

International convertible bonds	ISIN Code	NAV €	Net Assets (M €)	Total Net Asset (M €) including AC H-EUR and AC H-CHF units
A unit	FR0000098683	1 182.39	331.10	475.78
R unit	FR0010858498	339.03	24.79	
K unit	FR0011575240	1 392.12	12.27	

MANAGEMENT



INVESTMENT POLICY

The fund seeks to outperform the Thomson Reuters Convertible Global Focus Index in euro in the mid-term. To attain this objective, the strategy will rely on an active management of interest, currency and credit risks and on our stock-picking approach.

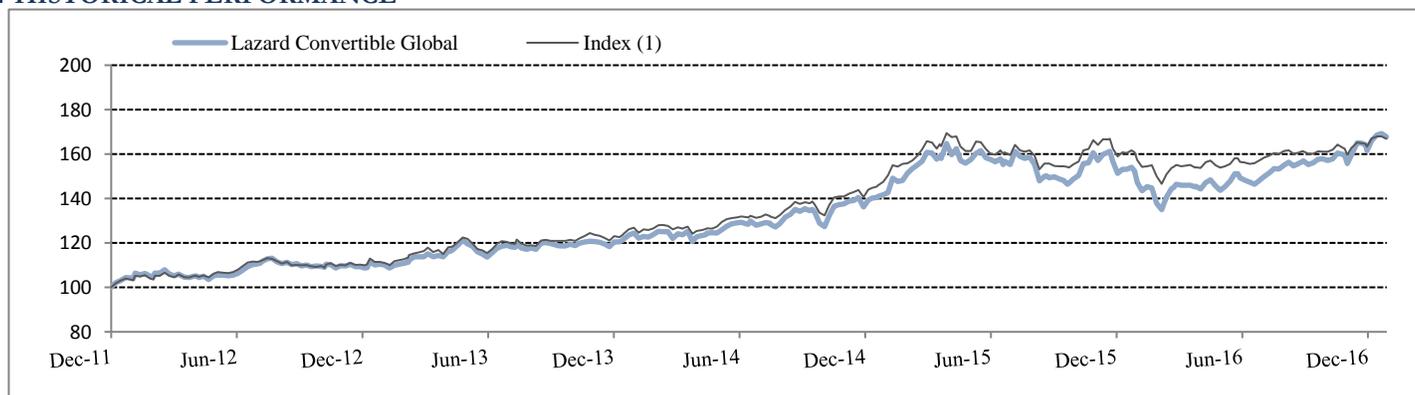
The portfolio is mainly invested in convertible bonds, exchangeable bonds, bonds with equity warrants, perpetual preferred shares, corporate and financials traded debt, sovereign debt, French law money-market and bond funds (whether or not UCITS-compliant) invested in bonds and other types of Euro-denominated debt (10% maximum), and shares resulting from a conversion of the above-defined instrument types (10% maximum). All returns are net of fees and total return.

FUND MANAGERS' COMMENT - Arnaud BRILLOIS

During the month of December 2016, Lazard Convertible Global Fund returned +2.18% versus +1.32% for its benchmark (Thomson Reuters Global Focus Convertible in Euros). Fund's equity sensitivity is higher on the month at 58.5% and index equity sensitivity is higher at 45.5%. Modified duration is unchanged on the month and still shorter than the benchmark at 0.68 versus 2.03. Our equity overweight contributed positively to the relative performance (on the month, Stoxx600 ND in euro gains 5.75% and S&P500 in dollar gains 1.93%). Our shorter duration compared to the benchmark has been a positive contributor. Bond selection was a positive contributor this month. We sold LinkedIn and half of Nvidia, we reinforced positions on Ingenico, Ubisoft and Rallye, and we initiated positions on Zillow and Technip. During the month, we have kept our overweight on USD against all currencies.

PERFORMANCE - A unit

HISTORICAL PERFORMANCE



Past performance is not a guarantee of current or future performance

PERFORMANCE

Cumulative performance *	Month	YTD	1 year	3 years	5 years
Lazard Convertible Global	2.2%	8.8%	8.8%	38.5%	67.7%
<i>Index</i> ⁽¹⁾	1.3%	3.2%	3.2%	35.2%	66.8%

Annualized performance *	1 year	3 years	5 years
Lazard Convertible Global	8.8%	11.5%	10.9%
<i>Index</i> ⁽¹⁾	3.2%	10.6%	10.8%

Annual performance *	2015	2014	2013	2012	2011
Lazard Convertible Global	9.7%	16.0%	11.2%	8.9%	-4.8%
<i>Index</i> ⁽¹⁾	11.2%	17.8%	11.8%	10.4%	-2.6%

Characteristics	Stcav	Index
Modified duration	0.7	2.0
Delta - Equity exposure	58.5%	45.5%

* The performance quoted represents past performance. Past performance does not guarantee future results.

(1) Since 31/12/2014: Thomson Reuters Convertible Global Focus EUR (formerly Merrill Lynch G300)

RISK SCALE**



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

RISK RATIOS

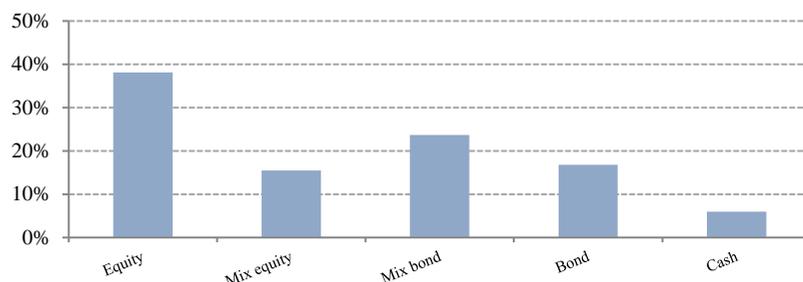
	1 year	3 years
Volatility		
Lazard Convertible Global	12.4%	12.4%
<i>Index</i> ⁽¹⁾	8.6%	9.6%
Tracking error	4.8%	4.7%
Information ratio	1.1	0.2
Beta	1.4	0.2

Ratios calculated on a weekly basis

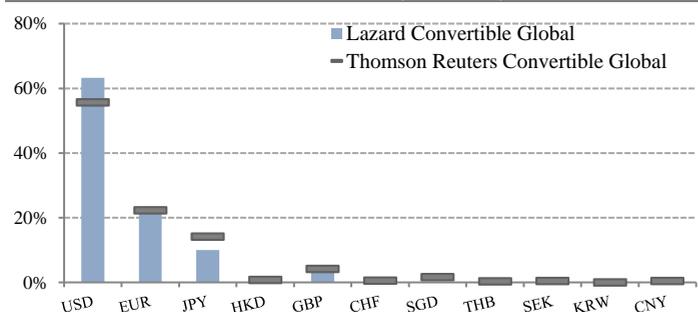
MAIN HOLDINGS

Main holdings	Weight
ADIDAS 0.25 06/19 CV	2.6%
CITR SYS 0.5 04-19	2.5%
INGENICO ZCP 06-22	2.5%
MICR TEC 1.63 02-25	2.4%
PRICELINE 1% 03/18	2.2%

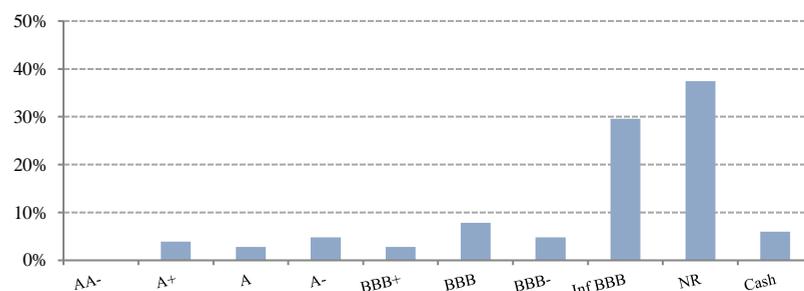
EXPOSITION BY CONVERTIBLE BONDS (Equity exposure)



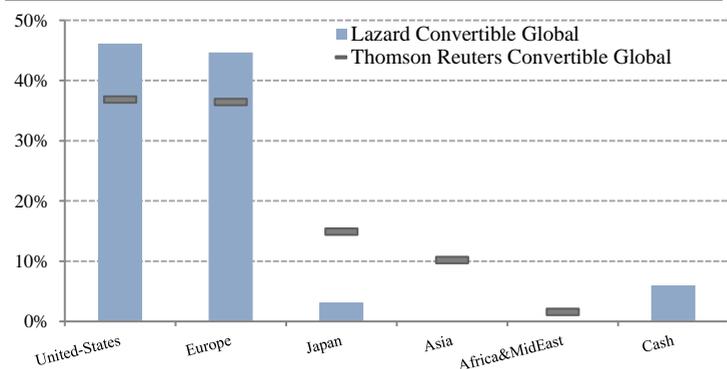
CURRENCY ALLOCATION (% NAV)



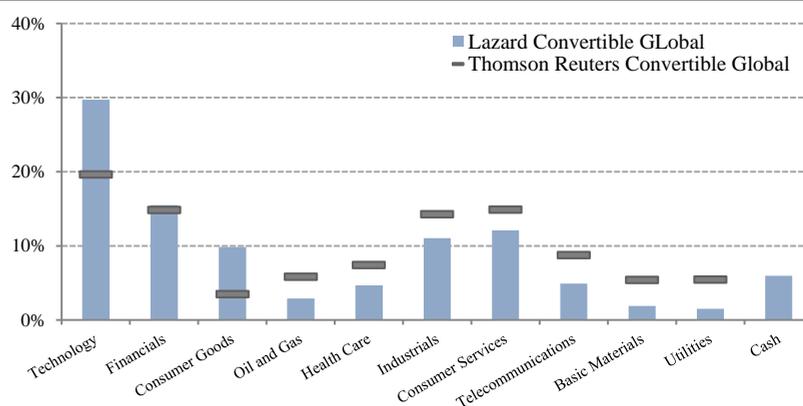
RATING ALLOCATION (% NAV)*



GEOGRAPHICAL ALLOCATION (% NAV)**



SECTOR ALLOCATION (% NAV)



* Issue rating 2nd best or Issuer rating 2nd best

** Nationality of underlying

CHARACTERISTICS

<p>ISIN Code</p> <p>A unit : FR0000098683 R unit : FR0010858498 K unit : FR0011575240</p> <p>Bloomberg Code</p> <p>A unit : OBJCONV R unit : OBJCONR K unit : OBJCONK</p> <p>Legal Form SICAV</p> <p>Coordinated UCITS Yes</p> <p>AMF classification Diversified UCITS</p> <p>Currency Euro</p> <p>Investment horizon >5 years</p>	<p>Valuation</p> <p>Daily</p> <p>Custodian</p> <p>Caceis Bank France</p> <p>Management company</p> <p>Lazard Frères Gestion</p> <p>Taxation</p> <p>Capitalization and or distribution</p> <p>A unit : 17/09/1985 R unit : 05/03/2010 K unit : 20/12/2013</p>	<p>Management fees</p> <p>A unit : 0,85% inclusive of all taxes of net assets R unit : 1,50% inclusive of all taxes of net assets K unit : 0,85% inclusive of all taxes of net assets</p> <p>Subscription fee 4% max</p> <p>Redemption fee 1% max</p> <p>Total expense ratio and transaction fees</p> <p>For more information, please check our prospectus</p> <p>Subscription terms</p> <p>On next NAV for orders placed before 11 a.m. Settlement and value date Subscription D (NAV date) + 2 business days Redemption D (NAV date) + 3 business days</p>
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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 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.

The DICI for Switzerland, the KIID, the articles of incorporation, the annual and semi-annual reports, as well as the list of the buying and selling transactions can be obtained free of charge from the representative of the Sicav in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, Fax: +41 22 705 11 79, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.