

| International bonds and debt securities | ISIN code | NAV € | Net assets (€ million) | Total net assets (€ million) |
|---|--------------|------------|-------------------------|------------------------------|
| IC unit | FR0010952788 | 1 697,03 | 193,23 | 237,60 |
| ID unit | FR0013043841 | 107 923,38 | 19,20 | |
| R unit | FR0010952796 | 130,80 | 23,87 | |
| | ISIN code | NAV \$ | Net assets (\$ million) | |
| DH unit | FR0013072733 | 1 163,04 | 1,11 | |
| | ISIN code | NAV CHF | Net assets (\$ million) | |
| IC H-CHF Unit | FR0013236783 | 1 050,51 | 0,41 | |

MANAGEMENT

INVESTMENT POLICY

The fund's investment objective is to outperform the Barclays Global Contingent Capital € Hedged index for units IC, ID and R, Barclays Global Contingent Capital Hedged USD for unit DH and Barclays Global Contingent Capital Hedged CHF for IC H-CHF.

To attain this objective, the strategy will rely on an active management of the portfolio mainly invested in subordinated securities (this type of debt is more risky than Senior Unsecured or Securitized debts), or any securities, not considered as common stocks, issued by European financial institutions. The investment process combine both a Top-down approach (strategic and geographical allocation approach which takes into consideration the macro and sectorial environments) and a Bottom-up approach (stock-picking based on fundamental analysis of the issuer and its securities) and then integrating the regulatory environment in which this asset class evolves. The modified duration will be managed in a 0 to 8 range. The fund only invests in bonds or securities issued by companies having their head office in an OECD member country and/or in issues or securities listed in a stock market of one of these countries. The FCP invests only in obligations negotiated in Euro, USD or Sterling.

FUND MANAGER'S COMMENT - François Lavier

The net asset value of Objectif Capital Fi increased by 1,49% over the month (1 share), while the Barclays Global Contingent Capital € Hedged index gained 2,04% over the period.

Spreads on financial debt tightened across the board. Tier 1 bonds tightened by 3bp to 223bp against government bonds, Lower Tier 2 bonds by 22bp to 166bp and Senior debts by 9bp to end the month at 70bp according to JP Morgan's SUSI indices. CoCos tightened by 35bp in OAS to end the month at 355bp according to Barclays' Global index.

The German government bond yield curve steepened during the month, with the 10-year yield up 8bp to 0,54% and the 5-year yield up 5bp to -0,18%, while the 2-year yield fell 11bp to -0,68%.

Objectif Capital Fi posted a net performance of +8,29% year-to-date compared with +10,28% for the Barclays Global Contingent Capital € Hedged.

The fund has a 260-day volatility of 3,4% compared with 3,6% for the Barclays Global Contingent Capital € Hedged.

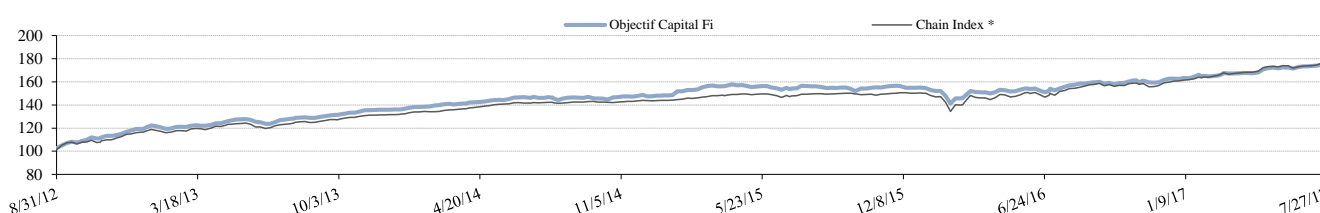
In the absence of specific catalysts, and spurred by still accommodating speeches by central bankers, the credit market continued to show an upward trend with ultra-low spreads, underpinned by **robust investor demand and very slim trading books held by bank counterparties**. The primary market was particularly quiet while the earnings released by financial institutions in July held no surprises.

The primary market, excluding covered bonds, totalled €7bn in gross issuance of Senior Unsecured debt according to Barclays, with **net bank issuance totalling -€8bn over the month**. Since the beginning of the year, gross issuance has totalled €155bn and net issuance is negative to the tune of -€35bn.

Objectif Capital Fi has a yield to maturity of 5,5% and a yield to call of 4,3% with a modified duration of 1,6 and a credit duration of 5,1.

PERFORMANCE

HISTORICAL PERFORMANCE



* Barclays Global Contingent Capital since 31/12/2015, before JPMorgan Susi Tier 1.

Past performance indications is not a guarantee of current or future performance

PERFORMANCE

| Annual performance* | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------|--------------|--------------|--------------|--------------|---------------|
| Objectif Capital Fi | 8,29% | 4,77% | 4,70% | 8,69% | 14,24% |
| Chain Index | 10,28% | 7,00% | 4,50% | 8,84% | 13,51% |

| Cumulative performance* | Month | YTD | 1 year | 3 years | 5 years |
|----------------------------|--------------|--------------|---------------|---------------|---------------|
| Objectif Capital Fi | 1,49% | 8,29% | 12,10% | 20,16% | 75,93% |
| Chain Index | 2,04% | 10,28% | 15,14% | 24,78% | 77,44% |

* Performances données à titre indicatifs appréciant à l'issue de la durée de placement recommandée

| | | | | | |
|-------------------|-----|-----------------|-----|--------------------------|---|
| Modified duration | 1,6 | Spread duration | 5,1 | Average rating (issuer)* | A |
|-------------------|-----|-----------------|-----|--------------------------|---|

| | | | |
|---------------|------|--------------------------|------|
| Yield to call | 4,3% | Average rating (issues)* | BBB- |
|---------------|------|--------------------------|------|

*Average of the best rating for each security

| | |
|-------------------|------|
| Yield to maturity | 5,5% |
|-------------------|------|

SCALE RISK**



**Risk scale calculated from the volatility of the UCITS over a period of 5 years (see detail on the back)

RISK RATIOS

| | 1 year | 3 years |
|--------------------------|--------|---------|
| Volatility | | |
| Objectif Capital Fi | 3,94% | 5,65% |
| Chain Index | 4,45% | 5,94% |
| Tracking error | 2,24% | 3,02% |
| Information ratio | -1,19 | -0,42 |

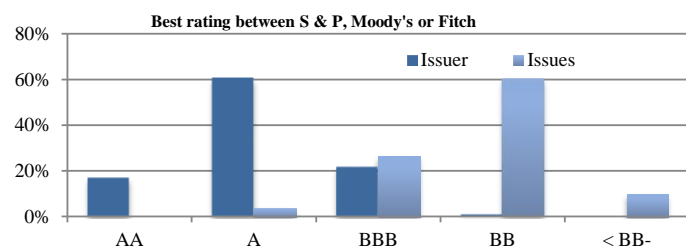
Ratios calculated on a weekly basis over 1 year and a monthly basis over 3 years

MAIN HOLDINGS

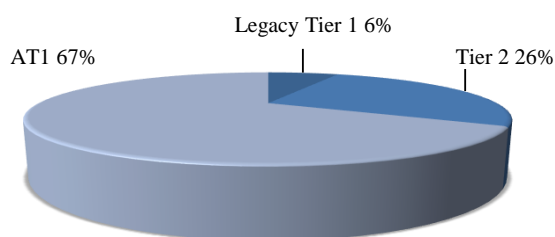
Main holdings

| | | |
|---------------------------------|---------------|------|
| Bankia Sa 18/07/2099 | AT1 | 4,3% |
| Dresdner 8,151% 30/06/2031 | Legacy Tier 1 | 3,3% |
| Unicredit 22/05/2099 | AT1 | 2,7% |
| Hbos Sterl.Fce7,881% 09/12/2099 | Legacy Tier 1 | 2,6% |
| Standard C.Tv 18/01/2099 | AT1 | 2,3% |

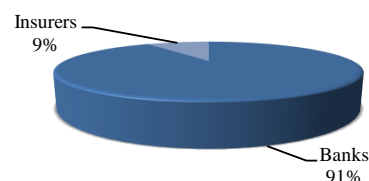
RATING ALLOCATION



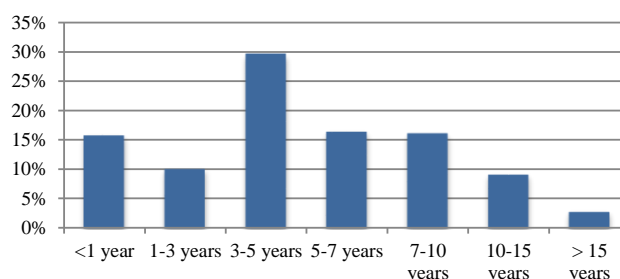
BREAKDOWN BY LEVEL OF SUBORDINATION



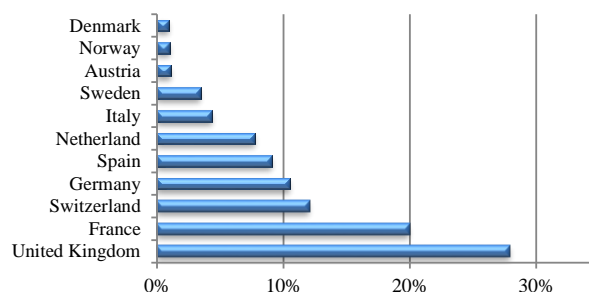
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

| | | | | | | |
|----------------------|---------------------|--------------|----------------------|---|-----------------------|--|
| ■ ISIN Code | IC Unit | FR0010952788 | ■ Custodian | CACEIS | ■ Management fees | IC Unit : maximum of 1% inclusive of taxes |
| | ID Unit | FR0013043841 | ■ Management company | Lazard Frères Gestion SAS | | ID Unit : maximum of 1% inclusive of taxes |
| | R Unit | FR0010952796 | | | | R Unit : maximum of 1,75% inclusive of taxes |
| | DH Unit | FR0013072733 | | | | DH Unit : maximum of 1% inclusive of taxes |
| | IC H-CHF Unit | FR0013236783 | | | | IC H-CHF Unit : maximum of 1% inclusive of taxes |
| ■ Bloomberg Code | LAZOBCI/LAZOBCR FP | | ■ Taxation | IC Unit : Capitalization | ■ Subscription fees | Maximum of 4% inclusive of taxes |
| ■ Legal Form | FCP | | | ID & R Unit : Distribution | ■ Redemption fees | Maximum of 4% inclusive of taxes |
| ■ UCITS-Compliant | Yes | | | | ■ Outperformance fees | 15% of the outperformance in excess of each units' respective indexes. |
| ■ AMF Classification | International bonds | | ■ Inception date | 30/11/2010 | | |
| ■ Currency | Euro | | ■ Subscription terms | Each business day by 12 am | | |
| ■ Investment horizon | Minimum 5 years | | | Settlement and value date : | | |
| ■ Valuation | Daily | | | | | |
| ■ Modified duration | 0 to 8 | | | Subscription: J (date of the NAV) + 2 business days | | |
| | | | | Redemption: J + 2 business days | | |

**** Risk scale :** calculated from the historic volatility of the UCITS over a period of 5 years. If the fund is not 5 years old of history, the level of risk is calculated from the target volatility of the strategy. The management company saves itself the possibility of adjusting the level of risk calculated according to the specific risk of the fund. This risk scale supplied as a rough guide and may be modified without advance notice.

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Publication of NAVs :
www.lazardfreresgestion.fr

Please consider a fund's investment objectives, risks, charges, and expenses carefully before investing. Read the prospectus or summary prospectus carefully before you invest. The prospectus and summary prospectus contain investment objectives, risks, charges, expenses, and other information about the Portfolio(s) and The Lazard Frères Gestion Funds that may not be detailed in this document. Distributed by Lazard Frères Gestion.