

Euro Equities	ISIN code	NAV €	Net Assets (M €)	Total Net Assets (M €)
A units	FR0000174310	917.37	828.75	996.05
R units	FR0010689141	1757.12	167.31	

MANAGEMENT



Overall ★★★★★

INVESTMENT POLICY

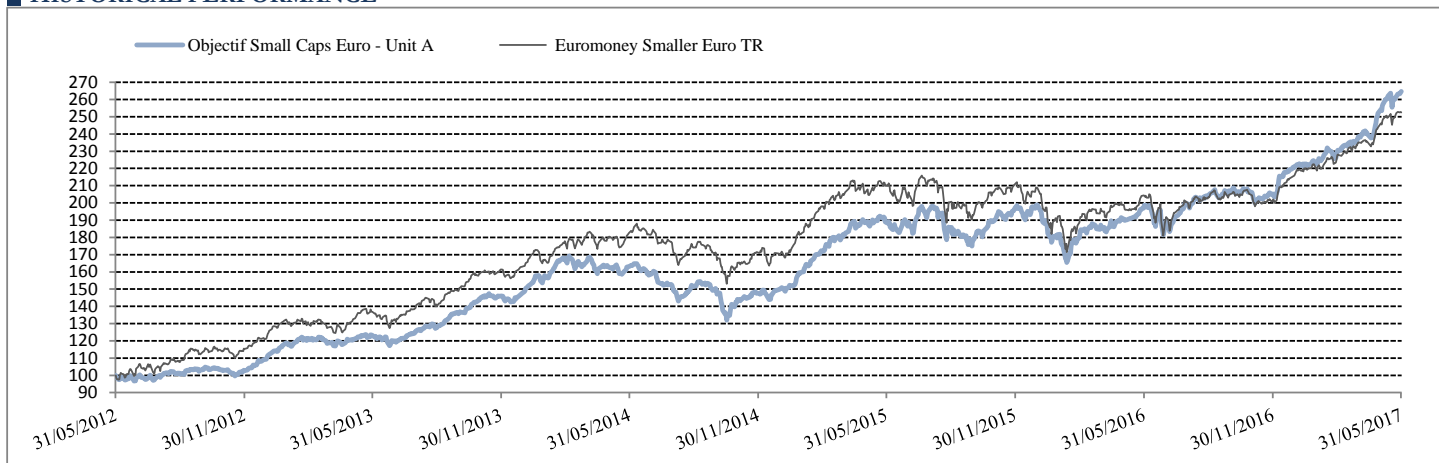
The objective of the fund is to outperform, net of fees and over the minimum recommended investment period of five years, the Eurozone small and mid cap universe as represented by the Euromoney Smaller Euro index calculated on a total return basis.

FUND MANAGERS' COMMENT - Annabelle VINATIER, Jean-François CARDINET, James OGILVY

European equity markets began the month brightly, aided partly by the results of the first round of presidential elections in France, before trading off in the second half of the month. The Eurostoxx ended the month up 1.6% while the Euromoney Smaller Euro index rose 3.3%. The SICAV gained 5.0% in May to leave the fund up 20.0% year to date, compared to +16.5% for the Euromoney Smaller Euro index. The main driver of performance was once again a series of strong results publications by companies in the portfolio. The principal positive contributions came from Biesse (+23%), Technotrans (+23%), Bénéteau (+19% having released results at the end of April) and Prima Industrie (+18%). Ipsos (+19%) was also strong having confirmed a return to organic growth in Q1. Conversely, performance was penalized by some modest declines in the portfolio such as Vossloh (-4%), Zumtobel (-4%), Groupe Crit (-4%), Rapala (-4%) and Cargotec (-3%). We took some profit on our holding in De Longhi (+35% ytd) and significantly increased the weighting in Nexity while adding also to our holdings in Takkt and Zumtobel.

PERFORMANCE - A units

HISTORICAL PERFORMANCE



Past performance is not a guarantee of current or future performance

PERFORMANCE

Cumulative performance*	Month	YTD	1 year	3 years	5 years	Creation
Objectif Small Caps Euro	5.0%	20.0%	33.3%	62.3%	164.7%	359.9%
<i>Euromoney Smaller Euro TR</i>	<i>3.3%</i>	<i>16.5%</i>	<i>22.9%</i>	<i>36.0%</i>	<i>145.6%</i>	<i>278.1%</i>

Creation: 08/05/2003

Annualized performance	1 year	3 years	5 years	Creation
Objectif Small Caps Euro	33.3%	17.5%	21.5%	11.6%
<i>Euromoney Smaller Euro TR</i>	<i>22.9%</i>	<i>10.8%</i>	<i>19.7%</i>	<i>10.1%</i>

Annual performance	2016	2015	2014	2013	2012
Objectif Small Caps Euro	10.9%	32.4%	1.5%	35.5%	17.1%
<i>Euromoney Smaller Euro TR</i>	<i>2.9%</i>	<i>21.9%</i>	<i>3.9%</i>	<i>33.9%</i>	<i>20.2%</i>

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

Performance is net of fees and total return.

RISK SCALE**



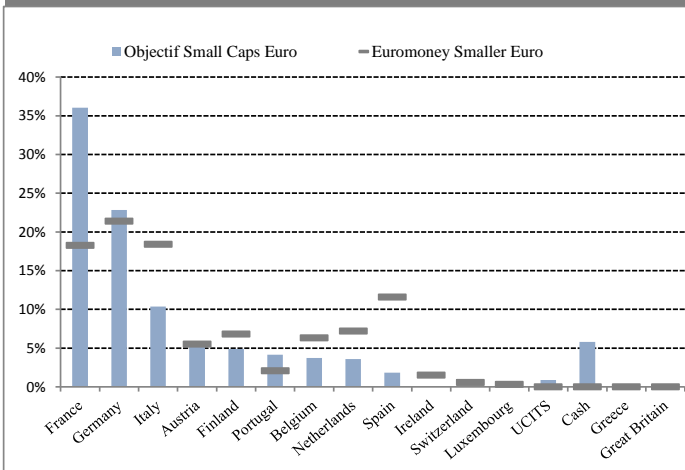
**Risk scale derived from the volatility of the UCITS over a period of 5 years (see detail on the back)

RISK RATIOS

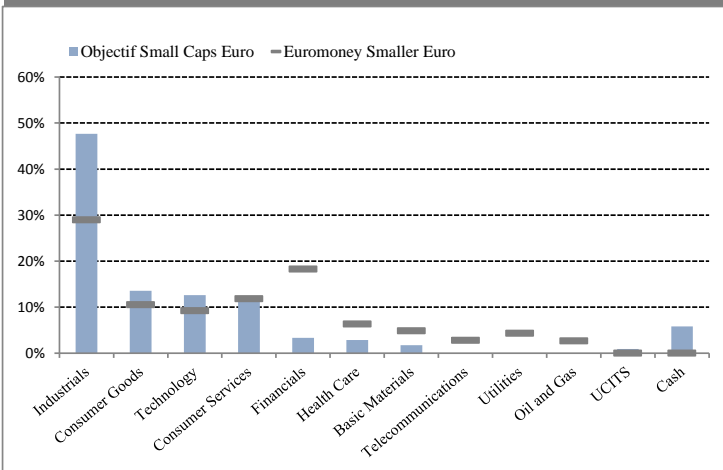
	1 year	3 years
Volatility		
Objectif Small Caps Euro	11.7%	14.4%
<i>Euromoney Smaller Euro TR</i>	<i>11.5%</i>	<i>15.1%</i>
Tracking error	4.3%	5.4%
Information ratio	2.8	1.1
Beta	1.0	0.9

Ratios calculated on a weekly basis

GEOGRAPHICAL ALLOCATION



SECTOR ALLOCATION



MAIN HOLDINGS

Main holdings	Position	Country	Sector
Cargotec	4.4%	Finland	Industrials
Manitou	4.2%	France	Industrials
Sopra Group	4.2%	France	Technology
Ipsos	3.8%	France	Consumer Services
Zumtobel	3.8%	Austria	Industrials
Interpump Group	3.5%	Italy	Consumer Services
Vossloh	3.5%	Germany	Industrials
Nexity	3.4%	France	Financials
Wash Tec	3.1%	Germany	Industrials
Alten	3.1%	France	Technology
TOTAL	36.9%		

MOVEMENTS

New positions	Positions sold
Positions increased	Positions reduced
Nexity Zumtobel Takkt	De Longhi

FUND DETAILS

■ ISIN Code	A units : FR0000174310 R units : FR0010689141	■ Valuation	Daily	■ Management fees	A units : 1,85% inclusive of all taxes of net assets R units : 2,20% inclusive of all taxes of net assets
■ Bloomberg Code	A units : LAZOSCE FP R units : LAZOSCR FP	■ Custodian	Lazard Frères Banque	■ Subscription fee	4% max
■ Legal form	SICAV	■ Management company	Lazard Frères Gestion	■ Redemption fee	1% max
■ UCITS-compliant	Yes	■ Taxation	Accumulation 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
■ AMF classification	Equities of euro zone countries	■ Inception date	A units : 05/08/2003 R units : 30/06/2009		
■ Currency	Euro				
■ Investment horizon	> 5 years				

Total expense ratio and transaction fees

For more information, please check our prospectus

** Risk scale : Derived from the historic volatility of the UCTIS 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



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 DICI 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 prospectus 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.