

Total Net Asset (M €)	348,8	NAV € IC share	1 146,36	ISIN code	FR0012355113
Inception date	12/31/2014			Morningstar	Overall
					★★★★★

MANAGERS



Matthieu Grouès, Colin Favre & Julien-Pierre Nouen

INVESTMENT POLICY

The fund's investment objective is to achieve, over the recommended investment period of 3 years, a return net of management fees above the following composite index : 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR €. The index is rebalanced monthly and its components are expressed in euros, dividends or net coupons reinvested.

MANAGERS' COMMENT - ASSET ALLOCATION

In June, in local currencies and with dividends reinvested, the S&P 500 index and the Euro Stoxx gained +5,2%, the Topix gained +1,6% and the MSCI index of emerging-market equities rose by +4,4% in dollar terms. Several factors fuelled this rebound, including the agreement reached between Mexico and the US on immigration controls and, in particular, statements by US and European central banks which led investors to anticipate an easing of monetary policy in the US, if not also in the Eurozone. This, in turn, led to a fresh fall in government bond yields (-13 basis points for German 10-year yields), from which bond indices benefited, as well as from the fall in yield spreads on Italian (-57bp) and corporate bonds. The ICE BofAML Eurozone government bond index gained +2,3%. In the credit sub-fund, the iBoxx investment grade index gained +1,6%, the iBoxx index of financial subordinated debt gained +2,7% and the iBoxx liquid high yield index gained +1,9%. The euro appreciated by 1,8% against the dollar and by 1,4% against the yen.

The fund benefited from its overweighting in European and US equities. It suffered from its underweighting in emerging equities, exposure to Eurozone government bond yields which were lower than those of its benchmark index, and its negative exposure to US 5-year government bond yields, which fell by 15 basis points in June.

We closed the arbitrage position involving a buy on Italian government bonds and a sell on 10-year German bonds (one third at a spread of 249 basis points and two thirds at a spread of 234 points, representing 15,9% of the total assets). We strengthened our dollar position by 3,7% (exchange rate of 1,1392) to bring the fund's exposure in line with that of the index. We sold the European equity fund, Lazard Equity Expansion (0,8%). The fund's equity exposure was decreased by -0,3% as part of the end-of-month rebalancing (CAC at 5538).

BOND MANAGERS' COMMENT

June was marked by a broad decrease in government debt, with the German 10-year yield reaching a record -0,33%. Disappointing macroeconomic data favoured a more accommodative stance by the central banks.

At last, a more conciliatory stance by the European Commission and the downward revision by the Italian government of its budget deficit, enabled a sharp compression in spreads.

Against this backdrop, spreads tightened significantly over the month, all sectors and sub-funds included. The different credit sub-funds recorded positive performances, with high beta assets sharply outperforming the other sub-funds.

The spread against government bonds tightened by 14bp to 97bp for senior financial credit, by 14bp to 111bp for IG corporate credit and by 38bp to 188bp for financial subordinated credit (Merrill Lynch indices).

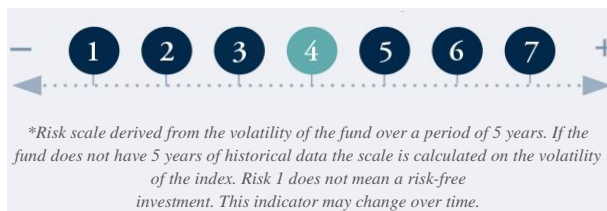
The primary market was extremely active with volumes surging to €89 billion in what was the busiest month of the year. Activity was concentrated around the Investment Grade market, which accounted for 91% of volumes (automotive, health, media and banks).

The structure of the bond portfolio remained virtually unchanged while there was a strong easing of benchmark rates and an appreciation of credit. We favoured credit at the expense of sovereign issuers, with a preference for financial subordinated bonds.

EQUITY MANAGERS' COMMENT

June brought a period of dithering, with the markets no longer knowing where to turn. After declining in May, the Eurostoxx recouped most of its losses, driven by a few presidential tweets ahead of the G7, also by the continued fall in interest rates, which kept on moving to new lows. Yields on the Bund smashed their June 2015 record of -19bp, closing June at -0,33%. 10-year French yields moved into negative territory for the first time ever. Oil, supported by OPEC, attempted a minor rebound. The dollar weakened over the month, losing nearly 2%, on fears that the Fed in turn would return to a highly accommodative monetary policy. Against this backdrop, banks obviously struggled but the market as a whole rose by 5,23%. The equity bucket was helped by good stock picks in technology and commodities, but hurt by its positions in industrial goods. It was hurt by the weak performance of Publicis, on which the consensus has misgivings, as well as Unilever, KBC and Wartsilä, and by the absence of Linde PLC, which is now to a large extent a US company. On the other hand, it benefited from the rebounds of SAP, Saint-Gobain, as well as Cap Gemini, which announced a takeover bid for Altran.

RISK SCALE*



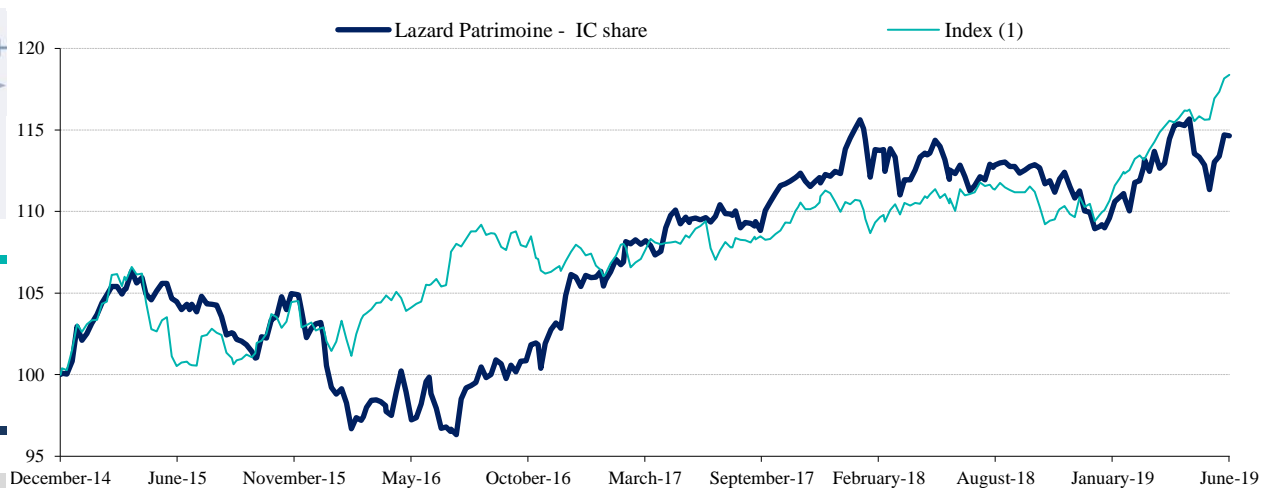
COMPOSITE INDEX

20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR €

CHARACTERISTICS

Legal form	FCP
Base currency	Euro
Investment horizon	> 3 ans
NAV Frequency	Daily
Subscription fee	2,5% Max
Redemption fee	None
Performance fee	None
Fund administration	Caceis Fund Administration
Custodian	Lazard Frères Banque
Management company	Lazard Frères Gestion SAS
Management fee	IC share - 0,73% max. incl. VAT
Subscription term	NAV D for orders processed before 12 p.m.
Redemption term	NAV D for orders processed before 12 p.m.
Settlement and value date	D (NAV date) + 2 business days
Minimum subscription	1 share
Total expense ratio and transaction fees	For more information, please refer to the fund's prospectus

HISTORICAL PERFORMANCE



Past performance is not a guarantee of current or future performance

Cumulative performance ⁽²⁾	Month	YTD	1 year	3 years	5 years	Inception*
Lazard Patrimoine - IC share	2,9%	5,0%	3,0%	18,8%	-	14,6%
Composite index ⁽¹⁾	2,4%	7,7%	6,6%	10,4%	-	18,4%

*Inception 12/31/2014

⁽¹⁾ 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR € since 04/01/2018 before 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Government Index NR € since 12/01/2017 before 20% MSCI World AC ND € + 80% EuroMts Global

⁽²⁾ The performance quoted represents past performance. Past performance does not guarantee future results.

Annual performance ⁽²⁾	2018	2017	2016	2015	2014
Lazard Patrimoine - IC share	-2,8%	6,6%	2,1%	3,2%	-
Composite index ⁽¹⁾	0,0%	2,1%	4,8%	2,8%	-

RISK RATIOS **	1 year	3 years
Volatility		
Lazard Patrimoine	5,1%	5,0%
Composite index	3,2%	3,3%
Tracking error	4,1%	4,6%
Information ratio	- 0,83	0,53
Ratio de sharpe	0,66	1,22
VaR 99% - 1 mois	4,77%	

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

ASSET CLASS BREAKDOWN AND EXPOSURE

Index : 50% MSCI World All Countries NR € + 50% ICEBofAML Euro Broad Market Index NR €

Equities

Max exposure = 40% / min exposure = 0%

	Fund	Index
Net exposure :	30,1%	20,0%

Equity geographical exposure

	Fund	Index
Europe	10,8%	3,8%
Emerging markets	1,0%	2,3%
USA	16,9%	11,1%
Japan	1,4%	1,4%
Others	0,1%	1,4%

Main equity holdings

SAP SE	0,58%
LVMH	0,42%
SANOFI	0,39%
UNILEVER	0,39%
ALLIANZ SE	0,36%

As percent of total net assets

Currency exposure

	Fund	Index
USD	11,4%	11,3%
JPY	1,4%	1,4%
SEK	4,9%	0,2%
Emerging markets	0,9%	1,6%
Others	0,5%	3,6%

As percent of total net assets

Bonds

Max modified duration = +8 / Min modified duration = -5

	Fund	Index
Global Modified duration:	-1,7	5,6

Modified duration - Geographical breakdown

	Fund	Index
Eurozone	0,1	5,6
USA	-1,9	0,0

Bonds - Investment breakdown

Government bonds	38,2%
Corporate Bonds	29,6%
- Corporate Investment Grade	5,6%
- Corporate High Yield	3,8%
- Financials Senior	4,9%
- Financials Subordinated	15,4%

As percent of total net assets

Bonds bucket information

Spread duration (%)	5,2
Credit spread (bps)	144
Average maturity (years)	5,8
Yield (%)	1,2

As percent of the bonds bucket

Tactical Arbitrage

N/A

CONTACTS & ADDITIONAL INFORMATION

Contacts :

Subscription / redemption
CACEIS BANK / LFG
01.57.78.14.14

Additional information & data :

Commercial service
01.44.13.01.79

Publication of NAVs & prospectus :

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.

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