

Bonds and other euro-denominated debt securities	ISIN code	NAV €	Net assets (€m)
	FR0007055066	1 273,75	79,55

MANAGEMENT

INVESTMENT OBJECTIVE AND POLICY

The investment objective is to outperform the 3-month Euribor over a minimum recommended investment horizon of 12 months.

This objective is achieved through the management of primarily floating-rate bonds of any maturity and any subordination level. The nature of the investments will limit risk sensitivity. Credit risk is the primary vector of performance and risk. The fund has a sensitivity range of between 0 and 1. The risk, which is concentrated in financial institutions, particularly banks, is managed rigorously by using the internal financial analysis of the portfolio issuers.

MANAGEMENT COMMENTARY - Benjamin Le Roux

In June, the trend in fixed income markets was marked by central banks' will to normalise their monetary policy and, at the end of the month, by volatility on core interest rates following generally fairly hawkish comments by central bankers: whether this was by design or by coincidence is a moot point, but the markets reacted by a strong steepening of yield curves.

The German government bond yield curve ended up remaining virtually flat in the 2-10 year segment, with the 10-year yield up 17bp to 0,47% and the 5-year yield up 21bp to -0,22%, while the 2-year yield rose 16bp to -0,57%.

Turning to peripheral bonds, spreads tightened across the board despite the rise in volatility for Italian sovereign bonds. After having depreciated markedly at the beginning of the month, Italian sovereign bonds benefited from progress in the resolution of banking problems and the sharp reduction of the likelihood of an early election. The Italian 10-year spread ended the month down 20bp to 168bp.

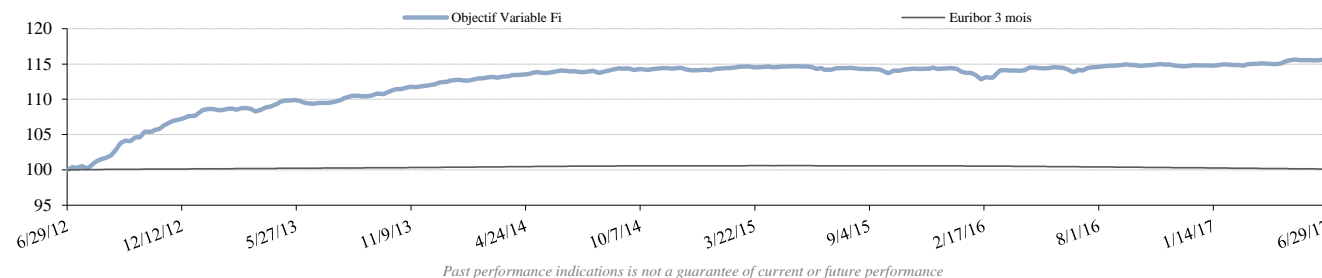
The banking sector's consolidation is continuing, in Spain with the takeover of Banco Popular by Santander, with the implementation of "burden sharing" for subordinated creditors (AT1 and Tier 2), the acquisition of Banco Mare Nostrum by Bankia, and in Italy, with the acquisition of Veneto Banca and Banca Vincenza by Intesa Sanpaolo. Credit appreciated during the month. The spread against government bonds tightened by 6bp to 99bp for non-financial credit, by 9bp to 86bp for senior financial credit, and by 13bp to 183bp for financial subordinated credit (Merrill Lynch indices). The primary market remains active in June, driven by issuers with diverse profiles in terms of credit quality, with volumes dominated mainly by multi-tranche issues.

The IG primary market, excluding covered bonds, totalled €18bn in gross issuance of financial bonds and €35bn of corporate bonds according to Barclays. Net bank issuance amounted to -€7bn for financials and €18bn for corporate bonds. Since the beginning of the year, the issuance volume has reached €148bn in gross terms/-€26bn in net for financial debts and €173bn in gross terms/€88bn in net for corporate debts.

The portfolio's estimated margin against 3-month Euribor is 44bp. The modified duration is maintained close to zero. The allocation changed very marginally. The portfolio is invested 68% in senior debt and 24% in dated Lower Tier 2-type subordinated debt. The corresponding credit duration is stable at 2,6 years.

PERFORMANCES

HISTORICAL PERFORMANCE



PERFORMANCE

Cumulative performance*	1 month	3 months	YTD	1 year	3 years	5 years
Objectif Variable Fi	0,2%	0,6%	0,8%	1,5%	1,6%	15,7%
3-month Euribor*	0,0%	-0,1%	-0,2%	-0,3%	-0,4%	0,1%

Annualised performance*	2017	1 year	3 years	5 years
Objectif Variable Fi	1,7%	1,5%	0,5%	3,0%
3-month Euribor*	-0,3%	-0,3%	-0,1%	0,0%

Annual performance*	2017	2016	2015	2014	2013
Objectif Variable Fi	0,8%	0,3%	0,3%	1,5%	12,1%
3-month Euribor*	-0,2%	-0,3%	0,0%	0,2%	0,4%

* 3-month Euribor since 19 April 2012; previously capitalised Eonia.

Spread duration
Objectif Variable Fi
0,0

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

SCALE RISK**



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

RISK RATIOS

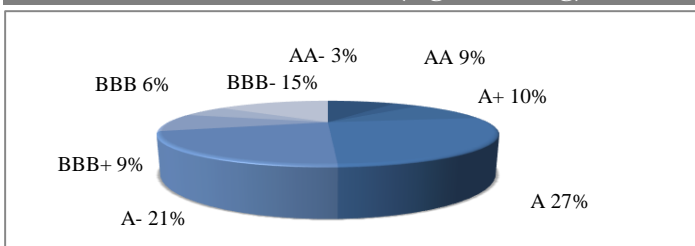
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Volatility	
Objectif Variable Fi	0,56%
3-month Euribor*	0,00%
Information ratio	3,24

Ratios calculated weekly

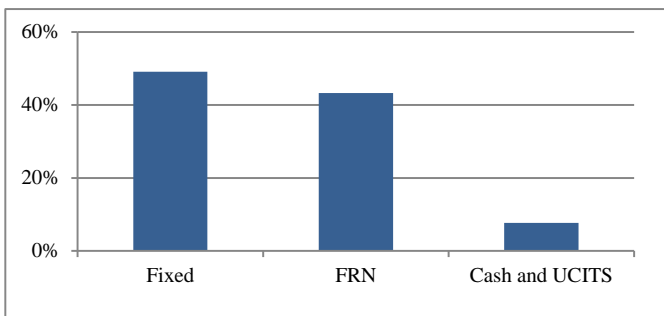
MAIN HOLDINGS

Main holdings (excluding UCITS)	%
Intesa	5,86%
Svenska Handels	2,94%
HSBC Hold	2,83%
CFCM Nord Eu	2,66%
BFCM 1/4%	2,53%

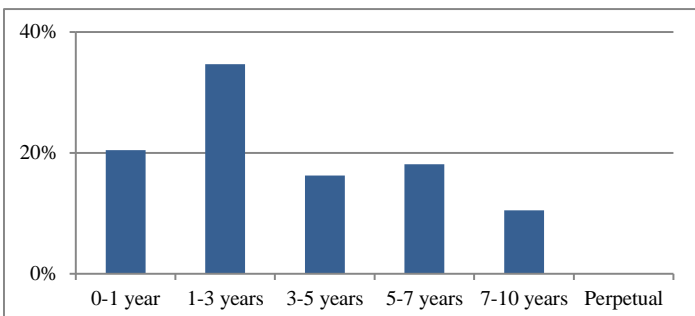
BREAKDOWN OF RATINGS (highest rating)



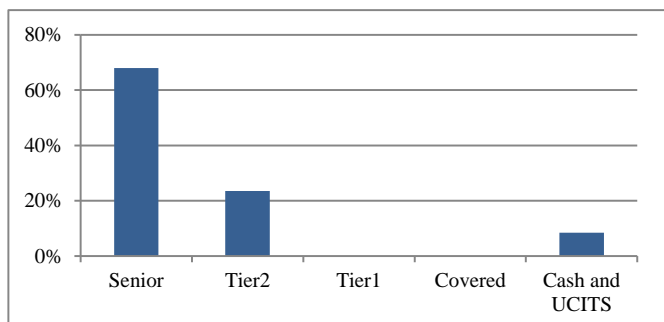
COUPON TYPE



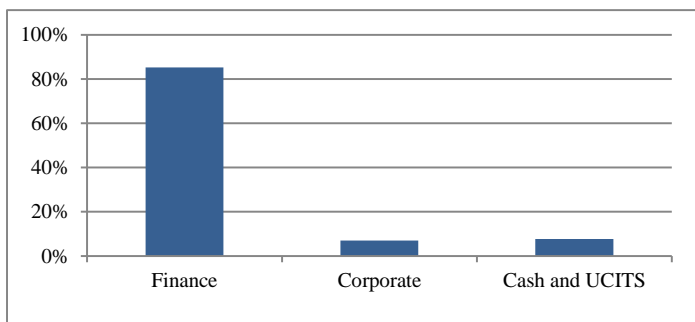
BREAKDOWN BY MATURITY (final maturity)



BREAKDOWN OF SUBORDINATION LEVEL



BREAKDOWN BY SECTOR



CARACTERISTIQUES

ISIN Code	FR0007055066	Custodian	Lazard Frères Banque	Subscription fees	maximum of 4% inclusive of taxes
Bloomberg Code	OALLMEN FP	Management company	Lazard Frères Gestion SAS	Redemption fees	None
Legal form	FCP	Taxation	Capitalization	Outperformance fees	20% of the outperformance in excess of 3-month Euribor
UCITS-Compliant		Inception date	2 February 2001	Subscription terms	Each business day by 11 am
AMF classification	Euro bonds	Management fees	0,30% inclusive of taxes		Settlement and value date: D (date of the NAV) + 1 business day
Currency	Euro				Minimum subscription: 1 unit
Investment horizon	Minus 12 months				
Valuation	Daily				
Modified duration	0 to 1				

**** 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.