

March 2021

LAZARD CREDIT OPPORTUNITIES PVC EUR

International Bonds	Share Class	ISIN Code	NAV €	Net assets (€ Million)	Total net assets (€ Million)
	PVC EUR unit :	FR0013432143	1144,31	12,98	187,93

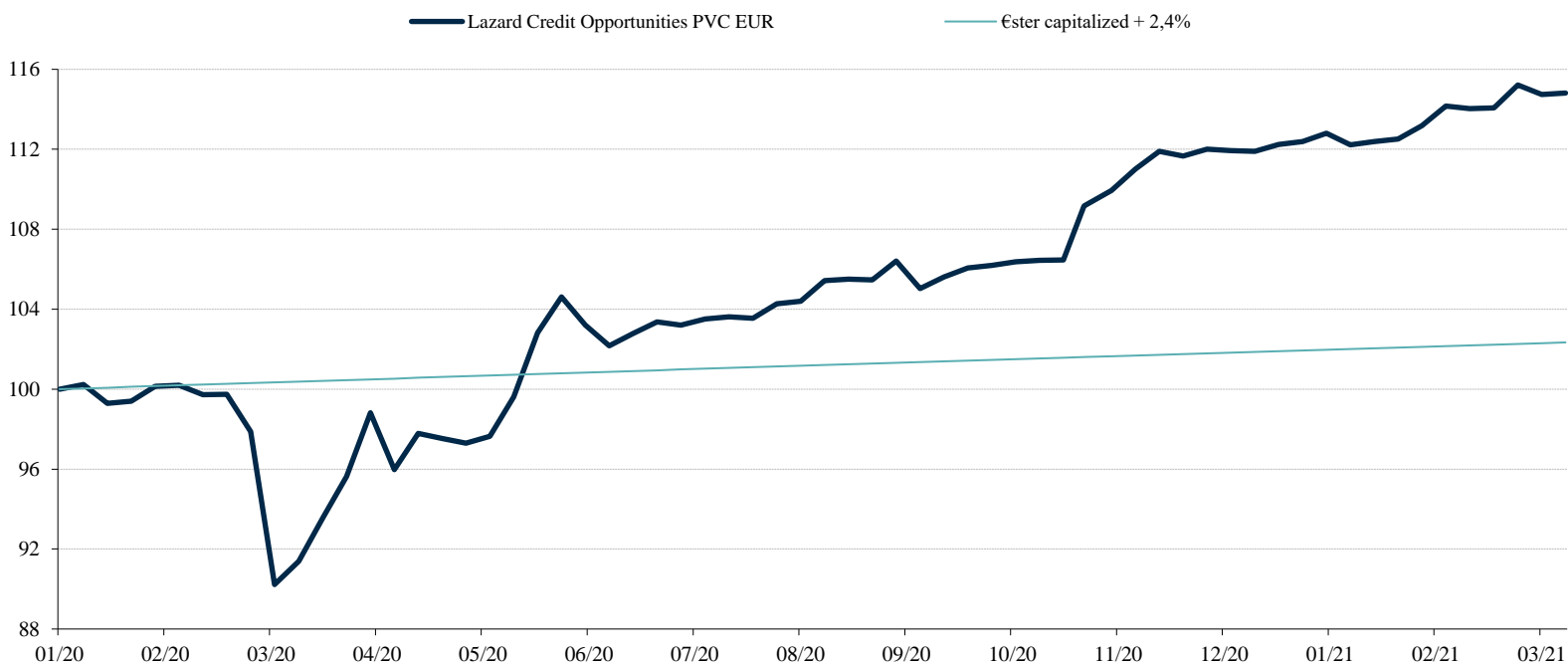
MANAGEMENT

INVESTMENT POLICY

The management objective is to achieve, over a recommended investment period of at least 3 years, an annual performance net of fees in excess of the capitalised €STR + 2.40% for PVC EUR Shares.

PERFORMANCE - PVC Unit

HISTORICAL PERFORMANCE



Past performance indications is not a guarantee of current or future performance. The return may increase or decrease as a result of currency fluctuations
The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future

PERFORMANCE

Cumulative Performance*	MTD	YTD	1 year	3 years	5 years
LAZARD CREDIT OPPORTUNITIES P	0,8%	2,6%	22,2%	-	-
€ster capitalized + 2,4%	0,2%	0,5%	1,9%	-	-

Annualized performance*	1 year	3 years	5 years
LAZARD CREDIT OPPORTUNITIES PVC EUR	22,2%	-	-
€ster capitalized + 2,4%	1,9%	-	-

Création: 14/01/2020

Annual Performance*	2020	2019	2018	2017	2016
LAZARD CREDIT OPPORTUNITIES P	-	-	-	-	-
€ster capitalized + 2,4%	-	-	-	-	-

YTW (without hedging)	2,9%	Spread vs Govt.	271
YTM (without hedging)	3,2%	Mean Rating Issuances	B+
Mean Rating Issuer	BB		

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RISK SCALE**



Risk scale calculated from the volatility of the UCITS over a period of 5 years (see detail on the back). Risk 1 does not mean a risk-free investment. This indicator may change over time.

RISK RATIOS

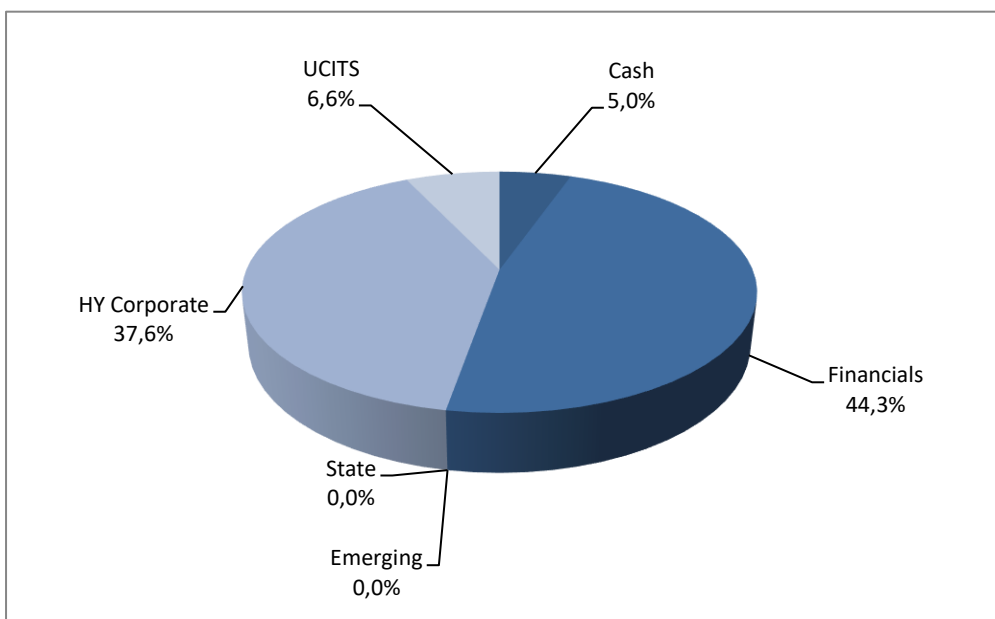
	1 year	3 years
Volatility		
LAZARD CREDIT OPPORTUNITIES PVC EUR	7,80%	-
€ster capitalized + 2,4%	0,01%	-
Sharpe ratio	3,29	-
Modified Duration	-4,2	

Ratios calculated on a weekly basis

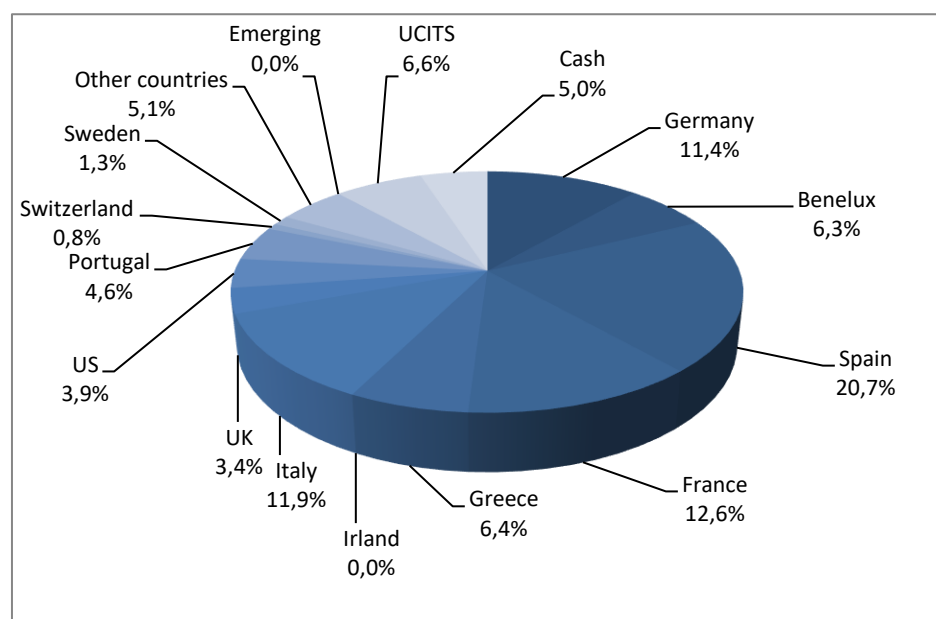
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LAZARD CREDIT OPPORTUNITIES PVC EUR

ASSET ALLOCATION

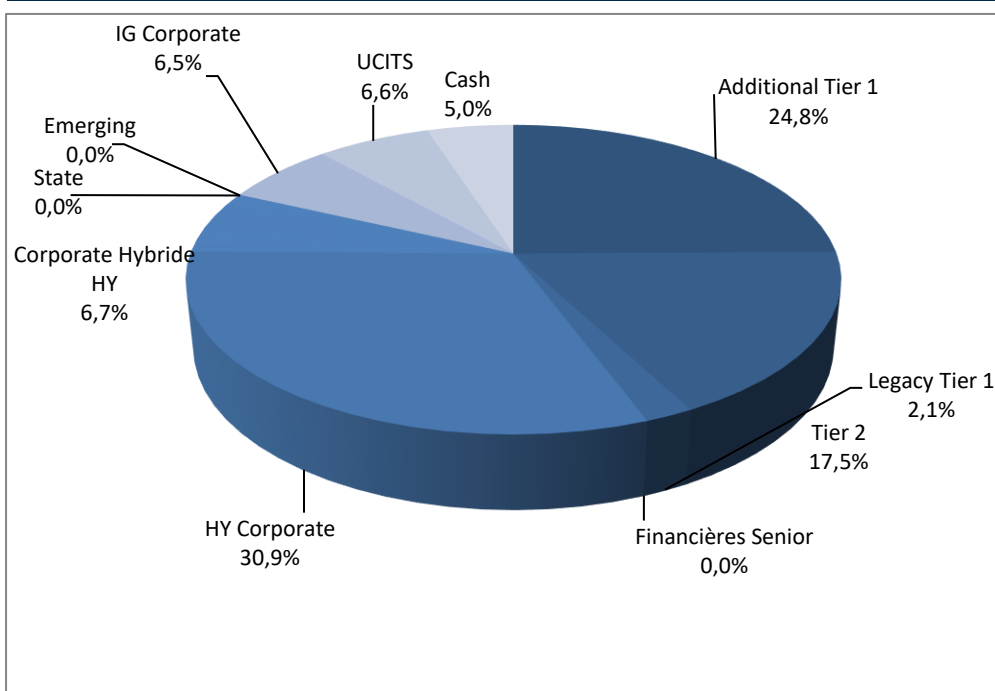


COUNTRY ALLOCATION

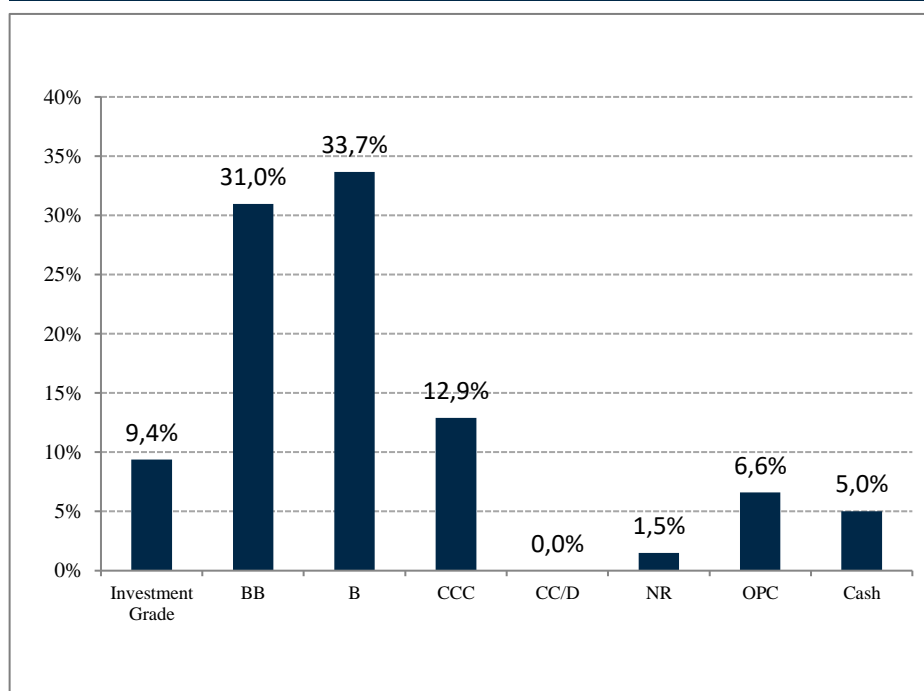


UCITS : Lazard Global Hybrid Bonds, Lazard Euro Corpo High Yield, Lazard Emerging Markets Total Return

SENIORITY ALLOCATION



ISSUES ALLOCATION RATING



TAUX ET CHANGES

Currencies	Modified Duration contribution	Exposition change
EUR	2,86	91,1%
USD	0,12	9,0%
MXN	0,00	0,0%
IDR	0,00	0,0%
GBP	0,00	0,0%
BRL	0,00	0,0%
CNY	0,00	0,0%
SGD	0,00	0,0%
TRY	0,00	0,0%
Modified Duration	-4,17	

MAIN HOLDINGS

Main Holdings	%
UNIT ST 0,125 07-30	2,5%
BANK SA 6,0 PERP	1,9%
TELE EU 4,375 PERP	1,7%
DEUT BK 5,625 05-31	1,6%
DEUT LU 2,875 02-25	1,6%

FUND MANAGER'S COMMENT

Long-term interest rates diverged on either side of the Atlantic in March, with the yield spread between the T-Note and the 10-year Bund now standing at 2,0%, up 37bp over the month. This development reflects growth and inflation prospects as well as the clearly stronger vaccination momentum in the United States.

The health situation is continuing to deteriorate in continental Europe, forcing governments to introduce or tighten restrictive measures and the ECB to strengthen its support for the economy, with the announcement of a significant increase in its asset purchases in the coming quarter. This news contributed to the continued tightening of spreads between Eurozone countries, with the German Bund and the Italian 10Y BTP falling by 3bp and 9bp respectively in March to -0,29% and +0,67%.

In the financial segment, the outlook appears to be improving lastingly for European banks, first with the publication of the EBA's risk dashboard for Q4 20, with an **NPL ratio that continued to fall and a CET1 capital ratio that reached an all-time high**. **Loans under moratoria have declined by 60% since Q2 2020** to €318bn. NPLs still account for a small proportion of past due loans (3.3%). No financing problems in sight either, with **€331bn borrowed in the last TLTRO III transaction**, which should increase the liquidity surpluses placed at the ECB to above €4 trillion.

The end of the month was marked by the setbacks of the **Archegos** fund and the losses incurred by its prime brokers, particularly **Credit Suisse** which came in for a battering after issuing a statement indicating "a significant impact in Q1". CS finally reported **an impact of CHF4.4bn, but this should result in a pre-tax loss of "only" CHF 900m** thanks to stellar Q1 revenues. The CS share fell by 19% in the last week of the month and the AT1 by between 2% and 5%. S&P, Fitch and Moody's placed the bank's rating on negative outlook.

Greek bank **Piraeus announced its "Sunrise Plan"** with an ambitious target of NPL under 10% within 12 months and 3% in the medium term (vs. 35% currently).

The **primary market was active in financial credit**, with on the Tier 2 banking side, among others, Alpha Bank, Barclays, Société Générale and, on the insurance side, Hannover Re, Storebrand and AXA, the last two in green format. In AT1, issuers included HSBC, with two issues in \$, CNP in \$ (RT1), Sabadell in € and Natwest in £.

In the High Yield segment, spreads tightened by **15bp** with a large part of the movement following the ECB meeting in the second week. The highlight of the month was **the intense activity in the primary market**, which continued with **€10.4bn** in issuance over the month, bringing the total for the 1st quarter to a **record high of more than €34bn**. This offer was absorbed by the market without too much difficulty thanks to a **return of inflows** to the asset class in the second fortnight. These new issues were motivated mainly by refinancing but also by more aggressive actions (LBO financing, dividends).

In this context, the best performances came from the lowest-rated issuers. **Spreads continued to decompress**, helped by earnings releases that brought no unpleasant surprises for the riskiest issuers whose bonds offer high returns (Fives, Banijay among others). By sector, transport (Lufthansa), utilities (EDF, TVO), services (Rekeep, Avis) and retail (Takko, Douglas) were the main themes.

The fund's monthly performance is explained by its negative interest rate sensitivity and offensive credit positioning. The rise in US interest rates and the carry offered on high-yield securities and financial subordinated bonds generated a positive performance in March.

Lazard Frères Gestion informs you that the management company has updated the provisions relating to the inclusion of environmental, social and governance (ESG) criteria in the KIIDs and prospectuses of its Funds in accordance with EU Regulation 2019/2088 on the publication of sustainability information in the financial services sector and with AMF Position-Recommendation 2020-03 on collective investments incorporating extra-financial approaches.

For further details, please consult the relevant Fund sheet on our website http://www.lazardfreresgestion.fr/FR/Fonds_71.html or contact your sales agent.

FUND DETAILS

ISIN Code	PVC EUR Unit :	FR0013432143	Valuation	Daily	Management fees	PVC EUR Unit :	0,60% inclusive of taxes
Bloomberg Code			Investment horizon	> 3 years	Subscription / Redemption fees :	PVC EUR Unit :	None
	PVC EUR Unit :		Custodian	Cacéis Bank	Performance fees :		
			Management company	Lazard Frères Gestion	Subscription Terms :		
Legal Form	SICAV		Taxation	Distribution			
UCITS Compliant	Yes						Daily by 12 am CET
							Settlement and Value Date
							D + 2 Business days
Currency	Euro		Creation Date	01/14/2020	Total expense ratio & transaction fees		
							For more information, please check our prospectus on www.lazardfreresgestion.fr

** Risk scale : calculated from the historic volatility of the UCITS over a period of 5 years. If the fund is not 5 years old of history, the level of risk is calculated from the target volatility of the strategy. The management company saves itself the possibility of adjusting the level of risk calculated according to the specific risk of the fund. This risk scale supplied as a rough guide and may be modified without advance notice.

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