

Euro Equities	ISIN code	NAV €	Net Assets (M €)	Total Net Assets (M €)
A units	FR0000174310	764,55	641,99	761,89
R units	FR0010689141	1466,48	119,89	

MANAGEMENT



INVESTMENT POLICY

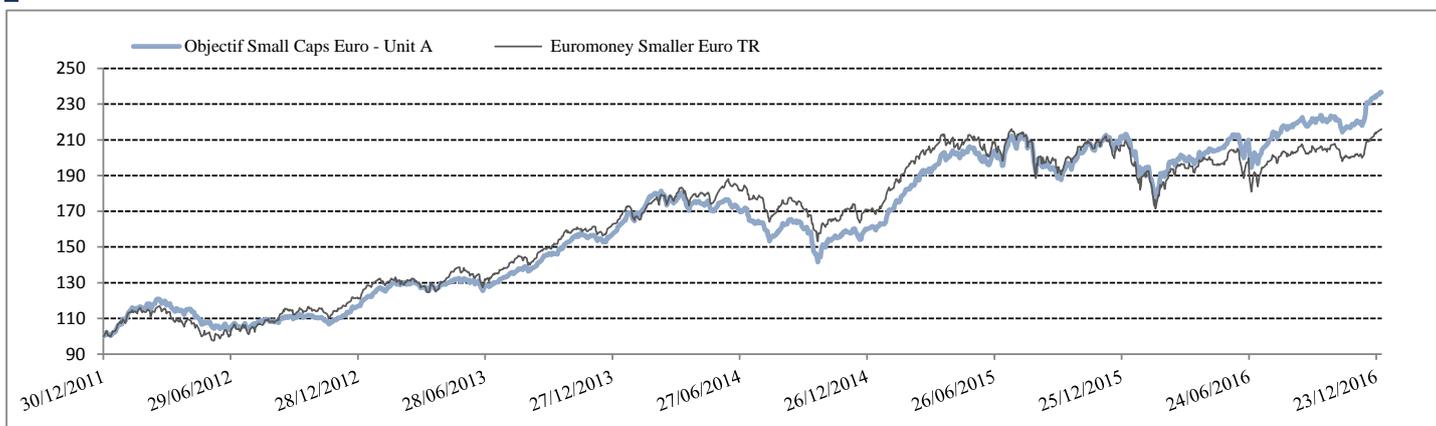
The objective of the fund is to outperform, net of fees and over the minimum recommended investment period of five years, the Eurozone small and mid cap universe as represented by the Euromoney Smaller Euro index calculated on a total return basis.

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

December saw the Eurostoxx gain 7,1% to end 2016 on a positive note, up 4,2% for the year. Small caps lagged slightly with the Euromoney index adding 6,9% for the month and gaining 2,9% over the year. The SICAV, however, finished strongly, up 7,5% in December and 10,9% for the year. The largest contribution to performance in December came from GFK (+49%) which announced that KKR is to make a bid for the outstanding share capital of the company. Manutan (+16% after the full year results publication), Sopra Steria (+14%), Surteco (+14%) and Manitou (+13%) also contributed strongly. Only three stocks in the portfolio declined in December: Deceuninck (-7%), Technotrans (-5%) and Lucas Bols (-1%). Over the course of the month we initiated a new position in Biesse, an Italian manufacturer of machinery to cut wood and stone. We also added a new position in the French outsourced R&D provider Altran. Other movements included adding to our holdings in Axway and KSB and reducing the weighting in Bénéteau.

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	7,5%	10,9%	10,9%	49,0%	136,5%	283,4%
<i>Euromoney Smaller Euro TR</i>	<i>6,9%</i>	<i>2,9%</i>	<i>2,9%</i>	<i>30,3%</i>	<i>109,8%</i>	<i>224,6%</i>

Creation: 08/05/2003

Annualized performance	1 year	3 years	5 years	Creation
Objectif Small Caps Euro	10,9%	14,2%	18,8%	10,5%
<i>Euromoney Smaller Euro TR</i>	<i>2,9%</i>	<i>9,2%</i>	<i>15,9%</i>	<i>9,2%</i>

Annual performance	2015	2014	2013	2012	2011
Objectif Small Caps Euro	32,4%	1,5%	35,5%	17,1%	-24,0%
<i>Euromoney Smaller Euro TR</i>	<i>21,9%</i>	<i>3,9%</i>	<i>33,9%</i>	<i>20,2%</i>	<i>-23,7%</i>

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

Performance is net of fees and total return.

RISK SCALE**



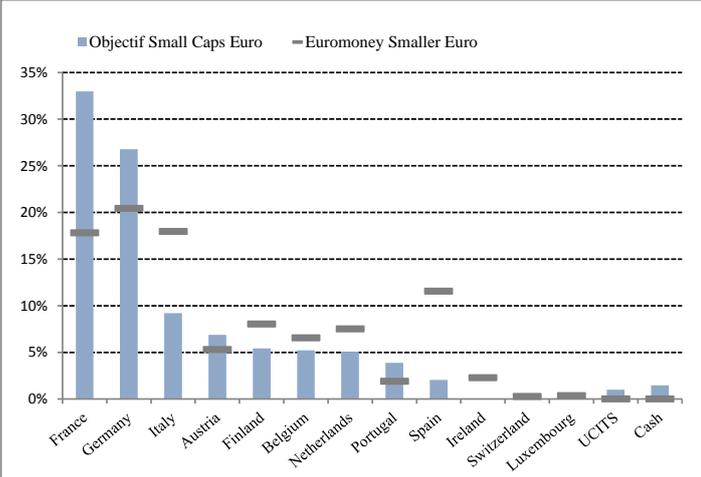
**Risk scale derived from the volatility of the UCITS over a period of 5 years (see detail on the back)

RISK RATIOS

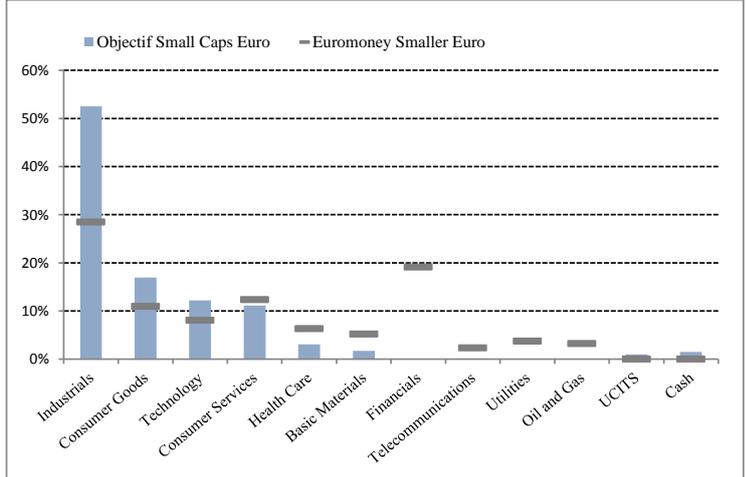
	1 year	3 years
Volatility		
Objectif Small Caps Euro	15,1%	14,8%
<i>Euromoney Smaller Euro TR</i>	<i>16,0%</i>	<i>15,4%</i>
Tracking error	4,4%	5,7%
Information ratio	1,7	0,7
Beta	0,9	0,8

Ratios calculated on a weekly basis

GEOGRAPHICAL ALLOCATION



SECTOR ALLOCATION



MAIN HOLDINGS

Main holdings	Position	Country	Sector
Cargotec	4,8%	Finland	Industrials
Vossloh	4,6%	Germany	Industrials
Zumtobel	4,3%	Austria	Industrials
Ipsos	4,3%	France	Consumer Services
Sopra Group	4,2%	France	Technology
GfK	4,1%	Germany	Consumer Services
Manitou	3,6%	France	Industrials
Wash Tec	3,4%	Germany	Industrials
De Longhi	3,4%	Italy	Consumer Goods
Alten	3,4%	France	Technology
TOTAL	40,1%		

MOVEMENTS

New positions	Positions sold
Biesse Spa	
Altran	
Positions increased	Positions reduced
Axway Software	Beneteau
KSB	
Ordina	
Zumtobel	
Altri	

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
AMF classification	Equities of euro zone countries	Inception date	A units : 05/08/2003 R units : 30/06/2009		Subscription D (NAV date) + 1 business day Redemption D (NAV date) + 3 business days
Currency	Euro			Total expense ratio and transaction fees	
Investment horizon	> 5 years				For more information, please check our prospectus

** 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



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.