French FCP (open-end investment fund)

LAZARD SUSTAINABLE CREDIT 2025

ANNUAL REPORT

at 30 June 2020

Management company: Lazard Frères Gestion SAS

Custodian: Caceis Bank

Statutory auditor: Ernst & Young et Autres

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CONTENTS

1. CHARACTERISTICS OF THE UCI

- **LEGAL FORM**

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

- **Fund of Fund**

None.

- **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.

RC H-EUR, RC H-USD, PC H-EUR, EC H-EUR: Distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.
RD H-EUR, RD H-USD: The allocation of distributable income is decided each year by the management company. It may pay interim dividends.
PD H-EUR, ED H-EUR: Net income is distributed in full and the allocation of net realised capital gains is decided each year by the management company. It may pay interim dividends.

For the PD H-EUR, RD H-EUR, RD H-USD and ED H-EUR units, dividends may be distributed to the unitholders once a year if so decided by the management company. Interim dividends may be paid on an exceptional basis.

- **INVESTMENT OBJECTIVE**

RC H-EUR and RD H-EUR units

Obtain an annualised performance net of management fees, hedging and estimated default calculated by the management company equal to 1,60% at June 30th, 2025, by investing mainly in bonds whose issuers are companies and financial institutions. These investments are made without financial rating restriction, traded in euros and/or US dollars and/or pounds sterling, while taking into account environmental, social and governance criteria.

The management company would like to point out that there is a risk that the issuer's actual financial position may turn out to be weaker than expected; and that such unfavourable conditions (e.g., higher number of defaults, lower recovery rate) will have a negative impact on the fund's performance. As a result, it may not be possible to achieve the investment objective.

The Fund seeks to take advantage of attractive actuarial yields on corporate bonds.
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 issues or securities listed on a financial market of one of these countries.

RC H-USD and RD H-USD units

Obtain an annualised performance net of management fees and estimated default calculated by the management company, equal to 1,60% at June 30th, 2025, by investing mainly in bonds whose issuers are companies and financial institutions. This investment objective for units hedged in dollars is increased or reduced by the impact on the performance of currency hedging related to the use of currency forwards. These investments are made without financial rating restriction, traded in euros and/or US dollars and/or pounds sterling, while taking into account environmental, social and governance criteria.

The management company would like to point out that there is a risk that the issuer's actual financial position may turn out to be weaker than expected; and that such unfavourable conditions (e.g., higher number of defaults, lower recovery rate) will have a negative impact on the fund's performance. As a result, it may not be possible to achieve the investment objective.

The Fund seeks to take advantage of attractive actuarial yields on corporate bonds.
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 issues or securities listed on a financial market of one of these countries.

PC H-EUR units and PD H-EUR units

Obtain an annualised performance net of management fees, hedging and estimated default calculated by the management company equal to 2,20% at June 30th, 2025, by investing mainly in bonds whose issuers are companies and financial institutions. These investments are made without financial rating restriction, traded in euros and/or US dollars and/or pounds sterling, while taking into account environmental, social and governance criteria.

The management company would like to point out that there is a risk that the issuer's actual financial position may turn out to be weaker than expected; and that such unfavourable conditions (e.g., higher number of defaults, lower recovery rate) will have a negative impact on the fund's performance. As a result, it may not be possible to achieve the investment objective.

The Fund seeks to take advantage of attractive actuarial yields on corporate bonds.
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 issues or securities listed on a financial market of one of these countries.

EC H-EUR and ED H-EUR units

Obtain an annualised performance net of management fees, hedging and estimated default calculated by the management company equal to 2,40% at June 30th, 2025, by investing mainly in bonds whose issuers are companies and financial institutions. These investments are made without financial rating restriction, traded in euros and/or US dollars and/or pounds sterling, while taking into account environmental, social and governance criteria.

The management company would like to point out that there is a risk that the issuer's actual financial position may turn out to be weaker than expected; and that such unfavourable conditions (e.g., higher number of defaults, lower recovery rate) will have a negative impact on the fund's performance. As a result, it may not be possible to achieve the investment objective.

The Fund seeks to take advantage of attractive actuarial yields on corporate bonds.
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 issues or securities listed on a financial market of one of these countries.

- **BENCHMARK**

RC H-EUR and RD H-EUR units,
RC H-USD units and RD H-USD units,
PC H-EUR and PD H-EUR units,
EC H-EUR and ED H-EUR units

The Fund will not be managed relative to a benchmark index, which could lead to misunderstanding on the part of the investor. Accordingly, no benchmark index has been defined.

- **INVESTMENT STRATEGY**

1. Strategies used

The Fund's investment strategy will mainly entail a carry strategy (purchase of securities to hold them in the portfolio until the first end-maturity date or the issuer or holder's early repayment option). Nevertheless, the manager has leeway to actively manage the portfolio by selling and buying securities. The fund's turnover rate will therefore be low.

Taking ESG criteria into account impacts the overall structure of the portfolio by investing exclusively in bonds with an initiated, convincing or advanced ESG profile according to Vigeo Eiris. This ESG approach excludes at least 20% of the Fund's investment universe.

Vigeo Eiris must therefore cover at least 90% of the fund's investments. This percentage corresponds to the weight of securities in the Fund's net assets.

Vigeo Eiris sets the absolute issuer rating grid from 0 to 100 as follows:

- 60 to 100: advanced ESG profile
- 50 to 59: convincing ESG profile
- 30 to 49: ESG profile initiated
- 0 to 29: low ESG profile

Vigeo's rating method is based on a model with 17 years of historical experience, 330 indicators grouped into **38 criteria** in 6 areas. These 38 criteria are weighted from 0 to 3 depending on their materiality (relevance) for the sector.

The ESG analysis is broken down into 6 areas:

1. Human Resources: **7 criteria**

Promotion of social dialogue / Promotion of employee profit-sharing / Promotion of individual career choices and employability / Controlled management of restructuring / Quality of remuneration systems / Improvement of health and safety conditions / Respect and organisation of working hours

2. Environment: **11 criteria**

Definition of the environmental and eco-design strategy / Consideration of pollution risks (soil, accidents) / Offer of green products and services / Prevention of risks of damage to biodiversity / Control of impacts on water / Control of energy consumption and reduction of polluting emissions / Control of impacts on air / Control and improvement of waste management / Control of local pollution levels / Control of impacts related to distribution-transport / Control of impacts related to the use and disposal of the product or service.

3. Customer/supplier relationships: **9 criteria**

Product safety / Customer information / Contract guidance / Sustainable cooperation with suppliers / Integration of environmental factors in the supply chain / Integration of social factors in the supply chain / Prevention of corruption / Prevention of anti-competitive practices / Transparency and integrity of strategies and influencing practices

4. Human rights: **4 criteria**

Respect for fundamental rights and prevention of violations of these rights / Respect for the freedom to join trade unions and the right to collective bargaining / Non-discrimination and promotion of equal opportunities / Elimination of prohibited forms of work

5. Community involvement: **3 criteria**

Commitments in favour of the economic and social development of the area in which the company operates / Consideration of the societal impact of the products and services developed by the company / Contributions by the company to causes of general interest

6. Governance: **4 criteria**
Balance of powers and efficiency of the board of directors / Audit of control mechanisms / Shareholders' rights / Remuneration of executives

The issuer's overall ESG score is equal to the weighted average of the Criteria scores

An issuer's ESG rating is based on an absolute rating scale of 0 to 100, with 100 being the highest score.

Each issuer is analysed independently using the criteria mentioned above before reaching an overall ESG score.

Only issuers with an overall score that is strictly above 29 out of 100 are included in the investment universe.

In the event of a rating downgrade for a given issuer, the managers are immediately informed of this change by Vigeo. If the issuer rating falls below 30 out of 100, the stock is removed from the portfolio within three months.

The investment strategy consists, based on the ESG investment universe, in applying a quantitative filter to isolate bonds that fit the Fund's investment strategy through the appropriate liquidity levels (sufficient amount in circulation), first maturity date (end maturity or the issuer or holder's early repayment option) before June 30th, 2025, and issuance currency.

To build his portfolio, the portfolio manager conducts his own qualitative analysis of the bonds. It also refers to agency ratings without relying exclusively and mechanically on them.

As the bonds in the portfolio reach maturity and are redeemed, the manager may reinvest in:
- Bonds whose maturities (end maturity or the issuer or holder's repayment options) fall on or before June 30th, 2025,
- Debt securities (with a maximum maturity of June 30th, 2025) or money market instruments comprising up to 100% of the Fund's assets.

Up to 100% of the Fund's net assets may be invested in unrated or investment grade and speculative (high yield) securities based on the ratings of Standard & Poor's and/or Moody's or an equivalent rating based on the management company's analysis.

The manager may also invest in additional Tier 1 contingent convertible bonds (CoCos) up to a maximum of 35% of the net assets.

The securities will be denominated in euros, US dollars and pounds sterling and will be hedged against foreign exchange risk with a residual foreign exchange risk of a maximum of 5% of the Fund's net assets.

Taking ESG criteria into account completes the fundamental analysis. The sensitivity range will be between 0 and 5,5.

The Fund may invest up to the amount of the net assets in forward financial instruments traded on French or foreign regulated, organised or over-the-counter markets. The manager may take positions in futures contracts or currency forwards solely with a view to hedging the portfolio against foreign exchange risk.

A maximum of 10% of the net assets may be invested in all categories of UCI that meet the four criteria of Article R 214-13 of the French Monetary and Financial Code. Investment in UCIs is only made in UCIs which themselves invest less than 10% of their assets in other UCIs. All UCIs may be managed by the management company. After June 30th, 2025, if market conditions permit and after approval by the AMF, the Fund's strategy will be renewed for a new carry period. If this is not the case, the Fund will be dissolved, merged with another UCI, or amended after approval by the AMF. The management company reserves the right, subject to approval by the AMF, to liquidate the Fund early if the expected performance over the remaining period is close to that of the money market over the period.

The Fund's subscription period will close after cut-off on December 31st, 2020. From that date, only subscriptions preceded by a redemption received from the same unitholder on the same day for the same number of units at the same NAV may be executed. The management company may decide to extend the subscription period.

2. Assets (excluding embedded derivatives)

Debt securities and money market instruments:

- European and foreign plain vanilla bonds denominated in euros and/or in local currencies issued by companies and financial institutions, and similar securities.
- French or foreign negotiable debt securities (treasury bills, short-term negotiable securities).
- Additional Tier 1 contingent convertible bonds (CoCos) up to a maximum of 35% of the net assets.

UCIs:

French UCITS or French AIFs of any classification that meet the four criteria of article R214-13 of the French Monetary and Financial Code, to a maximum of 10% of the net assets.

Investment is solely in UCIs that in turn invest less than 10% of their assets in other UCIs. These UCIs may be managed by the management company.

3. Derivatives

• Types of markets:

☒ regulated
☒ organised
☒ OTC

• The manager intends to seek exposure to:

☐ shares
☐ interest rates
☒ foreign exchange
☐ credit
☐ other

• Transaction types - all transactions must be limited to achieving the investment objective:

☒ hedging
☐ exposure
☐ arbitrage
☐ other

• Types of instruments used:

☒ futures:
  ☐ equity and equity index
  ☐ interest rate
  ☒ currency
  ☐ other
☒ options:
  ☐ equity and equity index
  ☐ interest rate
  ☒ currency
  ☐ other
☒ swaps:
  ☐ equity swaps
  ☐ interest rate swaps
  ☒ currency swaps: systematic hedging of currency risk
  ☐ performance swaps
☒ currency forwards
☐ credit derivatives
☐ other

• Derivatives strategy to achieve the investment objective:

☒ partial or general portfolio hedging

☐ creating synthetic exposure to assets
☐ increasing exposure to the market
☐ maximum permitted and sought
☐ other strategy

4. Securities with embedded derivatives
The manager may invest up to 100% in the following securities with embedded derivatives: structured products, subordinated debt, bonds with simple embedded derivatives, contingent convertible bonds (up to a maximum of 35% of the net assets of the net assets for the latter).

5. Deposits:
Up to 10% of the UCI's assets may be held in deposits.

6. Cash borrowings:
The UCI may borrow cash within the limit of 10% of its net 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 SICAV 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**

Disclaimer
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 UCI does not benefit from any capital guarantee or protection. It is therefore possible that you may not recover the full amount of your initial investment on redemption.

- **Risk associated with discretionary management**

Discretionary management is based on anticipating market trends. The UCI's performance depends on both on the selection of securities and UCIs chosen by the manager and on the allocation made by the manager. There is therefore a risk that the manager may not select the best-performing securities and that the allocation made may not be optimal.

- **Credit risk**

Credit risk corresponds to the deterioration in the credit quality or default of a private or public issuer. The UCI's exposure to issuers either through direct investment or via other UCIs may give rise to a decline in the net asset value. If the UCI is exposed to unrated or speculative/High Yield debt, the credit risk is high and may lead to a decline in the UCI's net asset value.

- **Interest rate risk**

The risk of a decline in debt instruments as a result of changes in interest rates. This risk is measured by the level of sensitivity. For example, the price of a bond tends to move in the opposite direction to interest rates. The net asset value may decrease during periods when there is an increase (positive sensitivity) or decrease (negative sensitivity) in interest rates.

- **Derivative financial instrument risk**

This is the risk associated with the UCI's use of forward financial instruments (derivatives). The use of these financial contracts may result in a risk that the net asset value may fall more than the markets or underlying assets in which the UCI has invested.

- **Counterparty risk**

This is a risk associated with the use of OTC forward financial instruments. These transactions, entered into with one or more counterparties, potentially expose the UCI to a risk of failure of any such counterparty, which may lead to payment default and cause the UCI's net asset value to fall.

- **Foreign exchange risk**

The UCI may invest in securities and UCIs that are themselves permitted to purchase securities denominated in currencies other than the accounting currency. The value of these assets may fall if exchange rates fluctuate, which may lead to a fall in the UCI's net asset value. Where units (or shares) denominated in a currency other than the accounting currency have been hedged, the foreign exchange risk is residual as a result of systematic hedging, potentially leading to a performance gap between the different units (or shares).

- **Risk associated with holding contingent convertible bonds (CoCos)**

Subordinated bonds 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 an objective 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.

- **GUARANTEE OR PROTECTION**

None.

- **ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE**

This Fund is aimed at all subscribers seeking exposure to the bond markets over the recommended investment period who are prepared to accept the risk arising from this exposure.
Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this UCI.

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 UCI 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 UCI undertakes to comply with the FATCA and to take all appropriate measures pursuant to the aforementioned intergovernmental agreement.

This UCI may not be suitable for investors planning to withdraw their investment prior to the due date of 30/06/2025.

2. CHANGES AFFECTING THE UCI

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

The Chairman of the management company Lazard Frères Gestion S.A.S. has made a decision concerning the UCI **LAZARD SUSTAINABLE CREDIT 2025** (PC H-EUR Unit FR0013444908 - PD H-EUR units: FR0013444916 - RC H-EUR units: FR0013444924 - RD H-EUR units: FR0013444932 - EC H-EUR units: FR0013464146 - ED H-EUR units: FR0013464153), the creation of two new units:

Name of unit	RC H-USD	RD H-USD
ISIN	FR0013468113	FR0013468121
Eligible investors	All subscribers	All subscribers
Allocation of distributable income	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	Allocation of net income: distribution and/or retention Allocation of net realised capital gains: accumulation, distribution and/or retained
Initial NAV	USD 100	USD 100
Minimum sub-initial amount	USD 1000	USD 1000
Financial management fees	1,25% Maximum rate	1,25% Maximum rate
Administrative fees external to the management company	0,035% Maximum rate	0,035% Maximum rate
Subscription fee (not retained by the Fund)	Maximum 1% incl. tax	Maximum 1% incl. tax
Redemption fee	None	None

- **Effective date: 27/12/2019**

The Chairman of the management company Lazard Frères Gestion SAS decided to extend the subscription period to **LAZARD SUSTAINABLE CREDIT 2025** until December 31st, 2020 inclusive: The PC H-EUR, PD H-EUR, RC H-EUR, RD H-EUR, RC H-USD and RD H-USD units will be closed for subscription on December 31st, 2020 after cut-off.

- **Effective date: 15/06/2020**

3. MANAGEMENT REPORT

PERFORMANCE

The UCI's performance over the period was as follows:

EC H-EUR: - 4,59% ;
ED H-EUR: - 4,58% ;
PC H-EUR: - 4.69% ;
PD H-EUR: - 4.68% ;
RC H-EUR: - 4.97% ;
RD H-EUR: - 4.92% ;
RC H USD: - 6,41% ;
RD H USD: -6,43%

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

ECONOMIC ENVIRONMENT

Economy
While the dissipation of Sino-American trade tensions had allowed the world economy to begin a recovery in the second half of 2019, this movement was abruptly halted by the outbreak of the coronavirus epidemic in the first quarter of 2020. The epidemic, which was initially limited to China, then turned into a pandemic. To contain it, many countries adopted lockdown measures and closed their borders to varying degrees, leading to a drastic economic and financial shock. This context has led central banks and public authorities to take e wide-ranging support measures. The improvement in the health situation then enabled a gradual lifting of lockdown measures from mid-February in China and from the end-April in the United States and the Eurozone. Thanks to the reopening of economies, global activity bounced back to rebound in May.

In the United States, GDP contracted by an annualised 5,0% in Q1 2020 after increases of 2,1% in Q3 2019 and Q4 2019. The composite PMI fell from 51,5 to 47,9 over twelve months, with a low of 27,0 in May. The unemployment rate rose from 3,7% to 11,1% with a peak of 14,7% in April. In May, consumption fell by 9,8% year-on-year and the savings rate reached 23,2% of disposable income. Headline inflation slowed to +0,1% year-on-year and core inflation to +1,2% year-on-year. The Federal Reserve announced a raft of support measures, inter alia: a cumulative cut in its key rate by 150 basis points to 0%-0,25%, an unlimited purchasing programme for Treasuries and mortgage-backed securities, a programme of loans for businesses and local authorities. US Congress adopted an unprecedented fiscal stimulus plan exceeding $2,000 billion.

In the Eurozone, GDP contracted by an annualised 13,6% in Q1 2020, after an increase of 0,2% in Q3 2019 and 1,2% in Q2 2019. The countries that introduced the strictest lockdown measures experienced the sharpest contractions in GDP in Q1 2020: -19,7% in France, -19,6% in Italy, -19,3% in Spain and -8,6% in Germany. The Eurozone composite PMI fell from 52,2 to 48,5 over twelve months, with a low of 13,6 in May. Unemployment in the Eurozone hit a record low of 7,1% in March before rising gradually to 7,4% in May. Headline inflation slowed to +0,3% year-on-year and core inflation to +0,8% year-on-year. The ECB announced a €120 billion increase in its asset purchase programme, of a new €1 350 billion asset purchase programme and an increase in its TLTRO lending with more attractive terms for banks.

In China, GDP contracted by an annualised 33,8% in Q1 2020, after a rise of 6,1% in Q4 2019 and 5,3% in Q3 2019. The Caixin composite PMI rose from 50,6 to 55,7 year-on-year, with a low of 27,5 in February. The unemployment rate increased from 5,1% to 5,9% over the past year. In May, industrial production and investment showed respective increases of 4,4% and 3,4% year-on-year while retail sales fell by 2,8%. Headline inflation slowed to 2,4% year-on-year and core inflation to 1,1% year-on-year. In particular, the Chinese central bank lowered its key interest rate by 35 basis points to 2,95% and reduced the level of mandatory reserves for large banks by 100 basis points to 12,50%. For its part, the government announced support measures amounting to around 4,1% of GDP.

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

The rapid action by central banks and public authorities led to a stabilisation in mid-March before the markets bounced back strongly, driven by the gradual lifting of restrictive measures in Europe and the United States, the absence of a resumption of the epidemic in countries that have eased their lockdown measures and the strengthening of monetary and fiscal support measures. All in all, the MSCI World index in dollars was virtually stable (+0,3%) year-on-year. The S&P 500 in dollars rose 8,8% and the Euro Stoxx fell 6,1%.

In the bond markets, government bond yields fell, especially in the United States where the 10-year Treasury yield fell from 2,00% to 0,66%, with an historic low of 0,54% on March 10th. The German 10-year government bond yield fell from -0,33% to -0,45% over the same period. Peripheral countries' credit spreads in relation to Germany tightened in Italy (-72 basis points) and widened in Spain (+20 basis points) and Portugal (+13 basis points).

In the European credit segment, credit margins widened significantly in the first quarter of 2020 before tightening sharply. They rose from 111 basis points to 148 basis points for high-quality issuers, with a high of 234 in early April, and from 371 basis points to 521 basis points for high-yield issuers, with a high of 866 in late March, according to the ICE Bank of America Merrill Lynch indices.

In the foreign exchange market, the euro depreciated by 1,2% against the dollar, from 1,14 to 1,12 over one year. However, this variation masks a high degree of volatility, particularly in the first quarter of 2020 when the euro moved within a range of 1,07 to 1,14. Year-on-year, the euro depreciated by 1,2% against the yen and by 4,2% against the Swiss franc. It strengthened by 1,1% against the pound sterling. Emerging currencies fell by around 13.6% year-on-year on average against the dollar, according to the JPMorgan index.

The price of a barrel of Brent fell from $67 to $41, with a low point of $19 on April 21st. In mid-September 2019, the attack on two oil facilities in Saudi Arabia caused the price of oil to rise by about $12 per barrel in a single day, but the movement was brief. From the end of January, fears of a decline in global demand triggered a downward movement. Oil prices subsequently fell in March after Russia refused to support OPEC in a coordinated reduction in oil production. An agreement was finally reached on April 12.

MANAGEMENT POLICY

December 2019
2019 was an excellent year for credit, particularly for risky assets (HY credit, corporate hybrids and subordinated financials) which on the whole benefited from solid, stable or improving fundamentals, attractive valuations at the beginning of the year and the reduction in macroeconomic and political risks during 2019.

Contrary to the end of 2018, the horizon brightened considerably in December: the prospect of the rapid signing of the phase 1 agreement between the United States and China, the Chinese central bank's decision to cut its reserve requirement ratio again, thereby stimulating activity and pausing the trade war, as well as the Conservatives' landslide victory in the UK significantly reducing the risk of a hard Brexit in the short term.

There were no surprises this month regarding central banks: both the Fed and the ECB are expected to maintain their accommodative biases by monitoring future growth and inflation indicators. The ECB lowered the capital requirements of UniCredit and Deutsche Bank, a measure justified by the improved asset quality and risk profile of both institutions. S&P also confirmed Deutsche Bank's BBB+ rating with a stable outlook. Andrea Enria, the Chair of the European Central Bank’s Supervisory Board, confirmed that Pillar 2 could be partly filled with AT1 and Tier 2 subordinated debt, but probably not before 2022. Finally, all British banks successfully passed their BoE stress test. Moody's maintained the European life insurance sector with a stable outlook but downgraded the outlook for European banks to negative (in actual fact, stable for most countries with the exception of the United Kingdom and Germany, which were downgraded to negative).
Against this backdrop, the German government yield curve steepened during the month, with the 10-year yield up 17bp to -0,18%, the 5-year yield up 11bp to -0,47%, and the 2-year yield up 2bp to -0,62%.

Credit appreciated markedly during the month. The margin against government bonds tightened by 8bp for senior financial credit to 81bp and by 9bp for senior corporate credit to 89bp, by 18bp for subordinated financials and by 23bp for IG corporate hybrids to 146 bp and 172 bp, respectively (ICE BofAML indices).
The primary market was calm over the month, as expected. According to Barclays, the primary market excluding covered bonds saw total gross issuance of €5bn of financial bonds and €7bn of corporate bonds. The primary market posted record volumes for corporate issuers in 2019 with gross issuance of €345bn.

January 2020

January was a more turbulent month than expected due to tensions between the United States and Iran, although the market impact ended up being limited. Coronavirus then became the focus of investor attention, triggering a movement of risk aversion.
Against this backdrop, the German government yield curve flattened during the month, with the 10-year yield down 25bp to -0,44%, the 5-year yield up 16bp to -0,64%, and the 2-year yield up 6bp to -0,67%.
During the month, sentiment on Italy turned positive following the victory of the left-wing party in the Emilia-Romagna regional elections, leading to a 23bp spread tightening to 136bp. In addition, Fitch upgraded Greece's rating from BB- to BB with a still positive outlook.
On the corporate side, General Electric benefited from its Q4 19 earnings release and the announcement of higher-than-expected cash flow forecasts.
Coronavirus fears had a sharper impact on the curves of issuers with high exposure to Asia, such as Glencore.
In terms of financials, the Monte dei Paschi story seems close to a positive outcome, with several sources citing a possible agreement between the Italian government and the EU to remove nearly €10bn of bad debts from the bank's balance sheet. Moody's now has a positive outlook on its rating. The first quarterly earnings were generally better than expected, Deutsche Bank's restructuring plan finally seemed to be bearing fruit and the latest results convinced creditors as well as shareholders. In contrast, Sabadell reported lower-than-expected earnings but its credit profile remained virtually unchanged.
Credit posted contrasted trends over the month. Among the riskiest segments, financial credit outperformed non-financial sector bonds. The margin against government bonds tightened by 1bp for senior financial credit and senior corporate credit to 82bp and 88bp, respectively, while it widened by 8bp for subordinated financials to 154bp and by 12bp for IG corporate hybrids to 185bp (Ice BofAML indices).
After a particularly active start to the year, the pace in the primary market was slower in the second half of the month as risk aversion returned and the blackout period began for many issuers. The 'Green' format confirmed its momentum and the hybrid segment reopened with issues by Telefonica, Arkema and EDP. According to Barclays, the primary market excluding covered bonds saw total gross issuance of €48bn of financial bonds and €21bn of corporate bonds.
The structure of the bond portfolio was kept virtually unchanged against a backdrop of sharply easing benchmark rates and underperformance of credit, with the exception of financial subordinated bonds. The portfolio is 52% invested in financial subordinated bonds, 33% of which is AT1 bank and 48% in non-financial credit, 24% of which in hybrid bonds.

February 2020

Despite reassuring economic figures, February was marked by a sudden resurgence of risk aversion. While China seems to have contained the epidemic through drastic measures, its spread outside China accelerated. As a result, sovereign bond markets in core countries hit new lows while those of peripheral countries tightened.
Risk premiums tightened until 21 February before tightening sharply in the last week. Unsurprisingly, the sectors most affected by the coronavirus epidemic, such as automotive and leisure, underperformed as did hybrid bonds.
The primary market was active despite a shutdown in the last week, with financial issuers Unicredit, Intesa, DB and ING in AT1 format and Piraeus and Alpha Bank in T2 format and non-financial issuers LVMH issuing more than €7bn to finance the purchase of Tiffany. The bond portfolio structure is kept almost unchanged against a backdrop of a sharp easing of benchmark rates and marked credit underperformance across all segments. The portfolio is 54% invested in financial subordinated bonds, 31% of which is AT1 bank and 46% in non-financial credit, 23% of which in hybrid bonds.

March 2020

March was marked by a sharp rise in volatility in the financial markets linked to the collapse in oil prices and the spread of the Covid-19 epidemic worldwide. Concerns focused on its impact on growth and in particular the length of lockdown put in place for half of humanity. PMI indicators confirmed that all countries and sectors were affected by the shutdown. The Fed and the ECB's large-scale actions and the fiscal stimulus announcements (stimulus estimated at $2 trillion for the US, €500bn guaranteed loans in Germany, €300bn in France, etc.) helped stabilise the markets at the end of the month.
In terms of regulations, banks benefited from a number of measures: lower capital requirements, postponed stress tests, Basel 4 postponed by one year, eased accounting standards. In return, European regulators (almost)

required banks not to distribute dividends and to stop share buybacks at least until October 2020. Important clarification from the ECB: it has no plans to order banks to suspend interest payments on their hybrid AT1 or Tier 2 debt instruments.
Credit depreciated very sharply over the month.
In the financial segment, there was a real liquidity gap, especially in AT1, before rebounding at the end of the month while remaining low (+250bp for Tier 2, +780bp at call for AT1). The primary market tentatively reopened in the Senior segment for prime issuers such as Credit Suisse, Barclays, HSBC and Standard Chartered.
In the corporate High Yield segment, spreads widened by 342bp in the month to end the month at 775bp (peaking at 913bp on 23 March | +459bp in the first quarter of 2020). This widening, which was very drastic, was triggered by outflows of nearly €8bn in the asset class (nearly 10% of the total), an amount similar to inflows in 2019, in an environment of very low liquidity. The rise in future default rates, triggered by the recession, prompted investors to turn away from the asset class. In order to limit these defaults in the short term, the companies affected by the lockdown implemented measures to preserve liquidity by activating all the measures put in place by the governments (short-time working, deferred payment of social security contributions, taxes) and by drawing on available credit lines.
The structure of the bond portfolio was kept unchanged. In the financial part (53% of the portfolio), it should be recalled that in our opinion the risk of extension (non-repayment on the first call date) of the portfolio is low due to the call dates spread between 2024 and 2025. In the non-financial part, hybrid bonds (25% of the portfolio) is likely to benefit indirectly from the increase in the ECB's purchase program. Issuers may also defer coupon payments on their hybrid debt if and only if the issuer does not pay dividends. However, this option is rarely used as coupons remain due and are cumulative for most hybrid bonds. Generally speaking, companies have credit lines, and with the stabilisation of the bond markets following various stimuli from central banks and governments, some IG issuers rushed to the primary market to ensure sufficient liquidity. HY corporate issuers represent 21% of the portfolio and are rated mainly in the BB category, with the financial and credit profile showing that they are able to cope with the crisis. Current HY spreads price in a default rate of between 9% and 10.5% depending on recovery assumptions. This should be compared with default rates before the crisis (1,5%), default rates anticipated by S&P ("high single digit") and default rates recorded during the 2008/2009 crisis (11%).
The portfolio's ESG profile is stable at 53. It is too early at the moment for the health crisis linked to Covid-19 to have an impact on companies' ESG ratings.

April 2020
April was marked by a fall in sovereign yields and a sharp tightening of credit risk premiums. Several factors enabled this marked rebound in credit. In terms of flows, the trend reversed with very significant inflows, particularly in investment grade. On top of this, there was good news on the health front, accompanied by new support measures from central banks and new regulatory easing for banks (leverage ratio, provisioning for doubtful loans benefiting from government guarantees or moratoria linked to the Covid-19 epidemic, etc.). After benefiting from S&P's confirmation of its rating, Italian debt once again came under pressure with Fitch's one-notch downgrade to BBB- at the end of April.
The first earnings releases for banks were not as bad as expected: the cost of risk unsurprisingly rose, especially on exposures related to the oil sector. Overall, European banks made significant generic provisions, representing more than 50% of the total number of new provisions for the first quarter, which is based on estimates as uncertainty is still high. Virtually all banks posted profits, albeit down sharply. Capital ratios fell slightly but remain at high levels. Deutsche Bank reported a slightly better-than-expected net profit thanks to good performance of its capital markets activities and good cost control, despite the increase in the estimated cost of risk.
The primary market momentum in March was confirmed: the unprecedented intervention by central banks and governments paved the way for a successful reopening of the Investment Grade primary market, which resulted in a record amount of €86bn in April, with a sustained pace, the fastest on record. Single-A and higher-rated issuers such as Bouygues, Sanofi and Total accounted for the bulk of the supply, which means that much of the financing carried out in April was precautionary. Overall, demand was very strong although risk premiums tended to fall.
Despite a very large volume of primary issues, spreads in the IG segment tightened over the month due to positive technical factors (positive flows into the asset class and ECB purchases). The margin against government bonds tightened by 66bp for senior financial credit to 169 and by 39bp for senior corporate credit to 176bp, by 93bp for subordinated financials to 262bp and by 45bp for IG corporate hybrids to 283bp (ICE BofAML indices).
The portfolio's structure was kept unchanged. The portfolio's ESG profile is stable at 54. It is too early at the moment for the health crisis linked to Covid-19 to have an impact on companies' ESG ratings.

May 2020
May was marked by a marked tightening of risk premiums and a sharp fall in peripheral sovereign yields. The ruling by the German Constitutional Court at the beginning of the month had somewhat dampened investors'

optimism on peripheral debt. Fears were finally swept away by several very clear statements on this ruling, on both the German and European sides, as well as by the ECB, which said it was ready to increase its PEPP. The main event was the announcement of a stimulus plan by the European Commission based on the Macron/Merkel proposal for a €750bn recovery fund (including €500bn in grants) financed by the debt issued by the Commission. The ECB made significant purchases to contain peripheral Eurozone yields, with Italian yields easing by 29bp over the month.

The primary market remained very active in May: issuance continued at a fast pace, with a gross amount of €82bn.

As in April, non-financial issuers were the most active and continued to flood the bond markets with their supply (€57bn) - Continental, Daimler, Peugeot, Essilorluxottica, Kering, Nestlé, Siemens, Legrand, WPP, Total Shell, Klépierre, SAP, Thalès, Suez, while the supply of financial paper was more normal. The positive environment in the second half enabled issuers to benefit from a sharp decline in issue premiums.

For financials, the primary market continued to reopen actively in the Senior and Tier 2 segments with BBVA, RBS, Deutsche Bank, CommerzBank, ING, Crédit Agricole, Swiss Re and Aviva. The AT1 segment remained calm, with only Bank of Ireland refinancing the call of its AT1. In the month, the margin against government bonds tightened by 21bp for senior financial credit to 148bp and by 14bp for senior corporate credit to 162bp, by 12bp for subordinated financials to 250bp and by 31bp for IG corporate hybrids to 252bp (ICE BofAML indices).

The portfolio's structure was kept unchanged. The portfolio's ESG profile is stable at 54. It is too early at the moment for the health crisis linked to Covid-19 to have an impact on companies' ESG ratings.

June 2020

The strong momentum in Europe continued in June with the support of the ECB, which positively surprised the market by increasing the size of its PEPP by €600bn and signalling reinvestment until at least 2022. Moreover, purchases of "fallen angels" remain an option that can be activated as needed. The dispute between the ECB and the Karlsruhe court appears to be resolved according to the Bundestag. However, after a good start to the month, the resumption of the upward trend in the number of Covid-19 cases in the United States troubled investors.

Against this backdrop, the German government yield curve steepened during the month, with the 10-year yield down 1bp to -0,5%, the 5-year yield down 5bp to -0,7%, and the 2-year yield down 3bp to -0,7%. Yields continued to fall for peripheral sovereigns.

In addition, primary activity in Investment Grade slowed slightly, whereas we had expected a more pronounced slowdown due to seasonality and the completion of a large part of the precautionary financing over the previous two months. The reduction in financial issues was marginal: €53bn in June compared with €57bn in May and €61bn in April. The hybrids market was not outdone, notably with Volkswagen and BP's inaugural issue. The Green format also regained some appeal with investors (Snam, EnBW).

For financials, the primary market was moderate in Senior (strong participation in TLTRO3 with €1 308 billion borrowed at the rate of -1%, i.e. €548 billion net of repayments) but very active in bank and insurance subordinated bonds, with Hannover Re, Deutsche Bank, Société Générale, CNP, Unicredit, etc. The AT1 market was also lively with RBS, ABN, Nationwide, AIB, Legal & General and Commerzbank, the majority of which corresponds to refinancing of future calls.

Despite a very large volume of primary issues, credit appreciated over the month. The margin against government bonds tightened by 21bp for senior financial credit to 128bp and by 18bp for senior corporate credit to 142bp and by 16bp for subordinated financials to 234bp (ICE BofAML indices). The margin was unchanged for IG corporate hybrids at 265bp, hurt by primary market volumes.

The portfolio's structure was kept unchanged. The portfolio's ESG profile is stable at 54. It is too early at the moment for the health crisis linked to Covid-19 to have an impact on companies' ESG ratings.

Past performance is no guarantee of future results.

Main changes in the portfolio during the year

Securities	Changes ("accounting currency")	
	Purchases	Sales
ARDAGH PACKAGING FIN PLC ARDAGH HLDGS 2.75% 15-03-24	720,966.68	709,625.00
BBVA 6.0% PERP	1,365,892.48	0.00
VOLKSWAGEN INTL FINANCE NV 3.375% PERP	837,751.53	495,231.16
WMG ACQUISITION 4.125% 01-11-24	658,169.06	649,420.01
UNICREDIT 5.375% PERP	1,265,807.07	0.00
BANCO NTANDER 4.75% PERP	1,243,827.58	0.00
UBI BANCA UNIONE DI BANCHE ITALIANE 5.875% 04-03-29	1,182,318.85	0.00
CAIXABANK SA 6.75% PERP	1,150,276.90	0.00
VILKSBANK WIEN AG 7.75% PERP	1,138,135.25	0.00
AIB GROUP 5.25% PERP	1,110,075.00	0.00

Transparency of securities financing transactions and the reuse of financial instruments – SFTR – in the accounting currency of the UCI (€)

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

ESMA

- **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: **170.67**
  - **Currency forwards: 170.67**
  - **Futures:**
  - **Options:**
  - **Swaps:**

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

Efficient portfolio management techniques	Derivative financial instruments (*)

(*) 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 reverse repurchase agreements.

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. The information can be consulted on the management company's website: www.lazardfreresgestion.fr.

- **BROKERAGE FEES**

Information about brokerage fees is available on the website: www.lazardfreresgestion.fr.

- **EXERCISING VOTING RIGHTS**

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

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

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

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

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

Our overall approach can be summarised as follows:

✓ Rigorous financial analysis of the company covering the quality of assets, financial soundness, projected cash flows and their reinvestment by the company, the strength of economic profits, profit durability, and quality of management.

✓ This durability is strengthened by incorporating extra-financial criteria:
  - Social criteria: through the development of human capital.
  - Environmental criteria: through the prevention of all environmental risks.
  - Governance criteria: by respecting the balance between the managerial and shareholder structures so as to prevent potential conflicts of interest and safeguard the interests of minority shareholders.

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

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

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

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

- **METHOD USED TO CALCULATE GLOBAL RISK**

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

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

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

- **REMUNERATION**

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

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

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

“Identified employees”

Category	Number of employees	Aggregate fixed and variable remuneration in 2019 (including deferred pay) in €
Senior management	3	4,100,006
Other	48	18,940,465
Total	**51**	**23,040,471**

Note: the amounts are unloaded

- **OTHER INFORMATION**

The UCI's full prospectus and the latest annual and periodic reports will be sent out within eight business days upon written request by the shareholder to:

Lazard Frères Gestion SAS
25, Rue de Courcelles – 75008 Paris, France

www.lazardfreresgestion.fr.

5. CERTIFICATION BY THE STATUTORY AUDITOR

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex

Tel. : +33 (0) 1 46 93 60 00
www.ey.com/fr

Lazard Sustainable Credit 2025

First financial year from December 10th, 2019 to June 30th, 2020

Statutory auditor's report on the annual financial statements

To the Unitholders of Lazard Sustainable Credit 2025,

Opinion

In accordance with the terms of our appointment by the management company, we conducted our audit of the accompanying annual financial statements of the Undertaking for Collective Investment Lazard Sustainable Credit 2025, as a French open-end investment fund (fonds commun de placement - FCP), relating to the first financial year from December 10th, 2019 to June 30th, 2020. These financial statements were prepared by the management company on the basis of available information in the context of the evolving COVID-19 crisis.

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

Basis of our opinion

Audit standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

Our responsibilities under these standards are set out in the section entitled "Statutory auditor's responsibilities concerning the audit of the financial statements" in this report.

Independence

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

Basis of our opinions

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we carried out, in our professional judgement, focused on the appropriateness of the accounting principles applied, notably with regard to the financial instruments in the portfolio, and the overall presentation of the financial statements in accordance with the chart of accounts for open-end collective investment undertakings.

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

Specific verifications

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

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

Responsibilities of the management company concerning the annual financial statements

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

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

The management company has prepared the annual financial statements.

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

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

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

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

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

- it takes due note of the internal control relevant to the audit in order to define audit procedures that are appropriate to the circumstances, and not with a view to expressing an opinion on the efficiency of the internal control;

- it assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management company, and the related information provided in the annual financial statements;

- it assesses the appropriateness of the management company's application of the accounting policy for a going concern and, based on the information collected, whether there is a significant uncertainty linked to events or circumstances that is likely to call into question the Fund's capacity to continue operating as a going concern. This assessment is based on the information collected up to the date of the report, bearing in mind nevertheless that subsequent circumstances or events could jeopardise the continuity of operation. If the statutory auditor observes the existence of a material uncertainty, it shall draw the attention of the readers of its report to the information provided in the annual financial statements on the subject of this uncertainty, or if this information has not been provided or is not relevant, it shall attach reservations to its certification or shall refuse to certify the accounts;

- it assesses the overall presentation of the annual financial statements and whether they provide a true picture of the underlying operations and events.

Paris-La Défense, September 14th, 2020

The statutory auditor
ERNST & YOUNG et Autres

[signature]

David Koestner

6. ANNUAL FINANCIAL STATEMENTS

•BALANCE SHEET *in euros*

ASSETS

	30/06/2020
Net non-current assets	
Deposits	
Financial instruments	**41,999,228.19**
Equities and similar securities	
Traded on a regulated or equivalent market	
Not traded on a regulated or equivalent market	
Bonds and similar securities	**41,999,228.19**
Traded on a regulated or equivalent market	41,999,228.19
Not traded on a regulated or equivalent market	
Debt securities	
Traded on a regulated or equivalent market	
Negotiable debt securities	
Other debt securities	
Not traded on a regulated or equivalent market	
Undertakings for collective investment	
General UCITS and general AIFs aimed at non-professionals and their equivalent in other countries	
Other funds aimed at non-professionals and their equivalent in other countries that are Member States of the EU	
General funds aimed at professional investors and their equivalent in other Member States of the EU and listed securitisation entities	
Other funds aimed at professional investors and their equivalent in other Member States of the EU and unlisted securitisation entities	
Other non-European entities	
Temporary 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	
Transactions on a regulated or equivalent market	
Other transactions	
Other financial instruments	
Receivables	**495,401.83**
Currency forward exchange transactions	**170.67**
Other	**495,231.16**
Financial accounts	**2,039,704.89**
Cash and cash equivalents	**2,039,704.89**
Total assets	**44,534,334.91**

LIABILITIES AND SHAREHOLDERS' EQUITY

	30/06/2020
Shareholders' equity	
Capital	**42,568,054.14**
Undistributed net capital gains and losses recognised in previous years (a)	
Retained earnings (a)	
Net capital gains and losses for the year (a, b)	**-49,523.60**
Net income for the year (a, b)	**989,373.24**
Total shareholders' equity (= amount representing net assets)	**43,507,903.78**
Financial instruments	
Sales of financial instruments	
Temporary securities transactions	
Liabilities on securities sold under repurchase agreements	
Liabilities on borrowed securities	
Other temporary transactions	
Forward financial instruments	
Transactions on a regulated or equivalent market Other transactions	
Liabilities	**1,026,431.13**
Currency forward exchange transactions	**168.43**
Other	**1,026,262.70**
Financial accounts	
Bank overdrafts	
Borrowings	
Total liabilities and shareholders' equity	**44,534,334.91**

(a) Including accrued income

(b) Less interim dividends paid for the financial year

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

	30/06/2020
Hedging transactions	
Commitments on regulated or similar markets	
Commitments on OTC markets	
Other commitments	
Other transactions	
Commitments on regulated or similar markets	
Commitments on OTC markets	
Other commitments	

- **INCOME STATEMENT in euros**

	30/06/2020
Income from financial transactions	
Income from deposits and financial accounts	
Income from equities and similar securities	
Income from bonds and similar securities	916,761.32
Income from debt securities	
Income from temporary purchases and sales of securities	
Income from forward financial instruments	
Other financial income	
Total (1)	**916,761.32**
Expenses related to financial transactions	
Expenses related to temporary purchases and sales of securities	
Expenses related to forward financial instruments	
Expenses related to financial liabilities	4,167.67
Other financial charges	
Total (2)	**4,167.67**
Income from financial transactions (1 - 2)	**912,593.65**
Other income (3)	
Management fees and depreciation and amortisation (4)	86,128.84
Net income for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	**826,464.81**
Income adjustment for the financial year (5)	162,908.43
Interim dividends paid on net income for the financial year (6)	
Net income (1 - 2 + 3 - 4 + 5 - 6)	**989,373.24**

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are presented in accordance with regulation 2014-01, as amended, of the French accounting standards body (*Autorité des Normes Comptables* - ANC).

The general accounting principles apply:
- true and fair view, comparability, business continuity,
- regularity, sincerity,
- prudence,
- 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 6 months and 21 days.

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

Asset valuation rules

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

• **Shares and similar securities** are valued on the basis of the last known price on their main market.
If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

• **Fixed-income securities:**
Fixed-income securities are for the most part marked to market based on either Bloomberg prices (BGN)® derived from averages of contributed prices, or on those of direct contributors.
There may be a discrepancy between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

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

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company of the Fund.
These estimates and their supporting documentation will be provided to the statutory auditor during audits.

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

o **Negotiable debt securities:**

- **Negotiable debt securities with a residual maturity of more than three months:**
Negotiable debt securities traded in large volumes are valued at market price. In the absence of significant trading volumes, these securities are valued using an actuarial method, with a benchmark rate plus, where applicable, a margin representative of the issuer's intrinsic features.

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

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

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

- **UCIs:**

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

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

Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight EONIA, one- or two-week interbank rates, one- to 12-month EURIBOR) corresponding to the term of the contract.
Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

- **Futures and options:**

Futures and options are valued on the basis of intraday trading prices the timing of which is based on that of the valuation of the underlying assets.
Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

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

All of the UCI’s financial instruments are traded on regulated markets.

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

Off-balance sheet transactions are valued at the commitment value.
The commitment value for futures contracts is equal to the price (in the Fund’s currency) multiplied by the number of contracts multiplied by the face value.
The commitment value for options is equal to the price of the underlying security (in the Fund’s currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.
The commitment value for swaps is equal to the face value of the contract (in the Fund’s currency).

Management fees

Management fees are calculated on each valuation day.
The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) using the following formula:

$$\frac{\text{Gross assets x operating and management fees rate x number of days to next NAV calculation date}}{\text{365 (or 366 in a leap year)}}$$

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

The management company pays the fund's operating fees including:
financial management;

administration and accounting;
custody services;
other operating fees:
reporting costs;
statutory auditors' fees;
legal notices (Balo, Petites Affiches, etc.) if applicable.
These fees do not include transaction charges.

The fees break down as follows, as set out in the regulations:

Expenses charged to the Fund	***Basis***	***Rate***	
Financial management fees	Net assets	RC H-EUR 1,200% including tax Maximum rate RD H-EUR 1,200% including tax Maximum rate RC H-USD 1,250% including tax Maximum rate RD H-USD 1,250% including tax Maximum rate PC H-EUR 0,600% including tax Maximum rate PD H-EUR 0,600% including tax Maximum rate EC H-EUR 0,400% including tax Maximum rate ED H-EUR 0,400% including tax Maximum rate	
Administrative fees external to the management company	Net assets	Maximum 0,035% incl. taxes	
Maximum indirect charges (management fees and charges)	Net assets	None	
Turnover commission (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Equities, bonds, debt securities and foreign exchange	None
		Futures and other transactions	None
Performance fee	n/a	None	

The method used to calculate retrocession amounts is set out in the sales and marketing agreements.
- If the amount is significant, a provision is recognised in account 617.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

Method related to swing pricing adjustments to net asset value (NAV) with a trigger level:

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 UCI's outstandings, which may generate costs for shareholders entering and leaving the UCI that would otherwise have been allocated across all shareholders in the fund. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of UCI units exceeds a threshold predetermined by the management company on the basis of objective criteria and expressed as a percentage of the net assets in the UCI, the NAV may be adjusted upwards or downwards to take account of the readjustment costs attributable to the net subscription/redemption orders. The NAV of each unit 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 UCI.
The cost parameters and trigger level shall be determined by the management company and shall be reviewed periodically, and at least every six months. These costs shall be estimated by the management company based on transaction fees, bid/offer spreads and tax charges applicable to the UCI.

Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the UCI, it is not possible to accurately predict a given time in the future at which swing pricing will be applied. Consequently, neither is it possible to predict the precise frequency at which the management company will have to make such adjustments, which shall not exceed 2% of the NAV. Investors should be aware that the volatility of the UCI's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

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:

Distributable income	**RC H-EUR *units***:
Allocation of net income	Accumulation
Allocation of net realised capital gains or losses	Accumulation

Distributable income	**RD H-EUR *units***:
Allocation of net income	Distribution and/or retention
Allocation of net realised capital gains or losses	Accumulation and/or Distribution and/or Retention

Distributable income	**RC H-USD *units***:
Allocation of net income	Accumulation
Allocation of net realised capital gains or losses	Accumulation

Distributable income	**RD H-USD *units***
Allocation of net income	Distribution and/or retention
Allocation of net realised capital gains or losses	Accumulation and/or Distribution and/or Retention

Distributable income	**PC H-EUR *units***:
Allocation of net income	Accumulation
Allocation of net realised capital gains or losses	Accumulation

Distributable income	**PD H-EUR *units*:**
Allocation of net income	Distribution
Allocation of net realised capital gains or losses	Accumulation and/or Distribution and/or Retention

Distributable income	**EC H-EUR *units*:**
Allocation of net income	Accumulation
Allocation of net realised capital gains or losses	Accumulation

Distributable income	**ED H-EUR *units*:**
Allocation of net income	Distribution
Allocation of net realised capital gains or losses	Accumulation and/or Distribution and/or Retention

- **CHANGE IN NET ASSETS *in euros***

	30/06/2020
Net assets at start of year	
Subscriptions (including subscription fees retained by the Fund)	46,450,695.69
Redemptions (net of redemption fees retained by the Fund)	-645,714.63
Realised capital gains on deposits and financial instruments	4,340.75
Realised capital losses on deposits and financial instruments	-49,872.49
Realised capital gains on forward financial instruments	5.35
Realised capital losses on forward financial instruments	-11.72
Transaction fees	-340.82
Exchange rate differences	0.82
Changes in valuation difference of deposits and financial instruments	-3,077,663.98
Valuation difference for financial year N	-3,077,663.98
Valuation difference for financial year N-1	
Changes in valuation difference of forward financial instruments	
Valuation difference for financial year N	
Valuation difference for financial year N-1	
Distribution of prior year's net capital gains and losses	
Dividends paid in the previous financial year	
Net profit/loss for the financial year prior to income adjustment	826,464.81
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	**43,507,903.78**

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

	Amount:	%
Assets		
Bonds and similar securities		
Fixed-rate bonds traded on a regulated or similar market	41,999,228.19	96.53
Bonds and similar securities		
TOTAL Bonds and similar securities	**41,999,228.19**	**96.53**
Debt securities		
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		
Equities		
TOTAL Hedging transactions		
Other transactions		
Equities		
TOTAL Other transactions		

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

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits								
Bonds and similar securities	41,999,228.19	96.53						
Debt securities								
Temporary securities transactions								
Financial accounts							2,039,704.89	4.69
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	< 3 months	%	3 months-1 year	%	1-3 years	%	3-5 years	%	> 5 years	%
Assets										
Deposits										
Bonds and similar securities	412,270.44	0.95			695,323.61	1.60	7,061,665.27	16.23	33,829,968.87	77.76
Debt securities										
Temporary securities transactions										
Financial accounts	2,039,704.89	4.69								
Liabilities										
Temporary securities transactions										
Financial accounts										
Off-balance sheet items										
Hedging transactions										
Other transactions										

Forward interest rate positions are presented according to the maturity of the underlying.

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

	USD						Other currencies	
	Amount:	**%**	**Amount:**	**%**	**Amount:**	**%**	**Amount:**	**%**
Assets								
Deposits								
Equities and similar securities								
Bonds and similar securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	170.67							
Financial accounts								
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
Off-balance sheet items								
Hedging transactions								
Other transactions								

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

	Debit/credit item	30/06/2020
Receivables	Forward currency purchases	170.67
	Deferred settlement sale	495,231.16
Total receivables		**495,401.83**
Liabilities	Payables on forward currency purchases	168.43
	Deferred settlement purchase	1,001,697.73
	Management fees	24,564.97
Total liabilities		**1,026,431.13**

- **NUMBER OF SECURITIES ISSUED OR REDEEMED**

	In units	In amounts
PC H-EUR units:		
Units subscribed during the financial year	7,668.695	7,191,102.46
Units redeemed during the financial year	-9.894	-9,374.60
Net balance of subscriptions/redemptions	7,658.801	7,181,727.86
RC H-EUR units:		
Units subscribed during the financial year	26,789.406	2,660,937.35
Units redeemed during the financial year	-2,897.735	-259,007.66
Net balance of subscriptions/redemptions	23,891.671	2,401,929.69
EC H-EUR units:		
Units subscribed during the financial year	8,865.606	8,994,335.97
Units redeemed during the financial year	-400.000	-336,816.00
Net balance of subscriptions/redemptions	8,465.606	8,657,519.97
PD H-EUR units:		
Units subscribed during the financial year	36.000	32,512.40
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	36.000	32,512.40
RC H-USD units:		
Units subscribed during the financial year	1.000	92.33
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	1.000	92.33
RD H-EUR units:		
Units subscribed during the financial year	10,965.184	1,038,476.62
Units redeemed during the financial year	-445.137	-40,516.37
Net balance of subscriptions/redemptions	10,520.047	997,960.25
ED H-EUR units:		
Units subscribed during the financial year	26,018.168	26,533,146.23
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	26,018.168	26,533,146.23
RD H-USD unit		
Units subscribed during the financial year	1.000	92.33
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	1.000	92.33

- **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
PC H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RC H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
EC H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
PD H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- **SUBSCRIPTION AND/OR REDEMPTION FEES**

	In amounts
RC H-USD units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RD H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
ED H-EUR units:	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	
RD H-USD unit	
Redemption fees acquired	
Subscription fees acquired	
Total fees acquired	

- **MANAGEMENT FEES**

	30/06/2020
PC H-EUR units:	
Guarantee fees	
Fixed management fees	13,964.79
Percentage of fixed management fees	0.63
Variable management fees	
Retrocessions of management fees	
RC H-EUR units:	
Guarantee fees	
Fixed management fees	9,591.67
Percentage of fixed management fees Variable management fees	1.24
Retrocessions of management fees	
EC H-EUR units:	
Guarantee fees	
Fixed management fees	14,645.20
Percentage of fixed management fees Variable management fees	0.44
Retrocessions of management fees	
PD H-EUR units:	
Guarantee fees	
Fixed management fees	31.37
Percentage of fixed management fees	0.63
Variable management fees	
Retrocessions of management fees	
RC H-USD units:	
Guarantee fees	
Fixed management fees	
Percentage of fixed management fees	
Variable management fees	
Retrocessions of management fees	

The percentage of management fees for RC, EC and RD units is higher than the rates stated in the prospectus.
This is due to rounding of rates.

- **MANAGEMENT FEES**

	30/06/2020
RD H-EUR units: Guarantee fees Fixed management fees Percentage of fixed management fees Variable management fees Retrocessions of management fees	 2,898.41 1.24
ED H-EUR units: Guarantee fees Fixed management fees Percentage of fixed management fees Variable management fees Retrocessions of management fees	 44,997.40 0.43
RD H-USD unit Guarantee fees Fixed management fees Percentage of fixed management fees Variable management fees Retrocessions of management fees	

The percentage of management fees for RC, EC and RD units is higher than the rates stated in the prospectus. This is due to rounding of rates.

- **COMMITMENTS RECEIVED AND GIVEN**

Guarantees received by the Fund:
None.

Other commitments received and/or given:
None.

- **PRESENT VALUE OF SECURITIES HELD TEMPORARILY**

	30/06/2020
Securities held under repurchase agreements Borrowed securities	

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

	30/06/2020
Financial instruments given as security and retained under their original classification Financial instruments received as security and not recorded on the balance sheet	

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

	ISIN	Description	30/06/2020
Equities Bonds Negotiable debt securities UCIs Forward financial instruments			

- **TABLE OF ALLOCATION OF DISTRIBUTABLE INCOME PERTAINING TO NET INCOME**

	30/06/2020
Remaining amounts to be allocated	
Retained earnings	
Net income	989,373.24
Total	**989,373.24**

	30/06/2020
PC H-EUR units:	
Appropriation	
Distribution	
Balance brought forward for the financial year	
Accumulation	161,412.08
Total	**161,412.08**

	30/06/2020
RC H-EUR units:	
Appropriation	
Distribution	
Balance brought forward for the financial year	
Accumulation	44,369.99
Total	**44,369.99**

	30/06/2020
EC H-EUR units:	
Appropriation	
Distribution	
Balance brought forward for the financial year	
Accumulation	187,275.80
Total	**187,275.80**

	30/06/2020
RC H-USD units:	
Appropriation	
Distribution	
Balance brought forward for the financial year	
Accumulation	1.73
Total	**1.73**

	30/06/2020
PD H-EUR units:	
Appropriation	
Distribution	762.48
Balance brought forward for the financial year	0.14
Accumulation	
Total	**762.62**
Information on units with dividend rights	
Number of units	36.000
Dividend per share	21.18
Tax credits	
Tax credit attached to the distribution of earnings	

	30/06/2020
RD H-EUR units:	
Appropriation	
Distribution	8,416.04
Balance brought forward for the financial year	11,660.40
Accumulation	
Total	**20,076.44**
Information on units with dividend rights	
Number of units	10,520.047
Dividend per share	0.80
Tax credits	
Tax credit attached to the distribution of earnings	

	30/06/2020
ED H-EUR units:	
Appropriation	
Distribution	575,261.69
Balance brought forward for the financial year	211.16
Accumulation	
Total	**575,472.85**
Information on units with dividend rights	
Number of units	26,018.168
Dividend per share	22.11
Tax credits	
Tax credit attached to the distribution of earnings	

	30/06/2020
RD H-USD unit	
Appropriation	
Distribution	0.80
Balance brought forward for the financial year	0.93
Accumulation	
Total	**1.73**
Information on units with dividend rights	
Number of units	1.000
Dividend per share	0.80
Tax credits	
Tax credit attached to the distribution of earnings	

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

	30/06/2020
Remaining amounts to be allocated	
Undistributed net capital gains and losses recognised in previous years	
Net capital gains and losses for the year	
Interim dividends paid on net capital gains/losses for the financial year	-49,523.60
Total	**-49,523.60**

	30/06/2020
PC H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses	
Accumulation	-8,311.95
Total	**-8,311.95**

	30/06/2020
RC H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-2,584.10
Total	**-2,584.10**

	30/06/2020
EC H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-9,196.65
Total	**-9,196.65**

	30/06/2020
RC H-USD units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-3.98
Total	**-3.98**

	30/06/2020
PD H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-39.12
Total	**-39.12**

	30/06/2020
RD H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-1,118.68
Total	**-1,118.68**

	30/06/2020
ED H-EUR units:	
Appropriation	
Distribution	
Undistributed net capital gains and losses Accumulation	-28,265.15
Total	**-28,265.15**

	30/06/2020
RD H-USD unit	
Appropriation	
Distribution	
Undistributed net capital gains and losses	
Accumulation	-3.97
Total	**-3.97**

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

	30/06/2020
Global net assets in euros	**43,507,903.78**
LAZARD SUSTAINABLE CREDIT 2025 PC H-EUR	
Net assets in euros	7,299,671.60
Number of shares	7,658.801
Net asset value per share in EUR	953.10
Accumulation per share pertaining to net capital gains/losses in euros	-1.08
Accumulation per share pertaining to net income in euros	21.07
LAZARD SUSTAINABLE CREDIT 2025 RC H-EUR	
Net assets in euros	2,270,452.79
Number of shares	23,891.671
Net asset value per share in euros	95.03
Distribution per share pertaining to net capital gains/losses in euros	-0.10
Accumulation per share pertaining to net income in euros	1.85
LAZARD SUSTAINABLE CREDIT 2025 EC H-EUR	
Net assets in euros	8,077,539.03
Number of shares	8,465.606
Net asset value per share in EUR	954.15
Accumulation per share pertaining to net capital gains/losses in euros	-1.08
Accumulation per share pertaining to net income in euros	22.12
LAZARD SUSTAINABLE CREDIT 2025 PD H-EUR	
Net assets in euros	34,316.82
Number of shares	36.000
Net asset value per share in euros	953.24
Distribution per share pertaining to net capital gains/losses in euros	-1.08
Distribution per unit pertaining to net income in euros	21.18
Retained earnings per share pertaining to net income in euros	
Tax credit per share in euros	*

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

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

	30/06/2020
Global net assets in euros	**43,507,903.78**
LAZARD SUSTAINABLE CREDIT 2025 RC H-USD	
Net assets in US dollars	93.63
Number of shares	1.000
Net asset value per share in US dollars	93.63
Accumulation per share pertaining to net capital gains/losses in euros	-3.98
Accumulation per share pertaining to net income in euros	1.73
LAZARD SUSTAINABLE CREDIT 2025 RD H-EUR	
Net assets in euros	1,000,257.97
Number of shares	10,520.047
Net asset value per share in EUR	95.08
Accumulation per share pertaining to net capital gains/losses in euros	-0.10
Distribution per unit pertaining to net income in euros	0.80
Retained earnings per share pertaining to net income in euros	1.10
Tax credit per share EUR	*
LAZARD SUSTAINABLE CREDIT 2025 ED H-EUR	
Net assets in euros	24,825,498.86
Number of shares	26,018.168
Net asset value per share in EUR	954.16
Accumulation per share pertaining to net capital gains/losses in euros	-1.08
Distribution per unit pertaining to net income in euros	22.11
Retained earnings per share pertaining to net income in euros	
Tax credit per share in euros	*

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

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

	30/06/2020
Global net assets in euros	**43,507,903.78**
LAZARD SUSTAINABLE CREDIT 2025 RD H-USD	
Net assets in US dollars	93.61
Number of shares	1.000
Net asset value per share in US dollars	93.61
Accumulation per share pertaining to net capital gains/losses in euros	-3.97
Distribution per unit pertaining to net income in euros	0.80
Retained earnings per share pertaining to net income in euros	0.93
Tax credit per share EUR	*

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

- **INVENTORY** ***in euros***

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Bonds and similar securities				
Bonds and similar securities traded on a regulated or similar market				
GERMANY				
BAYER 2.375% 12/05/1979	in euros	600,000	589,727.10	1.36
INFINEON TECHNOLOGIES AG 2.875% PERP	in euros	600,000	594,417.95	1.37
LANXESS FINANCE 4.5% 06-12-76	in euros	300,000	315,553.64	0.73
LBBW 4.0% PERP EMTN	in euros	1,000,000	871,887.95	1.99
THY 2.5% 25-02-25 EMTN	in euros	600,000	577,279.90	1.33
TOTAL GERMANY			**2,948,866.54**	**6.78**
AUSTRIA				
ERSTE GROUP BANK AG 6.5% PERP	in euros	1,000,000	1,065,572.46	2.45
VILKSBANK WIEN AG 7.75% PERP	in euros	1,000,000	974,606.89	2.24
TOTAL AUSTRIA			**2,040,179.35**	**4.69**
BELGIUM				
BELFIUS BANK 3.625% PERP	in euros	1,000,000	884,546.37	2.04
KBC GROUPE SA FIX PERP EMTN	in euros	800,000	827,848.04	1.90
TOTAL BELGIUM			**1,712,394.41**	**3.94**
SPAIN				
ABANCA CORPORACION BANCARIA 4.625% 07-04-30	in euros	900,000	874,464.53	2.01
BANCO NTANDER 4.75% PERP	in euros	1,200,000	1,096,713.59	2.52
BANKIA 6.375% PERP	in euros	1,000,000	958,002.04	2.20
BBVA 6.0% PERP	in euros	1,200,000	1,193,002.96	2.75
CAIXABANK SA 6.75% PERP	in euros	1,000,000	1,014,755.05	2.33
GRIFOLS 1.625% 15-02-25	in euros	300,000	297,016.21	0.68
TOTAL SPAIN			**5,433,954.38**	**12.49**
UNITED STATES OF AMERICA				
AVANTOR INC 4.75% 01-10-24	in euros	400,000	420,170.78	0.96
FORD MOTOR CREDIT 1.355% 07-02-25	in euros	300,000	263,488.56	0.61
IMS HEALTH 3.5% 15-10-24	in euros	400,000	412,270.44	0.95
TOTAL UNITED STATES OF AMERICA			**1,095,929.78**	**2.52**
FRANCE				
ACCOR SA 2.625% PERP	in euros	600,000	501,786.49	1.15
AIR FR KLM 1.875% 16-01-25	in euros	700,000	601,227.59	1.38
CA ASSURANCES 4.25% PERP	in euros	800,000	882,493.25	2.03
EDF SA TF/TV 29/12/2049	in euros	900,000	998,633.68	2.31
ELIS EX HOLDELIS 1.0% 03-04-25	in euros	300,000	275,764.73	0.63
FAURECIA 2.625% 15-06-25	in euros	600,000	590,447.75	1.36
GROUPAMA ASSURANCES MUTUELLES SA 6.375% PERP	in euros	800,000	893,898.41	2.05
RENAULT CREDIT INTERNATIONAL BANQUE SA 2.625% 18-0230	in euros	1,000,000	931,212.38	2.14
REXEL SA 2.125% 15-06-25	in euros	300,000	297,376.04	0.68
REXEL 2.625% 15-06-24 EMTN	in euros	200,000	201,311.92	0.46
SEB 1.375% 16/06/2025	in euros	300,000	301,470.82	0.69
SOLVAY FINANCE 5.869% PERP	in euros	900,000	995,906.74	2.30
TOT 2.625% PERP EMTN	in euros	600,000	622,487.16	1.43

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
VALEO 1.5% 18-06-25 EMTN	in euros	400,000	384,690.14	**0.88**
TOTAL FRANCE			**8,478,707.10**	**19.49**
IRELAND				
AIB GROUP 5.25% PERP	in euros	1,000,000	963,094.17	2.21
AIB GROUP 6.25% PERP	in euros	200,000	200,227.38	0.46
TOTAL IRELAND			**1,163,321.55**	**2.67**
ITALY				
BANCO BPM 8.75% PERP EMTN	in euros	1,000,000	878,526.99	2.02
ENEL 3.5% 24/05/1980	in euros	900,000	941,390.75	2.16
FONDIARIA SAI 5.75% 31-12-99	in euros	800,000	819,980.38	1.88
INTE SP VITA SUB 4.75% PERP	in euros	800,000	841,285.37	1.93
INTE 3.75% PERP	in euros	250,000	206,655.19	0.47
INTESA SANPAOLO 6.25% PERP	in euros	800,000	814,089.87	1.87
SAIPEM FINANCE INTL BV 2.625% 07-01-25	in euros	500,000	507,672.34	1.17
TELECOM ITALIA SPA EX OLIVETTI 2.75% 26-03-22	in euros	400,000	406,698.68	0.93
UBI BANCA UNIONE DI BANCHE ITALIANE 5.875% 04-03-29	in euros	1,000,000	1,112,465.07	2.57
UNICREDIT 5.375% PERP	in euros	1,200,000	1,077,058.66	2.48
TOTAL ITALY			**7,605,823.30**	**17.48**
LUXEMBOURG				
BANQUE INTLE A LUXEMBOURG 5.25% PERP	in euros	1,000,000	960,690.00	2.20
GESTAMP FUND LUX 3.5% 15-05-23	in euros	700,000	695,323.61	1.60
SOCIETE EUROPEENNE DES SATELLITES SA 5.625% PERP	in euros	600,000	638,557.03	1.47
TOTAL LUXEMBOURG			**2,294,570.64**	**5.27**
NETHERLANDS				
ACHMEA BV 4.25% PERP EMTN	in euros	700,000	748,455.34	1.73
ASR NEDERLAND NV 5.0% PERP	in euros	600,000	683,000.95	1.57
KPN 2.0% PERP	in euros	600,000	575,082.00	1.32
OI EUROPEAN GROUP BV 2.875% 28-02-25	in euros	600,000	590,796.58	1.36
REPSOL INTERNATIONAL FINANCE BV 4.5% 25-03-75	in euros	600,000	635,847.29	1.46
TELEFONICA EUROPE BV 4.375% PERP	in euros	600,000	631,868.96	1.45
TEVA PHARMACEUTICAL FINANCE II BV 6.0% 31-01-25	in euros	400,000	440,102.67	1.01
VOLKSWAGEN INTL FINANCE NV 3.375% PERP	in euros	300,000	299,379.70	0.69
VOLKSWAGEN INTL FINANCE NV 3.5% PERP	in euros	500,000	497,774.18	1.14
TOTAL NETHERLANDS			**5,102,307.67**	**11.73**
PORTUGAL				
BCP 3.871% 27-03-30 EMTN	in euros	1,000,000	951,647.32	2.19
ENERGIAS DE PORTUGAL EDP 1.7% 20-07-80	in euros	600,000	570,652.49	1.31
ENERGIAS DE PORTUGAL EDP 4.496% 30-04-79	in euros	300,000	323,484.07	0.74
TOTAL PORTUGAL			**1,845,783.88**	**4.24**
UNITED KINGDOM				
AVIS BUDGET FINANCE PLC 4.5% 15-05-25	in euros	500,000	408,002.50	0.94
BRITISH TEL 1.874% 18-08-80	in euros	700,000	655,243.61	1.51
INTL GAME TECHNOLOGY 3.5% 15-07-24	in euros	500,000	498,148.06	1.14
VODAFONE GROUP 3.1% 03-01-79	in euros	700,000	715,995.42	1.64
TOTAL UNITED KINGDOM			**2,277,389.59**	**5.23**
TOTAL bonds and similar securities traded on a regulated or equivalent market			**41,999,228.19**	**96.53**
TOTAL Bonds and similar securities			**41,999,228.19**	**96.53**
Receivables			**495,401.83**	**1.14**

Description of security	Currency	Quantity No. or nominal	Present value	% Net assets
Liabilities			**-1,026,431.13**	**-2.36**
Financial accounts			**2,039,704.89**	**4.69**
Net assets			**43,507,903.78**	**100.00**

LAZARD SUSTAINABLE CREDIT 2025 RC H-EUR	**in euros**	**23,891.671**	**95.03**
LAZARD SUSTAINABLE CREDIT 2025 RD H-EUR	**in euros**	**10,520.047**	**95.08**
LAZARD SUSTAINABLE CREDIT 2025 RD H-USD	**USD**	**1.000**	**93.61**
LAZARD SUSTAINABLE CREDIT 2025 PD H-EUR	**in euros**	**36.000**	**953.24**
LAZARD SUSTAINABLE CREDIT 2025 RC H-USD	**USD**	**1.000**	**93.63**
LAZARD SUSTAINABLE CREDIT 2025 PC H-EUR	**in euros**	**7,658.801**	**953.10**
LAZARD SUSTAINABLE CREDIT 2025 EC H-EUR	**in euros**	**8,465.606**	**954.15**
LAZARD SUSTAINABLE CREDIT 2025 ED H-EUR	**in euros**	**26,018.168**	**954.16**

INFORMATION ON THE IMPACT OF THE COVID-19 CRISIS

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

- **ADDITIONAL INFORMATION ON THE TAX REGIME APPLICABLE TO INTEREST PAYMENTS**

BREAKDOWN OF INTEREST: PD H-EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	762.48	in euros	21.18	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	762.48	in euros	21.18	in euros

BREAKDOWN OF INTEREST: RD H-EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	8,416.04	in euros	0.80	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	8,416.04	in euros	0.80	in euros

BREAKDOWN OF INTEREST: ED H-EUR

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	575,261.69	in euros	22.11	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	575,261.69	in euros	22.11	in euros

BREAKDOWN OF INTEREST: RD H-USD

	NET OVERALL	CURRENCY	NET PER UNIT	CURRENCY
Revenue subject to non-definitive withholding tax	0.80	in euros	0.80	in euros
Equities eligible for a tax allowance and subject to non-definitive withholding tax				
Other income not eligible for a tax allowance and subject to non-definitive withholding tax				
Non-declarable and non-taxable income				
Amounts paid out in relation to capital gains and losses				
TOTAL	0.80	in euros	0.80	in euros