

Euro Equities	ISIN codes	NAV (€)	Net Assets (M €)	Total Net Assets (M €)
C shares	FR0000003998	1717.53	150.40	173.57
D shares	FR0010990606	1427.40	23.17	

MANAGEMENT



Overall ★★★★★

INVESTMENT POLICY

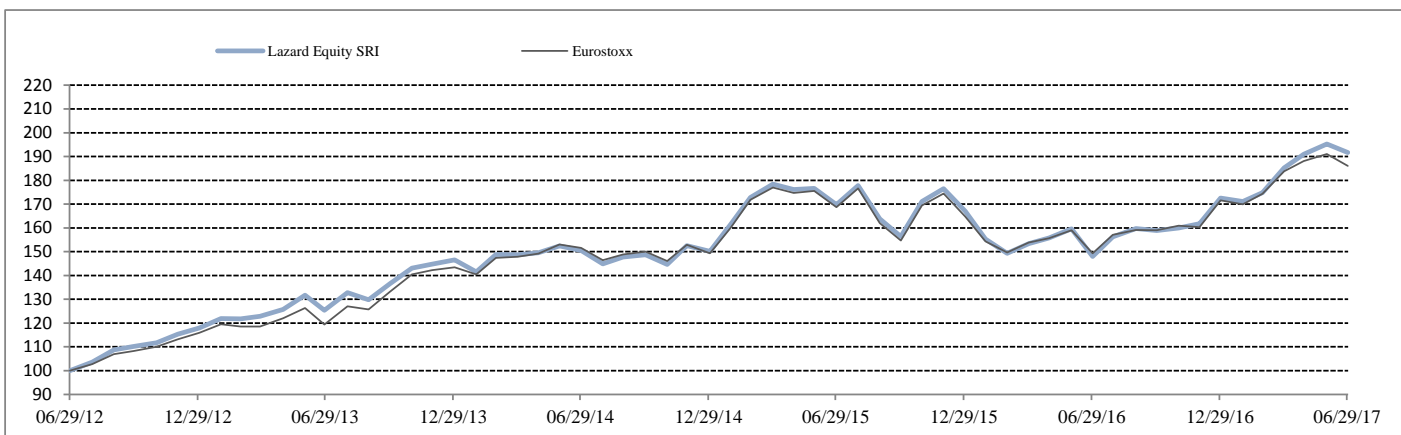
The investment objective is to regularly outperform the EURO STOXX index over the medium term, with lower volatility and a controlled relative risk. The portfolio comprises Euro zone large caps. These companies: (i) satisfy Lazard's requirement for healthy and sustainable profits; and (ii) adopt a sustainable-development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

FUND MANAGERS' COMMENT - Axel LAROZA

The highlight of June was the speech by ECB President Mario Draghi, interpreted as a sign that the central bank's monetary policy would be tightened earlier than expected so far by the consensus. In the wake of this event, European long-term interest rates came under fairly sharp pressure, with the Bund yield rising from 0,30% to 0,45%, while the dollar depreciated against the euro, with the €/€ parity rising from 1,12 to 1,14. Under the combined effect of these two trends, plus the continued weakness of oil prices, the market underwent a sharp sector rotation with a marked decline of telecoms, oil and gas and retail, in particular. Remarkably, the fund outperformed significantly in June in a strongly bearish market, with a performance of -1,81% against -2,61% for the Eurostoxx, increasing its lead on the index to 2,7% in the first half. Over the month, the fund was hurt by the declines of Telenet, Deutsche Telekom, Enagas and Rexel, but was underpinned by its stock picks in insurance and financial services, particularly Coface, and the absence of oil and gas. The sharp rises staged by E.On, IntesaSanpaolo, Amundi and Crédit Agricole also contributed to the fund's outperformance.

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	-1.8%	11.1%	29.6%	27.4%	91.7%	71.8%
<i>Eurostoxx nd</i>	-2.6%	8.4%	24.6%	22.7%	86.1%	53.1%

Annualized performance*	1 year	3 years	5 years	Inception
Lazard Equity SRI	29.6%	8.4%	13.9%	3.4%
<i>Eurostoxx nd</i>	24.6%	7.1%	13.2%	2.7%

Annual performance*	2016	2015	2014	2013	2012
Lazard Equity SRI	3.3%	11.2%	2.4%	24.2%	23.4%
<i>Eurostoxx nd</i>	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
Volatility		
Lazard Equity SRI	13.5%	17.9%
<i>Eurostoxx nd</i>	12.8%	17.5%
Tracking error	3.3%	2.6%
Information ratio	1.2	0.5
Beta	1.1	1.0

Ratios calculated on a weekly basis

GEOGRAPHICAL BREAKDOWN

Country	UCITS	Benchmark	Global rating
France	49.5%	32.9%	1.1
Germany	30.0%	29.3%	0.8
Netherlands	11.5%	9.6%	0.9
Belgium	1.9%	3.6%	0.5
Spain	1.4%	10.4%	0.9
Finland	1.9%	3.4%	0.8
Italy	2.2%	7.5%	0.3
Switzerland	0.0%	0.0%	
Luxembourg	1.2%	0.0%	
Portugal	0.0%	0.4%	
Ireland	0.0%	1.9%	
Austria	0.0%	0.8%	
United Kingdom	0.0%	0.0%	

SECTOR BREAKDOWN

Sector	UCITS	Benchmark	Global rating
Financials	25.1%	22.5%	1.2
Consumer Goods	16.8%	17.3%	1.0
Industrials	17.7%	17.6%	1.0
Basic Materials	12.3%	9.4%	0.8
Consumer Services	6.1%	6.5%	0.6
Health Care	7.6%	5.9%	0.8
Technology	8.0%	6.5%	0.4
Telecommunications	2.5%	4.2%	2.0
Utilities	3.6%	5.4%	0.5
Oil and Gas	0.0%	4.8%	0.0
Cash	0.4%		

MAIN HOLDINGS

Main holdings	Weight	Country	Sector	Global rating
Bayer	3.8%	Germany	Basic Materials	0.6
Siemens	3.8%	Germany	Industrials	0.5
Ing Groep Nv	3.5%	Netherlands	Financials	0.7
Sanofi	3.5%	France	Health Care	0.9
SAP	3.2%	Germany	Technology	1.2
BNP Paribas	3.1%	France	Financials	1.4
Allianz	3.1%	Germany	Financials	1.5
Henkel	3.0%	Germany	Consumer Goods	1
Crédit Agricole	2.8%	France	Financials	1
Unilever	2.8%	Netherlands	Consumer Goods	1.5
TOTAL	32.8%			

MOVEMENTS

New positions	Positions sold
Aperam Sa	
Increased positions	Reduced positions
Sanofi	Bayer
Rexel	L'Oréal

■ ETHICAL COMMENTARY - AXEL LAROZA

Vigeo recently downgraded its assessment of Sanofi's human capital management. Vigeo based itself on an article by France Inter reporting cases of pressure put on the company's managers to undervalue employees as well as repeated complaints from trade unions. More specifically, these practices reportedly occur when the company is engaged in restructuring plans. As a result, Sanofi's Human Resources rating was downgraded very slightly but remains above the sector average.

SRI CRITERIA

Overall portfolio rating as of June 30, 2017
0.96

Exclusion ratio : Large & Mid Cap Euro companies covered by Vigeo - investment universe Filter LFG ISR / Large & Mid Cap Euro companies covered by Vigeo
47.2%

■ **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
Human resources	1.1	0.8
Environment	0.9	0.7
Client-supplier relations	0.7	0.7
Social commitment	0.8	0.6
Human Rights	1.0	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 June 30, 2017, the portfolio comprised 44 Vigeo-rated securities, representing 99.61% of the total assets. The portfolio's overall rating (the average overall rating of the stocks by portfolio weighting) was 0.96.

FUND DETAILS

■ ISIN codes	C shares: FR0000003998 D shares: FR0010990606	■ Valuation	Daily	■ Management fees	1,30% inclusive of the net assets
■ Bloomberg Code	C shares: LOBETHQ FP	■ Custodian	Lazard Frères Banque	■ Total expense ratio and transaction fees	For more information, please check our prospectus
■ Legal form	SICAV	■ Management company	Lazard Frères Gestion	■ Subscription fees	4% max
■ UCITS-compliant	Yes			■ Redemption fees	1% max
■ AMF classification	Euro zone equities	■ Taxation	Capitalization and/or distribution	■ Subscription terms	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
■ Currency	Euro	■ Inception date	01 June 2001		
■ Investment horizon	> 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^{er} 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.