8,203
AVC investments	7,082	75	(27)	156	7,286
	<u>146,163</u>	<u>48,498</u>	<u>(53,697)</u>	<u>18,911</u>	<u>159,875</u>
Cash deposits	682				1,853
Other investment balances	12				14
	<u>146,857</u>				<u>161,742</u>

\*The brought forward Equities and Pooled Investment Vehicles have been restated due to misallocation of the investments between the two categories in the prior period. The reallocation has resulted in Equities at 01 January 2014 decreasing by £9,558,000 and Pooled Investment Vehicles increasing by the same amount.

The change in market value of investments during the year comprises all profits and losses realised on sales of investments during the year together with gains and losses arising from the revaluation of investments held at the year-end.



# Notes to the Financial Statements (continued)

## For the year ended 31 December 2014

### 7. Investments (continued)

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not provided to the Scheme separately.

The investments are held in the name of the custodians' nominee companies, as detailed in the Trustees' Report.

#### (b) Investment assets

	2014 £'000	2013 £'000 Restated
<b>Equities*</b>		
- UK	1,110	1,464
- Overseas	3,945	2,924
	<b>5,055</b>	<b>4,388</b>
<b>Index-linked securities</b>		
- UK public sector	3,062	1,371
- Overseas public sector	2,200	1,790
	<b>5,262</b>	<b>3,161</b>
<b>Pooled investment vehicles*</b>		
- Unitised insurance policies – overseas	24,248	31,848
- Other managed funds	109,744	91,936
	<b>133,992</b>	<b>123,784</b>
<b>Derivatives contracts</b>		
- Forward foreign exchange	85	189
	<b>85</b>	<b>189</b>
<b>Other investment balances</b>		
- Insurance policies	8,203	7,559
- AVC investments	7,286	7,082
- Cash deposits	1,853	682
- Accrued income	14	12
	<b>17,356</b>	<b>15,335</b>
<b>Total investment assets</b>	<b>161,750</b>	<b>146,857</b>
<b>Investment liabilities</b>		
	2014 £'000	2013 £'000
<b>Derivative contracts</b>		
- Forward exchange contracts	(8)	-
<b>Total investment liabilities</b>	<b>(8)</b>	<b>-</b>
<b>Net investment assets</b>	<b>161,742</b>	<b>146,857</b>

\*The bought forward Equities and Pooled Investment Vehicles have been restated due to misallocation of the investments between the two categories in the prior period. The reallocation has resulted in UK Equities and Overseas Equities being reduced by £73,000 and £9,485,000 respectively. Unitised Insurance Policies overseas and Other Managed Funds, both Pooled Investment Vehicles, have increased by £9,485,000 and £73,000 respectively.

# Notes to the Financial Statements (continued)

## For the year ended 31 December 2014

### 7. Investments (continued)

Pooled investment vehicles are managed by companies registered in the UK.

Insurance policies include annuities relating to AVC's of £4,469,136 (2013: £3,801,244).

#### (c) Derivative Contracts

##### (i) Forward foreign exchange contracts

Forward foreign exchange contracts are used because one of the Scheme's investment managers has significant exposure to overseas investments, predominantly in the form of equities. In order to reduce the Scheme's exposure to foreign exchange fluctuations the Scheme has entered into a number of foreign exchange contracts.

Settlement Date	Currency Bought	Value of Currency Bought '000	Currency Sold	Value of Currency Sold '000	2014 Assets £'000	2014 Liability £'000
16/01/2015	GBP	298,604	JPY	1,678	78	-
13/02/2015	GBP	1,475	USD	939	-	(8)
13/03/2015	GBP	490	EUR	388	7	-
					<b>85</b>	<b>(8)</b>

#### (d) Concentration of Investments

Each of the following investments account for more than 5% of the Scheme's net assets, as at 31 December 2014.

	2014 %	2013 %
Lazard Global Manager Fund	8.85	6.4
Insight Bonds Plus	13.54	22.0
Insight LDI Enhanced (Real)	15.21	-
Insight Global Funds LIBOR	5.65	-
Odey Allegra International Fund	5.73	7.2
Henderson's Global Investors Secured Loan Fund	8.90	9.6
Veritas Global Equity Income Fund	7.60	6.5
Baillie Gifford	5.80	-

# Notes to the Financial Statements (continued)

## For the year ended 31 December 2014

### 7. Investments (continued)

#### (e) AVC Investments

The Trustees hold assets, invested separately from the main fund with Cazenove, in the form of individual accounts. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement, confirming the amounts held in their account and the movements during the year. The total amount of AVC investments (market value) at the year end is shown below:

	2014 £'000	2013 £'000
Cazenove Capital Management and Jupiter Unit Trust Managers	7,286	7,082

### 8. Investment Management Fee Rebate

	2014 £'000	2013 £'000
Rebate of investment management fees	29	45

### 9. Investment Management Expenses

	2014 £'000	2013 £'000
Administration, management and custody	304	368

### 10. Current Assets

	2014 £'000	2013 £'000
Pensions paid in advance	278	250
Investment manager's fee rebate due	-	6
Employer contributions receivable*	-	207
Cash balances	432	147
Pensions paid from Directors owed by Staff Scheme	1	-
	711	610

\* Contributions receivable at the year end were subsequently received in accordance within the timescale set out in the Schedule of Contributions in force.



# Notes to the Financial Statements (continued)

## For the year ended 31 December 2014

### 11. Current Liabilities

	<b>2014</b> <b>£'000</b>	2013 £'000
Administrative and investment management expenses	<b>182</b>	120

### 12. Related Party Transactions

There was no direct investment in any Lazard company, including in the employers participating in the Scheme, at any time during the year or at the year end.

Investments under management by Lazard Asset Management Limited represented 8.9% of the net assets of the Scheme as at 31 December 2014 (2013: 13.0%).

During the year, fee rebates have been received from associates of Lazard & Co., Services Limited, as disclosed in note 8 amounting to £29,000 (2013: £45,000).

Two (2013: two) of the Trustees of the Scheme are pensioner members receiving benefits from the Scheme.

Fees of £23,000 (2013: £26,000) in respect of Trustee Services were paid in the year by Lazard & Co., Services Limited. In addition the company was reimbursed for the payments made on behalf of the Scheme as disclosed in note 5.

# Independent Auditor's Statement about Contributions to the Trustees of the Lazard London Directors' Pension Scheme

We have examined the Summary of Contributions to the Lazard London Directors' Pension Scheme in respect of the scheme year ended 31 December 2014 which is set out on page 31.

This statement is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereafter. Our audit work has been undertaken so that we might state to the Schemes Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Schemes Trustees as a body, for our work, for this statement, or for the opinions we have formed.

## Respective responsibilities of trustees and the auditor

As explained more fully in the Trustees' Responsibilities Statement on page 17, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of the active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

## Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

## Statement about contributions payable under the Schedule of Contributions

In our opinion, contributions for the Scheme year ended 31 December 2014 as reported in the Summary of Contributions and payable under the Schedule of Contributions have, in all material respects, been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 30 April 2012.



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
LONDON

Date 25<sup>th</sup> June 2015



## Summary of Contributions Payable in the year ended 31 December 2014

During the year, the contributions payable to the Scheme by the Employer were as follows:

	Employer £'000
<b>Required by the Schedule of Contributions</b>	
Deficit contributions	200
Other	316
	<hr/>
	<b>516</b>
	<hr/>

Signed on behalf of the Trustees of the Lazard London Directors' Pension Scheme

on 25/6/15

Trustee



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Trustee



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# Compliance Statement

## Constitution

The Scheme is governed by a definitive Trust Deed dated 25 November 1985, with subsequent amendments.

## Taxation Status

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. The Trustees know of no reason why this status may be prejudiced or withdrawn.

## Pension Increases

All pensions in payment as at 1 January 2014 were increased by 3.0% (2013: 3.0%).

## Calculation of Transfer Values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations. None of the transfer values paid were less than the amount required by the Regulations.

## Employer-Related Investment

There was no direct employer-related investment at any time during the year. Any indirect employer related investments within collective investment vehicles would be significantly less than 1% of Scheme assets.

## The Pensions Regulator

The statutory body that regulates Occupational Pension Schemes is the Pensions Regulator ('tPR'). tPR can be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW  
Telephone: 0870 6063636

Email: [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## Compliance Statement (continued)

### Pension Tracing

A pension tracing service is provided by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service  
The Pension Service  
Whitley Road  
Newcastle upon Tyne  
NE98 1BA  
Telephone: 0845 6002537  
Website: [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)

### The Pensions Advisory Service

Any concerns connected with the Scheme should be referred to the Secretary to the Trustees, Inside Pensions, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with The Pensions Advisory Service. A local advisor can usually be contacted through a Citizens Advice Bureau. Alternatively The Pensions Advisory Service can be contacted at:

11 Belgrave Road  
London SW1V 1RB  
Telephone: 0845 6012923  
Email: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)  
Web site: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

### Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of the Pensions Advisory Service, an application can be made to The Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving Occupational Pension Schemes. The address is:

11 Belgrave Road  
London SW1V 1RB  
Telephone: 020 7834 9144  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)





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## *Actuary's certification of the calculation of technical provisions*

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Lazard London Directors' Pension Scheme

### Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustees of the scheme and set out in the Statement of Funding Principles dated 31 March 2015.

Signature:

Date:

31-3-2015

Name: Jeremy Dell

Qualification: Fellow of the Institute and  
Faculty of Actuaries

Address: Lane Clark & Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP  
(if applicable)

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Lane Clark & Peacock LLP Trustees Consulting Investment Consulting Corporate Consulting Insurance Consulting Business Analytics



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## Actuary's certification of schedule of contributions

Page 1 of 2

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme Lazard London Directors' Pension Scheme

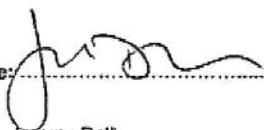
### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 31 March 2015.

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2015.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: 

Date: 31-3-2015

Name: Jeremy Dell

Qualification: Fellow of the Institute and  
Faculty of Actuaries

Address: Lane Clark & Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP  
(If applicable)

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Lane Clark & Peacock LLP Trustee Consulting Investment Consulting Corporate Consulting Insurance Consulting Business Analytics



3037172 Notes not forming part of the certification

Page 2 of 2 Qualification where actuarial opinion is not given as at signature date

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 31 March 2015 and their Recovery Plan dated 31 March 2015 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.

Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule.