

**French open-end investment  
fund (FCP)**

**LAZARD EURO CORP HIGH  
YIELD**

**ANNUAL REPORT**

at September 30th, 2020

**Management company: Lazard Frères Gestion SAS**

**Custodian: CACEIS Bank**

**Statutory auditor: PriceWaterhouseCoopers Audit**

Lazard Frères Gestion SAS -25 rue de Courcelles, 75008, Paris

## CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	9
3. Management report	10
4. Regulatory information	20
5. Certification by the statutory auditor	23
6. Annual financial statements	28

## Key Investor Information

This document provides you with key investor information on this UCI. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS  
FR0013444072 - RC EUR

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term, net of fees, the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index in euros, with net dividends or coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration is managed dynamically within a range from 0 to 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;

- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;

- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;

- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

### Allocation of distributable income:

Allocation of net income: Accumulation

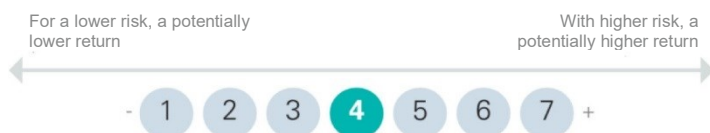
Allocation of net realised capital gains: Accumulation

**Recommended investment period:** This Fund may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day of establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

Other sizeable risks not taken into account in the indicator:

- Credit risk : Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.

- Liquidity risk: Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.

- Derivatives risk: The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value. The other risks are indicated in the prospectus.

## Key Investor Information

This document provides you with key investor information on this UCI. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FR0013444080 - RD EUR

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term, net of fees, the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index in euros, with net dividends or coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration is managed dynamically within a range from 0 to 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;
- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;

- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;

- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

### Allocation of distributable income:

Allocation of net income: Distribution

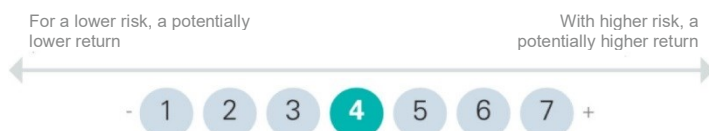
Allocation of net realised capital gains: Accumulation and/or Distribution and/or Retention

**Recommended investment period:** This UCI may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

### Other sizeable risks not taken into account in the indicator:

- Credit risk: Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.

- Liquidity risk: Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.

- Derivatives risk: The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value. The other risks are indicated in the prospectus.

## Key Investor Information

This document provides you with key investor information on this UCI. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRERES GESTION SAS

FR0013444064 - RC H-CHF

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index, expressed in Swiss francs, net of expenses and fully hedged, dividends or net coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration is managed dynamically within a range from 0 to 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;

- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;

- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;

- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

**Allocation of distributable income:**

Allocation of net income: Accumulation

Allocation of net realised capital gains: Accumulation

**Recommended investment period:** This UCI may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

### Other sizeable risks not taken into account in the indicator:

- **Credit risk :** Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.

- **Liquidity risk:** Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.

- **Derivatives risk:** The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value. The other risks are indicated in the prospectus.

## Key Investor Information

This document provides you with key investor information on this UCIs. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FR0010505313- PC EUR

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term, net of fees, the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index in euros, with net dividends or coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration is managed dynamically within a range from 0 to 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;

- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;
- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;
- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

**Allocation of distributable income:**

Allocation of net income: Accumulation

Allocation of net realised capital gains: Accumulation

**Recommended investment period:** This UCI may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

### Other sizeable risks not taken into account in the indicator:

- Credit risk : Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.
- Liquidity risk: Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.
- Derivatives risk: The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value. The other risks are indicated in the prospectus.

## Key Investor Information

This document provides you with key investor information on this UCI. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FR0010597138-PD EUR

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term, net of fees, the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index in euros, with net dividends or coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration is managed dynamically within a range from 0 to 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;
- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;

- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;

- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

### Allocation of distributable income:

Allocation of net income: Distribution

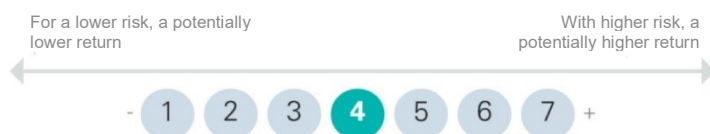
Allocation of net realised capital gains: Accumulation and/or Distribution and/or Retention

**Recommended investment period:** This UCI may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day of establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

### Other sizeable risks not taken into account in the indicator:

- **Credit risk:** Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.
- **Liquidity risk:** Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.
- **Derivatives risk:** The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the UCI's net asset value. The other risks are indicated in the prospectus.



## Key Investor Information

This document provides you with key investor information on this UCIs. It is not marketing material. The information it contains is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# LAZARD EURO CORP HIGH YIELD

## A French mutual fund (FCP)

This UCITS is managed by LAZARD FRÈRES GESTION SAS

FR0013444056-PC H-CHF

## Investment objective and policy

**UCI classification:** Bonds and other euro-denominated debt securities.

**Investment objective:** The investment objective is to outperform over the medium term the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index, expressed in Swiss francs, net of expenses and fully hedged, dividends or net coupons reinvested.

**Investment policy:** the investment strategy involves dynamic management of credit and interest rate risk by investing primarily in risky bonds issued by governments, companies and financial institutions. A minimum of 75% of the net assets must be invested in issuers located in the OECD and a maximum of 25% in issuers from other regions. The Fund's modified duration will be managed dynamically within a range of 0 and 8. The Fund may invest in investment-grade bonds, i.e. bonds rated at least BBB- by Standard & Poor's or an equivalent rating based on the management company's analysis, and in speculative/high-yield bonds, i.e. bonds rated below BBB- according to Standard & Poor's or an equivalent rating based on the management company's analysis or bonds not rated by a ratings agency. These bonds are issued by issuers whose registered office is located in an OECD member country and/or are euro-denominated instruments listed on a stock market of an OECD member country, without restrictions concerning credit quality.

The portfolio is mainly comprised of:

- a maximum of 100% of the net assets in euro-denominated bonds, debt issued by OECD member country governments and negotiable debt securities;
- a maximum of 20% of the net assets in convertible bonds;
- a maximum of 10% of the net assets in preference shares insofar as they may be considered deeply subordinated instruments;

- a maximum of 10% of the net assets in money market UCITS or AIFs, short-term money market funds or bond funds provided that less than 10% of these funds' assets are invested in other UCIs;

- a maximum of 5% of the net assets in ordinary shares. The latter do not relate to equity investments but rather shares arising from debt restructuring;

- a maximum of 10% of the net assets in euro-denominated securitisation vehicles;

A maximum of 100% of the portfolio's net assets may be invested in securities with embedded derivatives.

The Fund may use interest rate futures, interest rate swaps, interest rate options and credit derivatives (with CDS limited to a maximum of 40% of the assets), traded on regulated, organised and/or OTC markets to hedge and/or expose the portfolio, up to the amount of the net assets, to credit and interest rate risk.

### Allocation of distributable income:

Allocation of net income: Accumulation

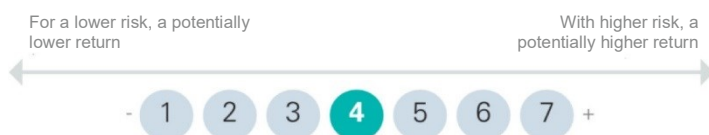
Allocation of net realised capital gains: Accumulation

**Recommended investment period:** This Fund may not be suitable for investors planning to withdraw their investment within three years.

**Right of redemption:** Orders are executed in accordance with the table below:

Business day	Day establishment of the NAV (D)	Next business day following valuation day (D+1)	Two business days following the valuation day (D+2)
Daily receipt and centralisation of redemption orders before 12.00 noon (Paris time)	Execution of the order at the latest on D	Publication of the net asset value (NAV)	Settlement of redemption orders

## Risk and reward profile



### Description of the indicator and its main limits:

The Fund's diversified exposure to interest rate and credit risk explains its classification in this category.

The historical data used could result in an unreliable indication of the UCI's future risk profile. There is no guarantee that the category stated will remain unchanged, and the classification is liable to change over time. The lowest category is not synonymous with a risk-free investment. Capital is not guaranteed.

### Other sizeable risks not taken into account in the indicator:

- **Credit risk:** Potential risk of a downgrade to the credit rating of an issuer or of a default of that issuer that would cause the share price to fall.

- **Liquidity risk:** Risk associated with the low liquidity of the underlying markets, rendering them sensitive to large buy and sell movements.

- **Derivatives risk:** The use of such financial instruments may increase the risk of loss.

The occurrence of any of these risks may result in a decrease in the net asset value of the Fund. The other risks are indicated in the prospectus.



## 2. CHANGES AFFECTING THE UCI

None.

### 3. MANAGEMENT REPORT

#### PERFORMANCE

**The UCI's performance over the period was as follows: +0,57% for the PC shares and 0,60% for the PD shares.**

Performances vary over time and past performance is no guarantee of the UCI's future results.

**The benchmark's performance over the period was: -1,98% (HEAG index).**

#### ECONOMIC ENVIRONMENT

##### Economy

While the dissipation of Sino-American trade tensions had allowed the world economy to begin a recovery in the second half of 2019, this movement was abruptly halted by the outbreak of the coronavirus epidemic in the first quarter of 2020. The epidemic, which was initially limited to China, then turned into a pandemic. To contain it, many countries adopted lockdown measures and closed their borders to varying degrees, leading to a drastic economic and financial shock. This context has led central banks and public authorities to take support measures on an unprecedented scale. The improvement in the health situation enabled a gradual lifting of restrictions from mid-February in China and from the end of April in the United States and Europe, enabling a strong rebound in global activity from May onwards. The process of reopening the US economy was interrupted by a resumption of the epidemic between mid-June and end-July. In Europe, the end of the lockdown was followed by a resumption of the epidemic from mid-August, leading to new targeted and localised restriction measures.

In the United States, GDP fell by 9,0% year-on-year in Q2 2020. The composite PMI fell rose from 51,0 to 54,3 over twelve months, with a low of 27,0 in May. The unemployment rate rose from 3,7% to 7,9% with a peak of 14,7% in April. Consumption fell by 3,2% year-on-year and the savings rate reached 14,1% of disposable income in September. Year-on-year inflation slowed from +1,7% to +1,3% in headline terms and from +2,4% to +1,7% excluding food and energy. The Federal Reserve announced a raft of support measures: a cumulative cut in its key rate by 150 basis points to 0%-0,25%, an unlimited purchasing programme for Treasuries and mortgage-backed securities, a programme of loans for businesses and local authorities. In September, Jerome Powell said that the Fed would tolerate inflation in excess of 2% to compensate for periods of lower inflation. US Congress adopted an unprecedented fiscal stimulus plan equivalent to 10,7% of GDP.

In the Eurozone, GDP declined by -14,7% year-on-year in Q2 2020. The decline was more pronounced in countries with the strictest lockdown measures: -18,9% in France, -18,0% in Italy, -21,5% in Spain compared to -11,3% in Germany. The Eurozone composite PMI rose from 50,1 to 50,4 over twelve months, with a low of 3,6 in April. The unemployment rate in the Eurozone hit a record low of 7,2% in March before rising gradually to 8,1% in August. Year-on-year inflation slowed from +0,8% to -0,3% in headline terms and from +1,0% to +0,2% excluding food and energy. The ECB announced a €120bn increase in its asset purchase programme (APP), a new €1 350bn purchase programme (PEPP) and an increase in its TLTRO loans. In July, EU countries reached an agreement on a European recovery plan of €750 billion, equivalent to 5,4% of GDP.

In China, GDP grew by 3,2% year-on-year in Q3 2020. The Caixin composite PMI rose from 51,9 to 54,5 year-on-year, with a low of 27,5 in February. In August, industrial production increased by +5,6% year-on-year, investment by +9,3% and retail sales by +0,5%. The unemployment rate rose from 5,2% to 5,6% with a peak of 6,2% in February. Year-on-year inflation slowed from +3,0% to +2,4% in headline terms and from +1,5% to +0,5% excluding food and energy. The Chinese central bank lowered its key interest rate by 35 basis points to 2,95% and reduced the level of mandatory reserves for large banks by 100 basis points to 12,50%. The government announced support measures amounting to 4,8% of GDP.

## Markets

Equities had ended 2019 well, supported by the resumption of activity and the reduction of uncertainties relating to the trade war and Brexit. Sentiment began to deteriorate at the end of January 2020, after the implementation of lockdown measures in China. The markets collapsed from mid-February when the epidemic began to spread outside China. The movement was extremely drastic and very rapid, with the Euro Stoxx losing almost 40% in just one month.

Rapid action by central banks and public authorities led to a stabilisation in mid-March before the markets bounced back strongly in the second quarter of 2020, driven by the gradual lifting of restrictive measures in Europe and the United States, the absence of a resumption of the epidemic in countries that had eased their lockdown measures and the strengthening of monetary and fiscal support measures.

In the third quarter, equities were initially boosted by the publication of better-than-expected economic figures, hopes of new measures to stimulate activity and advances in the search for a COVID-19 vaccine. They fell from early September on the back of a drop in US technology shares and concerns about further lockdowns in Europe and amid political uncertainty in the US.

In the end, year-on-year, the MSCI World index in dollars gained +8,5% and the S&P500 in dollars was up +13,0%. The Euro Stoxx in euros fell by -6,1%.

Government bond yields fell in the United States. The 10-year Treasury yield fell from 1,66% to 0,68%, with an all-time low of 0,54% on March 10th. The German 10-year government bond yield rose from -0,57% to -0,52% over the same period. Peripheral countries' credit spreads against Germany were virtually stable in Italy (-1 basis point), Spain (+5 basis points) and Portugal (+5 basis points). Greek yields tightened by 37 basis points.

In the European credit segment, credit margins widened significantly in the first quarter of 2020 before tightening sharply. According to the ICE Bank of America indices, they rose from 111 basis points to 118 basis points year-on-year for high-quality issuers, with a high of 234 in early April, and from 366 basis points to 472 basis points for high-yield issuers, with a high of 866 in late March.

On the foreign exchange market, the euro appreciated by +7,5% against the dollar, by +5,0% against the yen and by +2,3% against the pound sterling. It depreciated 0,7% against the Swiss franc. Emerging currencies fell on average by -9,6% against the dollar, according to the JP Morgan index.

The price of a barrel of Brent fell from \$63 to \$42, with a low point of \$19 on April 21st. From the end of January, fears of a decline in global demand triggered a downward movement. Oil prices collapsed in March after Russia refused to support OPEC in a coordinated reduction in oil production. An agreement was finally reached on April 12th.

## MANAGEMENT POLICY

### October 2019

The asset class continued its consolidation in October, falling for the second straight month to -22bp. The upturn in interest rates (Germany 5-year yield up 15bp) combined with a +9bp widening in spreads weighed on valuations, despite a more positive geopolitical environment. Progress seems to have been made on Brexit, with a new solution to the UK/Ireland border conundrum, while phase I of the US-China trade agreement appears to be moving forward. Macroeconomic figures remained downbeat, however. In addition, the primary market is very active (over €10bn in issuance) and this is weighing on the secondary market despite the available liquidity.

Under these conditions, we noted a marked underperformance by single-B issuers impacted by individual events, while issuers rated BB and CCC posted a positive performance. By sector, healthcare, underpinned by Teva, energy (Heide, Corral) and leisure (Safari, Intralot) delivered good performances. Conversely, services (Europcar, Alitalia), consumer goods (Tereos, Boparan) and transport (CMA CGM, Naviera Armas) sectors were hurt.

The portfolio returned -19bp, thereby outperforming the HEAG and HEAE indices by 6 and 3bp respectively.

Among the best performers was Teva, which offered a payment mainly in kind to settle the opioid lawsuit. In other news, Jaguar's results improved significantly, even though the company is still burning cash. The funding raised by the carmaker's shareholder Tata Motors also contributed to reassuring investors that support would be provided in the event of difficulties. Almagora picked up, without any specific event explaining this rebound. Conversely, Hema was hurt by a disappointing earnings release on EBITDA generation, which raised questions about its ability to generate cash. Moreover, the prospect of an asset disposal seems less imminent than expected by the market. Europcar unexpectedly issued a severe profit warning along with its 3rd quarter earnings release, citing the Brexit impact as well as a deterioration in the European economy, which is leading to overcapacity in the market. Atalian is declining due to the poor health of one of its holdings, Getronics, which is on its asset sale programme. Lastly, Casino bonds were negatively affected by the announcement of refinancing via covered debt, leading to a de facto one-notch downgrade in terms of seniority.

### November 2019

The asset class recorded a very good performance of +1,10% over the month (HEAE index) thanks to a 39bp tightening of spreads that took place mainly in the last week of the month. News from the United States concerning an agreement with China confirmed that discussions were still underway for phase I of the agreement. Moreover, the stabilisation of PMIs reassured market participants as to a possible resumption of growth over the coming months. Lastly, company results for the third quarter were rather in line with expectations. The slight rise in interest rates (+4bp for the German 5-year bond yield and +5bp for the 10-year) had little impact on valuations. On the technical side, the market nonetheless had to absorb a large amount of primary issues (€3,2bn), which explains the late tightening of spreads during the month. Note that the pool is now larger than at the beginning of the year.

Against this backdrop, the lowest ratings significantly outperformed BB bonds. By sector, all sectors were in positive territory, notably transport (CMA CGM, Naviera Armas), consumer goods (Boparan, Tereos, Diversey) and healthcare (Teva). By contrast, energy (Petrobras, Repsol), telecommunications (SES, Telecom Italia) and real estate (Akelius, CPI) made limited gains.

The portfolio returned 90bp over the month, thereby underperforming the HEAG and HEAE indices by 4 and 20bp respectively.

Among the best performers was CMA CGM, which benefited from the announcement of a \$2.1 billion sales programme that will strengthen the group's liquidity. Atalian benefited from the publication of third quarter results, which showed an improvement in margins even though cash generation remains low. Almagora rose thanks to a good earnings release. Teva took advantage of the positive momentum concerning the outcome of the opioid trial to issue \$2 billion in debt and thereby improve its debt maturity profile. Lastly, Europcar recovered following rumours of the sale of the Eurazeo stake to another private equity fund. In contrast, there were few significant falls. SES was affected by the US decision to bid for the allocation of 5G frequencies. Chemours was hurt by the dispute with Dupont over legal proceedings concerning PFOA and its carcinogenic aspect, as Chemours was the result of a spin-off from Dupont. Investors were also disappointed by the third quarter results. Thyssenkrupp fell slightly following a publication of fairly weak results and a negative outlook for cash generation in 2020. Lastly, the purchase of protection on a small part of the portfolio cost 3bp over the month.

### December 2019

The asset class ended the year on a strong note (+1,09%) thanks in particular to the trade agreement entered into between China and the United States (Phase 1), which made it possible to avoid introducing additional customs tariffs and to reduce other tariffs that had already been implemented. The agreement also provides for China to increase imports from the United States. On this side of the Atlantic, Boris Johnson's clear victory in the UK elections effectively confirmed the country's exit from the European Union on the basis of the previously negotiated withdrawal agreement, which removes a major factor of uncertainty. This should help improve macroeconomic figures, which show that it is the United Kingdom and Germany that are driving the old continent down, while in the United States, economic figures seem to be more positive (PMI and real estate market). All of this resulted in renewed investor optimism, and inflows were therefore generated at a time of year when the primary market is usually not very active (€3,2bn of issuance). This imbalance between supply and demand combined with lower risk aversion explains the 43bp spread tightening. The rise in interest rates (-17bp for the German 10-year bond yield; -5bp for the 5-year) had little impact on valuations.

High yield posted a performance of +10,46% for the year, making it the third best performance of the decade. Spreads played a key role (-204bp) while yields also made a positive contribution (-42bp for the 10-year but only -15bp for the 5-year, which is the average maturity of the segment).

In December, the weakest ratings posted the best performances thanks to a tightening of spreads. By sector, all sectors were in positive territory, notably real estate (Consus, Peach Property), basic industries (Aldesa, Schmolz, KME) and consumer goods (Boparan, Tereos). Conversely, utilities (TVO) and leisure (Intralot, Novomatic) performed less well.

Since the beginning of 2019, it was only in the last two months that issuers rated CCC and B outperformed BB-rated issuers thanks to the tightening of spreads and the rise in interest rates, which had a greater impact on BB paper.

The portfolio returned 0,99% over the month, underperforming the HEAG and HEAE indices by -3 bp and -10 bp, respectively.

Among the best performances, Hema rose on the back of its earnings release, showing an increase in sales and better-controlled WCR. In addition, details were provided concerning the agreement reached with Jumbo supermarkets. The proceeds will be used to repay part of the debt. Atalian and Almagora continued to progress without any new developments. Takko benefited from a strong earnings release. Lastly, Douglas was underpinned by results that held no great surprises (revenue up but margins down). There are no significant declines to report.

### **January 2020**

The asset class got off to a slow start in January with a 5bp drop in performance due to a 42bp widening in spreads, partly offset by a fall in yields (-25bp for the German 10-year and -17bp for the 5-year). The first two weeks were fairly positive, but a frenzied primary market (€10,8bn) initially weighed on spreads, compounded by the Chinese health crisis at the end of the month which maintained sharp pressure on prices.

CCC-rated issuers outperformed during the month. By sector, we noted a strong disparity, with some sectors in the black, notably real estate (CPI Property, Consus), technology (Almagora) and consumer goods (Tereos, Boparan). By contrast, transport (Naviera Armas, Moby), services (Europcar, Paprec) and retail (Dia, Samsonite) were in the red.

The portfolio returned -21bp over the month, underperforming the HEAG and HEAE indices by 9 and 16bp, respectively.

Among the best performers were Atalian, which benefited from the positive effect of its Investor Day. More generally, high yield paper performed well (Vallourec, Adler Pelzer, Almagora). Sudzucker performed well following the upward revision of its 2020/2021 guidance. Conversely, Europcar fell after Moody's placed its B3 rating on negative outlook, bringing it closer to a CCC1 rating. Samsonite was impacted by the coronavirus epidemic in China. Fives and House of Finance declined without any particular news explaining this fall. Lastly, Dometic performed badly after reporting weak results.

### **February 2020**

The asset class posted a loss of -1,98% for the month due to a spread widening of 85bp that failed to be offset by the 12bp fall in German 5-year yields. Initially, however, spreads tightened by 34bp as investors were not overly concerned about the coronavirus epidemic, which remained limited to China. It was only in the last week of the month that the confirmation the epidemic had spread to Italy, then to several developed countries, caused serious concerns about growth, rekindling fears of a recession.

In this risk-adverse environment, BB-rated issuers outperformed. All sectors were in the red, with those most impacted by the coronavirus underperforming, notably leisure (Intralot, Edreams), automotive (Garret, Grupo Antolin, Jaguar) and retail (Takko, Casino). The smallest declines were in utilities (TVO, Bulgarian Energy), capital goods (Progest, Bombardier) and technology (Nokia, Infopro).

The portfolio returned -1,68% over the month, thereby outperforming the HEAG and HEAE indices by 28 and 30bp, respectively.

One of the best performances was achieved by Vallourec, which, in addition to announcing good results for 2019 and raising its guidance for 2020, stated that it intended to carry out a capital increase to repay part of the company's debt. Other stocks that recorded rises were those that were sold in the middle of the month, such as Samsonite, for example. Conversely, Sarens' share price fell as it was put at a disadvantage by its very recent issue. Edreams was impacted by the coronavirus crisis and has been recording a drop in bookings since mid-February. Euro Garages fell following a disappointing earnings release, due notably to the rise in oil prices in 2019, which impacted its margins. Finally, Sigma and Picard were handicapped by their CCC+ rating and high beta status.

### **March 2020**

The asset class was strongly impacted by the spread of the epidemic to Western economies, with a fall of 13,20% in March (-14,97% since the beginning of the year). The shock is now no longer limited to a supply shock from China, but has become a shock on global demand, compounded by an oil counter-shock. The resulting recession will cause default rates to rise and the movement in spreads is evidence of this. Spreads widened by 342bp over the month to 775bp on March 31st (with a peak of 913bp recorded on March 23rd). Spreads widened by 459bp over the first quarter of 2020. This abrupt widening of spreads was caused by an outflow of nearly €8bn from the asset class (nearly 10% of the pool), an amount equivalent to the 2019 inflows, in a very low liquidity environment.

In this highly risk-averse environment, BB-rated issuers held up best compared with single-B or CCC issuers with similar performances. By sector, those hardest hit by Covid-19 were leisure (Cirsas, Codere, Edreams), services (Travelex, Europcar, Loxam) and retail (Douglas, Hema, Maxeda). Utilities (Bulgarian Energy, TVO), healthcare (Teva, Iqvia, Catalent) and technology (Nokia, Infopro) held up better.

The portfolio returned -11,25% over the month, outperforming the HEAG and HEAE indices by +1,67% and +1,95%, respectively.

Positive performances included drug manufacturers such as Teva and Stada as well as consumer staples (Picard, Casino). SFR also benefited from a strong earnings release for 2019. On the other hand, travel (Edreams) and casinos (Cirsas) were badly impacted by the crisis. Liquidity preservation measures were implemented, activating all the measures put in place by governments (short-time working, deferred payment of social security charges and taxes). Loxam was also hard hit and has taken the necessary measures with regard to its liquidity after a fortunately very short period of management denial. Lastly, Vallourec was hurt by the fall in oil prices, which will affect its operations in North America. The upcoming capital increase is crucial to avoid debt restructuring.

### **April 2020**

The asset class picked up in April (+6,26%) thanks to a spread tightening of 130bp over the month. The 12bp decline in the German 5-year yield also made a positive contribution. The change in tone in the markets resulted from renewed demand for risky asset classes due to attractive valuations. Massive liquidity injections by central banks also reassured investors, as did the prospect of an exit from lockdown. Furthermore, the Fed will include "fallen angels" as well as some ETFs, including High Yield issuers, in its asset purchase programme. For the time being, the ECB has only added fallen angels to its list of authorised collaterals. Lastly, the sharp fall in the oil market (-62% for Brent) had little impact on the segment, as there is only a small proportion of credit sensitive to oil in the European segment.

Some issuers took advantage of this lull to return to the primary market. Verisure, Netflix and Merlin staged the first issues since February, for a total of €1,1bn.

In this context, B-rated issuers outperformed those rated BB. All sectors were in the black, with a marked recovery in leisure (Cirsas, Edreams, International Gaming), retail (Douglas, Hema, Afflelou) and transport (WFS, Autostrade).

The portfolio returned +5,84% over the month, underperforming the HEAG and HEAE indices by 38bp and 42bp, respectively.

Among the best performances, we note Douglas and CBR Fashion, which benefited from the reopening of stores in Germany. Loxam was up as a result of the increase in its liquidity, thanks in particular to a €230m loan guaranteed by the State. Finally, Burger King gave reassuring news on its cash consumption during the lockdown. Conversely, issuers exposed to travel, such as the Avis, were hard hit. As a result, Carlson has hired an adviser to advise on various strategic options for the future of the company. In a sector that has been devastated, Avis is affected in particular by the risk of its competitor Hertz filing for chapter 11. Lastly, Vallourec suffered from the record fall in oil prices.

## May 2020

The asset class continued its recovery (+3%) thanks to a further spread tightening of 74bp. This change occurred in two stages, as in the first half of the month there was a consolidation due to the absorption of a significant amount of fallen angels at the end of April, as well as primary market activity that was lower than average, but concentrated at the beginning of the month (€2,9bn). Spreads widened by 32bp before starting to fall again. The reopening of European economies was welcome news for investors, as was the €750bn stimulus package planned by the European Union for the countries most affected by Covid-19 (€250bn in subsidies and €500bn in loans). The numerous earnings releases also showed that many companies have been able to secure additional liquidity in recent weeks and the activation of various government programmes (short-time working, deferment of social contribution payments) enabled them to limit cash consumption in April and May. The 13bp rise in the German 5-year bond yield had little impact.

Against this backdrop, the lowest ratings outperformed. All sectors were in positive territory, notably energy (Pemex), driven by the rebound in oil, leisure (Edreams, Cirsa), transport (Naviera Armas, CMA CGM, Swissport) and services (Fives, Avis). Retail struggled more, hampered by Telepizza, Takko and Hema.

The portfolio posted a performance of +2,90%, outperforming the HEAG index by 22bp and underperforming the HEAE index by 9bp.

Among the best performers were Avis, which unexpectedly benefited from a strong used car market in the United States, a resumption of travel following the easing of lockdown measures in most countries, and a strong level of liquidity thanks to the issue of \$500 million in secured debt at the beginning of the month. Fives rose following the publication of its first quarter results, which showed resilient margins despite declining sales. In addition, the company is about to obtain a €200m state-guaranteed loan, which would increase its liquidity. Lastly, Pemex saw its spread tighten against Mexican sovereign debt on the back of the rise in oil prices. At the other end of the scale, Atalian was down as it had no time to benefit from the good results published on the last day of the month.

## June 2020

The asset class recorded a third consecutive month of positive performance (+1,81% in June, i.e. +11,43% in the second quarter and -5,25% since the beginning of the year) thanks to the gradual reopening of Western economies. The very rapid tightening of spreads at the beginning of the month (-90bp on June 8th) was then reversed by the increase in the number of Covid cases detected in the United States and Latin America, raising fears of a rebound in the epidemic in these regions. In addition, the primary market was very active (€13bn of issues), exceeding the levels recorded in January and approaching the October 7 record. This situation therefore weighed on the secondary market. Spreads ended up easing by 34bp. Yields remained fairly stable on 10-year bonds and rose by 5bp on 5-year bonds.

Over the quarter, spreads tightened by 223bp compared with a year-to-date widening of 235bp. Against this backdrop, the lowest ratings continued to perform well. The sectors most in demand were the cyclical sectors of retail (Takko, Hema, Maxeda, Tendam), services (Europcar, Kantar, Atalian) and consumer goods (Boparan, Tereos, Walnut). Conversely, non-cyclical sectors stagnated, notably healthcare (Teva, Grifols, which struggled), media (RCS, Netflix, Telenet) and telecoms (Eircom, Altice, Salt).

The portfolio posted a performance of +1,57%, outperforming the HEAG index by 35bp and underperforming the HEAE index by 23bp.

One of the best performers was Atalian, which benefited from obtaining a €50m State-guaranteed loan (80% guaranteed by the State). The automotive sector also did well, with subcontractors Superior Industry and Adler Pelzer, as well as Jaguar. CMA CGM benefited from a strong first quarter earnings release and an improved EBITDA outlook for the first half compared with the previous year. In contrast, the tourism sector was hurt by the rebound in Covid cases in the Americas. Carnival has cancelled its cruises until the end of September and the airline group IAG is also under pressure. Accor was also down due to the outlook for global tourism, which is looking gloomier in the short term. Lastly, Autostrade fell slightly as negotiations between the Italian government and shareholders are dragging on.

## July 2020

The asset class remained on an upward trend with a positive performance of 1,71% (HEAE index) over the month, driven by the gradual economic recovery and the historic agreement on a stimulus plan reached at European level. This contributed to spreads tightening by 32bp over the month to reach 516bp on July 31st. There was a degree of nervousness in the last week of the month, however, due to the rise in the number of Covid-19 cases in the United States, leading to a 15bp widening in spreads. The fall in German yields (-6bp for the 10-year bond and -2bp for the 5-year) also contributed positively to performance. On the technical side, the primary market remained active with issues totalling €7.23bn spread over a large number of issuers (16 including 5 first-time issuers). These issues were fairly well absorbed by the market in view of the inflows into the asset class.

Against this backdrop, issuers rated BB and B recorded similar performances. All sectors posted a positive performance, particularly the most cyclical sectors: media (Netflix, United Group), transport (Atlantia/Autostrade per l'Italia, Swissport), car manufacturers (Ford, Fiat) and services (Atalian, Loxam, Avis, Fives).



The portfolio posted a performance of 2,09%, outperforming the HEAG and HEAE indices by 26bp and 38bp, respectively.

Among the best performances was Carnival, which demonstrated its ability to raise additional financing (in the amount of \$10bn). Autodistribution was buoyed by prospects of a rapid recovery in its business. The new Fiat bond benefited from an attractive issue premium advantageous to bearers. Avis has a better outlook for the rest of the year, with the company expecting positive FCF in the second half. Lastly, Atalian benefited from a good earnings release with rising margins, well reined-in working capital requirement and stronger liquidity, supported by government initiatives. By contrast, Casino was down, as investors were disappointed by the fall in EBITDA despite the positive Covid effect on sales. In addition, deleveraging was held back by off-balance sheet contributions despite very good working capital control. Adler Pelzer was down following the delay in the publication of certified financial statements due to regional measures put in place by the government, which impacted the company's operations and data collection. IAG was hurt by the closure of the Spanish market to British tourists in the first fortnight of August.

### **August 2020**

The asset class continued to perform well (1,43% for the HEAE) thanks to a 38bp spread tightening, which took place mainly in the first half of the month. This occurred following better news from the United States concerning the Covid-19 pandemic, which now seemed to be more under control. Hopes concerning a potential vaccine also buoyed the market. This helped offset the disappointment over the Democrats' and Republicans' failure to reach an agreement on the amount of the recovery plan. The second half of the month was more lacklustre following mixed news in Europe, both with regard to the Covid-19 pandemic with a new acceleration in the number of cases, leading to measures to restrict movement between countries, and on the economic front, with the August PMI figures showing the recovery starting to falter. The last week also saw the reopening of the primary market after its traditional summer break, with €2,5bn of hybrid issues by Vodafone and Solvay. Second quarter results were generally in line with forecasts and companies benefit from good liquidity, giving them a degree of confidence for the months ahead with visibility remaining limited even though the worst seems to be behind us.

In this environment, the weakest rated-issuers turned out the best performances. All sectors were in the black, with cyclical sectors once again outperforming. Services (Selecta, Kantar, Avis), energy (Pemex, Raffinerie Heide) and retail (Takko, Douglas, Dufry) outperformed. By contrast, defensive sectors such as healthcare (Teva, Lima) and real estate (Corestate, CPI) lagged behind.

The portfolio returned 1,28% over the month, underperforming the HEAG and HEAE indices by 4bp and 15bp, respectively.

Among the best performers were Douglas, which posted results that were admittedly down, but a contained decline thanks to the strength of its Internet offering, where it is gaining market share. The outlook is also improving. Almaviva, the Italian services company, posted very good results which could lead it to refinance its debt sooner than expected. Dufry was driven not by its sales, which unsurprisingly were sharply down (-93% in Q2), but rather by the reduction in its cash consumption month after month as shops reopen and its liquidity position, which seems appropriate in the current context. Lastly, Pemex was up thanks to the rebound in oil prices and Fiat still benefits from a premium compared with Peugeot, while the two companies are set to merge at the end of the year. There are no significant declines to report.

### **September 2020**

The performance of this asset class was down 0,63% in September (HEAE index) due to a 32bp widening in spreads which was not entirely offset by the fall in yields of 13bp and 11bp, respectively, for the 10- and 5-year German Bund. After a positive start to the month on the back of the summer's momentum (-12bp to 452bp), spreads tightened in the second half of the month under the combined impact of a rebound in the epidemic in Europe (implementation of new restrictive measures in France, the United Kingdom and Spain) and a slowdown in economic activity that resulted in disappointing figures for European services PMIs. The lack of progress in the stimulus talks as well as uncertainties on the political front with the approach of the US elections and the deadline for reaching a Brexit agreement also weighed on the market environment. The primary market was also very active again with issues totalling more than €10,6bn.

Against this backdrop, there was nevertheless a positive performance of CCC-rated issuers and an underperformance of BB-rated issuers. By sector, only real estate (Corestate, Citycon), leisure (Intralot, Carnival) and retail (Maxeda, Dufry) were in the black. Transport (driven by Swissport, IAG, Avis), media (Ziggo, United Group) and energy (Pemex, Saipem) were the hardest hit sectors.

The portfolio posted a performance of -0,70%, outperforming the HEAG index by 9bp and underperforming the HEAE index by 7bp.

Among the best performers was automotive subcontractor Adler Pelzer, which reassured investors with better-than-expected guidance. Maxeda posted a positive performance thanks to good quarterly results, which led to a refinancing of this bond. Carnival rebounded following the announcement of a capital increase (\$1bn) and the sale of part of its fleet to strengthen its cash position. Dufry took advantage of the fundraising to finance the purchase of Hudson, majority subscribed by Advent. In contrast, Teva was impacted by the growing risk of legal proceedings and the return of generic competition for its Copaxone blockbuster in Europe. ZF and Ford were hurt by primary issues that came out with a premium to the existing curve. Antolin has come under pressure again due to weak automotive sales in August. Lastly, Avis was negatively affected by the possible second Covid-19 wave.

#### Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
REPSOL INTL FINANCE BV 3.75% PERP	1 500 000,00	1 118 448,97
AIR FR KLM 1.875% 16-01-25	1 038 130,09	1 060 901,63
DUFY O NE B.V 2.5% 3 1 -12-24	877 772,22	1 214 173,78
BAYER 3.125% 12-1 1-79	1 000 000,00	996 344,40
SUEDZUCKERTF/TVPERP *EUR	1 042 952,18	888 933,75
SUMMER BC HOLDCO A SARL 9.25% 3 1 -10-27	986 120,00	93 1 342,90
THYSSENKRUPP AG 2.875% 22-02-24	984 357,52	921 560,77
HP PELZER 4.125% 01-04-24	1 035 077,91	835 701,87
NETFLIX 3.625% 15-06-30	1 000 000,00	866 032,87
VIRG MED 4.5% 15-01-25 EMTN	522 620,00	1 329 250,00

#### TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND THE REUSE OF FINANCIAL INSTRUMENTS – SFTR – in the accounting currency of the UCI (€)

The UCI carried out no transactions during the year in the context of the SFTR.

**a) Exposure through efficient portfolio management techniques and derivative financial instruments**

- **Exposure through efficient management techniques:**
  - Securities lending:
  - Securities borrowing:
  - Repurchase agreements:
  - Reverse repurchase agreements:
- **Underlying exposure through derivative financial instruments:**
  - Currency forwards:
  - Futures:
  - Options:
  - Swaps:

**b) Identity of the counterparty or counterparties for efficient portfolio management techniques and derivative financial instruments**

Efficient portfolio management techniques	Derivative financial instruments

**c) Financial guarantees received by the UCITS to reduce counterparty risk**

<b>Instrument type</b>	<b>Amount in the currency of the portfolio</b>
<b>Efficient portfolio management techniques</b> . Term deposits . Equities . Bonds . UCITS . Cash (*)  <b>Total</b>	
<b>Derivative financial instruments</b> . Term deposits . Equities . Bonds . UCITS . Cash  <b>Total</b>	

(\*) The Cash account also includes liquidity from reverse repurchase agreements.

**d) Operating income and expenses related to efficient management techniques**

<b>Operating income and expenses</b>	<b>Amount in the currency of the portfolio</b>
. Income (*) . Other income  <b>Total income</b>	
. Direct operating expenses . Indirect operating expenses . Other expenses  <b>Total expenses</b>	     <b>342.17</b>

(\*) Income on securities lending and repurchase agreements

## 4. REGULATORY INFORMATION

- **PROCEDURE FOR SELECTING AND ASSESSING INTERMEDIARIES AND COUNTERPARTIES**

The brokers used by the management company are selected on the basis of various evaluation criteria, covering research, quality of order execution and processing and the range of services offered. The management company's "Broker Committee" validates any updates to the list of authorised brokers. Each investment division (fixed income and equities) reports to the Broker Committee at least twice a year on the evaluation of the services provided by the various brokers and the breakdown of the volume of transactions handled.

The information can be consulted on the management company's website: [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)

- **BROKERAGE FEES**

Information about brokerage fees is available on the website: [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

- **EXERCISING VOTING RIGHTS**

The scope and procedures for Lazard Frères Gestion SAS' exercise of the voting rights attached to the securities held in the UCIs managed by it are set out in the guidelines it has drawn up on its voting policy. This document can be consulted on the management company's website: [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

- **COMMUNICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA**

Lazard Frères Gestion firmly believes that the integration of environmental, social and governance (ESG) criteria in the management of assets provides an additional guarantee in terms of a durable economic performance.

In fact, the long-term performance of investments is not limited solely to adherence to the financial strategy, but must also take the company's interactions with its social, economic and financial environment into account.

The incorporation of ESG criteria therefore is a natural component of our investment process.

Our overall approach can be summarised as follows:

- ✓ Rigorous financial analysis of the company covering the quality of assets, financial soundness, projected cash flows and their reinvestment by the company, the strength of economic profits, profit durability, and quality of management.
- ✓ This durability is strengthened by incorporating extra-financial criteria:
  - Social criteria: through the development of human capital.
  - Environmental criteria: through the prevention of all environmental risks.
  - Governance criteria: by respecting the balance between the managerial and shareholder structures so as to prevent potential conflicts of interest and safeguard the interests of minority shareholders.

The intensity and methods by which we incorporate ESG criteria may vary depending on the asset class and investment process involved, but the common objective is to ensure better apprehension of ESG risks that are likely to have a strong impact on the value of a company or sovereign asset.

Information on ESG criteria is available on the website: [www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr).

- **USE OF FINANCIAL INSTRUMENTS MANAGED BY THE MANAGEMENT COMPANY OR AN AFFILIATED COMPANY**

The table of financial instruments managed by the management company or an affiliated company can be found in the notes to the UCI's annual financial statements.

- **METHOD USED TO CALCULATE GLOBAL RISK**

The Fund uses the commitment method to calculate its global risk on financial contracts.

- **SWING PRICING**

In order to protect the shareholders remaining in the UCI, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the UCI's outstandings, which may generate costs for shareholders entering and leaving the UCI that would otherwise have been allocated across all shareholders in the UCI. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of UCI units or shares exceeds a threshold predetermined by the management company on the basis of objective criteria and expressed as a percentage of the net assets in the UCI, the NAV may be adjusted upwards or downwards to take account of the readjustment costs attributable to the net subscription/redemption orders. The NAV of each unit or share category shall be calculated separately, but any adjustment shall have an identical impact, expressed as a percentage, on all of the NAV calculations of each unit or share category in the UCI.

The cost parameters and trigger level shall be determined by the management company and shall be reviewed periodically, and at least every six months. These costs shall be estimated by the management company based on transaction fees, bid/offer spreads and tax charges applicable to the UCI.

Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the UCI, it is not possible to accurately predict a given time in the future at which swing pricing will be applied. Consequently, neither is it possible to predict the precise frequency at which the management company will have to make such adjustments, which shall not exceed 1% of the NAV (see prospectus). Investors should be aware that the volatility of the UCI's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

- **INFORMATION ON DISTRIBUTED INCOME ELIGIBLE FOR THE 40% ALLOWANCE (FOR DISTRIBUTING UCIs)**

Pursuant to the provisions of Article 41 sexdecies H of the French General Tax Code, income on distributing shares is subject to an allowance of 40%.

- **REMUNERATION**

The fixed and variable remuneration paid during the financial year ended on December 31st, 2019 by the management company to its personnel, in proportion to their investment in the management of the AIFs, excluding the management of the UCITS and discretionary mandates, can be obtained on request by post from the UCI legal department of Lazard Frères Gestion, and are included in the company's annual report. The total variable remuneration is set by the Lazard Group based on different criteria, including the Lazard Group's financial performance over the past year, taking its earnings into account. The General Management decides on the total remuneration amount that will be split between the fixed and variable components, complying with the policy to maintain a complete separation between the fixed and variable components. All risks are incorporated into the calculation of the variable remuneration. It is then individualised and determined partly based on the performance of each identified member of staff.

**Population at 31/12/2019: Fixed-term and permanent contracts at LFG and LFG-Belgium (i.e. excluding interns and trainees and excluding LFG-Courtage)**

headcount at 31/12/2019 LFG, LFG- Belgique	Fixed annual remuneration 2019 in €	Variable remuneration for 2019 (cash paid in 2020 and deferred in 2020) in €
174	15 947 054	19 567 356

**“Identified employees”**

<b>Category</b>	<b>Number of employees</b>	<b>Aggregated fixed and variable remuneration 2019 (including deferred) in euros</b>
Senior management	3	4 100 006
Other	48	18 940 465
<b>Total</b>	<b>51</b>	<b>23 040 471</b>

***Note: the amounts are unloaded***

- **OTHER INFORMATION**

The UCI's complete prospectus and the most recent annual and interim reports will be sent out within one week of request in writing by shareholders to:

LAZARD FRERES GESTION SAS  
25, Rue de Courcelles - 75008 Paris, France

[www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)



## 5. CERTIFICATION BY THE STATUTORY AUDITOR



**STATUTORY AUDITOR'S REPORT  
ON THE ANNUAL FINANCIAL STATEMENTS  
Financial year ended September 30th, 2020**

**LAZARD EURO CORP HIGH YIELD**  
UCITS ORGANISED AS A FRENCH OPEN-END INVESTMENT FUND  
Governed by the French Monetary and Financial Code (*Code monétaire et financier*)

Management company  
LAZARD FRERES GESTION SAS  
25, Rue de Courcelles  
75008 Paris, France

**Opinion**

In accordance with the terms of our appointment by the management company, we conducted our audit of the accompanying annual financial statements of LAZARD EURO CORP HIGH YIELD, as a French open-end investment fund, for the financial year ended September 30th, 2020. These financial statements were prepared by the management company on the basis of available information in the context of the evolving COVID-19 crisis.

We certify that the annual financial statements provide a true and fair view of the results of operations for the financial year under review and of the financial position and assets and liabilities of the UCITS at the end of said financial year, in accordance with the accounting rules and principles generally accepted in France.

**Basis of our opinion**

***Audit standards***

We conducted our audit in accordance with the professional standards applicable in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion. Our responsibilities under these standards are set out in the section entitled "*Statutory auditor's responsibilities concerning the audit of the financial statements*" in this report.

***Independence***

We conducted our audit in accordance with the rules of independence applicable to us on the period from October 2nd, 2019 to the date of issue of our report, and in particular we have not provided any services prohibited by the French code of ethics for statutory auditors.

---

*PricewaterhouseCoopers Audit, 63, Rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France  
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://www.pwc.fr)*

Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). French simplified joint stock company (Société par Actions Simplifiée) with capital of €2 510 460. Registered office: 63, Rue de Villiers 92200 Neuilly-sur-Seine, France. Nanterre Trade and Companies Register: 672 006 483 VAT No. FR 76 672 006 483. Siret 672 006 483 00362. APE code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg and Toulouse.

## LAZARD EURO CORP HIGH YIELD

### Basis of our opinions

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we would like to bring to your attention the following assessments, which, in our professional judgement, were the most significant for the audit of the annual financial statements.

1. Portfolio financial securities issued by companies with a high credit risk:

Portfolio financial securities issued by companies with a high credit risk and with a low or non-existent rating are valued using the methods described in the note on accounting rules and principles. These financial instruments are measured using listed prices or prices supplied by financial services providers. We have investigated price input procedures and tested the consistency of these prices with an external database. Based on elements resulting in the calculation of the values adopted, we have assessed the approach implemented by the management company.

2. Securities from emerging-market issuers:

Portfolio securities from emerging-market issuers are valued using the methods described in the note on accounting rules and principles. These financial instruments are measured using prices listed on the emerging financial marketplaces, which may have their own specific methods of operation. We have investigated price input procedures and tested the consistency of these prices with an external database. Based on elements resulting in the calculation of the values adopted, we have assessed the approach implemented by the management company.

3. Other portfolio financial instruments:

Our assessments focused on the suitability of the accounting principles applied and the reasonable nature of significant accounting estimates made.

The assessments we have made are part of our audit of the annual financial statements as a whole, prepared under the conditions described above, and the opinion expressed above. We express no opinion on the elements of the annual financial statements taken in isolation.

### Specific verifications

We have also performed, in accordance with applicable professional standards in France, the specific verifications required by the laws and regulations.

We have no matters to report regarding the true and fair presentation of the information provided in the management report prepared by the management company, or its consistency with the annual financial statements.

---

*PricewaterhouseCoopers Audit, 63, Rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France  
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://www.pwc.fr)*

Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). French simplified joint stock company (Société par Actions Simplifiée) with capital of €2 510 460. Registered office: 63, Rue de Villiers 92200 Neuilly-sur-Seine, France. Nanterre Trade and Companies Register: 672 006 483 VAT No. FR 76 672 006 483. Siret 672 006 483 00362. APE code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg and Toulouse.

## **LAZARD EURO CORP HIGH YIELD**

### **Responsibilities of the management company concerning the annual financial statements**

It is the management company's role to draw up annual financial statements that give a fair and true picture in accordance with French accounting rules and principles and to implement the necessary internal control to be able to provide reasonable assurance that they are free from material misstatement, whether due to fraud or error.

As part of the preparation of the annual financial statements, the management company is responsible for assessing the UCI's capacity to continue operating as a going concern, to present in its financial statements, where necessary, information concerning business continuity, and to apply the accounting conventions of a going concern, unless it is planned to liquidate the UCI or terminate its activity.

The management company has prepared the annual financial statements.

### **Statutory auditor's responsibilities concerning the audit of the annual financial statements**

#### ***Audit purpose and process***

Our role is to prepare a report on the annual financial statements and to obtain reasonable assurance that the annual financial statements as a whole are free of material misstatements. Reasonable assurance means a high but not absolute level of assurance that an audit performed in accordance with professional standards is free of material misstatement. Anomalies may stem from fraud or errors and are considered material when it can reasonably be expected that, taken individually or together, they could influence the economic decisions of users of the financial statements.

As stipulated in Article L.823-10-1 of the French Commercial Code, our audit assignment does not consist in guaranteeing the viability or quality of the management of the UCI.

In the context of an audit performed in accordance with professional standards applicable in France, the statutory auditor must exercise its judgement throughout the course of the audit. Moreover:

- it identifies and assess the risks that the annual financial statements may contain material misstatements, whether from fraud or error, defines and implements audit procedures to resolve these risks, and collects all elements deemed necessary and appropriate in order to give its opinion. The risk of failure to detect a material misstatement resulting from fraud is higher than that resulting from an error because fraud may involve collusion, falsification, deliberate omissions, false statements or by-passing of internal controls;

---

*PricewaterhouseCoopers Audit, 63, Rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France  
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://www.pwc.fr)*

Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). French simplified joint stock company (Société par Actions Simplifiée) with capital of €2 510 460. Registered office: 63, Rue de Villiers 92200 Neuilly-sur-Seine, France. Nanterre Trade and Companies Register: 672 006 483 VAT No. FR 76 672 006 483. Siret 672 006 483 00362. APE code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg and Toulouse.

## LAZARD EURO CORP HIGH YIELD

- it takes due note of the internal control relevant to the audit in order to define audit procedures that are appropriate to the circumstances, and not with a view to expressing an opinion on the efficiency of the internal control;
- it assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management company, and the related information provided in the annual financial statements;
- it assesses the appropriateness of the management company's application of the accounting policy for a going concern and, based on the information collected, whether there is a significant uncertainty linked to events or circumstances that is likely to call into question the UCI's capacity to continue operating as a going concern. This assessment is based on the information collected up to the date of the report, bearing in mind nevertheless that subsequent circumstances or events could jeopardise the continuity of operation. If the statutory auditor observes the existence of a material uncertainty, it shall draw the attention of the readers of its report to the information provided in the annual financial statements on the subject of this uncertainty, or if this information has not been provided or is not relevant, it shall attach reservations to its certification or shall refuse to certify the accounts;
- it assesses the overall presentation of the annual financial statements and whether they provide a true picture of the underlying operations and events.

Given the time required to obtain certain additional information needed to complete our work, this report is issued on the date of its electronic signature.

Neuilly-sur-Seine, date of electronic signature

*Document authenticated by electronic signature*  
The statutory auditor PricewaterhouseCoopers  
Audit  
Frédéric Sellam

---

*PricewaterhouseCoopers Audit, 63, Rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France  
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://www.pwc.fr)*

Accounting firm registered with the Order of Chartered Accountants of the Paris Ile-de-France region. Member firm of the regional institute of statutory auditors of Versailles (Compagnie régionale de Versailles). French simplified joint stock company (Société par Actions Simplifiée) with capital of €2 510 460. Registered office: 63, Rue de Villiers 92200 Neuilly-sur-Seine, France. Nanterre Trade and Companies Register: 672 006 483 VAT No. FR 76 672 006 483. Siret 672 006 483 00362. APE code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg and Toulouse.

## 6. ANNUAL FINANCIAL STATEMENTS

### • BALANCE SHEET in euros

#### ASSETS

	30/09/2020	30/09/2019
<b>Net non-current assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>99 872 916,42</b>	<b>95 846 485,64</b>
<b>Equities and similar securities</b>		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
<b>Bonds and similar securities</b>	<b>99 872 916,42</b>	<b>95 846 485,64</b>
Traded on a regulated or equivalent market	99 872 916,42	95 846 485,64
Not traded on a regulated or equivalent market		
<b>Debt securities</b>		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
<b>Undertakings for collective investment</b>		
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries		
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU		
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities		
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities		
Other non-European entities		
<b>Temporary securities transactions</b>		
Receivables on securities purchased under repurchase agreements		
Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
<b>Forward financial instruments</b>		
Transactions on a regulated or equivalent market		
Other transactions		
<b>Other financial instruments</b>		
<b>Receivables</b>	<b>160 609,37</b>	<b>292 116,30</b>
Currency forward exchange transactions	160 609,37	292 116,30
Other		
<b>Financial accounts</b>	<b>8 927 130,49</b>	<b>7 992 530,73</b>
Cash and cash equivalents	8 927 130,49	7 992 530,73
<b>Total assets</b>	<b>108 960 656,28</b>	<b>104 131 132,67</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	30/09/2020	30/09/2019
<b>Shareholders' equity</b>		
Share capital	107 035 124,28	100 737 554,26
Undistributed net capital gains and losses recognised in previous years (a)		
Retained earnings (a)	25,54	80,32
Net capital gains and losses for the year (a, b)	-2 150 680,29	-632 849,28
Net income for the year (a,b)	2 914 756,43	2 971 266,87
<b>Total shareholders' equity*</b>	<b>107 799 225,96</b>	<b>103 076 052,17</b>
<i>* Sum representing the net assets</i>		
<b>Financial instruments</b>		
Sales of financial instruments		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments		
Transactions on a regulated or equivalent market		
Other transactions		
<b>Liabilities</b>	<b>1 161 430,32</b>	<b>1 055 080,50</b>
Currency forward exchange transactions		
Other	1 161 430,32	1 055 080,50
<b>Financial accounts</b>		
Bank overdrafts		
Borrowings		
<b>Total liabilities and shareholders' equity</b>	<b>108 960 656,28</b>	<b>104 131 132,67</b>

(a) Including accrued income

(b) Less interim dividends paid for the financial year



• **OFF-BALANCE SHEET ITEMS in euros**

	30/09/2020	30/09/2019
<b>Hedging transactions</b>		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		
<b>Other transactions</b>		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		

• **INCOME STATEMENT in euros**

	30/09/2020	30/09/2019
<b>Income from financial transactions</b>		
Income from deposits and financial accounts	30,38	
Income from equities and similar securities		
Income from bonds and similar securities	4 130 536,62	3 160 382,28
Income from debt securities		9 450,00
Income from temporary purchases and sales of securities		
Income from forward financial instruments		
Other financial income		
<b>Total (1)</b>	<b>4 130 567,00</b>	<b>3 169 832,28</b>
<b>Expenses related to financial transactions</b>		
Expenses related to temporary purchases and sales of securities	342,17	
Expenses related to forward financial instruments		
Expenses related to financial liabilities	210,04	25,77
Other financial charges		
<b>Total (2)</b>	<b>552,21</b>	<b>25,77</b>
<b>Income from financial transactions (1-2)</b>	<b>4 130 014,79</b>	<b>3 169 806,51</b>
Other income (3)		
Management fees and depreciation and amortisation (4)	1 287 258,63	677 024,25
<b>Net income for the financial year (L. 2147-1) (1-2 + 3-4)</b>	<b>2 842 756,16</b>	<b>2 492 782,26</b>
Income adjustment for the financial year (5)	72 000,27	478 484,61
Interim dividends paid on net income for the financial year (6)		
<b>Net income (1 -2 + 3- 4 + 5 -6)</b>	<b>2 914 756,43</b>	<b>2 971 266,87</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with regulation 2014-0, as amended, of the French accounting standards body (Autorité des Normes Comptables - ANC).

The general accounting principles apply:

- true and fair view, comparability, business continuity,
- regularity, sincerity,
- prudence,
- consistency of accounting methods from one financial year to the next.

Income from fixed-income securities is recorded on the basis of accrued interest.

Purchases and sales of securities are recorded excluding expenses.

The accounting currency of the portfolio is the euro.

The financial year comprises 12 months.

### Information on the impact of the COVID-19 crisis

These financial statements were prepared by the management company on the basis of available information in the context of the evolving COVID-19 crisis.

### Asset valuation rules

Financial instruments and securities traded on a regulated market are valued at their market price.

- **Shares and similar securities** are valued on the basis of the last known price on their main market.

If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

- **Fixed-income securities:**

Fixed-income securities are for the most part marked to market based on either Bloomberg prices (BGN)® derived from averages of contributed prices, or on those of direct contributors.

There may be a discrepancy between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

- **Bonds and similar instruments** are valued on the basis of the average of the closing prices gathered from several contributors.

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company of the Fund.

These estimates and their supporting documentation will be provided to the statutory auditor during audits.

However, the following instruments are valued using the following specific methods:

- **Negotiable debt securities:**

- **Negotiable debt securities with a residual maturity of more than three months:**

Negotiable debt securities traded in large volumes are valued at market price.

In the absence of significant trading volumes, these securities are valued using an actuarial method, with a benchmark rate plus, where applicable, a margin representative of the issuer's intrinsic features.

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, OISs and BTFs - 3 - 6 - 9 - 12 months Btans - 18 months, 2 - 3 - 4 - 5 years	Official key rates in the relevant countries

**Negotiable debt securities with a residual maturity of three months or less:**

Negotiable debt securities with a residual maturity of three months or less are valued using the straight-line method. However, this method would not be applied if any of these securities were particularly sensitive to market movements.

○ **UCIs:**

Units or shares of UCIs are valued at the last known net asset value.

Units or shares of UCIs for which net asset values are published monthly may be valued on the basis of interim net asset values calculated from estimated prices.

○ **Temporary purchases and sales of securities:**

Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight EONIA, one- or two-week interbank rates, one- to 12-month EURIBOR) corresponding to the term of the contract.

Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

○ **Futures and options:**

Futures and options are valued on the basis of intraday trading prices the timing of which is based on that of the valuation of the underlying assets.

Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

➤ **Financial instruments and securities not traded on a regulated market**

Financial instruments that are not traded on a regulated market are valued at their foreseeable sale price under the management company's responsibility.

➤ **Valuation methods for off-balance sheet commitments**

Off-balance sheet transactions are valued at the commitment value.

The commitment value for futures contracts is equal to the price (in the Fund's currency) multiplied by the number of contracts multiplied by the face value.

The commitment value for options is equal to the price of the underlying security (in the Fund's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security. The commitment value for swaps is equal to the face value of the contract (in the Fund's currency).

**Swing Pricing**

The management company has implemented a swing pricing adjustment to the net asset value with a trigger level. Shareholders can consult information on this mechanism in the SICAV's prospectus, which is available at the management company's head office and on its website.

**Management fees**

Management fees are calculated on each valuation day.

The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) less UCIs managed by Lazard Frères Gestion SAS using the following formula:

$$\frac{\text{Net assets excluding UCIs managed by Lazard Frères Gestion} \times \text{operating and management fees rate} \times \text{number of days between the NAV calculation date and the previous NAV calculation date}}{365 \text{ (or 366 in a leap year)}}$$

This amount is then recorded in the Fund's income statement and paid in full to the management company.

The management company pays the Fund's operating fees including for:  
administration and accounting;  
custody services;  
other operating fees:  
– statutory auditors' fees;  
– legal notices (Balo, Petites Affiches, etc.) if applicable.

These fees do not include transaction charges.  
The fees break down as follows, as set out in the regulations:

<b>Expenses charged to the Fund</b>	<b>Basis</b>	<b>Rate</b>	
Financial management fees	Net assets excluding UCIs managed by Lazard Frères Gestion	C and D shares: Maximum 0,715% incl. taxes	
Administrative fees external to the management company	Net assets:	C and D shares: Maximum 0,035%	
Share turnover commission (incl. taxes) (from 0% to 100% received by the management company and 0 to 100% received by the custodian)	Net assets:	Bonds, debt securities, foreign exchange	0% to 0,1% incl. taxes
		Futures and other transactions	From 0 to €450 incl. taxes per contract
Performance fee (C and D shares)	NAV per share x number of shares	If the NAV at the year-end is higher than the investment objective (Merrill Lynch HEAG index), a performance fee of 15% of this outperformance in relation to the objective will be applied. The performance fee is capped at 2% of the net assets. *	

\* Calculation of the performance fee:

Performance fees are calculated by comparing changes in the Fund's assets over the financial year (net dividends reinvested and excluding variable management fees) with the assets of a benchmark fund:

- with a baseline value equal to the value of the Fund's assets at the close of the last financial year;
- and with a daily performance equal to that of the benchmark index (net dividends reinvested) in euros and registering the same variations in subscriptions and redemptions as the Fund.

If, at the close of the financial year, the Fund's assets (excluding variable management fees) exceed those of the benchmark fund, a performance fee will be charged equal to 15% (including taxes) of the difference in value between the Fund's assets and the benchmark fund.

If the Fund underperforms the benchmark fund between two net asset value dates, any provision previously recognised will be reversed. Amounts deducted from provisions may not exceed the amount previously accumulated.

This variable portion will only be definitively transferred to the management company at the end of the reference period if the Fund outperforms the benchmark fund over the reference period.

These fees (fixed portion and variable portion, if any) are directly charged to the Fund's income statement.

Redemptions occurring during the life of the Fund will give rise to the early payment of the corresponding portion of the variable fees.

Where redemptions occur, the performance provision will be adjusted pro rata to the amounts redeemed, and the reversed provision will revert to the management company.

## **Allocation of distributable income**

### **Definition of distributable income:**

#### **Net income:**

Net income for the financial year is equal to the amount of interest, arrears, bonuses and prizes, dividends, directors' fees and all other income generated by the securities that make up the portfolio, plus income generated by temporary cash holdings, minus the amount of management fees and borrowing costs. Retained earnings are added, plus or minus the balance of the revenue adjustment account.

**Capital gains and losses:**

Realised capital gains, net of expenses, less realised capital losses, net of expenses, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

**Allocation of distributable income:**

<i>Share(s)</i>	<i>Allocation of net income</i>	<i>Allocation of net realised capital gains or losses</i>
LAZARD EURO CORP HIGH YIELD PC EUR shares	Accumulation	Accumulation
LAZARD EURO CORP HIGH YIELD PD EUR shares	Distribution	Accumulation and/or Distribution and/or Retention as decided by the management company

• **CHANGE IN NET ASSETS in euros**

	30/09/2020	30/09/2019
<b>Net assets at start of year</b>	<b>103 076 052,17</b>	<b>59 689 446,17</b>
Subscriptions (including subscription fees retained by the Fund)	35 093 227,04	54 361 402,90
Redemptions (net of redemption fees retained by the Fund)	-29 950 036,34	-15 316 987,78
Realised capital gains on deposits and financial instruments	2 932 419,05	2 020 882,61
Realised capital losses on deposits and financial instruments	-4 994 415,65	-2 038 762,84
Realised capital gains on forward financial instruments	4 444 271,34	1 443 811,12
Realised capital losses on forward financial instruments	-4 385 097,89	-1 468 132,00
Transaction charges	-20 825,67	-22 566,38
Exchange rate differences		
Changes in valuation difference of deposits and financial instruments	-883 521,02	2 278 923,35
Valuation difference for financial year N	1 297 951,74	2 181 472,76
Valuation difference for financial year N-1	-2 181 472,76	97450,59
Changes in valuation difference of forward financial instruments		
Valuation difference for financial year N		
Valuation difference for financial year N-1		
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year	-355 603,23	-364 747,24
Net profit/loss for the financial year prior to income adjustment	2 842 756,16	2 492 782,26
Interim dividend(s) paid on net capital gains/losses during the financial year		
Interim dividend(s) paid on net income during the financial year		
Other items		
<b>Net assets at end of year</b>	<b>107 799 225,96</b>	<b>103 076 052,17</b>



- **BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STATUS**

	Amount:	%
<b>Assets</b>		
<b>Bonds and similar securities</b>		
Fixed-rate bonds traded on a regulated or similar market	92 124 509,68	85,46
Fixed-rate bonds traded on a regulated or similar market	7 748 406,74	7,19
<b>Total bonds and similar securities</b>	<b>99 872 916,42</b>	<b>92,65</b>
<b>Debt securities</b>		
<b>Total debt securities</b>		
<b>Liabilities</b>		
<b>Sales of financial instruments</b>		
<b>Total sales of financial instruments</b>		
<b>Off-balance sheet items</b>		
<b>Hedging transactions</b>		
<b>Total hedging transactions</b>		
<b>Other transactions</b>		
<b>Total other transactions</b>		

- **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY INTEREST RATE TYPE**

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
<b>Assets</b>								
Deposits								
Bonds and similar securities	92 124 509,68	85,46			7 748 406,74	7,19		
Debt securities								
Temporary securities transactions								
Financial accounts							8 927 130,49	8,28
<b>Liabilities</b>								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions								
Other transactions								

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY**

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
<b>Assets</b>										
Deposits										
Bonds and similar securities					12 463 746,80	11,56	35 291 970,86	32,74	52 117 198,76	48,35
Debt securities										
Temporary securities transactions										
Financial accounts	8 927 130,49	8,28								
<b>Liabilities</b>										
Temporary securities transactions										
Financial accounts										
<b>Off-balance sheet items</b>										
Hedging transactions										
Other transactions										

(\*) Forward interest rate positions are presented according to the maturity of the underlying.

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY**

	Currency 1		Currency 2		Currency 3		Currency N OTHER(S)	
	Amount:		Amount:		Amount:		Amount:	
<b>Assets</b>								
Deposits								
Equities and similar securities								
Bonds and similar securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables								
Financial accounts								
<b>Liabilities</b>								
Sales of financial instruments								
Temporary securities transactions								
Liabilities								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions								
Other transactions								

- RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Debit/credit item	30/09/2020
<b>Receivables</b>		
	Subscription receivables	39 806,10
	Coupons and dividends in cash	120 803,27
<b>Total receivables</b>		<b>160 609,37</b>
<b>Liabilities</b>		
	Deferred settlement purchase	577 600,95
	Fixed management fees	77 011,08
	Variable management fees	506 818,29
<b>Total liabilities</b>		<b>1 161 430,32</b>
<b>Total liabilities and receivables</b>		<b>-1 000 820,95</b>

• **NUMBER OF SHARES ISSUED OR REDEEMED**

	In shares	In amounts
<b>PC EUR shares</b>		
Shares subscribed during the financial year	20 298	34 094 243,41
Shares redeemed during the financial year	-17 619	-28 745 813,65
Net balance of subscriptions/redemptions	2 679	5 348 429,76
Number of outstanding shares at end of financial year	55 351	
<b>PD EUR shares</b>		
Shares subscribed during the financial year	1 167	998 983,63
Shares redeemed during the financial year	-1 321	-1 204 222,69
Net balance of subscriptions/redemptions	-154	-205 239,06
Number of outstanding shares at end of financial year	11 912	

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
<b>PC EUR shares</b>	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	
<b>PD EUR shares</b>	
Total fees acquired	
Subscription fees acquired	
Redemption fees acquired	

• **MANAGEMENT FEES**

<b>PC EUR shares</b>	
Guarantee fees	
Fixed management fees	692 034,19
Percentage of fixed management fees	0,75
Variable management fees	453 961,00
Retrocessions of management fees	
<b>PD EUR shares</b>	
Guarantee fees	
Fixed management fees	88 406,15
Percentage of fixed management fees	0,75
Variable management fees	52 857,29
Retrocessions of management fees	

• **COMMITMENTS RECEIVED AND GIVEN**

**Guarantees received by the Fund:**

None.

**Other commitments received and/or given:**

None.

- **PRESENT VALUE OF SECURITIES HELD TEMPORARILY**

	30/09/2020
Securities held under repurchase agreements	
Borrowed securities	

- **PRESENT VALUE OF SECURITIES REPRESENTING SECURITY DEPOSITS**

	30/09/2020
Financial instruments given as security and retained under their original classification	
Financial instruments received as security and not recorded on the balance sheet	

- **GROUP FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO**

	ISIN code	Name	30/09/2020
Equities			
Bonds			
TON			
UCIs			
Forward financial instruments			
<b>Total group securities</b>			

• TABLE OF ALLOCATION OF DISTRIBUTABLE INCOME PERTAINING TO NET INCOME

	30/09/2020	30/09/2019
<b>Remaining amounts to be allocated</b>		
Retained earnings	25,54	80,32
Net income	2 914 756,43	2 971 266,87
<b>Total</b>	<b>2 914 781,97</b>	<b>2 971 347,19</b>

	30/09/2020	30/09/2019
<b>PC EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Balance brought forward for the financial year		
Accumulation	2 587 654,68	2 611 875,21
<b>Total</b>	<b>2 587 654,68</b>	<b>2 611 875,21</b>

	30/09/2020	30/09/2019
<b>PD EUR shares</b>		
<b>Appropriation</b>		
Distribution	327 103,52	359 446,14
Balance brought forward for the financial year	23,77	25,84
Accumulation		
<b>Total</b>	<b>327 127,29</b>	<b>359 471,98</b>
<b>Information on shares with dividend rights</b>		
Number of shares	11 912	12 066
Dividend per share	27,46	29,79
<b>Tax credit</b>		
Tax credit attached to the distribution of earnings		

• **TABLE OF ALLOCATION OF DISTRIBUTABLE AMOUNTS PERTAINING TO NET CAPITAL GAINS AND LOSSES**

	30/09/2020	30/09/2019
<b>Remaining amounts to be allocated</b>		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	-2 150 680,29	-632 849,28
Interim dividends paid on net capital gains/losses for the financial year		
<b>Total</b>	<b>-2 150 680,29</b>	<b>-632 849,28</b>

	30/09/2020	30/09/2019
<b>PC EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-1 913 114,70	-555 905,01
<b>Total</b>	<b>-1 913 114,70</b>	<b>-555 905,01</b>

	30/09/2020	30/09/2019
<b>PD EUR shares</b>		
<b>Appropriation</b>		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-237 565,59	-76 944,27
<b>Total</b>	<b>-237 565,59</b>	<b>-76 944,27</b>

• TABLE OF THE ENTITY'S INCOME AND OTHER SIGNIFICANT ITEMS OVER THE PAST FIVE FINANCIAL YEARS

	30/09/2016	29/09/2017	28/09/2018	30/09/2019	30/09/2020
<b>Global net assets in euros</b>	<b>60 445 473,82</b>	<b>67 090 669,63</b>	<b>59 689 446,17</b>	<b>103 076 052,17</b>	<b>107 799 225,96</b>
<b>LAZARD EURO CORP HIGH YIELD PC EUR shares</b>					
Net assets	57 168 614,36	59 054 723,03	49 605 426,11	90 719 274,60	95 878 699,64
Number of shares	37400	35 995	30 157	52 672	55 351
Net asset value per share	1 528,57	1 640,63	1 644,90	1 722,34	1 732,19
Accumulation per share pertaining to net capital gains/losses	-75,73	41,07	-3,86	-10,55	-34,56
Accumulation per share pertaining to income	64,22	62,07	60,18	49,58	46,74
<b>LAZARD EURO CORP HIGH YIELD PD EUR shares</b>					
Net assets	3 276 859,46	8 035 946,60	10 084 020,06	12 356 777,57	11 920 526,32
Number of shares	3 197	7 629	9 922	12 066	11 912
Net asset value per share	1 024,97	1 053,34	1 016,32	1 024,09	1 000,71
Accumulation per share pertaining to net capital gains/losses	-51,06	26,58	-2,25	-6,37	-1 9,94
Distribution of income per share:	43,41	39,94	37,51	29,79	27,46
Tax credit per share (*)					*

\* Tax credit per share will only be calculated on the distribution date, in accordance with applicable tax regulations.



• **INVENTORY in euros**

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
<b>Bonds and similar securities</b>				
<b>Bonds and similar securities traded on a regulated or similar market</b>				
<b>GERMANY</b>				
BLITZ F18 674 GMBH 6.0% 30-07-26	in euros	250 000	258 338,33	0,24
CBR FASHION FINANCE BV 5.1 25% 01 -1 0-22	in euros	450 000	417 094,81	0,38
HP PELZER 4.1 25%01-04-24	in euros	400 000	314 759,83	0,29
INFINEON TECHNOLOGIES AG 2.875%PERP	in euros	500 000	506 596,58	0,47
KAEFER ISOLIERTECHNIK GMBH CO KG 5.5% 10-01-24	in euros	300 000	286 218,83	0,26
KI RK BEAU ZER 6.25% 1 5-07-22	in euros	500 000	468 396,53	0,44
KS AKTUELL AG 2.625% 06-04-23	in euros	400 000	383 545,32	0,36
NIDDA BOND 7.25% 30-09-25	in euros	500 000	511 740,28	0,48
NIDDA HEALTHCARE HOLDING 3.5% 30-09-24	in euros	400 000	391 421,78	0,36
NOVEM GROUP GMBH E3R+5.25% 15-05-24	in euros	600 000	574 589,01	0,54
PRESTIGEBIDCO GMBH 6.25% 1 5-1 2-23	in euros	500 000	519 975,69	0,48
TELE COLUMBUS AG 3.875%02-05-25	in euros	500 000	486 762,92	0,45
THYSSENKRUPPAG 1.875% 06-03-23	in euros	400 000	379 541,07	0,36
THYSSENKRUPPAG 2.875% 22-02-24	in euros	500 000	479 786,04	0,44
<b>TOTAL GERMANY</b>			<b>5 978 767,02</b>	<b>5,55</b>
<b>BELGIUM</b>				
SARENS FINANCE COMPANY NV 5.75% 21-02-27	in euros	667000	589 310,25	0,55
THE HOUSE OF FINANCE NV4.375% 1 5-07-26	in euros	300 000	277 935,79	0,25
<b>TOTAL BELGIUM</b>			<b>867 246,04</b>	<b>0,80</b>
<b>CAYMAN, ISLANDS</b>				
UPCB FINA IV 4.0% 04-07-27 REGS	in euros	300 000	277 233,45	0,26
UPCB FINANCE VII LTD 3.625% 15-06-29	in euros	300 000	304 420,04	0,28
<b>TOTAL CAYMAN, ISLANDS</b>			<b>581 653,49</b>	<b>0,54</b>
<b>CANADA</b>				
BAUSCH HEALTH COMPANIES 4.5% 15-05-23	in euros	200 000	202 552,00	0,19
COTT CORP QUEBEC 5.5% 01 -07-24	in euros	300 000	310 370,33	0,29
VALEANT PHARMACEUTICALS INTERNATIONALIN 4.5% 15-05-23	in euros	800 000	809 124,00	0,75
<b>TOTAL CANADA</b>			<b>1 322 046,33</b>	<b>1,23</b>
<b>SPAIN</b>				
EL CORTE INGLES SA 3.0% 15-03-24	in euros	800 000	808433,33	0,75
GRUPO ANTOLIN IRAU 3.25% 30-04-24	in euros	600 000	519 259,33	0,49
INTL CONSOLIDATED AIRLINES GROU 0.5% 04-07-23	in euros	300 000	241 529,36	0,22
LORCA TELECOM BONDCO SAU 4.0% 18-09-27	in euros	125 000	1 28 1 10,28	0,12
<b>TOTAL SPAIN</b>			<b>1 697 332,30</b>	<b>1,58</b>
<b>UNITED STATES</b>				
AVANTOR FUNDING 3.875% 15-07-28	in euros	500 000	516693,96	0,48

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
AVANTOR INC4.75% 01 -10-24	in euros	1 300 000	1 348 356,03	1,25
AXAL COAT SYS4.25%% 1 5-08-24	in euros	600 000	610 019,17	0,57
BELDEN CDT 3.375% 1 5-07-27	in euros	400 000	401 963,50	0,37
CATALENT PHARMA SOLUTIONS 2.375%01-03-28	in euros	500 000	482 890,07	0,45
CEME FINA LLC 4.625% 15-06-24	in euros	300 000	310 612,96	0,29
F 2.33 1 1/25/25	in euros	500 000	478 056,15	0,44
FORD MOTOR CREDIT 1.744% 1 9-07-24	in euros	1 000 000	938 343,56	0,87
FORD MOTOR CREDIT 3.25% 15-09-25	in euros	800 000	781 954,96	0,73
FORD MOTOR CREDIT CO 3.021 % 06-03-24	in euros	400 000	400 062,44	0,37
FORD MOTOR CREDIT E3R+0.37% 01-12-21	in euros	300 000	289 881,00	0,27
FORD MOTOR CREDIT E3R+0.7% 01-12-24	in euros	700 000	612 774,42	0,57
IMSHEALTH 3.25% 15-03-25	in euros	1 200 000	1 212 425,67	1,13
KRATON POLYMERS LLC KRATON POLYMERS CA 5.25% 1 5- 05-26	in euros	300 000	309 948,85	0,29
LEVI STRAUSS CO 3.375% 1 5-03-27	in euros	300 000	306 191,63	0,28
NETFUX 3.625% 15/05/2027	in euros	400 000	438 692,06	0,40
NETFUX 3.625% 15/06/1930	in euros	200 000	219 840,86	0,20
NETFLUX INC 4.625% 1 5-05-29	in euros	600 000	707 268,42	0,65
SPEC BRAN 4.0% 01-10-26	in euros	700 000	718 196,42	0,67
STANDARD INDUSTRIES 2.25% 21 -1 1-26	in euros	200 000	195 445,25	0,18
SUPERIORINDUSTRIES INTL 6.0% 1 5-06-25	in euros	500 000	424 076,67	0,39
WMG ACQUISITION 3.625% 15-10-26	in euros	700 000	728 525,68	0,68
<b>TOTAL UNITED STATES</b>			<b>12 432 219,73</b>	<b>1 1,53</b>
<b>FRANCE</b>				
3AB OPTICAL DEVELOPMENT4.0% 01 -1 0-23	in euros	400 000	389 942,44	0,36
ACCOR 4.375%PERP	in euros	300 000	286 627,13	0,26
ALTICE FRANCE 4.1 25% 15-01-29	in euros	500 000	501 104,58	0,46
AUTODIS E3R+5.5% 01-05-22	in euros	300 000	256 653,52	0,23
AUTODIS E3R+5.5%01-05-22	in euros	500 000	393 927,89	0,37
BANIJAY GROUP SAS 6.5% 01-03-26	in euros	250 000	244 626,81	0,22
CASINO 1.865% 1 3-06-22 EMTN	in euros	400 000	377 818,66	0,35
CASINO GUICHARD PERRACHON 4.498%07-03-24	in euros	300 000	249 288,20	0,23
CASINO GUICHARD PERRACHON 4.561 %25-01-23	in euros	500 000	481 459,49	0,45
CMACGM 6.5% 15/07/2022	in euros	500 000	503 583,89	0,47
CROW EURO HOL 3.375% 1 5-05-25	in euros	500 000	536 349,38	0,50
EDF 4.0% PERP	in euros	500 000	543 620,71	0,50
EDF 5% 31/12/2099	in euros	500 000	563 759,73	0,52
FAURECIA 3.1 25% 15-06-26	in euros	200 000	201 21 2,64	0,19
FAURECIA 3.75% 15-06-28	in euros	800 000	803 934,67	0,75
FNAC DARTY 2.625% 30-05-26	in euros	400 000	403 092,33	0,38
LA FINANCIERE ATALI AN 5.1 25% 1 5-05-25	in euros	700 000	605 862,35	0,56

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
LOXAM 4.25% 1 5-04-24	in euros	300 000	297 187,58	0,28
LOXAM 6.0% 1 5-04-25	in euros	500 000	485 101,67	0,45
LOXAM SAS 5.75% 1 5-07-27	in euros	500 000	460 202,64	0,43
NOVAFIVES 5.0% 15-06-25	in euros	800 000	598 756,89	0,55
ORANO 2.75% 08-03-28 EMTN	in euros	500 000	496 341,61	0,46
ORANO 3.375%23-04-26 EMTN	in euros	500 000	525 312,23	0,49
PAPREC4.0% 31/03/2025	in euros	300 000	289 205,83	0,27
PARTS EUROPE 6.5% 16-07-25	in euros	400 000	410 334,67	0,38
PICARD GROUPE E3R+3.0% 30-1 1-23	in euros	600 000	584 975,00	0,55
QUATRIMSASU 5.875% 3 1-01-24	in euros	300 000	294 989,29	0,28
RENAULT 1.25% 24-06-25 EMTN	in euros	400 000	370 669,86	0,34
RENAULT 2.0% 28-09-26 EMTN	in euros	1 000 000	941 889,18	0,87
ZIGGO REXEL2.75% 15-06-26	in euros	700 000	703 467,53	0,65
RUBIS TERMINAL INFRA SAS 5.625% 15-05-25	in euros	200 000	21 1 533,78	0,19
SFR GROUP 5.875%01 -02-27	in euros	1 000 000	1 070 164,86	1,00
SOLVAY FINANCE 5.869% PERP	in euros	500 000	567 533,07	0,53
SPCM 2.625%01-02-29	in euros	400 000	399 584,14	0,37
SPIE 2.625% 18/06/2026	in euros	300 000	300 683,49	0,28
TEREOS4.125% 16-06-23	in euros	500 000	470 665,24	0,43
<b>TOTAL FRANCE</b>			<b>16 821 462,98</b>	<b>15,60</b>
<b>IRELAND</b>				
ARDAGH PACKAGING FIN PLC ARDAGH HLDGS 2.125% 15- 08-26	in euros	375 000	367 759,17	0,34
ARDAGH PACKAGING FIN PLC ARDAGH HLDGS 2.125% 15- 08-26	in euros	200 000	196 340,36	0,18
EIRCOM FINANCE 3.5% 15-05-26	in euros	300 000	303 683,83	0,28
JHXAU 3 5/8 10/01/2026	in euros	600 000	612 597,42	0,57
SMURFIT KAPPA ACQUISITIONS 2.875% 1 5-01 -26	in euros	300 000	322 529,79	0,30
<b>TOTAL IRELAND</b>			<b>1 802 910,57</b>	<b>1,67</b>
<b>ITALY</b>				
ALMAVIVATHE ITALIAN INNOVATION CO SPA 7.25% 15-10- 22	in euros	500 000	511 243,47	0,48
ATLANTIA EX AUTOSTRADE 1.625% 03-02-25	in euros	600 000	578 813,72	0,54
AUTO PER 1.125% 04-1 1-21 EMTN	in euros	200 000	197 005,13	0,18
AUTO PER 1.75% 26-06-26 EMTN	in euros	300 000	286 714,09	0,27
AUTO PER 1.875% 04-1 1 -25 EMTN	in euros	500 000	491 364,71	0,46
AUTO PER L IT 1.625% 1 2-06-23	in euros	700 000	683 144,91	0,63
AUTOSTRADE 5 7/8 2024	in euros	500 000	568 770,14	0,53
AUTOSTRADE PERLITALILIA 1.875% 26-09-29	in euros	200 000	186 970,64	0,17
DIOCLE SPA E3R+3.875% 30-06-26	in euros	900 000	852 697,16	0,79
INTERNATIONAL DESIGN GROUP SPA 6.5% 15-1 1-25	in euros	600 000	586 176,67	0,54
LIMA CORPORATE E3R+3.75% 1 5-08-23	in euros	400 000	384 272,67	0,36
NW GLOBAL VENDING E3R+4.25%01 -1 1-26	in euros	300 000	251 105,76	0,23

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
SAIP FIN 3.75%08-09-23 EMTN	in euros	300 000	310 683,23	0,29
TELECOM ITALIA SPA EX OLIVETTI 2.75% 1 5-04-25	in euros	500 000	522 819,11	0,48
TELECOM ITALIA SPA EX OLIVETTI 4.0% 1 1 -04-24	in euros	1 000 000	1 082 398,49	1,01
TELE ITA 3.625% 25-05-26 EMTN	in euros	400 000	434 786,38	0,40
TIM SPA 2.875% 28-01 -26 EMTN	in euros	300 000	316 389,26	0,29
<b>TOTAL ITALY</b>			<b>8 245 355,54</b>	<b>7,65</b>
<b>JERSEY</b>				
ADIE GLOB HOL 3.5% 15-08-24	in euros	300 000	278 797,57	0,26
WALNUT BIDCO PLC 6.75% 01-08-24	in euros	500 000	498 551,25	0,46
<b>TOTAL JERSEY</b>			<b>777 348,82</b>	<b>0,72</b>
<b>LUXEMBOURG</b>				
ALTICE FIN 4.75% 15-01-28	in euros	500 000	460 262,36	0,42
ALTICE FRANCE 8.0% 1 5-05-27	in euros	1 100 000	1 204 521,39	1,12
ARCELLOR MITTAL 1.0% 1 9-05-23	in euros	500 000	495 075,51	0,46
ARD FINANCE SA 5.0% 30-06-27	in euros	300 000	298 286,33	0,27
CPI PROPERTY GROUP 4.875% PERP	in euros	300 000	308 784,07	0,28
CRYSTAL ALMOND SA RL 4.25% 1 5-10-24	in euros	800 000	806 572,22	0,75
EUROFINS SCIENTIFIC 2.875% PERP	in euros	700 000	708 290,88	0,66
EURO SCIE4.875% PERP	in euros	300 000	324 012,18	0,30
FIAT FIN 4.75% 1 5-07-22 EMTN	in euros	400 000	428 384,33	0,40
GESTAMP FUND LUX 3.5% 1 5-05-23	in euros	300 000	292 873,33	0,28
HANE FINA LUX 3.5% 15-06-24	in euros	500 000	526 706,39	0,49
LHMC FINCO SARL 6.25% 20-1 2-23	in euros	300 000	279 422,50	0,26
MATTERHORN TELECOM 3.1 25% 1 5-09-26	in euros	600 000	574 968,42	0,53
OLIVETTI 7.75% 01/33	in euros	300 000	449 209,70	0,42
PICARD BOND 5.5% 30-1 1-24	in euros	700 000	711 656,94	0,66
PLT VII FINANCE SA RL 4.625% 05-01-26	in euros	300 000	308 867,67	0,28
PLT VII FINANCE SARL L3REUR+4.625%05-01-26	in euros	200 000	203 053,17	0,19
ROSSINI SARL 6.75% 30-10-25	in euros	1 000 000	1 083 710,00	1,01
SAMSONITE FINCO SARL 3.5% 1 5-05-26	in euros	200 000	1 65 642,89	0,16
SOCIETE EUROPEENNE DES SATELLITES SA 5.625% PERP	in euros	300 000	329 691,32	0,31
SUMMER BC HOLDCO B SARL 5.75% 31-1 0-26	in euros	200 000	202 481,56	0,18
ZF FINANCE 3.75% 21-09-28 EMTN	in euros	600 000	583 278,08	0,54
<b>TOTAL LUXEMBOURG</b>			<b>10 745 751,24</b>	<b>9,97</b>
<b>MEXICO</b>				
CEMEX SAB DE CV 2.75% 05-1 2-24	in euros	300 000	301 452,75	0,28
PEME PET 1.875% 21 -04-22 EMTN	in euros	1 000 000	968 524,66	0,90
PEMEX PETROLEOS MEXICAN 3.75% 1 6/04/2026	in euros	700 000	627 408,61	0,58
PETROLEOS MEXICANOS 3.75% 21 -02-24	in euros	1 500 000	1 458 473,73	1,36
TENEDORA NEMAK 3.25% 15-03-24	in euros	400 000	393 123,89	0,36

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
<b>TOTAL MEXICO</b>			<b>3 748 983,64</b>	<b>3,48</b>
<b>PANAMA</b>				
CARNIVAL CORPORATION 10.1 25%01 -02-26	EUR	433 000	471 002,25	0,44
<b>TOTAL PANAMA</b>			<b>471 002,25</b>	<b>0,44</b>
<b>NETHERLANDS</b>				
CONSTELLUM SE 4.25% 1 5-02-26	EUR	600 000	604 151,17	0,56
DARLING GLOBAL FINANCIER3.625% 1 5-05-26	EUR	500 000	518 145,07	0,48
ENERGIZER GAMMA ACQ 4.625% 1 5-07-26	EUR	300 000	312 937,10	0,29
FIAT CHRYSLERAUTOMOBILES NV3.75% 29-03-24	EUR	500 000	539 253,66	0,50
FIAT CHRYSLERAUTOMOBILES NV3.875%05-01-26	EUR	1 250 000	1 365 457,88	1,27
GAS NATU FENO 4.1 25% 30-1 1 -49	EUR	500 000	537 223,93	0,50
GAS NATU FENOSA 3.375% 29-1 2-99	EUR	500 000	521 460,99	0,49
INTERTRUST GROUP BV 3.375% 15-1 1-25	EUR	400 000	414 915,50	0,38
IPD3 BV 4.5% 1 5-07-22 EMTN	EUR	700 000	678 055,00	0,63
LKQ EUROPEAN HOLDINGS BV 3.625%01-04-26	EUR	800 000	810 664,56	0,75
MAXEDA DI Y HOLDING BV 5.875% 01 -1 0-26	EUR	466000	467 515,74	0,43
OCI NV 5.0% 1 5-04-23	EUR	700 000	735 724,1 1	0,68
OI EUROPEAN GROUP BV 3.1 25% 15-1 1-24	EUR	700 000	718 173,65	0,67
PPFARENAI BV 3.1 25% 27-03-26	EUR	300 000	307 740,45	0,29
PPF ARENA 2.1 25% 31-01 -25 EMTN	EUR	500 000	496 507,36	0,46
REPSOL INTERNATIONAL FINANCE BV 4.5% 25-03-75	EUR	700 000	754 857,56	0,70
REPSOLINTL FINANCE BV 3.75% PERP	EUR	400 000	408 281,84	0,38
REPSOL 1 NTL FI N ANCE BV 4.247% PERP	EUR	250 000	258 773,31	0,24
SCHAEFFLER FINANCE 3.25% 1 5/05/25	EUR	400 000	402 959,22	0,37
TELE EURO BV 3.75% PERP	EUR	700 000	727 062,48	0,67
TELEFONICA EUROPE BV 2.625%PERP	EUR	1 000 000	1 002 855,42	0,93
TELEFONICA EUROPE BV 3.0% PERP	EUR	900 000	922 595,46	0,86
TELEFONICA EUROPE BV 3.875% PERP	EUR	300 000	307 863,49	0,29
TEVAPHARFIN 1.1 25% 1 5-1 0-24	EUR	900 000	791 559,37	0,73
TEVAPHARFIN 1.25% 3 1-03-23	EUR	400 000	373 950,25	0,34
TEVA PHARMACEUTICAL FINANCE II BV 4.25% 01 -03-25	EUR	400 000	392 384,00	0,36
TEVAPHARMACEUTICAL FINANCE II BV 6.0% 3 1-01-25	EUR	1 000 000	1 038 553,33	0,97
TRIVIUM PACKAGING FINANCE BV E3RJ+3.75% 1 5-08-26	EUR	900 000	892 670,44	0,83
UPC HOLDING BV 3.875% 1 5-06-29	EUR	400 000	392 025,61	0,36
ZF EUROPE FINANCE BV 2.0% 23-02-26	EUR	1 000 000	928 711,15	0,86
ZF EUROPE FINANCE BV 2.5% 23-10-27	EUR	400 000	374 512,23	0,35
ZF EUROPE FINANCE BV 3.0% 23-1 0-29	EUR	300 000	277 798,1 1	0,26
ZIGGO BV4.25% 15-01-27	EUR	1 200 000	1 136 835,30	1,05
<b>TOTAL NETHERLANDS</b>			<b>20 412 174,74</b>	<b>18,93</b>
<b>PORTUGAL</b>				

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
ENERGIAS DE PORTUGAL EDP 4.496% 30-04-79	EUR	400 000	440 973,04	0,41
<b>TOTAL PORTUGAL</b>			<b>440 973,04</b>	<b>0,41</b>
<b>UNITED KINGDOM</b>				
AVIS BUDGET FINANCE 4.75% 30-01-26	EUR	700 000	609 147,39	0,56
BP CAP MK 3.25% PERP	EUR	400 000	415 996,88	0,39
CENTRICAPLC 3.0% 10-04-76	EUR	300 000	305 359,07	0,28
EG GLOBAL FINANCE 6.25% 30-1 0-25	EUR	400 000	410 801,56	0,38
EG GLOBAL FINANCE PLC 4.375% 07-02-25	EUR	300 000	290 710,29	0,27
EPHI HOLD II 8.25%01-07-23	EUR	400 000	420 103,00	0,39
IGLO FOODS BOND 3.25% 15-05-24	EUR	500 000	513 551,94	0,48
INEOS GROUP 5.375% 01 -08-24	EUR	700 000	707 915,35	0,65
INTE GAME TEC4.75% 15-02-23	EUR	300 000	308 934,42	0,29
INTL GAME TECHNOLOGY 3.5% 1 5-06-26	EUR	400 000	385 247,1 1	0,36
JAGUAR LAND ROVER4.5% 1 5-01-26	EUR	400 000	340 150,00	0,31
JAGUAR LAND ROVER 6.875% 1 5-1 1-26	EUR	400 000	377 329,28	0,35
SYNLAB BOND E3R+4.75% 01-07-25	EUR	800 000	811 505,56	0,75
VIRGIN MEDIA FINANCE 3.75% 1 5-07-30	EUR	800 000	777 541,33	0,72
VODAFONE GROUP 3.1 % 03-01 -79	EUR	900 000	938 905,16	0,88
YULE CATTO AND 3.875% 01-07-25	EUR	250 000	258 408,99	0,24
<b>TOTAL UNITED KINGDOM</b>			<b>7 871 607,33</b>	<b>7,30</b>
<b>SWEDEN</b>				
AKELIUS RESIDENTIAL PROPERTY AB 2.249% 1 7-05-81	EUR	400 000	384 357,23	0,36
AKELIUS RESIDENTIAL PROPERTY AB 3.875%05-1 0-78	EUR	300 000	321 300,71	0,30
ASSEMBLIN FINANCING E3R+5.0% 15-05-25	EUR	500 000	498 750,56	0,46
DOMETIC GROUP AB 3.0% 08-05-26	EUR	500 000	507 898,60	0,48
HEIMSTADEN BOSTAD AB 3.248% PERP	EUR	500 000	512 272,28	0,47
SAMHALLSBYGGNADSBOLAGET 1 NORDEN AB 2.624% PERP	EUR	800 000	773 463,29	0,72
UNILABS SUBHOLDINGS AB 5.75% 15-05-25	EUR	700 000	720 619,86	0,67
VERISURE HLD AB E3R+5.0% 1 5-04-25	EUR	400 000	410 802,89	0,38
VERISURE MIDHOLDING AB 5.75% 01 -1 2-23	EUR	1 000 000	1 022 156,39	0,94
VOLVO CAR AB 2.1 25% 02-04-24	EUR	500 000	504 459,55	0,47
<b>TOTAL SWEDEN</b>			<b>5 656 081,36</b>	<b>5,25</b>
<b>TOTAL Bonds and similar securities traded on a regulated or similar market</b>			<b>99 872 916,42</b>	<b>92,65</b>
<b>TOTAL Bonds and similar securities</b>			<b>99 872 916,42</b>	<b>92,65</b>
<b>Receivables</b>			<b>160 609,37</b>	<b>0,15</b>
<b>Liabilities</b>			<b>-1 161 430,32</b>	<b>-1,08</b>
<b>Financial accounts</b>			<b>8 927 130,49</b>	<b>8,28</b>
<b>Net assets</b>			<b>107 799 225,96</b>	<b>100,00</b>
LAZARD EURO CORP HIGH YIELD PD EUR	EUR	1 1912	1 000,71	
LAZARD EURO CORP HIGH YIELD PC EUR	EUR	55 351	1 732,19	

- **BREAKDOWN OF INTEREST: Lazard EURO CORP HIGH YIELD PD EUR shares**

	NET OVERALL	CURRENCY	NET PER SHARE	CURRENCY
Revenue subject to non-definitive withholding tax	327 103,52	EUR	27,46	EUR
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	327 103,52	EUR	27,46	EUR