

**French open-end
investment fund
(FCP)
OBJECTIF CREDIT FI
ANNUAL REPORT
at 31 March 2017**

Management company: Lazard Frères Gestion

SAS Custodian: Caceis Bank

Statutory auditor: Deloitte & Associés

CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	9
3. Management report	10
4. Regulatory information	25
5. Certification by the Statutory Auditor	27
6. Annual financial statements	30

1. CHARACTERISTICS OF THE UCI

- **LEGAL FORM**

French open-end investment fund (*Fonds Commun de Placement*)

- **CLASSIFICATION**

International bonds and other debt securities.

- **ALLOCATION OF DISTRIBUTABLE INCOME**

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account.

Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the Fund's portfolio, plus income generated by temporary cash holdings, minus management fees and borrowing costs.

2) realised capital gains, net of charges, minus realised capital losses, net of charges, 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.

The amounts referred to in 1) and 2) may be accumulated and/or distributed and/or retained independently of each other, in whole or in part.

For C, I, DH, R and H-CHF units: Distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

For G units: Distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for G units for the past financial year and retained earnings.

Net income is distributed in full and the allocation of net realised capital gains is decided each year by the management company.

- **INVESTMENT OBJECTIVE**

- **Investment objective C, R, I and G units:** The investment objective is to achieve a return (net of fees) above Eonia +2,70% for the C and G units, Eonia +2,30% for the I units and Eonia +2% for the R units over a minimum period of three years.

- **Investment objective DH unit:** The investment objective is to achieve a return (net of charges) above the ICE Libor USD Overnight index, with the US dollar as the base currency, over the recommended minimum investment horizon of three years.

- **Investment objective H-CHF unit:** The investment objective is to achieve a return (net of charges) above the Dépôt Overnight CHF index, with the Swiss franc as the base currency, over the recommended minimum investment horizon of three years.

- **BENCHMARK**

The capitalised Eonia (European Overnight Index Average) is the average rate for overnight transactions in the Eurozone. It is calculated by the European Central Bank (ECB) and represents the Eurozone risk-free rate (Bloomberg ticker: EONIA Index).

The ICE Libor USD Overnight index is the average interbank rate used by a sample of banks based in London, which provide unsecured loans to each other in US dollars.

The Libor in US dollars (Libor USD) is available in fifteen different versions depending on the duration of the loan: from the overnight rate for 24 hour loans, to 12-month loans. (Bloomberg ticker: US000/N Index)

The Overnight CHF deposit index: the LIBOR (CHF) Overnight interest rate is the average interest rate at which a selection of London banks provide each other loans in Swiss francs for 1 day. LIBOR rates are used

by banks as the base rate for determining the amount of their savings rates, mortgage rates and lending rates.
(Bloomberg ticker: SFDR1T CMPN Curncy)

• INVESTMENT STRATEGY

1. Strategies used

The Fund aims to achieve a return (net of charges) above the benchmark index over a minimum recommended investment period of three years:

- Eonia + 2,70% for the C and G units,
- Eonia + 2,30% for the I units,
- Eonia + 2% for the R units,
- ICE Libor USD Overnight with the US dollar as base currency for the DH unit.
- Overnight CHF deposit with the Swiss franc as base currency for the H-CHF units.

To achieve this investment objective, the Fund will be actively managed, mainly invested in subordinated debt (which is of higher risk than senior or secured debt) or any securities not deemed to be ordinary shares and issued by financial institutions. The Fund is managed by combining a top-down approach (which first looks at general economic and market trends before deciding in which geographical areas and securities to invest) and a bottom-up approach (which first looks at issuers' creditworthiness and the quality of individual securities), thus incorporating the regulatory conditions applying to this asset class. The Fund's modified duration is between 0 and 8. The Fund is invested only in bonds or securities of issuers the registered offices of which are established in OECD-member countries and/or in securities listed on a financial market of one of these countries. The Fund is invested only in bonds that are traded in euros, US dollars or pounds sterling. To build his portfolio, the manager conducts his own assessment of bonds or securities not deemed to be ordinary shares. He also refers to agency ratings but does not rely on them solely and mechanically.

The Fund will be able to invest in the bonds and securities of any issuer the registered office of which is established in an OECD-member country and/or in securities listed on a financial market of one of these countries. The Fund may not invest in bonds of issuers included on the FATF blacklist.

The Financial Action Task Force (FATF) is an intergovernmental organisation that draws up and promotes policies to combat money laundering and terrorist financing both at national and international levels.

Information on the Fund's modified duration is shown in the table below:

Modified duration of the Fund	Geographical region of the issuers of the securities or the underlying assets of securitisation products	Exposure corresponding to this region
0 - 8	OECD zone	100%

The Fund may invest in bonds that are traded in euros, US dollars and pounds sterling.

2. Assets (excl. embedded derivatives)

Equities:

Ordinary shares (maximum 10% of net assets) arising from the conversion of debt or an offer by the issuer to exchange debt for shares. The Fund will not actively invest in equities but may hold them to enable the manager to sell the equities received in the best market conditions and to maximise the exit price for unitholders.

Debt securities and money market instruments:

To build his portfolio, the manager conducts his own assessment of bonds or securities not deemed to be ordinary shares. He also refers to agency ratings but does not rely on them solely and mechanically.

Up to 100% of the net assets in bonds or securities, not deemed to be ordinary shares, issued by Investment Grade or equivalent issuers based on the management company's analysis and rated at least BBB- by Standard & Poor's or equivalent based on the management company's analysis, and up to 20% of the net assets in bonds or securities issued by speculative/High-Yield issuers based on the management company's analysis, or rated below BBB- by Standard & Poor's or equivalent based on the management company's analysis, or not rated by a rating agency. Speculative/High Yield bonds or securities may not exceed 50% of the Fund's net assets. Up to 30% of the net assets in convertible bonds and contingent convertible bonds.

Up to 75% in bonds or securities not deemed to be ordinary shares, traded in US dollars or pounds sterling. Exchange rate risk will be hedged so that exposure thereto shall not exceed 10% of the Fund's assets.

UCITS:

European money market, short-term money market or bond funds to a maximum of 10% provided that less than 10% of these funds' assets are invested in other UCIs.

These funds may be managed by the management company.

3. Derivatives**• Types of markets:**

- ☒ regulated
- ☒ organised
- ☒ OTC

• The manager intends to seek exposure to:

- ☐ equities
- ☒ interest rates
- ☒ currencies
- ☒ credit
- ☐ other

• Types of transactions – all transactions must be limited to achieving the investment objective:

- ☒ hedging
- ☒ exposure
- ☐ arbitrage
- ☐ other

• Type of instruments used:**☒ futures:**

- ☐ equity and equity indices
- ☒ interest rate: interest rate risk
- ☒ currency

☒ options:

- ☐ equity and equity index:
- ☒ interest rate: interest rate and interest rate volatility risk
- ☒ currency: only on organised markets

☒ swaps:

- ☐ equity swaps
- ☒ interest rate swaps: transformation of fixed-rate income to variable-rate income and vice versa
- ☒ currency swaps

☒ currency forwards

☒ **Credit derivatives** (CDS are limited to 40% of the assets).

• **Strategy of use of derivatives to achieve the investment objective:**

- ☒ partial or general hedging of some risks and securities
- ☒ creating synthetic exposure to assets and risks
- ☐ increasing exposure to the market without leverage
- ☐ maximum permitted and sought
- ☐ other strategy

4. Securities with embedded derivatives

The manager may invest in the following securities with embedded derivatives: structured products, subordinated debt, convertible bonds and contingent convertible bonds (a maximum of 30% of the net assets for the latter).

5. Deposits:

Up to 10% of the Fund's assets may be held in deposits.

6. Cash borrowings:

The Fund may borrow cash within the limit of 10% of its assets to meet specific cash requirements related to its operating needs.

7. Temporary purchases and sales of securities:

None.

8. Information on financial guarantees:

In connection with over-the-counter derivative transactions, and in accordance with Position paper 2013-06 issued by the French financial markets regulator (*Autorité des Marchés Financiers*– AMF), the Fund may receive collateral in the form of securities (such as bonds or other securities issued or guaranteed by a State or issued by international financing agencies and bonds or securities issued by high quality corporate issuers), or cash.

Any cash collateral received is reinvested in accordance with the applicable rules.

All such assets must be from high-quality issuers that are not an entity of the counterparty or its group, and must be liquid and diversified with low volatility.

Discounts may be applied to the collateral received; they take into account the quality of credit and the price volatility of the securities.

• **RISK PROFILE**

Your money will be mainly invested in financial instruments selected by the management company. These instruments will be exposed to market trends and fluctuations.

Risk of capital loss: The Fund is not guaranteed or protected and therefore there is a possibility that you may not get back the full amount of your initial investment. Investors should therefore be aware that they are not guaranteed to get back the money originally invested.

Interest rate risk: Risk of a fall in the value of equities, and hence in the portfolio, resulting from a change in interest rates. Because of its sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in interest rates if the portfolio's sensitivity is positive, or in the case of a fall in interest rates if the portfolio's sensitivity is negative.

Credit risk: Credit risk is the risk that the borrower does not repay his debt or cannot pay the coupons during the lifetime of the security. Risk of a fall in the value of equities, and hence in the portfolio, due to a change in the credit quality of the issuers or to the change in credit spreads. Because of its credit sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in spreads, if the portfolio's credit sensitivity is positive, or in the case of a fall in spreads if the portfolio's credit sensitivity is negative.

Risks linked to contingent or subordinated securities: The Fund may be exposed to contingent or subordinated securities. Subordinated debt and contingent convertible bonds are subject to specific risks of non-payment of coupons and capital loss in certain circumstances. At a certain solvency threshold, referred to as the "trigger" threshold, the issuer may or must suspend the payment of coupons and/or reduce the nominal value of the security or convert such bonds into shares. Notwithstanding the thresholds specified in the issuing prospectuses, the supervisory authorities may apply these rules preventively if the circumstances require, based on a subjective threshold known as the "point of non-viability". These securities expose holders to either a total or partial loss of their investment following their conversion into shares at a predetermined price or because of the application of a discount provided for contractually in the issuing prospectus or applied arbitrarily by a supervisory authority. Holders of these securities are also exposed to potentially large price fluctuations in the event that the issuer has insufficient equity or experiences difficulties.

Foreign exchange risk: The Fund may invest in securities and UCIs that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of these assets may decline in line with changes in the exchange rates.

Liquidity risk: This is the risk that a financial market can absorb the volumes of sell (or buy) transactions only by significantly decreasing (or increasing) the price of assets when trade volumes are low or when there are market tensions, resulting in a possible decrease in the Fund's net asset value.

Equity risk: Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the Fund's net asset value. The Fund's NAV may decrease during periods in which equity markets are falling.

Counterparty risk: The counterparty risk is related to the use of over-the-counter products. The Fund is exposed to the risk of non-payment or delivery by the counterparty with which the transaction is negotiated. This risk may result in a decline in the Fund's NAV.

Risk associated with investment in the futures markets: The use of derivatives may cause exposure to an upward or downward change of the Fund's net asset value.

Guarantee or protection:

None.

• **ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE**

C units: All investors – the units are intended to be distributed directly to private investors by the management company

R units: All investors – the units are intended to be distributed directly to private investors by the management company's partners or by third-party management companies.

I units: Reserved for institutional investors.

DH units: All subscribers.

G units: All subscribers.

H-CHF units: All subscribers.

This Fund is aimed at investors who are aware of the risks associated with investing in the international credit markets.

Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Fund.

Information on US investors:

The Fund is not registered as an investment vehicle in the United States and its units are not and will not be registered under the Securities Act of 1933 and, therefore, they may not be offered or sold in the United States to Restricted Persons, as defined hereafter.

A Restricted Person is (i) any person or entity located in the United States (including US residents), (ii) any corporation or any other entity subject to the laws of the United States or any state thereof, (iii) any US military personnel or any employee of a US government department or agency located outside the United States, or (iv) any other person that would be considered a US Person under Regulation S of the Securities Act of 1933, as amended.

FATCA:

Pursuant to the provisions of the Foreign Account Tax Compliance Act ("FATCA") applicable as of July 1st, 2014, if the Fund invests directly or indirectly in US assets, the capital and income arising from such investments may be subject to withholding tax of 30%.

To avoid paying the 30% withholding tax, France and the United States have entered into an intergovernmental agreement under which non-US financial institutions ("foreign financial institutions") agree to institute procedures for identifying direct or indirect investors who qualify as US taxpayers and to provide certain information about these investors to the French tax authorities, which will disclose said information to the US tax authority, the Internal Revenue Service.

As a foreign financial institution, the Fund undertakes to comply with the FATCA and to take all appropriate measures pursuant to the aforementioned intergovernmental agreement.

Recommended investment horizon: minimum three years.

2. CHANGES AFFECTING THE UCI

CHANGES WHICH TOOK PLACE DURING THE PERIOD AND WHICH ARE STILL TO TAKE PLACE

Changes to the Fund

The Chairman of the management company Lazard Frères Gestion SAS decided for the fund **OBJECTIF CREDIT FI** (ISIN C unit: FR0010590950 - R unit: FR0010752543- I unit: FR0011844034 – G unit: FR0012074151 – DH unit: FR0013076932):

1) the creation of a hedged unit denominated in Swiss francs “**H-CHF**”. This new unit will have the following specifications:

- ISIN code: **FR0013236791**
- Operating and management fees: Maximum 0,75% incl. taxes of net assets excluding UCIs managed by LFG;
- Performance fee: None;
- Subscription fee not retained by the Fund: Maximum 4% incl. taxes;
- Subscription fees retained by the Fund: None;
- Redemption fees not retained by the Fund: None;
- Redemption fees retained by the Fund: None;
- Unit value at inception: CHF1 000;
- Initial subscription: 1 unit;
- Decimalisation: in thousandths;
- Eligible subscribers: all subscribers;
- Allocation of net income: Accumulation;
- Allocation of net realised capital gains: accumulation.

2) Use of CDSs is possible to a maximum of 40% of net assets (*instead of a maximum 20% of net assets*)

Effective date: **20 February 2017**.

Modification of subscriptions and redemptions

The Chairman of the management company Lazard Frères Gestion SAS decided that for **OBJECTIF CREDIT FI** (ISIN C unit: FR0010590950 – R unit: FR0010752543 – I unit: FR0011844034 – DH unit: FR0013076932 – G unit: FR0012074151 – H-CHF unit: FR0013236791):

- The date of settlement of redemption orders will be two business days following the valuation day (D+2 business days) *instead of the current D+3 business days*.

Effective date: **15 March 2017**

3. MANAGEMENT REPORT

CHANGE AND PERFORMANCE

During the financial year, the net assets of the fund OBJECTIF CREDIT FI showed the following trends:

For Objectif Crédit FI “**C units**”, net assets rose from €191 590 846,66 on 31 March 2016 to €283 890 266,77 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 20 190,879.

The net asset value rose from €12 871,87 on 31 March 2016 to €14 060,32 on 31 March 2017, which equates to an increase of 9,23%.

The benchmark gained -0,36% over the period.

For Objectif Crédit FI “**I units**”, net assets decreased from €73 325 714,11 on 31 March 2016 to €65 281 670,99 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 57 678,866.

The net asset value rose from €1 029,56 on 31 March 2016 to €1 131,81 on 31 March 2017, which equates to an increase of 9,93%.

The benchmark gained -0,36% over the period.

For Objectif Crédit FI “**R units**”, net assets decreased from €83 423 166,00 on 31 March 2016 to €73 476 362,15 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 232 622,603.

The net asset value rose from €288,90 on 31 March 2016 to €315,86 on 31 March 2017, which equates to an increase of 9,33%.

The benchmark gained -0,36% over the period.

For Objectif Crédit FI “**DH units**”, net assets rose from \$446 767,73 on 31 March 2016, to \$3 333 730,10 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 3 011.

The net asset value rose from \$992,81 on 31 March 2016 to \$1 107,18 on 31 March 2017, which equates to an increase of 11,58%.

The benchmark gained 0,51% over the period.

For Objectif Crédit FI “**H-CHF units**”, net assets rose from CHF107 000,00 on 20 March 2017 (date of inception), to CHF107 228,24 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 107.

The net asset value rose from CHF1 000,00 on 20 March 2017 to CHF1 002,13 on 31 March 2017, which equates to an annualised increase of 7.07%.

The benchmark lost 0.83% over the period on an annualised basis.

For Objectif Crédit FI “**G units**”, net assets rose from €43 131 204,59 on 31 March 2016, to €61 144 877,42 on 31 March 2017.

The number of outstanding units as at 31 March 2017 was 581 037,469.

The net asset value rose from €100,30 on 31 March 2016 to €105,23 on 31 March 2016, which equates to an annualised increase of 9.31%.

The benchmark gained -0,36% over the period.

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

Portfolio movements over the period: Purchased:

Sold:	ISIN	Name	Net amount €
	FR0010941815	FCP Objectif Monet.euro-B-(3d)	140 497 710,05
	XS0214965534	Hbos Plc Txv Emtn 05-18mr30a	9 078 351,99
	US05579TVC79	Bnpp 45/8% (mtn) 17-13mr27s	6 612 471,63
	US05581LAC37	Bnpp 45/8% ^s 2478(mtn)17-13mr27s	6 593 767,67
	FR0000284283	Objectif Court Terme Dollar	6 412 407,04
	ISIN	Name	Net amount €
	FR0010941815	FCP Objectif Monet.euro-B-(3d)	108 839 863,05
	DE000A1RE1Q3	Allianz Se Txv 12-17oc42a	5 389 101,51
	XS0260783005	Erste Bank Txv Emtn 06-19jy17t	4 956 092,76
	FR0123120174	Tresor Public 305 20/07/2016	4 002 990,23
	XS0356705219	Roy.bk Sc.6,934%emtn08-09ap18a	3 757 744,46

ECONOMIC ENVIRONMENT

Introduction

The past year was marked by two unexpected political events: the UK Brexit vote in June 2016, and Donald Trump's victory in the US presidential elections in November 2016. Contrary to what we could have feared, these two events were absorbed by the financial markets and the world economy. Activity even accelerated in H2 2016, after a lacklustre first half of the year, both for developed and emerging economies, enabling a rebound in world trade at the end of the year. The improvement in the business climate at the start of 2017 points to a continuation of this trend, although political uncertainties remain high. Inflation in developed countries picked up overall, due mainly to the rise in energy prices, while underlying tension remains moderate. Conversely, inflation slowed in commodities-exporting emerging countries, as a result of the effects of the past depreciation of currencies. Overall, central banks' monetary policies remained highly accommodative. The Federal Reserve (Fed) maintained a very prudent approach, with two 25-basis point hikes. The European Central Bank (ECB) lowered the amount of its monthly asset purchases, but maintained an accommodative stance, extending the length of its asset purchase programme. The Bank of Japan announced it would control its yield curve, while the Bank of England lowered its key rate. Against this backdrop of acceleration in growth and inflation, equity markets were buoyant, while bond markets suffered from the rise in interest rates.

GDP volume growth (%)	2015	2016	2017 (e)	2018 (e)
World	3,4	3,1	3,5	3,6
Developed countries	2,1	1,7	2,0	2,0
Emerging countries	4,2	4,1	4,5	4,8
Eurozone	2,0	1,7	1,7	1,6
United States	2,6	1,6	2,3	2,5
Japan	1,2	1,0	1,2	0,6
United Kingdom	2,2	1,8	2,0	1,5
China	6,9	6,7	6,6	6,2
India*	7,9	6,8	7,2	7,7
Brazil	-3,8	3,6	0,2	1,7
Russia	-2,8	-0,2	1,4	1,4

IMF Economic Outlook, April 2017 update

* The data and forecasts for India are presented based on the budget year

Over the 12 months to March 2017, the MSCI World All Country index in dollars rose 12,7%. Performances are relatively similar across regions: +16,3% for the Eurostoxx in euros, +14,7% for the S&P 500 in dollars, +14,5% for the MSCI Emerging Markets in dollars and +12,3% for the TOPIX in yen, all excluding dividends.

Unlike at the very beginning of 2016, equity markets went through a relatively calm period until the beginning of June of last year, thanks to the easing of concerns with respect to US growth and the rise in oil prices. They were then hit by the polls linked to the Brexit referendum of 23 June. The victory of the “leave” vote triggered a sharp downturn as investors were expecting the “remain” vote to win, which was the bookmakers' favourite in the run-up to the referendum. But this volatility turned out to be short-lived and the equity markets swiftly clawed back the losses suffered over Brexit, amid upward revisions to corporate earnings forecasts.

At the end of the year, Donald Trump's victory in the US presidential elections on 8 November and the victory of the “no” vote in the referendum on reforming Italy's constitution on 4 December did not lead to another market decline, contrary to expectations. In fact, Donald Trump's stimulus plans underpinned the S&P 500, which reached new highs, with investors betting on a revival of growth and an improvement in corporate earnings in the US. Eurozone markets had anticipated the result of the Italian referendum, and hailed the new announcements by the ECB, posting their highest levels of the year in December 2016. In Q1 2017, global equity markets rallied strongly, mainly driven by the improvement in world growth prospects and company results.

On the bond markets, 10-year yields on German and US government bonds fell until the summer, reaching a low of -0,19% and 1,36% respectively at the start of July 2016. The reassuring signals concerning the economic outlook led to a pick-up, which was accentuated after Donald Trump's victory, as the possibility of budgetary stimulus measures and the rebound in oil pushed inflationary anticipations a little higher. In the end, German 10-year yields fell from 0,15% to 0,33% year-on-year while US 10-year yields rose from 1,77% to 2,39%.

Credit spreads to Germany widened significantly in Italy (+92bp), Portugal (+86bp) and, to a lesser extent, France (+31bp), due to political uncertainties. They remained more or less stable in Spain (+6bp) and narrowed significantly in Greece (-178bp). According to the Merrill Lynch indices, the credit spreads of good quality corporate bonds tightened by 8 basis points in relation to government bonds. The credit spreads of high-yield bonds tightened by 148 basis points to 113 and 357 basis points respectively.

On the foreign exchange market, the euro depreciated by 6,4% against the dollar and by 7,4% against the yen. However, it appreciated by 7,1% against the pound sterling.

Oil prices picked up on hopes of an agreement between the major oil producers and amid disruptions to supply on several markets. On 28 September, the members of OPEC finally reached an agreement in principle on production cuts, that was ratified on 30 November. The Brent oil price rose by 55% year-on-year to \$53 at the end of March 2017, vs. \$39 at end March 2016.

United States

US growth came in at +2,1% on an annualised basis in Q4 2016 (up 2,1% year-on-year), after +3,5% in Q3 2016 and +1,4% in Q2 2016. Household spending and investment accelerated over the year and the inventory cycle became more favourable. Foreign trade was a significant damper at the end of the year.

ISM business confidence surveys improved considerably after the lows of summer 2016, and this trend was amplified following the election of Donald Trump. In March 2017, the manufacturing index was at 57,2, vs. 51,7 in March 2016, and the non-manufacturing index at 55,2, vs. 54,9 in March 2016.

The labour market remained buoyant, apart from a few hiccups in May 2016 and March 2017. On average, 171 000 jobs were created over the past 12 months. Over this period, the unemployment rate dropped from 5,0% to 4,5%. The hourly wage was up 2,7% y-o-y in March 2017.

Private consumption received a boost in the second quarter of 2016 when households used some of their increased purchasing power linked to the fall in the oil price that had previously been allocated to savings, but it slowed slightly in the third and fourth quarters of 2016 before dropping in January and February 2017. Year-on-year, private consumption increased 2,6% and the savings rate dropped from 6,2% to 5,6% of disposable income.

The recovery of the construction sector continued. Building permits and housing starts for individual dwellings accelerated to cycle highs. They were up 13,5% and 9,5% y-o-y, respectively, in February 2017. Builder sentiment improved significantly. Real estate prices were up 5,9% y-o-y in January 2017, vs. 5,1% in March 2016.

In the residential segment, new and existing home sales continued to rise, with the former up 5,9% y-o-y in January 2017, vs. 5,1% growth in March 2016.

Capital goods orders picked up gradually as from summer 2016, notably in the mining and oil sectors. Year-on-year, orders excluding aerospace and defence were virtually stable (up 0,3% in February), while they were down 3,1% in March 2016.

The trade deficit stood at \$43,6 billion in February 2017, vs. \$37,3 billion in March 2016. Export volumes were down sharply at the end of the year, the consequence of a strong increase in the summer. Meanwhile, imports continued to pick up.

Inflation accelerated sharply, due mainly to the rise in commodities prices, while core inflation remained relatively stable. The consumer price index was up 2,4% y-o-y in March 2017, vs. +0,9% in March 2016, and 2,0% excluding food and energy.

In this context, the Fed twice raised its key rate by 25 basis points, in December 2016 and in March 2017, to the 0,75%-1,00% corridor.

Eurozone

Growth in the Eurozone accelerated gradually over the past 12 months. GDP rose by an annualised rate of 1,9% in Q4 2016 (+1,8% year-on-year), after +1,7% in Q3 2016 and +1,3% in Q2 2016. Private consumption remained the main driver of economic growth.

The business climate improved from autumn 2016, despite the numerous political uncertainties. The composite PMI reached its highest level of this cycle in March 2017 at 56,4, vs. 53,1 in March 2016.

The Eurozone unemployment rate continued to drop, and was at 9,5% in February 2017, Thus returning to its level of before the sovereign debt crisis, after hitting a high point at 12,1% at the start of 2013.

Eurozone inflation showed a clear acceleration over the 12 months to March 2017, due mainly to the energy component. Core inflation, on the other hand, remained relatively flat. Headline annual inflation came in at +1,5% in March 2017, vs. +0,0% in March 2016, while core inflation was +0,7%.

In Germany, growth slowed in the second and third quarters, but rebounded to an annualised rate of +1,7% in Q4 2016 (+1,7% year-on-year). The composite PMI measuring business climate remained at a good level in 2016 and improved at the start of 2017. It stood at 57,1 in March 2017, vs. 54,0 a year earlier.

In France, after a contraction in GDP in Q3 2016, growth picked up to +1,7% on an annualised basis in Q4 2016 (+1,1% year-on-year). The composite PMI business climate indicator increased sharply over the 12 months, standing at 56,8 in March 2017, vs. 50,0 a year earlier. The unemployment rate was virtually flat at 10,0% according to Eurostat.

In Italy, growth remained weak. GDP rose by an annualised rate of 0,7% in Q4 2016 (+1,0% year-on-year). On 4 December, Italians rejected by a large majority (59,1%) the constitutional reform sought by Matteo Renzi, who resigned afterwards.

In Spain, the catch-up momentum kept most of its wind. Growth was 2,8% in Q4 2016 (+3,0% year-on-year). The Spanish parliamentary elections on June 26th failed to produce a government majority. On October 29th, the parliament finally placed its trust in Mariano Rajoy, the leader of the People's Party, who formed a minority government.

On 8 December, the ECB announced a reduction in its monthly asset purchases from €80bn to €60bn as from April 2017. At the same time, it extended its Asset Purchase Programme (APP) by nine months, up to end-December 2017. To facilitate implementation of the APP, certain aspects were relaxed: the maturity of eligible public sector securities was reduced from two years to one year, and the purchase of public sector securities with a lower yield than the deposit rate was authorised.

Japan

Japanese growth remained moderate, showing an annualised rate of +2,2% in Q2 2016 before slowing to +1,2% in Q3 2016 and maintaining this rate in Q4 2016 (+1,6% year-on-year). The business climate was gloomy up until autumn 2016, but then improved markedly. The composite PMI stood at 52,9 in March 2017 vs. 49,9 one year earlier.

The labour market remained tight and wages increased slightly. In February 2017, the unemployment rate stood at 2,8% and the base wage was up 0,2% year-on-year.

Overall inflation picked up, after negative figures in the second and third quarters of 2016. Year-on-year it was at +0,3% in March 2017. Core inflation slowed, however.

In June 2016, the Japanese government announced the deferral of the planned VAT increase by two and a half years, to October 2019. In August 2016, it also announced a fiscal stimulus plan worth 1,5% of the GDP of the 2016-2017 fiscal year.

On 21 September 2016, the Bank of Japan introduced a target to control the yield curve, by maintaining the 10-year rate at close to zero. It also committed to exceeding its inflation target (2%).

China

Chinese growth remained relatively stable over the past few quarters. In Q1 2017, it stood at +6,9% y-o-y. At the National People's Congress on March 2017, the government announced that it targets growth of around 6,5% this year.

The business climate continued to improve gradually over the past months. The composite PMI was at 52,1 in March 2017 vs. 51,3 a year earlier.

Household consumption remained solid, despite the slowdown in car sales at the start of 2017. Retail sales grew 8,9% y-o-y in volume terms in Q1 2017. According to the China Association

of Automobile Manufacturers, growth in car sales slowed to +5,1% y-o-y in Q1 2017, after +15,1% in 2016. The increase in the tax on small-engine cars may have weighed on this figure.

Investment slowed up until the summer, but picked up again thanks to infrastructure and real estate spending. In Q1 2017, it was up 9,2% year-on-year (+8,1% in 2016).

The strong rise in home sales over recent months (+16,9% year-on-year in Q1 2017) favoured a boom in property prices (+10,1% year-on-year in March 2017). As a result, several municipalities announced restriction measures on supply and demand.

Deflationary pressure has faded. Industrial production prices rose once again after four years of deflation. They were up 7,6% year-on-year in March 2017.

Due to reflation in the industrial sector, growth in nominal terms accelerated sharply, to stand at +11,6% year-on-year in Q1 2017, its fastest pace since Q1 2012.

MANAGEMENT POLICY

April 2016

Objectif Crédit Fi saw its net asset value climb by 1,56% over the month (C units).

Spreads on financial debt narrowed across the board. Tier 1 bonds narrowed by 51bp to 461bp (versus government bonds), Lower Tier 2 bonds by 22bp to 270bp and senior debt by 7bp, ending the month at 97bp according to the JP Morgan SUSI indexes. CoCos narrowed by 15bp in OAS terms, closing the month at 537bp according to Barclays Global Index.

The German government yield curve steepened during the month, with the 10-year yield up 12bp to 0,27% and the 5-year yield up 4bp to -0,29%, while the 2-year stabilised at -0,48%.

Objectif Crédit Fi posted a net performance of -0,06% over 2016 compared to +1,31% for the JP Morgan SUSI Lower Tier 2 and +0,09% for the SUSI Tier 1. The fund has a 260-day volatility of 4,4% compared to 3,6% for the SUSI Lower Tier 2 and 3,5% for the SUSI Tier 1.

After a somewhat weak start, the credit market picked up from the middle of the month, helped once more by the “Draghi” effect, after the ECB president specified the modalities of the new corporate bond purchase programme. The senior debt of insurers could be part of this plan. In sympathy, insurers’ subordinated debt benefited from the “repricing” of senior debt, while other hybrid banking debt was supported by the rebound in equity markets, notably bank stocks.

Beyond this “technical” effect, investors’ appetite remained moderate: the uncertainties surrounding US and Chinese growth, the state of the credit cycle in the US, Brexit, and the forthcoming elections in Spain were all reasons preventing decisions to be taken to deploy the huge pockets of liquidity investors were holding on to. Credit nevertheless continued on its path, in good times and bad, with positive performances across virtually all compartments, with the exception of the AT1s. The drop in rates and spreads on IG and HY are the reasons for this. With the ECB to start its corporate bond programme by end-June, we were expecting the hybrid bank debt segment, the only one that hadn’t followed suit since the start of the year, to catch up its lag.

The primary market, excluding covered bonds, totalled €3.1bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling +€5bn over the month. Year-to-date, gross issues totalled €115bn and net issues +€12bn.

Objectif Crédit Fi had a yield to maturity of 4,5% and a yield to call of 4,7% with an interest rate sensitivity of 5,4 and a credit sensitivity of 6,0.

May 2016

Objectif Crédit Fi saw its net asset value climb by 0,38% over the month (C units).

Spreads on financial debt presented a mixed picture. Tier 1 bonds narrowed by 48bp to 413bp (versus government bonds), Tier 2 bonds widened by 9bp to 279bp and senior debt widened by 1bp, ending the month at 99bp according to the JP Morgan SUSI indexes. CoCos narrowed by 10bp in OAS terms, closing the month at 527bp according to Barclays Global Index.

The German sovereign yield curve flattened during the month, with the 10-year yield down 10bp to 0,14% and the 5-year yield down 9bp to -0,38%, while the 2-year decreased by 2bp to -0,51%.

Over 2016, Objectif Crédit Fi posted a net performance of +0,33% year-to-date compared to +1,85% for the JP Morgan SUSI Lower Tier 2 and +1,58% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,4% compared to 3,6% for the SUSI Lower Tier 2 and 3,5% for the SUSI Tier 1.

As in April, after a rather lacklustre start, the credit market picked up from the middle of the month. The rebound in banks stocks enabled hybrid financial debt to continue its forward march. Comments by Danièle Nouy during the conference in Madrid regarding a possible Basel 4 and no increase in banks' capital requirements were hailed by the market.

The ECB stress tests underway, the results of which to be published during the summer, were starting to have their effects on banks: a certain number of banks built up additional provisions during Q1 and others raised capital on equity markets. After Vincenza (€1.5bn), Veneto Banca (€1bn) and soon Banco Popolare (€1bn) in Italy, Banco Popular Espanol announced a capital increase of €2,5bn, while the CEO of Unicredit handed in his resignation against the backdrop of rumours of asset disposals and a €5bn capital increase, decisions that will be taken by his successor at the head of Italy's No. 1 bank.

The primary market, excluding covered bonds, totalled €30bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling €13bn over the month. Year-to-date, gross issuance totalled €148bn and net issuance +€18bn.

Objectif Crédit Fi had a yield to maturity of 4,5% and a yield to call of 4,7% with an interest rate sensitivity of 5,3 and a credit sensitivity of 5,7.

June 2016

The net asset value of Objectif Crédit Fi decreased by -0,69% over the month (C unit).

Spreads on financial debt widened across the board during the month. Tier 1 bonds widened by 44bp to 456bp (versus government bonds), Tier 2 bonds by 47bp to 326bp and senior debt by 12bp, ending the month at 111bp according to the JP Morgan SUSI indexes. CoCos widened by 43bp in OAS terms, closing the month at 570bp according to Barclays Global Index.

The German government yield curve flattened sharply during the month, with the 10-year yield down 27bp to -0,13% and the 5-year yield down 19bp to -0,57%, while the 2-year fell by 3bp to -0,66%.

Over 2016, Objectif Crédit Fi posted a net performance of -0,36% compared to +0,90% for the JP Morgan SUSI Lower Tier 2 and +1,18% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,5% compared to 4,0% for the SUSI Lower Tier 2 and 3,3% for the SUSI Tier 1.

Two main themes steered credit markets in June: 1) the Brexit referendum, with markets playing yo-yo along with the polls ahead of the vote, followed by fairly sharp corrections on 24 and 27 June, before rising again and erasing 70-100% of the post-vote decline; and 2) the start of the ECB bond purchase programme on 8 June, with markets pleasantly surprised by the weekly purchase pace, which exceeded the most optimistic expectations, with €7bn purchased in June.

We started off this delicate period on markets by setting up hedges, which worked fairly well, being slightly short on the sterling for 3-4%, long on the US dollar for around 6% and overexposed to 10-year US rates, an overexposure that we increased the day after the Brexit vote on US rates and UK rates.

The primary market, excluding covered bonds, totalled €9bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€9bn over the month. Year-to-date, total gross issuance totalled €163bn and net issuance +€15bn.

Objectif Crédit Fi had a yield to maturity of 4,6% and a yield to call of 5,0% with an interest rate sensitivity of 7,1 and a credit sensitivity of 5,9.

July 2016

Objectif Crédit Fi saw its net asset value climb by 3,38% over the month (C units).

Spreads on financial debt narrowed across the board during the month. Tier 1 bonds narrowed by 18bp to 439bp (versus government bonds), Tier 2 bonds by 47bp to 279bp and senior debt by 17bp, ending the month at 93bp according to the JP Morgan SUSI indexes. CoCos narrowed by 45bp in OAS terms, closing the month at 525bp according to Barclays Global Index.

The German government yield was virtually stable over the month, with the 10-year yield up 1bp to -0,12% and the 5-year yield up 4bp to -0,53%, while the 2-year rose by 4bp to -0,63%.

Objectif Crédit Fi posted a net performance of +3,01% year-to-date compared to +3,47% for the JP Morgan SUSI Lower Tier 2 and +1,88% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,5% compared to 4,1% for the SUSI Lower Tier 2 and 3,3% for the SUSI Tier 1.

Contrary to the expectations of most, July saw the markets absorb the shock of the Brexit vote in a very positive manner, as risky assets had their best month of the year. This can be explained above all by the “positioning” of investors, underinvested or underweighted before 23 June, and the positive influence of the central bank purchase programmes, of which the “IG Corporates” of the ECB, with acquired amounts exceeding expectations each week, at a monthly rate of €8bn-10bn.

With regard to central banks, the Bank of England disappointed, by deciding to give up its turn in July, like the Bank of Japan, which pushed back any more significant measures to September. The Fed confirmed its reading of the markets, but announced it would wait until September at the earliest, possibly December, to make a move...

The publication of the results of the stress tests on European banks did not bring any major surprises, but the ECB confirmed the division of Pillar 2 into a Pillar 2R for “Requirements” and a Pillar 2G for “Guidance”. Only the Pillar 2R must be permanently met by banks in order to maintain flexibility on the payment of dividends, coupons on AT1s and bonuses. No “bail-in” either for Monte dei Paschi, but a capital increase of €5bn in the works and a disposal via the private sector of €28bn in doubtful debts. All this is thus very positive for financial hybrid debt.

The primary market, excluding covered bonds, totalled €15bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€1bn over the month. Year-to-date, gross issuance totalled €177bn and net issuance +€14bn.

Objectif Crédit Fi had a yield to maturity of 4,3% and a yield to call of 4,5% with an interest rate sensitivity of 6,9 and a credit sensitivity of 5,9.

August 2016

Objectif Crédit Fi saw its net asset value climb by +1,52% over the month (C units).

Spreads on financial debt narrowed across the board during the month. Tier 1 bonds narrowed by 37bp to 402bp (versus government bonds), Tier 2 bonds by 16bp to 263bp and senior debt by 13bp, ending the month at 80bp according to the JP Morgan SUSI indexes. CoCos narrowed by 25bp in OAS terms, closing the month at 500bp according to Barclays Global Index.

The German government yield curve steepened slightly during the month, with the 10-year yield up 5bp to -0,07% and the 5-year yield up 3bp to -0,50%, while the 2-year was up 1bp at -0,62%.

Objectif Crédit Fi posted a net performance of +4,57% year-to-date compared to +4,31% for the JP Morgan SUSI Lower Tier 2 and +3,12% for the SUSI Tier 1. The fund has a 260-day volatility of 4,4% compared to 4,0% for the SUSI Lower Tier 2 and 3,2% for the SUSI Tier 1.

Financial markets were buoyant overall, helped by: 1) the impact of the decision by the BoE to lower its key rates by 25bp and to launch its £60bn Gilts purchase programme over six months and £10bn IG Corporates purchase programme over 18 months. This had a very positive effect on the £ market, with a significant drop in long-term rates and the restart of the primary market in sterling; 2) the 12% increase in oil prices in August; and 3) the rebound of bank stocks, with the EuroStoxx Banks up around 12%. All these factors supported hybrid financial debt.

September was looking more undecided, with important central bank meetings on the agenda. On 8 September, the ECB, with the six-month extension of its asset purchase programme and the modification of the parameters of its various programmes expected to be on the table. On 21 September, the Fed was expected to announce its decision regarding rates and the BoJ the result of the analysis of its various monetary policy actions.

The European Commission appears to want to give priority to the payment of coupons, AT1s and dividends in the framework of a study document aiming to revise certain rules in the current CRD IV, which is excellent news for this segment, which restarted in August with four issues, all in \$, of which three UK banks, for a total of \$7,2bn.

The primary market, excluding covered bonds, totalled €8bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€3bn over the month. Year-to-date, gross issuance totalled €185bn and net issuance +€16bn.

Objectif Crédit Fi had a yield to maturity of 4,3% and a yield to call of 4,4% with an interest rate sensitivity of 7,0 and a credit sensitivity of 6,0.

September 2016

The net asset value of Objectif Crédit Fi decreased by 0,53% over the month (C unit).

Spreads on financial debt widened across the board during the month. Tier 1 bonds widened by 91bp to 493bp (versus government bonds), Tier 2 bonds by 14bp to 277bp and senior debt by 10bp, ending the month at 91bp according to the JP Morgan SUSI indexes. CoCos widened by 25bp in OAS terms, closing the month at 525bp according to Barclays Global Index.

The German government yield curve steepened slightly ("bull steepening" movement), with the 10-year yield down 5bp to 0,12% and the 5-year yield down 8bp to -0,58%, while the 2-year fell by 7bp to -0,69%.

Objectif Crédit Fi posted a net performance of +4,01% year-to-date compared to +4,08% for the JP Morgan SUSI Lower Tier 2 and +1,18% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,3% compared to 4,0% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

The month of September was marked by the numerous points of uncertainty with regard to the monetary policy decisions of the world's three main central banks. The ECB decided to miss a turn, pushing back the announcement of the "technical modifications" to its current QE plan. The Fed, as expected by the market, did not raise its key rate, while the BoJ announced a substantial strategy change for its QE plan, seeking to "fix" the Japanese sovereign rates curve at the current level, i.e. a 10-year rate of around 0%.

DB was the other "subject of the month". The confirmation of negotiations with the US DoJ, which was asking the German bank to pay \$14bn for the commercialisation of subprime RMBS between 2005 and 2007, was a shock for markets, which were expecting a fine of \$2bn to \$8bn maximum. The accumulation of press articles about the name, all more alarmist than analytical, led to a market reaction that we considered to be exaggerated. The main issue for DB is the weakness of its profitability, which prevents it from generating capital organically. DB is among the European banks with the highest liquidity reserves, at €223bn at end-June 2016.

The primary market, excluding covered bonds, totalled €17bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€3bn over the month. Year-to-date, gross issuance totalled €206bn and net issuance +€17bn.

Objectif Crédit Fi had a yield to maturity of 4,6% and a yield to call of 4,7% with an interest rate sensitivity of 5,7 and a credit sensitivity of 6,3.

October 2016

Objectif Crédit Fi saw its net asset value climb by +0.85% over the month (C units).

Spreads on financial debt narrowed across the board during the month. Tier 1 bonds narrowed by 68bp to 425bp (versus government bonds), Tier 2 bonds by 24bp to 253bp and senior debt by 3bp, ending the month at 87bp according to the JP Morgan SUSI indexes. CoCos narrowed by 25bp in OAS terms, closing the month at 499bp according to Barclays Global Index.

The German government yield curve steepened during the month, with the 10-year yield up 28bp to 0,16% and the 5-year yield up 18bp to -0,40%, while the 2-year rose by 7bp to -0,62%.

Objectif Crédit Fi posted a net performance of +4,89% year-to-date compared to +4,50% for the JP Morgan SUSI Lower Tier 2 and +3,05% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,2% compared to 3,9% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

We observed a steepening of the rates curve pretty much everywhere, but more particularly in the UK and the Eurozone. Better-than-expected macro figures in the UK and the acceleration in inflation as well as rumours of a tapering by the ECB led rates to rise, while the pound sterling was down sharply due to fears of a “hard Brexit”. The steepening of the curve was very favourable to the financial sector, with bank and insurance equity indices outperforming the rest of the market by far, while the results published to date were rather good, thanks to higher-than-expected Q3-16 income from trading.

Financial credit was relatively more moderate, although spreads narrowed across all compartments. However, the “all-in yield” remained relatively stable due to the rise in rates.

The primary market, excluding covered bonds, totalled €23bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling +€6bn over the month. Year-to-date, gross issuance totalled €225bn and net issuance +€22bn.

Objectif Crédit Fi had a yield to maturity of 4,6% and a yield to call of 4,7% with an interest rate sensitivity of 3,9 and a credit sensitivity of 6,1.

November 2016

The net asset value of Objectif Crédit Fi decreased by -0,87% over the month (C unit).

Spreads on financial debt widened across the board during the month. Tier 1 bonds widened by 45bp to 471bp (versus government bonds), Tier 2 bonds by 21bp to 274bp and senior debt by 11bp, ending the month at 98bp according to the JP Morgan SUSI indexes. CoCos widened by 10bp in OAS terms, closing the month at 509bp according to Barclays Global Index.

The German government yield curve steepened slightly during the month, with the 10-year yield up 11bp to 0,95% and the 5-year yield down 3bp to -0,43%, while the 2-year fell by 5bp to 0,08%.

Objectif Crédit Fi posted a net performance of +3,98% year-to-date compared to +3,45% for the JP Morgan SUSI Lower Tier 2 and +2,61% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,3% compared to 3,9% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

The election of Donald Trump was the main element of surprise of this month, causing rate curves to steepen, particularly in the US. The shares of financial companies (insurers and banks) were the de facto main beneficiaries (positive correlation between long-term rates and financial stocks).

On the other hand, the financial credit market was heavier as spreads widened, a counter-intuitive and not very logical movement during a period of rising interest rates, especially as it took place inversely to equities. Managed credit assets not hedged for the interest rate risk suffered from redemptions, leading managers to sell, increasing the pressure on prices and thus spreads, pressure that is much more difficult to absorb as financial credit does not benefit from the support of the ECB.

Three major events were expected in December, i.e. the Italian referendum on the 4th (for which a “no” was expected), the ECB meeting on the 8th (extension of the QE plan, but for what amount and for how long?) and the Fed’s on the 14th (25 basis point hike anticipated and 100% priced in by the market).

The primary market, excluding covered bonds, totalled €12bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€12bn over the month. Year-to-date, gross issuance totalled €237bn and net issuance +€11bn.

Objectif Crédit Fi had a yield to maturity of 4,8% and a yield to call of 5,0% with an interest rate sensitivity of 1,4 and a credit sensitivity of 5,9.

December 2016

Objectif Crédit Fi saw its net asset value climb by +1,24% over the month (C units).

Spreads on financial debt narrowed across the board. Tier 1 bonds narrowed by 58bp to 413bp (versus government bonds), Tier 2 bonds by 20bp to 254bp and senior debt by 1bp, ending the month at 98bp according to the JP Morgan SUSI indexes. CoCos narrowed by 31bp in OAS terms, closing the month at 478bp according to Barclays Global Index.

The German government yield curve flattened during the month, with the 10-year yield down 7bp to 0,21% and the 5-year yield down 10bp to -0,53%, while the 2-year decreased by 2bp to -0,77%.

Objectif Crédit Fi posted a net performance of +5,27% year-to-date compared to +5,11% for the JP Morgan SUSI Lower Tier 2 and +4,40% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,2% compared to 3,9% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

The uncertainty and wait-and-see attitude (quite a euphemism to talk about “opportunity”) linked to the Italian elections created the right conditions for a strong rebound in December, despite the victory of the “no” vote in the referendum. Peripheral stocks and Deutsche Bank were the main winners in the month.

DB and CS finalised an agreement with the DoJ for \$3,1bn and \$2,5bn, respectively, to which will be added financial compensation to their clients for respective amounts of \$4,1bn and \$2,8bn, to be paid over the next five years in different forms (assistance for clients, commercial rebates, etc.).

Lastly, the “zombie bank” Monte dei Paschi will finally be nationalised after the failed private solution and the supervisor’s greater requirements, with the ECB now demanding a capital increase of €8.8bn and no longer €5bn. The subordinated lenders will participate in a “bail-in”, but the retail clients will be compensated by the Italian State, which will contribute the additional missing capital and will probably hold 70% of the bank (the remainder will be held by subordinated lenders).

The primary market, excluding covered bonds, totalled €6bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€7bn over the month. Year-to-date, gross issuance totalled €245bn and net issuance +€6bn.

Objectif Crédit Fi had a yield to maturity of 4,5% and a yield to call of 4,5% with an interest rate sensitivity of 1,2 and a credit sensitivity of 5,7.

January 2017

Objectif Crédit Fi saw its net asset value climb by +0,99% over the month (C units).

Spreads on financial debt narrowed during the month. Tier 1 bonds narrowed by 57bp to 356bp (versus government bonds), Tier 2 bonds narrowed by 3bp to 252bp and senior debt was flat at 98bp according to the JP Morgan SUSI indexes. CoCos narrowed by 13bp in OAS terms, closing the month at 464bp according to Barclays Global Index.

The German government yield curve steepened during the month, with the 10-year yield down 23bp to 0,44% and the 5-year yield down 13bp to -0,40%, while the 2-year rose by 7bp to -0,70%.

Objectif Crédit Fi posted a net performance of +0,99% year-to-date compared to -0,23% for the JP Morgan SUSI Lower Tier 2 and +1,30% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,0% compared to 3,8% for the SUSI Lower Tier 2 and 3,3% for the SUSI Tier 1.

Markets were positively oriented at the start of the year: bank stocks outperformed the equity market, while the rate curves of the Eurozone and the UK steepened on the back of positive macro indicators. The first results from banks were good overall and signalled the beginning on an improvement in income, notably net of interest, for the first time in years.

The spreads of securities the least correlated to interest rates, in this case the AT1s, narrowed the most, while the other compartments (Tier 2 and senior) generated negative performances, with virtually stable spreads but a negative rate effect. The “political uncertainty” in the US, France and Italy is the biggest risk factor, and undoubtedly generating more volatility than the real impact on markets.

The primary market, excluding covered bonds, totalled €23bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€13bn over the month. Year-to-date, gross issuance totalled €29bn and net issuance -€13bn.

Objectif Crédit Fi had a yield to maturity of 4,5% and a yield to call of 4,4% with an interest rate sensitivity of 0,9 and a credit sensitivity of 5,8.

February 2017

Objectif Crédit Fi saw its net asset value climb by +0,37% over the month (C units).

The spreads of financial debt widened slightly. Tier 1 bonds widened by 1bp to 357bp (versus government bonds), Tier 2 bonds widened by 7bp to 259bp and senior debt widened by 6bp, ending the month at 104bp according to the JP Morgan SUSI indexes. CoCos, however, narrowed by 23bp in OAS terms, closing the month at 442bp according to Barclays Global Index.

The German government yield curve fell sharply during the month, with the 10-year yield down 23bp to 0,21% and the 5-year yield down 17bp to -0,57%, while the 2-year fell by 20bp to -0,90%.

Objectif Crédit Fi posted a net performance of +1,36% year-to-date compared to +0,87% for the JP Morgan SUSI Lower Tier 2 and +1,93% for the SUSI Tier 1.

The fund has a 260-day volatility of 3,3% compared to 3,0% for the SUSI Lower Tier 2 and 2,5% for the SUSI Tier 1.

The market was in “risk-off” mode due to the political risk in France lasting almost the entire month of February, with German rates down sharply until 24 February, with the OAT-Bund spread at its widest in four years (close to 80bp), the downward slide of financial stocks and financial credit on the sidelines, up until the French presidential election polls became more favourable to Macron and Fillon, broadening the gap with Le Pen in the second round. The last week of February was thus the complete opposite of the first three weeks.

The political risk in France eclipsed the rather good macro data and the results of banks and insurers, which were good as well. Unicredit successfully completed its capital increase of €13bn.

The primary market, excluding covered bonds, totalled €19bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€18bn over the month. Year-to-date, gross issuance totalled €53bn and net issuance -€26bn.

Objectif Crédit Fi had a yield to maturity of 4,4% and a yield to call of 4,2% with an interest rate sensitivity of 0,6 and a credit sensitivity of 5,8.

March 2017

Objectif Crédit Fi saw its net asset value climb by +0,74% over the month (C units).

Spreads on financial debt narrowed during the month. Tier 1 bonds narrowed by 36bp to 321bp (versus government bonds), Tier 2 bonds by 25bp to 234bp and senior debt by 8bp, ending the month at 96bp according to the JP Morgan SUSI indexes. CoCos narrowed by 2bp in OAS terms, closing the month at 440bp according to Barclays Global Index.

The German government yield curve flattened during the month, with the 10-year yield down 12bp to 0,33% and the 5-year yield down 19bp to -0,38%, while the 2-year rose by 16bp to -0,74%.

Objectif Crédit Fi posted a net performance of +2,11% year-to-date compared to +1,61% for the JP Morgan SUSI Lower Tier 2 and +2,57% for the SUSI Tier 1.

The fund has a 260-day volatility of 2,9% compared to 2,8% for the SUSI Lower Tier 2 and 2,3% for the SUSI Tier 1.

An overall positive month, buoyed by good macro figures, reassuring polls for the French presidential elections, the “smaller success” of the Dutch populist party led by Geert Wilders, the continued strengthening of the quality of banks’ balance sheets (as demonstrated by the announcement by Deutsche Bank of the launch of a capital increase of €8bn, or that of €2,5bn by Caixa Geral de Depositos) and the rise in interest rates in the first half of the month (positive factor for the margins of the financial sector).

The second part of the month of March was impacted by the failed attempt by Donald Trump to vote in a plan to reform Obamacare and the rising concerns with regard to the “reflation trade”, based partly on the implementation of a more aggressive fiscal policy under the initiative of the new US president. His failure with respect to the reform of Obamacare, meant to “finance” part of the tax decreases and infrastructure spending along with the more “dovish” message of the ECB, led rates to fall significantly at end-March. In addition to the ECB purchases, those of other European central banks seeking to minimise the rise of their currency (Switzerland, Denmark and the Czech Republic) most probably accentuated this trend.

The primary market, excluding covered bonds, totalled €26bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling +€8bn over the month. Year-to-date, gross issuance totalled €80bn and net issuance -€31bn.

Objectif Crédit Fi had a yield to maturity of 4,5% and a yield to call of 4,1% with an interest rate sensitivity of 1,1 and a credit sensitivity of 5,8.

• Transparency of securities financing transactions and the reuse of financial instruments – SFTR – in the accounting currency of the Fund (EUR)

At the end of the financial year, the Fund did not have any transactions falling under the Securities Financing Transactions Regulation (SFTR).

• **EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES AND DERIVATIVE FINANCIAL INSTRUMENTS**

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: **498 117 842,17**
 - **Currency forwards: 174 842 089,93**
 - **Futures: 323 275 752,24**
 - **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 (*)

(*) Excluding listed derivatives.

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

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

(**) the Cash account also includes liquidities from repurchase transactions.

d) Operating income and expenses related to efficient management techniques

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

(***) 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.

- **EXERCISING VOTING RIGHTS**

The scope and procedures for Lazard Frères Gestion SAS' exercise of the voting rights attached to the securities held in the funds managed by it are set out in its voting policy. This document is available to subscribers upon written request to the management company.

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

The incorporation of extra-financial considerations in investment decisions is central to our socially responsible investment (SRI) equity investment philosophy. Our SRI management philosophy is underpinned by a strong conviction:

that a company's economic performance is only sustainable if certain extra-financial factors are taken into account. The development of "human capital" and the prevention of all types of environmental risks are factors that guarantee this sustainability.

The quality of corporate governance is assessed for all companies whose shares are held by funds managed by Lazard Frères Gestion, even when the portfolios in question are not specifically pursuing SRI strategies. As such, the Objectif Crédit Fi Fund managed by Lazard Frères Gestion takes corporate governance factors into account, without necessarily considering them alongside social or environmental criteria.

Information about ESG criteria is available on the website www.lazardfreresgestion.fr.

- **METHOD USED TO CALCULATE GLOBAL RISK**

The Fund uses the method of the calculation engagement to calculate the overall risk of the Fund on financial contracts.

- **REMUNERATION**

LFG implemented a remuneration policy applicable to the employees of LFG detailing the main principles with regard to determining and paying remuneration.

The Policy is determined in a manner that is intended to avoid situations of conflict of interest and risk-taking that is either excessive or incompatible with the interests of LFG's clients.

Measures relating to the payment of variable remuneration, which must apply to an entire financial year and will not apply until FY 2017, will be published in the annual report at the beginning of 2017.

- **OTHER INFORMATION**

The prospectus, the latest annual and periodic reports, and the composition of the assets will be sent out within eight business days upon written request to:

Lazard Frères Gestion SAS,
25, rue de Courcelles, 75008
Paris, France.

The prospectus is also available at www.lazardfreresgestion.fr

Designated contact:

Client Services – Monday to Friday

9 a.m. to 5 p.m.

Tel.: +33 (0)1 44 13 01 79

where further information may be obtained if necessary.

5. CERTIFIED BY THE STATUTORY AUDITOR

OBJECTIF CREDIT FI

French open-end investment fund
(*Fonds Commun de Placement* – FCP)

Management company: Lazard Frères Gestion SAS

25, rue de Courcelles
75008 Paris

STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

For the financial year ended March 31st, 2017

In accordance with the terms of our appointment by your management company, we hereby report to you on the following matters for the financial year ended March 31st, 2017, on:

the audit of the accompanying financial statements of the OBJECTIF CREDIT FI fund, as attached to this present report,

- the basis of our opinions,
- the specific verifications and disclosures required by law.

The management company is responsible for the preparation of the annual financial statements. Our role is to express an opinion on these financial statements, based on our audit.

1. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit consists of examining, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the annual financial statements. It also involves assessing the accounting principles used, the significant estimates made by the management, and the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

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

2. BASIS OF OUR OPINIONS

Pursuant to Article L.823-9 of the French Commercial Code (Code de commerce) relating to the basis of our opinions, we hereby inform you that our assessments focused on compliance with accounting principles and methods applicable to UCIs.

The assessments we have made are part of our audit of the annual financial statements as a whole and have therefore contributed to our opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND DISCLOSURES

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

We have no matters to report regarding the true and fair presentation of the information provided in the management report and in the documents sent to unitholders on the company's financial position and annual financial statements, or its consistency with the annual financial statements.

Neuilly-sur-Seine, June 21st, 2017,

The statutory auditor

Deloitte & Associés

Olivier Galienne

6. ANNUAL FINANCIAL STATEMENTS

• BALANCE SHEET in euros

ASSETS

	31/03/2017	31/03/2016
Net non-current assets		
Deposits		
Financial instruments	479 075 952,35	371 906 644,23
Equities and similar securities		
Traded on a regulated or equivalent market Not traded on a regulated or equivalent market		
Bonds and similar securities	436 588 427,13	361 001 622,95
Traded on a regulated or equivalent market Not traded on a regulated or equivalent market	436 588 427,13	361 001 622,95
Debt securities		4 005 385,02
Traded on a regulated or equivalent market		4 005 385,02
Negotiable debt securities		4 005 385,02
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment	39 950 664,82	6 021 992,67
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	39 950 664,82	6 021 992,67
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		
Temporary financial securities transactions		
Receivables on securities purchased under repurchase agreements Receivables on loaned securities		
Borrowed securities		
Securities sold under repurchase agreements		
Other temporary transactions		
Forward financial instruments	2 536 860,40	877 643,59
Transactions on a regulated or equivalent market	2 536 860,40	877 643,59
Other transactions		
Other financial instruments	185 958 703,46	133 742 008,15
Receivables	174 842 089,93	132 969 686,30
Currency forward exchange transactions Other	11 116 613,53	772 321,85
Financial accounts	17 999 346,87	19 409 004,93
Cash and cash equivalents	17 999 346,87	19 409 004,93
Total assets	683 034 002,68	525 057 657,31

LIABILITIES AND SHAREHOLDERS' EQUITY

	31/03/2017	31/03/2016
Shareholders' equity		
Capital	467 991 918,33	371 135 320,07
Undistributed net capital gains and losses recognised in previous years (a) Retained earnings (a)	1 110,65	2 747,47
Net capital gains and losses for the year (a, b)	1 102 503,98	4 869 548,54
Net income for the year (a, b)	17 914 752,66	15 855 371,56
Total shareholders' equity (= amount representing net assets)	487 010 285,62	391 862 987,64
Financial instruments	2 505 681,19	857 679,57
Sales of financial instruments by instrument type		
Temporary securities transactions		
Liabilities on securities sold under repurchase agreements		
Liabilities on borrowed securities		
Other temporary transactions		
Forward financial instruments	2 505 681,19	857 679,57
Transactions on a regulated or equivalent market	2 505 681,19	857 679,57
Other transactions		
Liabilities	183 394 649,91	132 336 990,10
Currency forward exchange transactions	173 927 877,45	129 055 730,20
Other	9 466 772,46	3 281 259,90
Financial accounts	10 123 385,96	
Bank overdrafts Borrowings	10 123 385,96	
Total liabilities and shareholders' equity	683 034 002,68	525 057 657,31

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	31/03/2017	31/03/2016
Hedging transactions		
Commitments on regulated or similar markets		
Futures contracts		
BP GBPUSD M7	6 952 018,37	
CME CME GBP/USD 0616		10 246 533,72
CME EUR/USD0616		32 565 596,07
EC EURUSD 0617	12 543 826,84	
LIFFE LG GILT 0617	74 582 018,01	
TU CBOT UST 2 0617	101 188 876,63	
TY CBOT YST 1 0617	46 585 012,39	
XEUR FGBL BUN 0617	64 568 000,00	
XEUR FGBX BUX 0617	16 856 000,00	
Commitments on OTC markets		
Other commitments		
Other transactions		
Commitments on regulated or similar markets		
Commitments on OTC markets		
Other commitments		

- **INCOME STATEMENT in euros**

	31/03/2017	31/03/2016
Income from financial transactions		
Income from deposits and financial accounts	13,93	-4,874,06
Income from equities and similar securities		10 192,50
Income from bonds and similar securities	20 567 341,72	17 169 966,37
Income from debt securities		-494,75
Income from temporary purchases and sales of financial securities		
Income from forward financial instruments		
Other financial income		
Total (1)	20 567 355,65	17 174 790,06
Expenses related to financial transactions		
Charges on temporary purchases and sales of financial securities		
Charges on forward financial instruments:		
Charges on financial debt	2 318,86	2 316,51
Other financial charges		
Total (2)	2 318,86	2 316,51
Income from financial transactions (1 - 2)	20 565 036,79	17 172 473,55
Other income (3)		
Management fees and depreciation and amortisation (4)	4 933 650,23	2 006 711,95
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	15 631 386,56	15 165 761,60
Income adjustment for the financial year (5)	2 283 366,10	689 609,96
Interim dividends paid on net income for the financial year (6)		
Net income (1 - 2 + 3 - 4 + 5 - 6)	17 914 752,66	15 855 371,56

ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with regulation 2014-01 of the French accounting standards body (Autorité des Normes Comptables - ANC) repealing French Accounting Regulatory Committee (Comité de la Réglementation Comptable - CRC) regulation 2003-02.

The general accounting principles are applicable:

- true and fair view, comparability, business continuity,
- regularity, sincerity,
- prudence,
- permanence of the accounting methods used each year.

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.

Asset valuation rules

Financial instruments are recognised at historical cost and are stated in the balance sheet at their present value, which is calculated as the latest known market value or failing the existence of a market by any external means or through the use of financial models.

The difference between the present value used during the calculation of the net asset value and the historical cost of marketable securities when entered in the portfolio is recorded in "valuation difference" accounts.

Securities that are not in the currency of the portfolio are valued in accordance with the principle stated below, then converted into the currency of the portfolio based on the exchange rate of the day of valuation.

Deposits:

Deposits with a residual life of less than or equal to three months are valued on a straight-line basis.

Equities, bonds and other securities traded on a regulated or similar market:

To calculate the net asset value, equities and other securities traded on a regulated or similar market are valued based on the last market price of the day.

Bonds and similar securities are valued at the closing price communicated by various financial service providers.

Equities, bonds and other securities not traded on a regulated or similar market:

Securities that are not traded on a regulated market are valued under the supervision of the management company, using methods based on the market value and yield, taking into account the price used during recent significant transactions.

Negotiable debt securities:

Negotiable debt securities and similar securities that are not used for significant transactions are valued using an actuarial method based on the reference rate defined below plus, where relevant, a difference that represents the intrinsic characteristics of the issuer:

Negotiable debt securities maturing in one year or less: Euribor;

Negotiable debt securities maturing after one year: BTAN treasury note rates or rates of medium-term OAT (fungible treasury bonds) for longer maturities.

Negotiable debt securities with a residual life of less than or equal to three months may be valued using the straight-line method.

Treasury notes are valued at the market rate communicated daily by the Banque de France.

UCIs held in the portfolio:

Units or shares of UCIs are valued at the last known NAV.

Temporary securities transactions:

Securities purchased under repurchase agreements are recorded as an asset under the heading "Receivables on securities purchased under repurchase agreements" in the amount stated in the contract plus accrued interest receivable.

Securities sold under repurchase agreements are recorded in the purchaser's portfolio at the present value. Liabilities on securities sold under repurchase agreements are recorded in the seller's portfolio at the value stated in the contract plus accrued interest payable.

Loaned securities are valued at their present value and are recorded as an asset under "Receivables on loaned securities" at their present value plus accrued interest receivable.

Borrowed securities are recorded as an asset under "Borrowed securities" in the amount stated in the contract, and as a liability under "Liabilities on borrowed securities" in the amount stated in the contract plus accrued interest payable.

Forward financial instruments:

Forward financial instruments traded on a regulated or equivalent market:

Forward financial instruments traded on regulated markets are valued at the day's settlement price.

Forward financial instruments not traded on a regulated or equivalent market:

Swaps:

Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future interest flows according to interest rates and/or market exchange rates. This price is adjusted for credit risk.

Index swaps are valued using an actuarial method based on a reference rate provided by the counterparty.

Other swaps are valued at their market value or at a value estimated using methods approved by the management company.

Off-balance sheet commitments:

Futures contracts are recorded as an off-balance sheet commitment at their market based on the price used in the portfolio.

Options are recorded at a price equivalent to the underlying asset.

Commitments on swap contracts are presented at their face value or if there is no face value in an equivalent amount.

Management fees

Management fees are calculated based on the net assets on each valuation day excluding UCIs managed by Lazard Frères Gestion. These fees are charged to the UCI's income statement.

The management fees are paid in full to the management company which assumes all of the operating costs related to the UCIs.

The management fees do not include transaction charges.

The rate applied on the basis of net asset value excluding UCIs managed by Lazard Frères Gestion is:

0,30% for C units;

1,00% for R units;

0,70% for I units;

0,75% for DH units;

0,75% for H units;

0,30% for G units.

Variable management fees only concern C, R and G units. They are 30% of the Fund's outperformance relative to Eonia +3%. This performance fee will be capped at 2%.

Principle: Performance is calculated by comparing changes in the Fund's assets with those of the assets of a benchmark fund with a performance exactly equal to Eonia +3% (taking assets as of 28 March 2013 as the baseline). This benchmark fund records the same changes in subscriptions and redemptions as the actual Fund.

A high water mark system is used whereby the management company only qualifies for performance fees if the Fund outperforms the indexed portfolio over the reference period.

The reference period begins on the last closing date on which variable management fees were collected by the management period and ends on the next closing date on which management fees will be calculated.

If the Fund has outperformed the benchmark assets at the end of the financial year, a performance fee will be charged. The variable portion of management fees will be 30% of the difference between the Fund's performance and that of the benchmark fund. This performance is calculated on each NAV calculation date.

If the Fund underperforms the benchmark assets, the variable portion of management fees is adjusted by a reversal of provisions up to the level of the existing charge to provisions.

In the case of redemptions, the proportion of the provision for variable management fees corresponding to the number of units redeemed is permanently retained by the management company. These fees will be collected at the close of the financial year.

Allocation of distributable income

Definition of distributable income:

Distributable income consists of:

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>Distributable amounts</i>	<i>C, R, I and DH units</i>	<i>G units</i>
Allocation of net income	Accumulation	Distribution
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or distribution and/or carry over as decided by the Management Company

Swing pricing adjustments to the net asset value (NAV) as from 23 November 2015:

In order to protect the Fund's long-term shareholders, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the Fund's outstandings, which may generate costs for shareholders entering and leaving the Fund that would otherwise have been allocated across all shareholders in the Fund. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of units in the Fund 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 Fund, 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 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 category in the Fund.

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 Fund.

Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the Fund, it is not possible to accurately predict a given time in the future at which it 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 2,5% of the NAV. Investors should be aware that the volatility of the Fund's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

• **CHANGE IN NET ASSETS in euros**

	31/03/2017	31/03/2016
Net assets at start of year	391 862 987,64	370 353 227,24
Subscriptions (including subscription fees retained by the Fund)	270 292 152,74	261 327 894,60
Redemptions (net of redemption fees retained by the Fund)	-209,925,674,65	-221,247,164,60
Realised capital gains on deposits and financial instruments	2 742 284,65	4 611 902,80
Realised capital losses on deposits and financial instruments	-1,156,958,26	-1,990,323,50
Realised capital gains on forward financial instruments	16 535 992,51	12 979 336,65
Realised capital losses on forward financial instruments	-10,270,230,71	-10,866,676,35
Transaction fees	-46,242,52	-69,975,33
Exchange rate differences	-5,535,545,88	-8,428,129,17
Changes in valuation difference of deposits and financial instruments	20 249 377,16	-29,596,988,01
Valuation difference for financial year N	25 801 132,15	5 551 754,99
Valuation difference for financial year N-1	-5,551,754,99	-35,148,743,00
Changes in valuation difference of forward financial instruments	-1,522,874,81	656 154,91
Valuation difference for financial year N	-745,758,84	777 115,97
Valuation difference for financial year N-1	-777,115,97	-120,961,06
Distribution of prior year's net capital gains and losses		
Dividends paid in the previous financial year	-1,846,368,81	-1,032,033,20
Net profit/loss for the financial year prior to income adjustment	15 631 386,56	15 165 761,60
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		
Net assets at end of year	487 010 285,62	391 862 987,64

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

	Amount:	%
Assets		
Bonds and similar securities		
Other bonds (index-linked, participation certificates)	1 884 092,48	0,39
Fixed-rate bonds traded on a regulated or equivalent market	420 777 821,50	86,40
Variable/revisable-rate bonds traded on a regulated or equivalent market	13 539 642,04	2,78
Convertible bonds traded on a regulated or equivalent market	386 871,11	0,08
TOTAL Bonds and similar securities		
Debt securities	436 588 427,13	89,65
Debt securities		
TOTAL Debt securities		
Liabilities		
Sales of financial instruments		
Equities and similar securities		
TOTAL Sales of financial instruments		
Off-balance sheet items		
Hedging transactions		
Equity		
Currencies	19 495 845,21	4,00
Interest rates	303 779 907,03	62,38
TOTAL Hedging transactions	323 275 752,24	66,38
Other transactions		
Equity		
TOTAL Other transactions		

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

	Fixed rates	%	Variable rates	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities	420 758 829,30	86,40			13 539 642,04	2,78	2 289 955,79	0,47
Debt securities								
Temporary securities transactions								
Financial accounts							17 999 346,87	3,70
Liabilities								
Temporary securities transactions								
Financial accounts							10 123 385,96	2,08
Off-balance sheet items								
Hedging transactions							303 779 907,03	62,38
Other transactions								

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

	< 3 months	%	3 months-1	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities					1 350 830,01	0,28	14 710 014,78	3,02	420 527 582,34	86,35
Debt securities										
Temporary securities transactions										
Financial accounts	17 999 346,87	3,70								
Liabilities										
Temporary securities transactions										
Financial accounts	10 123 385,96	2,08								
Off-balance sheet										
Hedging transactions									303 779 907,03	62,38
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**

	USD		GBP		DEM		Other currencies	
	Amount:	%	Amount:	%	Amount:	%	Amount:	%
Assets								
Deposits								
Equities and similar securities								
Bonds and similar securities	131 896 931,01	27,08	63 274 260,78	12,99	2 054 600,86	0,42		
Debt securities								
UCI	3 324 178,23	0,68						
Temporary securities transactions								
Receivables	4 224 484,09	0,87	7 178 767,68	1,47			99 948,62	0,02
Financial accounts	13 772 038,07	2,83	4 227 308,80	0,87				
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Liabilities								
Financial accounts	97 283 904,43	19,98	73 658 365,48	15,12				
Off-balance sheet items								
Hedging transactions	167 269 734,23	34,35	74 582 018,01	15,31				
Other transactions								

- **RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE**

	Debit/credit item	31/03/2017
Receivables	Forward currency purchases	2 960 964,94
	Receivables on forward currency sales	171 881 124,99
	Deferred settlement sales	5 845 902,02
	Subscription receivables	502 474,45
	Margin cash deposits	4 126 486,19
	Coupons and dividends in cash	641 734,04
	Collateral	16,83
Total receivables		185 958 703,46
Liabilities	Forward currency sales	170 942 269,91
	Payables on forward currency purchases	2 985 607,54
	Deferred settlement purchases	5 825 468,95
	Redemptions payable	149 847,50
	Management fees	545 128,42
	Variable management fees	2 946 327,59
Total liabilities		183 394 649,91

• **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In units	In amounts
DH units		
Units subscribed during the financial year	2 818,000	2 669 585,94
Units redeemed during the financial year	-257,000	-254,882,34
Net balance of subscriptions/redemptions	2 561,000	2 414 703,60
C units		
Units subscribed during the financial year	11 555,125	157 744 073,32
Units redeemed during the financial year	-6,248,702	-84,628,488,81
Net balance of subscriptions/redemptions	5 306,423	73 115 584,51
H-CHF units		
Units subscribed during the financial year	107,000	99 836,72
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	107,000	99 836,72
I units		
Units subscribed during the financial year	38 903,719	42 851 644,41
Units redeemed during the financial year	-52,445,194	-57,133,781,93
Net balance of subscriptions/redemptions	-13,541,475	-14,282,137,52
R units		
Units subscribed during the financial year	158 417,110	48 585 091,38
Units redeemed during the financial year	-214,553,925	-65,244,538,57
Net balance of subscriptions/redemptions	-56,136,815	-16,659,447,19
G units		
Units subscribed during the financial year	176 976,469	18 341 920,97
Units redeemed during the financial year	-25,945,000	-2,663,983,00
Net balance of subscriptions/redemptions	151 031,469	15 677 937,97

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
DH units	
Redemption fees acquired Subscription fees acquired Total fees acquired	
C units	
Redemption fees acquired Subscription fees acquired Total fees acquired	
H-CHF units	
Redemption fees acquired Subscription fees acquired Total fees acquired	
I units	
Redemption fees acquired Subscription fees acquired Total fees acquired	
R units	
Redemption fees acquired Subscription fees acquired Total fees acquired	
G units	
Redemption fees acquired Subscription fees acquired Total fees acquired	

- MANAGEMENT FEES**

	31/03/2017
C units	
Guarantee fees	
Fixed management fees	638 196,13
Percentage of fixed management fees	0,29
Variable management fees	2 362 532,04
Retrocessions of management fees	
DH units	
Guarantee fees	
Fixed management fees	14 157,30
Percentage of fixed management fees	0,75
Variable management fees	
Retrocessions of management fees	
H-CHF units	
Guarantee fees	
Fixed management fees	21,27
Percentage of fixed management fees	0,71
Variable management fees	
Retrocessions of management fees	
I units	
Guarantee fees	
Fixed management fees	467 429,49
Percentage of fixed management fees	0,68
Variable management fees	
Retrocessions of management fees	
R units	
Guarantee fees	
Fixed management fees	731 956,29
Percentage of fixed management fees	0,97
Variable management fees	190 385,92
Retrocessions of management fees	
G units	
Guarantee fees	
Fixed management fees	135 562,16
Percentage of fixed management fees	0,29
Variable management fees	393 409,63
Retrocessions of management fees	

- COMMITMENTS RECEIVED AND GIVEN**

Guarantees received by the UCI

None.

Other commitments received and/or given

None.

- **PRESENT VALUE OF SECURITIES HELD TEMPORARILY**

	31/03/2017
Securities held under repurchase agreements	

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

	31/03/2017
Financial instruments given as security and retained under their original classification Financial instruments received as security and not recorded on the	

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

	ISIN code	Description	31/03/2017
Equities			
Bonds			
Negotiable debt securities			
UCI			39 950 664,82
	FR0013072733	OBJECTIF CAPITAL FI DH	513 328,04
	FR0010952788	OBJECTIF CAPITAL FI IC	6 216 596,00
	FR0000284283	OBJECTIF C.TER.DOLLAR SI.	2 810 850,19
	FR0010941815	OBJECTIF MONET.EURO B FCP 3DEC	30 409 890,59
Forward financial instruments			

• **TABLE OF ALLOCATION OF DISTRIBUTABLE AMOUNTS PERTAINING TO NET INCOME**

	31/03/2017	31/03/2016
Remaining amounts to be allocated		
Retained earnings	1 110,65	2 747,47
Net income	17 914 752,66	15 855 371,56
Total	17 915 863,31	15 858 119,03

	31/03/2017	31/03/2016
C units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	10 072 475,62	8 173 488,33
Total	10 072 475,62	8 173 488,33

	31/03/2017	31/03/2016
DH units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	124 089,05	2 544,60
Total	124 089,05	2 544,60

	31/03/2017	31/03/2016
H-CHF units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	163,40	
Total	163,40	

	31/03/2017	31/03/2016
I units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	2 717 683,54	2 847 479,54
Total	2 717 683,54	2 847 479,54

	31/03/2017	31/03/2016
R units		
Appropriation		
Distribution		
Balance brought forward for the financial year		
Accumulation	2 674 199,34	2 989 058,71
Total	2 674 199,34	2 989 058,71

	31/03/2017	31/03/2016
G units		
Appropriation		
Distribution	2 324 149,88	1 844 725,74
Balance brought forward for the financial year	3 102,48	822,11
Accumulation		
Total	2 327 252,36	1 845 547,85
Information on units with dividend rights		
Number of units	581 037,469	430 006,000
Distribution per unit	4,00	4,29
Tax credits		
Tax credits attached to the distribution of earnings		

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

	31/03/2017	31/03/2016
Remaining amounts to be allocated		
Undistributed net capital gains and losses recognised in previous years		
Net capital gains and losses for the year	1 102 503,98	4 869 548,54
Interim dividends paid on net capital gains/losses for the financial year		
Total	1 102 503,98	4 869 548,54

	31/03/2017	31/03/2016
C units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	490 905,36	2 387 587,20
Total	490 905,36	2 387 587,20

	31/03/2017	31/03/2016
DH units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	250 184,87	-14,692,03
Total	250 184,87	-14,692,03

	31/03/2017	31/03/2016
H-CHF units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	-16,09	
Total	-16,09	

	31/03/2017	31/03/2016
I units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	111 718,85	915 295,72
Total	111 718,85	915 295,72

	31/03/2017	31/03/2016
R units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	128 303,24	1 043 322,35
Total	128 303,24	1 043 322,35

	31/03/2017	31/03/2016
G units		
Appropriation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	121 407,75	538 035,30
Total	121 407,75	538 035,30

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

	28/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017
Global net assets in euros	144 927 985,30	202 416 878,72	370 353 227,24	391 862 987,64	487 010 285,62
OBJECTIF CREDIT FI C					
Net assets in euros	119 057 437,23	164 439 924,17	185 007 122,11	191 590 846,66	283 890 266,77
Number of shares	10 489,562	13 126,963	13 788,022	14 884,456	20 190,879
Net asset value per share in euros	11 350,08	12 526,88	13 417,95	12 871,87	14 060,32
Accumulation per unit pertaining to net capital gains and losses in		899,27	-270,06	160,40	24,31
Accumulation per unit pertaining to net income in euros	104,93	166,96	276,98	549,12	498,86
OBJECTIF CREDIT FI DH					
Net assets in US dollars				446 767,73	3 333 730,10
Number of shares				450,000	3 011,000
Net asset value per share in US				992,81	1 107,18
Accumulation per unit pertaining to net capital gains and losses in				-32,64	83,09
Accumulation per unit pertaining to net income in euros				5,65	41,21
OBJECTIF CREDIT FI I					
Net assets in euros			62 071 930,20	73 325 714,11	65 281 670,99
Number of shares			57 645,335	71 220,341	57 678,866
Net asset value per share in euros			1 076,79	1 029,56	1 131,81
Accumulation per unit pertaining to net capital gains and losses in			-21,67	12,85	1,93
Accumulation per unit pertaining to net income in euros			36,26	39,98	47,11
OBJECTIF CREDIT FI H					
Net assets in Swiss francs					107 228,24
Number of shares					107,000
Net asset value per share in Swiss					1 002,13
Accumulation per unit pertaining to net capital gains and losses in					-0,15
Accumulation per unit pertaining to net income in euros					1,52

* The tax credit per unit is determined at the date of distribution, in accordance with tax provisions in force.

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

	28/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017
Global net assets in euros	144 927 985,30	202 416 878,72	370 353 227,24	391 862 987,64	487 010 285,62
OBJECTIF CREDIT FI					
Net assets in euros	25 870 548,08	37 976 954,55	91 166 077,68	83 423 166,00	73 476 362,15
Number of shares	99 499,071	133 229,052	300 659,242	288 759,418	232 622,603
Net asset value per share in euros	260,00	285,05	303,22	288,90	315,86
Accumulation per unit pertaining to net capital gains and losses in		20,45	-6,10	3,61	0,55
Accumulation per unit pertaining to net income in euros	2,60	3,63	4,24	10,35	11,49
OBJECTIF CREDIT FI G					
Net assets in euros			32 108 097,24	43 131 204,59	61 144 877,42
Number of shares			300 000,000	430 006,000	581 037,469
Net asset value per share in euros			107,02	100,30	105,23
Accumulation per unit pertaining to net capital gains and losses in			-2,15	1,25	0,20
Accumulation per unit pertaining to net income in euros			2,42	4,29	4,00
Retained earnings in euros on profit and loss					
Tax credit per unit in euros					*

* The tax credit per unit is determined at the date of distribution, in accordance with tax provisions in force.

- **INVENTORY in euros**

Description of security	Currency	Qty No. or nominal	Present value	% Net assets
Bonds and similar securities				
Bonds and similar securities traded on a regulated or similar market				
GERMANY				
ALLIANZ SE 5.625% 17-10-42	EUR	1 000 000	1 224 924,52	0,25
ALLIANZ SE 5.625% 17-10-42	EUR	1 000 000	1 224 924,52	0,25
COMMERZBANK AG 8.125% 19/09/2023	USD	2 000 000	2 203 396,03	0,45
DELTA LLOYD LEVENSVERZEK 9% 29/08/2042	EUR	2 000 000	2 689 726,85	0,55
DEUTSCHE BANK AG 0% 15/10/2026	DEM	5 000 000	2 054 600,86	0,42
DEUTSCHE BANK 4.296% 05/28	USD	4 000 000	3 610 350,77	0,74
DEUTSCHE BANK 6% 31/12/2099	EUR	1 400 000	1 437 178,44	0,30
DEUTSCHE BK 4.5% 01-04-25	USD	3 000 000	2 724 472,91	0,56
KRED WIED KFW ZCP 29-09-37	USD	5 000 000	2 452 573,51	0,50
MUNICH RE 6.25% 26/05/2042	EUR	2 000 000	2 576 471,78	0,53
NORDDEUTSCHE LANDESBANK 6.25% 10/04/2024	USD	7 000 000	6 651 674,38	1,37
TOTAL GERMANY			27 625 370,05	5,67
AUSTRIA				
BAWAG 8.125% 30/10/2023	EUR	1 000 000	1 317 626,03	0,27
ERST GROU BA 8.875% PERP EMTN	EUR	2 200 000	2 553 898,59	0,52
ERSTE GROUP BANK AG 7.125% 10/10/2022	EUR	1 500 000	1 961 364,25	0,40
UNIQ VERS AG 6.0% 27-07-46	EUR	500 000	592 190,14	0,12
UNIQA INSURANCE 6.875% 31/07/2043	EUR	5 500 000	6 798 021,85	1,40
VIENNA INSURANCE GRP AGW 5.5% 09/10/43	EUR	1 500 000	1 782 901,85	0,37
TOTAL AUSTRIA			15 006 002,71	3,08
BELGIUM				
AGSBB 3 1/2 06/30/47	EUR	3 000 000	3 081 082,60	0,63
ARGE SPAA 3.875% 24-05-26	EUR	1 000 000	1 089 391,78	0,22
BELFIUS BANK 3.125% 11-05-26	EUR	1 100 000	1 158 643,41	0,24
TOTAL BELGIUM			5 329 117,79	1,09
DENMARK				
DANI PENS 4.375% 29-09-45	EUR	1 500 000	1 661 331,58	0,34
DANSKE BA 5.875% PERP EMTN	EUR	1 000 000	1 107 022,20	0,23
DANSKE BANK AS 6.125% HYB FIX/VAR PERP	USD	800 000	752 100,11	0,15
TOTAL DENMARK			3 520 453,89	0,72
SPAIN				
B BILB VIZC ARGE 6.75% PERP	EUR	2 400 000	2 427 293,53	0,50
BANC BILB VIZC AR 8.875% PERP	EUR	3 000 000	3 348 966,67	0,69
BANC DE 5.625% 06-05-26 EMTN	EUR	2 000 000	2 311 260,00	0,47
BANCO BILBAO VIZCAYA ARGENTARIA SA 9% 29/05/2049	USD	600 000	597 402,65	0,12
BANCO SABADELL E3R 26/04/2020	EUR	4 000 000	4 766 882,22	0,98
BANKINTER 6 3/8%09-110919 EMTN	EUR	1 150 000	1 350 830,01	0,28
BANKINTERSA 8.625% PERP	EUR	2 000 000	2 272 121,18	0,47
BCO SANTANDER CENTRAL 6.375% 29/12/2049	USD	1 000 000	936 617,04	0,19
BCO SANTANDER 6.25% PERP	EUR	1 000 000	994 589,44	0,20
BMARE 9 11/16/26	EUR	3 000 000	3 724 061,92	0,76
IBERCAJA 5.0% 28-07-25	EUR	6 000 000	6 219 699,45	1,29
LIBERBANK SA 6.875% 14-03-27	EUR	3 000 000	3 089 926,44	0,63
B BILB VIZC ARGE 6.75% PERP	EUR	2 400 000	2 427 293,53	0,50

Description of security	Currency	Qty No. or nominal	Present value	% Net assets
APFRE TF/TV 24/07/2037	EUR	3,600 000	3 811 333,22	0,78
TOTAL SPAIN			35 850 983,77	7,36
FRANCE				
ACAFP 7 7/8 01/29/49	USD	500 000	477 717,26	0,10
AXA 5.625% 16-01-54 EMTN	GBP	1 000 000	1 257 980,30	0,26
BNP PAR 3.8% 10-01-24 EMTN	USD	500 000	470 427,85	0,10
BNP PAR 4.625% 13-03-27	USD	7 000 000	6 573 974,77	1,35
BNP PARIBAS 7.195%/LIBOR PERPETUELLE SERIE REGS	USD	3 000 000	3 143 656,99	0,65
BNP PARIBAS 7.625% PERP	USD	2 300 000	2 295 546,50	0,47
BNP 4.032 12/31/49	EUR	3 000 000	3 058 951,64	0,63
BPCE 2.875% 22-04-26 EMTN	EUR	1 500 000	1 578 243,29	0,32
BPCE 5.70% 10/23	USD	3 000 000	3 056 402,23	0,63
CA ASSURANCES 4.25% PERP	EUR	2 200 000	2 253 573,32	0,46
CA 4.375% 17-03-25	USD	2 500 000	2 332 143,19	0,48
CNP ASSU 4.25% 05-06-45	EUR	3 000 000	3 253 712,47	0,67
CNP ASSUR TV 2040	EUR	2 400 000	2 811 925,15	0,58
CNP ASSURANCES TF/TV 30/09/2041	EUR	2 000 000	2 466 728,49	0,51
CNP ASSURANCES 1.875% 20-10-22	EUR	1 200 000	1 229 468,88	0,25
CNP ASSURANCES 4.0% PERP	EUR	3 000 000	3 141 671,10	0,65
CRED AGRI ASS 4.75% 27-09-48	EUR	4 000 000	4 289 223,56	0,88
CRED AGRI ASSU 4.5% PERP	EUR	3 000 000	3 121 470,00	0,64
CRED AGRI SA 6.625% PERP	USD	2 200 000	2 040 172,34	0,42
CRED AGRIC 7.875%09-PERP TSDI	EUR	2 550 000	3 066 146,90	0,63
CRED MUT 3.25% 01-06-26 EMTN	EUR	1 000 000	1 067 365,62	0,22
CREDIT LOGEMENT EURIBOR 3 MOIS REV +1.15 31/12/2099	EUR	7 000 000	5 820 589,44	1,20
CREDIT MUTUEL ARKEA 3.5% 09-02-29	EUR	3 000 000	3 106 584,25	0,64
GROUPAMA SA 6.375% PERP	EUR	7 100 000	7 683 325,30	1,57
GROUPAMA 6.0% 23-01-27	EUR	2 000 000	2 137 182,47	0,44
HUMA PREV 5.75% 22-10-25	EUR	2 500 000	2 694 064,04	0,55
LAMON 5.05 12/17/49	EUR	5 769 000	6 061 444,83	1,24
NATIXIS TV 08-PERP.USMTN	USD	750 000	785 366,90	0,16
SOCIETE GENERALE TV PERPETL	EUR	1 500 000	1 859 598,08	0,38
SOCIETE GENERALE 7.375% PERP	USD	2 000 000	1 909 376,74	0,39
SOCIETE GENERALE 7.875 31/12/2099	USD	1 000 000	966 477,72	0,20
SOCIETE GENERALE 8.0% PERP	USD	1 000 000	960 145,23	0,20
SOGECAP SA 4.125% 29-12-49	EUR	7 000 000	7 058 699,32	1,44
TOTAL FRANCE			94 029 356,17	19,31
GUERNSEY				
CRED SUI 2.75% 08-08-25 EMTN	GBP	2 000 000	2 382 080,79	0,49
TOTAL GUERNSEY			2 382 080,79	0,49
IRELAND				
CLOV PLC SUB 4.5% 11-09-44	USD	3 000 000	2 877 635,45	0,59
CLOVERIE FIX 24-06-46	USD	3 000 000	3 152 903,09	0,65
WILLOW N 4.25% 01-10-45 EMTN	USD	2 000 000	1 862 716,40	0,38
TOTAL IRELAND			7 893 254,94	1,62
ITALY				
ASSICURAZIONI GENERALI 10.125% 10/07/2042	EUR	3 000 000	4 175 227,40	0,86
FONDIARIA SAI 5.75% 31-12-99	EUR	2 150 000	2 211 500,60	0,45
INTE 5.71% 15-01-26	USD	2 500 000	2 289 955,79	0,47

Description of security	Currency	Qty No. or nominal	Present value	% Net assets
INTESA SAN TF/TV 20/06/2018	EUR	1 300 000	1 475 791,38	0,30
INTESA SANPAOLO SPA 6.625% 13/09/2023	EUR	1 000 000	1 222 265,89	0,25
INTESA SANPAOLO 7.75% PERP	EUR	3 200 000	3 358 442,52	0,69
UNICREDIT SPA 6.75% PERP	EUR	1 000 000	976 955,60	0,20
UNICREDIT SPA 6.95% 31/10/2022	EUR	2 000 000	2 413 807,40	0,50
TOTAL ITALY			18 123 946,58	3,72
JERSEY				
HBOS STERLING FINANCE JERSEY LP 7.881% PERP	GBP	6 243 000	9 940 372,90	2,04
HSBC CAPIT TF/TV PERP PF *EUR	USD	8 000 000	11 603 858,32	2,38
UBS GROU FUND 4.125% 15-04-26	USD	2 000 000	1 939 543,11	0,40
TOTAL JERSEY			23 483 774,33	4,82
LUXEMBOURG				
TALANX FINANZ 8.3673% 15/06/2042	EUR	1 300 000	1,747 911,93	0,36
TOTAL LUXEMBOURG			1 747 911,93	0,36
NORWAY				
KOMM LAND AS 4.25% 10-06-45	EUR	3 000 000	3 311 875,89	0,68
STOREBRAND LIVSFORSIKRIN TV 04/04/2043	EUR	3 000 000	3 533 880,00	0,73
TOTAL NORWAY			6 845 755,89	1,41
NETHERLANDS				
ABN AMRO BANK NV 6.25% 27/04/22	USD	2 000 000	2 151 179,37	0,44
ABN AMRO BK FIX 27-03-28	USD	2 000 000	1 884 092,48	0,39
ACHMEA BV TF/TV 04/04/2043	EUR	4 000 000	4 443 240,00	0,91
ACHMEA BV 4.25% PERP EMTN	EUR	11 328 000	10 941 713,65	2,25
AEGON 4 04/25/44	EUR	1 100 000	1 185 798,49	0,24
ALLIANZ FI.TV11-080741 EMTN	EUR	2 000 000	2 433 508,49	0,50
ATRA FINA BV 5.25% 23-09-44	EUR	234 000	242 739,96	0,05
DELT LLOY NV 4.375% 31-12-99	EUR	600 000	620 669,75	0,13
DEME SWIS RE 5.75% 15-08-50	USD	2 000 000	2 020 300,86	0,41
GENERALI FI 4.596% PERP EMTN	EUR	8 000 000	8 094 663,89	1,66
ING BANK 5.80% 09/23	USD	1 000 000	1 038 727,61	0,21
ING GROEP NV 6.5% PERP	USD	1 600 000	1 534 961,64	0,32
NN GROUP NV FIX 13-01-48 EMTN	EUR	6 000 000	6 268 462,19	1,29
NNGRNV 1 03/18/22	EUR	1 000 000	1 020 035,75	0,21
NNGRNV 4.625% 04/08/2044	EUR	2 000 000	2 240 746,30	0,46
RABO NEDE 5.5% PERP	EUR	1 000 000	1 047 345,49	0,22
RABO NEDE 6.625% PERP	EUR	1 000 000	1 105 662,53	0,23
RABOBK 5.75% 01-12-43	USD	1 000 000	1 095 755,75	0,22
TOTAL NETHERLANDS			49 369 604,20	10,14
PORTUGAL				
BANCO ESPIRITO SANTO SA 7.125% 28/11/2023	EUR	4 500 000	24 660,00	0,01
CAIXA GERAL DE DEPOSITOS 10.75% PERP	EUR	3 000 000	3 026 281,79	0,62
TOTAL PORTUGAL			3 050 941,79	0,63
UNITED KINGDOM				
ABBAY NATI TF/TV PERP	USD	4 000 000	5 108 998,59	1,05
AVIVA PLC 4.375% 12-09-49	GBP	2 500 000	2 868 509,22	0,59
BARCLAYS PLC 6.5% 31-12-99	EUR	1 000 000	1 021 520,56	0,21
BARCLAYS PLC 7.125% PERP	GBP	2 500 000	2 967 606,40	0,61
BARCLAYS PLC 7.875% PERP	USD	2 000 000	1 958 349,31	0,40

Description of security	Currency	Qty No. or nominal	Present value	% Net assets
BARCLAYS PLC 8% 12/15/2049	EUR	1 050 000	1 143 998,33	0,23
BARCLAYS 10% 21/05/2021	GBP	2 121 000	3 407 743,19	0,70
COVE BUIL SOC 6.375% 31-12-99	GBP	800 000	947 326,24	0,19
DIRECT LINE INSURANCE PL	GBP	5 000 000	7 519 376,36	1,54
DRESDR FIN 8.151% 30/06/31*USD	USD	15 000 000	16 864 333,13	3,47
HBOS PLC 4.50% 18/03/30	EUR	7 062 000	8 041 823,48	1,66
HBOS 6.0% 01-11-33	USD	623 000	669 841,74	0,14
HSBC BANK 5.844% PERP EMTN	GBP	2 497 000	3 496 928,19	0,72
HSBC HOLDINGS PLC 5.25% PERP	EUR	1 200 000	1 222 596,72	0,25
HSBC HOLDINGS PLC 6.375% PERP	USD	600 000	567 461,55	0,12
HSBC HOLDINGS PLC 6.875% PERP	USD	2 000 000	2 036 483,67	0,42
HSBC 3.125% 07-06-28 EMTN	EUR	1 000 000	1 089 430,55	0,22
HSBC 5 1/4 03/14/44	USD	2 000 000	2 024 482,26	0,42
LBG CAP.7,5884%09-120520 S.1	GBP	500 000	639 347,36	0,13
LEGA AND GEN 10% 23-07-41 EMTN	GBP	417 000	651 102,75	0,13
LEGA AND GENE 5.5% 27-06-64	GBP	2 000 000	2 448 655,89	0,50
LGEN 5 1/4 03/21/47	USD	1 000 000	940 210,06	0,19
LLOY BANK GRO 7.0% 31-12-99	GBP	1 000 000	1 200 820,46	0,25
LLOYDS TSB TV PERP SERIE B	GBP	935 000	2 015 891,34	0,41
NAT.WESTM.TV99-PERP EMTN SUB.	EUR	8 225 000	7 719 052,60	1,59
NWIDE 6.875% 29/12/2049	GBP	2 000 000	2 429 537,54	0,50
OLD MUTUAL PLC 03/06/21	GBP	3 285 000	4 586 952,26	0,94
OLD MUTUAL 7.875% 03-11-25	GBP	2 350 000	3 334 253,24	0,68
PRUFIN 5.7 12/19/63	GBP	2 000 000	2 525 684,32	0,52
RBS GROUP TF/TV PERP *USD	USD	1 000 000	1 103 260,46	0,23
RL FINANCE 6.125% 30/11/2043	GBP	500 000	644 110,85	0,13
ROYA AND SUN 5.125% 10-10-45	GBP	2 000 000	2 589 716,66	0,53
ROYA BK SCOT GROU TF/TV PERP	USD	750 000	733 561,72	0,15
ROYA BK SCOT 3.875% 12-09-23	USD	2 000 000	1 847 404,41	0,38
ROYAL BANK OF SCOTLAND GROUP 2.0% 08-03-23	EUR	2 000 000	2 019 518,90	0,41
ROYAL BK SCOTLAND 5,5% PERP	EUR	7 000 000	6 994 057,78	1,44
ROY.BANK 5.25%05-PERP	EUR	9 688 000	9 878 740,57	2,04
SANT UK GROU 2.875% 05-08-21	USD	1 000 000	928 401,36	0,19
SANTANDER UK PLC 7.375% PERP	GBP	800 000	981 909,96	0,20
SCOTTISH WIDOWS 7% 06/43	GBP	855 000	1 228 368,99	0,25
SOCIETY OF LLOYD THE 4.875% 07-02-47	GBP	500 000	620 688,33	0,13
STAN CHAR PLC 7.5% PERP	USD	400 000	386 871,11	0,08
STANDARD CHARTERED PLC 7.75% PERP	USD	4 300 000	4 156 495,80	0,85
STANDARD LIFE PLC	GBP	2 000 000	2 589 297,24	0,53
STANLN 5.7 03/26/44	USD	2 000 000	1 926 916,30	0,40
TOTAL UNITED KINGDOM			130 077 637,75	26,72
SWEDEN				
NORD BANK AB 5.25% PERP EMTN	USD	1 600 000	1 532 984,90	0,31
SEB 5 3/4 11/29/49	USD	1 000 000	972 437,78	0,20
SKANDINAVISKA ENSKILDA BANKEN AB 5.625% PERP	USD	600 000	561 549,48	0,12
SWEDBANK AB 6.0% PERP	USD	2 000 000	1 924 591,34	0,39
TOTAL SWEDEN			4 991 563,50	1,02
SWITZERLAND				
CREDIT SUISSE GROUP AG 7.125% PERP	USD	2 000 000	1 971 832,39	0,40
CS 7 1/2 12/11/49	USD	1 300 000	1 348 644,92	0,28
SWISS REINSURANCE CO LTD 8.25% PERP.	USD	2 000 000	2 101 430,51	0,43

Description of security	Currency	Qty No. or nominal	Present value	% Net assets
UBS GROUP AG 6.875% PERP	USD	1 100 000	1 106 994,03	0,23
UBS GROUP AG 6.875% PERP	USD	750 000	731 769,20	0,15
TOTAL SWITZERLAND			7 260 671,05	1,49
TOTAL bonds and similar securities traded on a regulated or equivalent market.			436 588 427,13	89,65
TOTAL Bonds and similar securities			436 588 427,13	89,65
Undertakings for collective investment General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries				
FRANCE				
OBJECTIF CAPITAL FI DH	USD	500	513 328,04	0,11
OBJECTIF CAPITAL FI IC	EUR	3 845	6 216 596,00	1,28
OBJECTIF C.TER.DOLLAR SI.	USD	1 977	2 810 850,19	0,58
OBJECTIF MONET.EURO B FCP 3DEC	EUR	29,4	30 409 890,59	6,23
TOTAL FRANCE			39 950 664,82	8,20
TOTAL general UCITS and general AIFs aimed at non-professionals and their equivalent in other countries			39 950 664,82	8,20
TOTAL Undertakings for collective investment			39 950 664,82	8,20
Forward financial instruments Futures contracts Futures contracts on a regulated or equivalent market				
BP GBPUSD M7	USD	-95	-104,150,11	-0,02
EC EURUSD 0617	USD	100	95 922,35	0,02
LIFFE LG GILT 0617	GBP	-500	-1,332,865,66	-0,27
TU CBOT UST 2 0617	USD	-500	-87,654,15	-0,02
TY CBOT YST 1 0617	USD	-400	-149,011,27	-0,03
XEUR FGBL BUN 0617	EUR	-400	548 000,00	0,11
XEUR FGBX BUX 0617	EUR	-100	284 000,00	0,06
TOTAL Futures contracts on a regulated market			-745,758,84	-0,15
TOTAL Futures contracts			-745,758,84	-0,15
TOTAL Forward financial instruments			-745,758,84	-0,15
Margin call				
Margin calls for C.A.Indo in £ sterling	GBP	1 140 000	1 332 865,66	0,27
Margin calls for C.A.Indo in US dollars	USD	295 273,23	276 072,39	0,06
Margin calls for C.A.Indo in euros	EUR	-832,000	-832,000,00	-0,17
TOTAL Margin call			776 938,05	0,16
Receivables			185 958 703,46	38,18
Liabilities			-183,394,649,91	-37,66
Financial accounts			7 875 960,91	1,62
Net assets			487 010 285,62	100,00

OBJECTIF CREDIT FI H	CHF	107,000	1 002,13
OBJECTIF CREDIT FI R	EUR	232 622,603	315,86
OBJECTIF CREDIT FI G	EUR	581 037,469	105,23
OBJECTIF CREDIT FI I	EUR	57 678,866	1 131,81
OBJECTIF CREDIT FI DH	USD	3 011,000	1 107,18
OBJECTIF CREDIT FI C	EUR	20 190,879	14 060,32

- **Additional information relative to the tax treatment of the coupon**

BREAKDOWN OF THE COUPON

	NET GLOBAL	CURRENCY	NET PER UNIT	CURRENCY
Income subject to mandatory non-definitive withholding tax	2 324 149,88	EUR	4,00	EUR
Shares entitled to a deduction and subject to mandatory non-definitive withholding tax				
Other income not entitled to a deduction and subject to mandatory non-definitive withholding tax				
Non-taxable income that does not need to be declared				
Amount of capital gains and losses distributed				
TOTAL	2 324 149,88	EUR	4,00	EUR