

International bonds and debt securities	Share classes	ISIN code*	NAV €	Net assets (€ million)	Total net assets (€ million)
	PVC EUR unit	FR0010952788	1 875,59	242,68	353,82
	PVD EUR unit	FR0013043841	109 364,90	36,07	
	RVD EUR unit	FR0010952796	132,23	14,51	
	TVD EUR Unit	FR0013305968	100,41	12,25	
	RVC EUR Unit	FR0013306727	106,37	5,52	
	SC EUR Unit	FR0013311446	11 019,16	39,53	
		ISIN code	NAV \$	Net assets (\$ million)	
	PVC H-USD Unit	FR0013072733	1 363,88	3,40	
		ISIN code	NAV CHF	Net assets (CHF million)	
	PVC H-CHF Unit	FR0013236783	1 363,88	0,19	

\* Not all share classes of the relevant sub-fund are registered

MANAGEMENT

INVESTMENT POLICY

The fund’s investment objective is to outperform the Barclays Global Contingent Capital € Hedged index for units PVC EUR, PVD EUR, RVC EUR, RVD EUR, SC EUR and TVD EUR, Barclays Global Contingent Capital Hedged USD for unit PVC H-USD and Barclays Global Contingent Capital Hedged CHF for PVC H-CHF.

To attain this objective, the strategy will rely on an active management of the portfolio mainly invested in subordinated securities (this type of debt is more risky than Senior Unsecured or Securitized debts), or any securities, not considered as common stocks, issued by European financial institutions. The investment process combine both a Top-down approach (strategic and geographical allocation approach which takes into consideration the macro and sectorial environments) and a Bottom-up approach (stock-picking based on fundamental analysis of the issuer and its securities) and then integrating the regulatory environment in which this asset class evolves. The modified duration will be managed in a 0 to 8 range. The fund only invests in bonds or securities issued by companies having their head office in an OECD member country and/or in issues or securities listed in a stock market of one of these countries.The FCP invests only in obligations negotiated in Euro, USD or Sterling.

FUND MANAGER'S COMMENT - François Lavier - Alexis Lautrette

The net asset value of Lazard Capital Fi rose by +1,7% over the month (PVC share) versus +1,1% for the Barclays Global Contingent Capital € Hedged Index.

AT1s in OAS tightened by -28 bps to 332 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve steepened during the month, with the 10-year yield up +5 bps to -0,4%, the 5-year yieldup +4 bps to -0,6%, while the 2-year yield up +3 bps to -0,6%.

For 2019, Lazard Capital Fi posted a net performance of +14,5% vs +14,9% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Capital Fi has a 260-day volatility of 3,9% vs 3,4% for the Barclays Global Contingent Capital € Hedged Index.

Overall sentiment improved in November, with economic indicators stabilizing and the optimism gaining ground on the China-USA topic. The abundant primary at the beginning of the month had an impact on valuations, before calm returns in the second half of the month and secondary performed again.

Banks’ results for third quarter have not revealed any particular surprises, the majority of Italian banks have published beyond expectations while money laundering cases continue to weigh on Nordic banks with SEB and DNB this month, but with a lot of noises for nothing actually. Deutsche Bank continues its transformation with the announcement of the sale of a portfolio of \$ 50 billion of emerging debt. On the insurers' side, S&P maintained the A- rating and positive outlook for La Mondiale and upgraded Uniqa's to positive outlook.

"Libability Management" operations experienced a clear acceleration this month with tenders from HSBC (bonds issued by its US subsidiary), Erste Bank (in parallel with the issuance of a new Tier 2), Commerzbank and Ageas (Legacy Themes).

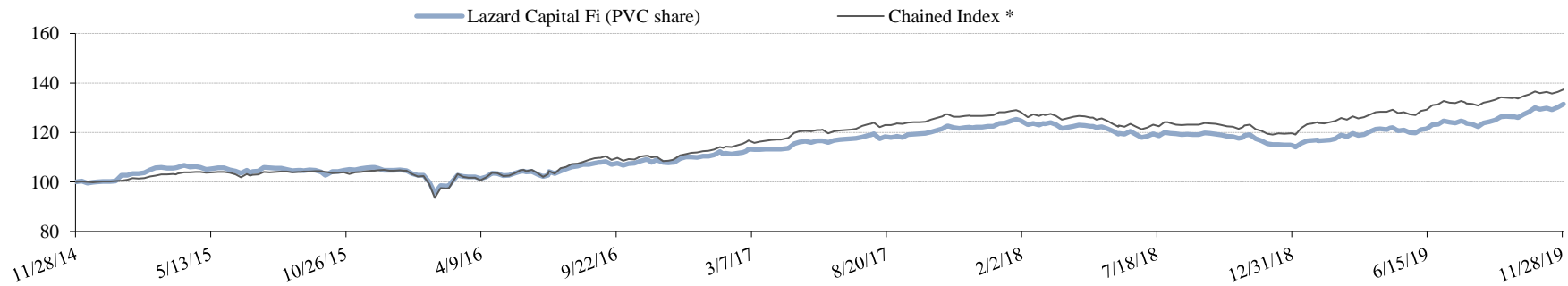
On the AT1 side, issuers continue to refinance the calls expected in 2020 (DNB, BIL, SEB, Lloyds...) but also new ones are appearing on this market as La Banque Postale. The primary has been animated in Tier 2 with Standard Chartered, Danske, AIB, Erste Bank, CNP "green", and still a sustained offer on Non Preferred Senior.

On Capital Fi, the largest contributors to performance are Legacy bonds of BNP and Ageas with +45bps of contribution. British and Spanish AT1 also contributed heavily (+60bps). Globally, AT1 contributed +115bps vs +55bps for Legacy bonds.

The primary market, excluding covered bonds, totaled 29 bn€ in gross issuance according to Barclays, with net bank issuance totaling +15 bn€ over the months. Since the beginning of the year, gross issuance has represented 280 bn€ and net issuance +101 bn€.

PERFORMANCE

HISTORICAL PERFORMANCE



\* Barclays Global Contingent Capital € hedged since 31/12/2015, before JPMorgan Susi Tier 1.  
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

Annual performance*	2018	2017	2016	2015	2014
Lazard Capital Fi PVC	-6,26%	11,48%	4,77%	4,70%	8,69%
Chained Index	-5,83%	13,41%	7,00%	4,50%	8,84%

Cumulative performance*	Month	YTD	1 year	3 years	5 years
Lazard Capital Fi PVC	1,67%	14,52%	13,80%	21,88%	31,51%
Chained Index	1,10%	14,86%	14,98%	26,10%	37,41%

\* The performance quoted represents past performance. Past performance does not guarantee future results.  
The performance less than one year is given for illustrative purposes.

Modified duration	4,2	Spread duration	4,3
Yield to maturity (Without hedging costs)	5,1%		
Yield to call (Without hedging costs)	4,7%		
Yield to Worst	4,3%		

Average rating (issuer) <sup>1</sup>	BBB+
Average rating (issues) <sup>1</sup>	BB
Yield to call (With hedging costs)	3,9%
Spread vs Govt.	454

<sup>1</sup> Average rating for each security

SCALE RISK\*\*



\*\*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 Capital Fi PVC	4,80%	4,76%
Chained Index	4,57%	5,27%
Tracking error	1,55%	1,86%
Information ratio	-0,67	-0,61

Ratios calculated on a weekly basis over 1 year and a monthly basis over 3 years

Gross currency exposure: 63% EUR / 23% USD / 14% GBP
Net currency exposure: 100% EUR

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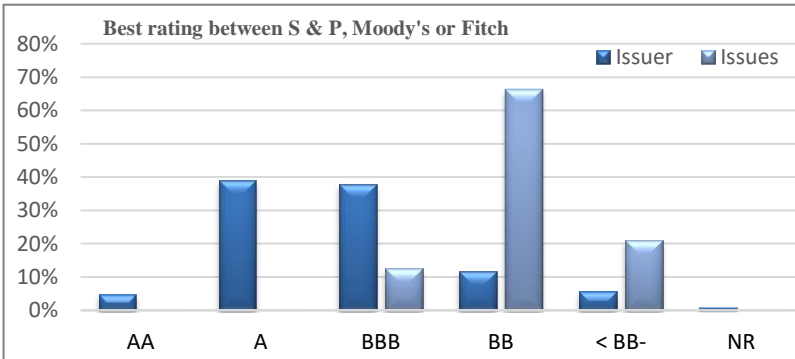
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## MAIN HOLDINGS

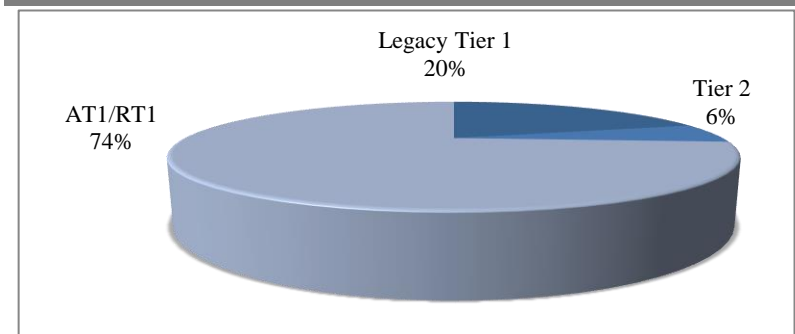
### Main holdings

<b>CaixaBank 5,25% Perp</b>	Banques AT1	4,3%
<b>Unicredit Spa 5,375% Perp</b>	Banques AT1	4,1%
<b>Barclays PLC 5,875% Perp</b>	Banques AT1	3,6%
<b>Danske Bank 6,125% Perp</b>	Banques AT1	3,4%
<b>Banco de Sabadell 6,125% Perp</b>	Banques AT1	3,4%

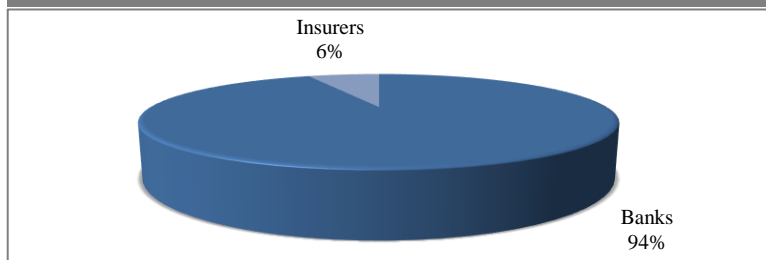
## RATING ALLOCATION



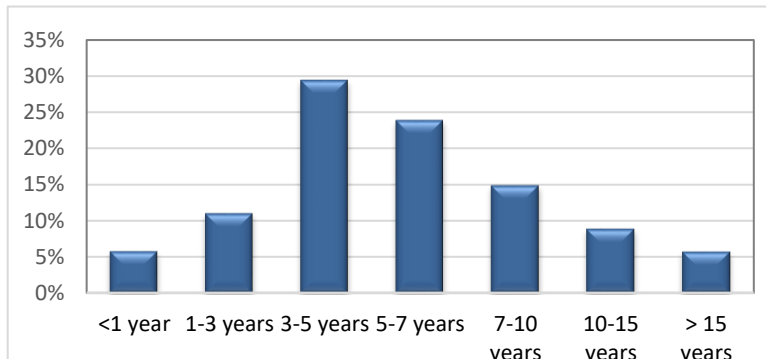
## BREAKDOWN BY LEVEL OF SUBORDINATION



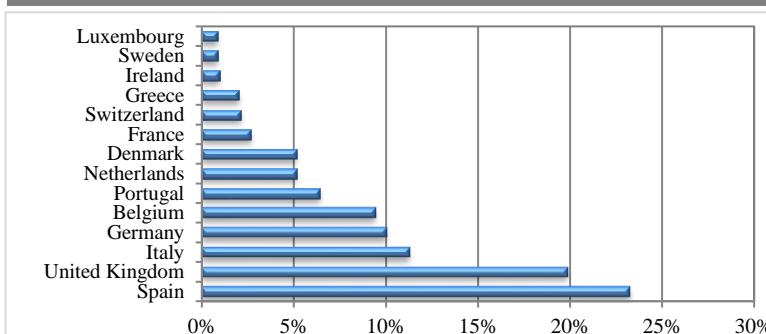
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

<b>ISIN Code</b>	PVC EUR Unit	FR0010952788	<b>Custodian</b>	CACEIS Bank	<b>Management fees</b>	PVC EUR : maximum of 1% inclusive of taxes
	PVD EUR Unit	FR0013043841	<b>Management company</b>	Lazard Frères Gestion SAS		PVD EUR : maximum of 1% inclusive of taxes
	RVD EUR Unit	FR0010952796	<b>Fund Administration</b>	Caceis FA		TVD EUR : maximum of 0,965% inclusive of taxes
	TVD EUR Unit	FR0013305968				RVD EUR : maximum of 1,75% inclusive of taxes
	PVC H-USD	FR0013072733				PVC H-USD : maximum of 1% inclusive of taxes
	PVC H-CHF	FR0013236783				SC EUR : maximum of 0,735% inclusive of taxes
	SC EUR Unit	FR0013311446				RVC EUR : maximum of 1,75% inclusive of taxes
	RVC EUR Unit	FR0013306727				PVC H-CHF : maximum of 1% inclusive of taxes
<b>Bloomberg Code</b>	LAZOBCI/LAZOBCR FP		<b>Taxation</b>	Capitalization	<b>Subscription fees</b>	Maximum of 4% inclusive of taxes
<b>Legal Form</b>	FCP		<b>Inception date</b>	30/11/2010	<b>Redemption fees</b>	None
<b>UCITS-Compliant</b>	Yes		<b>Subscription terms</b>	Subscription: J (date of the NAV) + 2 business days	<b>Outperformance fees</b>	15% of the outperformance in excess of each units' respective indexes.
<b>AMF Classification</b>	International bonds					
<b>Currency</b>	Euro					
<b>Investment horizon</b>	Minimum 5 years					
<b>Valuation</b>	Daily					
<b>Modified duration</b>	0 to 8					
<b>Total expense ratio and transaction fees</b>						

For more information, please check our prospectus on [www.lazardfreresgestion.fr](http://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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**Publication of NAVs :**  
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