

Euro Equities	ISIN codes	NAV (€)	Net Assets (M €)	Total Net Assets (M €)
C shares	FR0000003998	1749.13	153.47	177.07
D shares	FR0010990606	1453.66	23.60	

MANAGEMENT



Overall ★★★★★

INVESTMENT POLICY

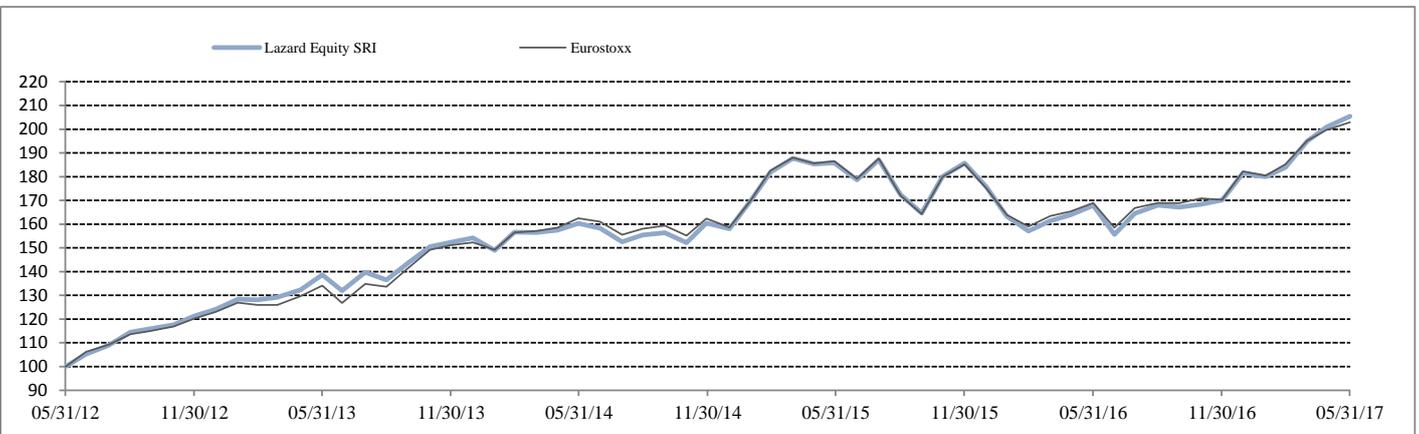
The investment objective is to regularly outperform the EURO STOXX index over the medium term, with lower volatility and a controlled relative risk. The portfolio comprises Euro zone large caps. These companies: (i) satisfy Lazard's requirement for healthy and sustainable profits; and (ii) adopt a sustainable-development approach, focusing particularly on social and environmental criteria.

FUND MANAGERS' COMMENT - Axel LAROZA

May started with a sharp rise in the wake of the first round of the French presidential election, a rise that was later confirmed by the end result, but indices fell back in the second half of the month amid fears about a possible impeachment of US President Donald Trump, as well as under the combined effect of the sharp decline of a number of commodities, notably iron ore, and concerns about the sustainability of Chinese growth. Oil prices also fell right at the end of period following the OPEC meeting. The market nevertheless ended the month on a positive note with an increase of 1,60%. The fund, meanwhile, posted a sharp outperformance, up 2,23%, ending May with a lead of 184bp for 2017 so far. It was hurt by difficult stock-picks in industrial goods and a negative allocation in utilities, which performed well during the month and were under-represented in the portfolio. It was also hurt by the falls recorded by AkzoNobel and Peugeot, but benefited from the sharp rises of E.ON, Deutsche Telekom, Enagas and Eiffage, and from Nokia's satisfactory performance after its first quarter earnings release. More generally, banks and construction materials were the top contributors to the fund's outperformance in May.

PERFORMANCE - C shares

HISTORICAL PERFORMANCE



Past performance is not a guarantee of current or future performance

PERFORMANCE

Cumulative performance*	MTD	YTD	1 year	3 years	5 years	Inception
Lazard Equity SRI	2.23%	13.2%	22.4%	28.2%	105.4%	74.9%
Eurostoxx nd	1.60%	11.3%	20.1%	24.9%	102.9%	57.2%

Annualized performance*	1 year	3 years	5 years	Inception
Lazard Equity SRI	22.4%	8.6%	15.5%	3.6%
Eurostoxx nd	20.1%	7.7%	15.2%	2.9%

Annual performance*	2016	2015	2014	2013	2012
Lazard Equity SRI	3.3%	11.2%	2.4%	24.2%	23.4%
Eurostoxx nd	4.1%	10.3%	4.1%	23.7%	19.3%

\* The performance quoted represents past performance. Past performance does not guarantee future results. The performance are net of fees and total return.

RISK SCALE



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
<b>Volatility</b>		
Lazard Equity SRI	14.4%	17.9%
Eurostoxx nd	15.7%	19.3%
<b>Tracking error</b>	3.4%	2.6%
<b>Information ratio</b>	0.6	0.3
<b>Beta</b>	1.0	1.0

Ratios calculated on a weekly basis

## GEOGRAPHICAL BREAKDOWN

Country	UCITS	Benchmark	Global rating
France	49.5%	32.9%	1.1
Germany	30.4%	29.3%	0.8
Netherlands	12.3%	9.6%	1.0
Belgium	2.0%	3.7%	0.5
Spain	1.5%	10.5%	1.1
Finland	1.9%	3.4%	0.8
Italy	2.0%	7.3%	0.3
Switzerland	0.0%	0.0%	
Luxembourg	0.0%	0.0%	
Portugal	0.0%	0.5%	
Ireland	0.0%	1.9%	
Austria	0.0%	0.8%	
United Kingdom	0.0%	0.0%	

## SECTOR BREAKDOWN

Sector	UCITS	Benchmark	Global rating
Financials	24.0%	21.8%	1.2
Consumer Goods	18.2%	17.4%	0.9
Industrials	17.9%	17.6%	1.0
Basic Materials	11.0%	9.3%	0.9
Consumer Services	6.3%	6.6%	0.8
Health Care	7.8%	5.9%	0.8
Technology	8.2%	6.6%	0.5
Telecommunications	2.7%	4.4%	1.8
Utilities	3.5%	5.4%	0.6
Oil and Gas	0.0%	5.0%	0.0
Cash	0.4%		

## MAIN HOLDINGS

Main holdings	Weight	Country	Sector	Global rating
Siemens	3.9%	Germany	Industrials	0.5
Bayer	3.9%	Germany	Basic Materials	0.6
Unilever	3.8%	Netherlands	Consumer Goods	1.5
Sanofi	3.6%	France	Health Care	0.9
Ing Groep Nv	3.4%	Netherlands	Financials	0.7
SAP	3.3%	Germany	Technology	1.2
Henkel	3.1%	Germany	Consumer Goods	1
BNP Paribas	3.1%	France	Financials	1.5
Allianz	3.0%	Germany	Financials	1.5
Saint-Gobain	2.8%	France	Industrials	0.8
<b>TOTAL</b>	<b>34.0%</b>			

## MOVEMENTS

New positions	Positions sold
Increased positions	Reduced positions
SAP	Unilever
E.On	Crédit Agricole
Dassault Systemes Sa	Natixis
Henkel	Ing Groep Nv
L'Oréal	Nokia

### ETHICAL COMMENTARY - AXEL LAROZA

In May 2017, BNP Paribas agreed to pay a fine of \$350m to end legal proceedings concerning contentious practices on the foreign exchange market between 2007 and 2013, which were detrimental to the interests of the bank's customers. The bank's "Client-Supplier relations" rating was downgraded accordingly, but it remains in line with the sector average. The stock therefore remains eligible to our portfolio but will be monitored closely.

**SRI CRITERIA**

Overall portfolio rating as of March 31, 2017
<b>0.96</b>

Exclusion ratio : Large & Mid Cap Euro companies covered by Vigeo - investment universe Filter LFG ISR / Large & Mid Cap Euro companies covered by Vigeo
<b>45.0%</b>

■ **Focus on corporate governance**

Publicis Group's performance in the area of corporate governance has clearly improved in the last two years with the establishment of a risk and strategy committee. Reporting to the Board and separate from the audit committee, this committee examines the group's risk mapping and the measures implemented to limit risks. The committee also addresses other issues, notably the CSR strategy.

■ **Average rating by field, excluding corporate governance**

	UCITS	Investment universe
<b>Human resources</b>	1.1	0.8
<b>Environment</b>	0.9	0.7
<b>Client-supplier relations</b>	0.8	0.6
<b>Social commitment</b>	0.8	0.6
<b>Human Rights</b>	1.1	0.7

■ **Calculation method for the overall portfolio rating**

The overall rating of a stock is calculated using our weightings in each field (40% human resources, 30% environment, 10% customer-supplier relations, 10% social commitment, 10% human rights). The governance criterion is excluded from our weighting and is subject to a quarterly qualitative rating. Each security receives a rating of between -2 and +2 in each of the five fields. As of December 31, 2017, the portfolio comprised 45 Vigeo-rated securities, representing 99.97% of the total assets. The portfolio's overall rating (the average overall rating of the stocks by portfolio weighting) was 0.96.

**FUND DETAILS**

■ <b>ISIN codes</b>	C shares: FR0000003998 D shares: FR0010990606	■ <b>Valuation</b>	Daily	■ <b>Management fees</b>	1,30% inclusive of the net assets
■ <b>Bloomberg Code</b>	C shares: LOBETHQ FP	■ <b>Custodian</b>	Lazard Frères Banque	■ <b>Total expense ratio and transaction fees</b>	For more information, please check our prospectus
■ <b>Legal form</b>	SICAV	■ <b>Management company</b>	Lazard Frères Gestion	■ <b>Subscription fees</b>	4% max
■ <b>UCITS-compliant</b>	Yes	■ <b>Taxation</b>	Capitalization and/or distribution	■ <b>Redemption fees</b>	1% max
■ <b>AMF classification</b>	Euro zone equities	■ <b>Inception date</b>	01 June 2001	■ <b>Subscription terms</b>	On next NAV for orders placed before 11 a.m. Settlement and value date Subscription D (NAV date) + 1 business day Redemption D (NAV date) + 3 business days
■ <b>Currency</b>	Euro				
■ <b>Investment horizon</b>	> 5 years				

*Risk scale: Derived from the historic volatility of the UCITS over a period of 5 years. The management company reserves the right to adjust the level of risk calculated according to the specific risk of the fund. This risk scale is supplied as a rough guide and may be modified without advance notice.*



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**Publication of NAVs :**  
www.lazardfreresgestion.fr



**1<sup>er</sup> PRIX 2006 DANS LA CATEGORIE**  
  
Ethique  
  
Droit français

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.