

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million)	Total net assets (€ million)
IC unit	FR0010952788	1 662,65	182,75	223,02
ID unit	FR0013043841	105 736,43	18,26	
R unit	FR0010952796	128,31	22,01	
	ISIN code	NAV \$	Net assets (\$ million)	
DH unit	FR0013072733	1 134,71	1,08	
	ISIN code	NAV CHF	Net assets (\$ million)	
IC H-CHF Unit	FR0013236783	1 029,58	0,11	

## MANAGEMENT

### INVESTMENT POLICY

The fund's investment objective is to outperform the Barclays Global Contingent Capital € Hedged index for units IC, ID and R, Barclays Global Contingent Capital Hedged USD for unit DH and Barclays Global Contingent Capital Hedged CHF for IC 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

The net asset value of Objectif Capital Fi increased by +0,89% over the month (1 share), while the Barclays Global Contingent Capital € Hedged index gained 0,96% over the period.

Spreads on financial debt tightened across the board. Tier 1 bonds tightened by 23bp to 268bp against government bonds, Lower Tier 2 bonds by 14bp to 196bp and Senior debts by 3bp to end the month at 89bp according to JP Morgan's SUSI indices. CoCos tightened by 1bp in OAS to end the month at 410bp according to Barclays' Global index.

The German government bond yield curve flattened during the month, with the 10-year yield down 1bp to 0,30% and the 5-year yield down 5bp to -0,43%, while the 2-year yield rose 2bp to -0,71%.

Objectif Capital Fi posted a net performance of +6,09% year-to-date compared with +8,07% for the Barclays Global Contingent Capital € Hedged.

The fund has a 260-day volatility of 4,9% compared with 6,4% for the Barclays Global Contingent Capital € Hedged.

May maintained the momentum that started in late April, underpinned by the reassuring results of the French presidential election. The catch-up effect therefore continued, notably for French issuers, but also for peripherals.

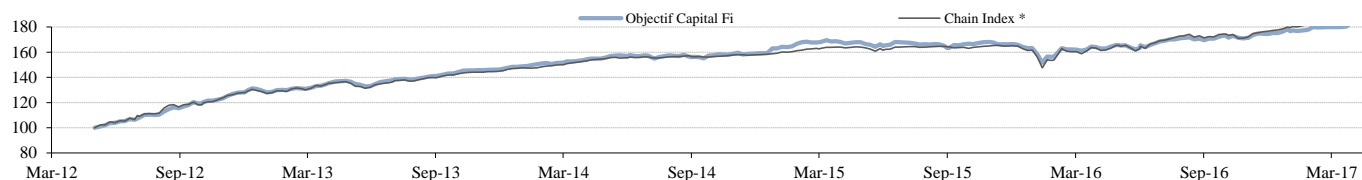
The "complicated" Banco Popular dossier is moving towards an acquisition by a large Spanish bank, with Santander, BBVA and Bankia in the running. Rumours abound, with a clearly identified risk of losses for the bank's shareholders as well as for its subordinated creditors (AT1 and Tier 2). A deadline is set for June 30th. We have no Banco Popular securities in the portfolio.

The primary market, excluding covered bonds, totalled €30bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling +€12bn over the month. Since the beginning of the year, gross issuance has totalled €126bn and net issuance is negative to the tune of €24bn.

Objectif Capital Fi has a yield to maturity of 5,3% and a yield to call of 5,5% with a modified duration of 2,7 and a credit duration of 5,1.

## PERFORMANCE

### HISTORICAL PERFORMANCE



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

Past performance indications is not a guarantee of current or future performance

### PERFORMANCE

Annual performance*	2017	2016	2015	2014	2013
Objectif Capital Fi	6,09%	4,77%	4,70%	8,69%	14,24%
Chain Index	8,07%	7,00%	4,50%	8,84%	13,51%

Cumulative performance*	Month	YTD	1 year	3 years	5 years
Objectif Capital Fi	0,89%	6,09%	11,71%	18,83%	85,06%
Chain Index	0,96%	8,07%	15,38%	23,29%	90,89%

\* Performances données à titre indicatif s'appréciant à l'issue de la durée de placement recommandée

Modified duration 2,7 spread duration 5,1

Yield to call 5,5%

Yield to maturity 5,3%

### SCALE RISK\*\*



\*\*Risk scale calculated from the volatility of the UCITS over a period of 5 years (see detail on the back)

### RISK RATIOS

	1 year	3 years
<b>Volatility</b>		
Objectif Capital Fi	4,85%	5,63%
Chain Index	5,68%	5,87%
<b>Tracking error</b>	2,46%	3,00%
<b>Information ratio</b>	-1,31	-0,41

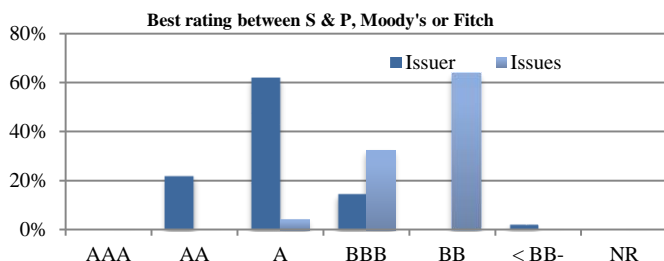
Ratios calculated on a weekly basis over 1 year and a monthly basis over 3 years

## MAIN HOLDINGS

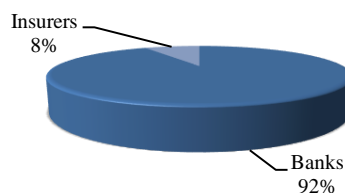
### Main holdings

<b>Commerzbank 8,151% 06/2029</b>	Legacy Tier 1	3,1%
<b>Lloyds 7,881% 06/2017</b>	Legacy Tier 1	2,8%
<b>UCGIM 6,625% 06/2023</b>	AT1	2,7%
<b>HSBC 10,176% 06/2030</b>	Legacy Tier 1	2,5%
<b>Std Chartered Plc 7,75% 04/2023</b>	AT1	2,4%

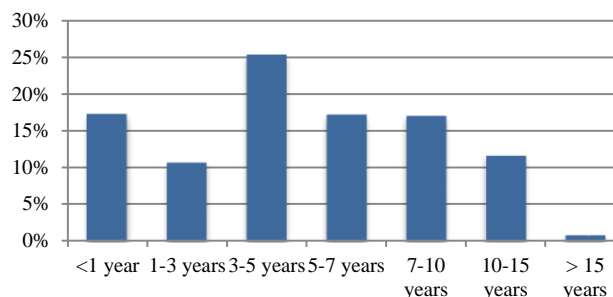
## RATING ALLOCATION



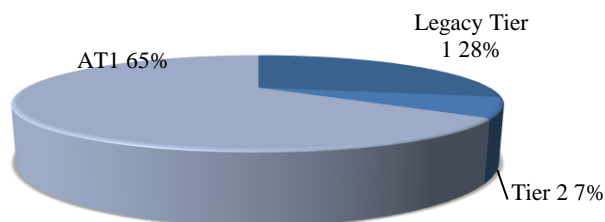
## SECTOR ALLOCATION



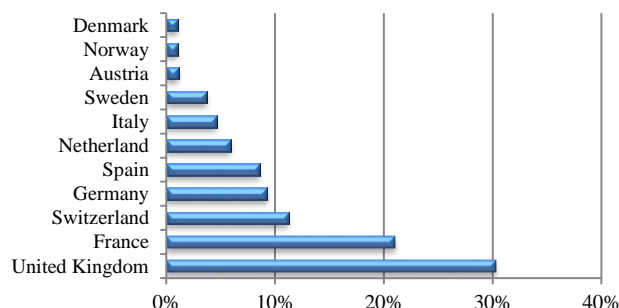
## BREAKDOWN BY MATURITY (AT CALL)



## BREAKDOWN BY LEVEL OF SUBORDINATION



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

■ <b>ISIN Code</b>	IC Unit	FR0010952788	■ <b>Custodian</b>	CACEIS	■ <b>Management fees</b>	
	ID Unit	FR0013043841				
	R Unit	FR0010952796				
	DH Unit	FR0013072733				
	IC H-CHF Unit	FR0013236783				
■ <b>Bloomberg Code</b>	LAZOBCL/LAZOBCR FP					IC H-CHF Unit : maximum of 1% inclusive of taxes
■ <b>Legal Form</b>	FCP		■ <b>Taxation</b>	IC Unit : Capitalization	■ <b>Subscription fees</b>	Maximum of 4% inclusive of taxes
■ <b>UCITS-Compliant</b>	Yes			ID & R Unit : Distribution		■ <b>Redemption fees</b>
■ <b>AMF Classification</b>	International bonds		■ <b>Inception date</b>	30/11/2010	■ <b>Outperformance fees</b>	
■ <b>Currency</b>	Euro		■ <b>Subscription terms</b>			15% of the outperformance in excess of each units'
■ <b>Investment horizon</b>	Minimum 5 years		Each business day by 12 am			respective indexes.
■ <b>Valuation</b>	Daily		Settlement and value date :			
■ <b>Modified duration</b>	0 to 8		Subscription: J (date of the NAV) + 2 business days			
			Redemption: J + 2 business days			

**\*\* 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.

### Contacts :

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### Additional information :

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### Publication of NAVs :

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

Please consider a fund's investment objectives, risks, charges, and expenses carefully before investing. Read the prospectus or summary prospectus carefully before you invest. The prospectus and summary prospectus contain investment objectives, risks, charges, expenses, and other information about the Portfolio(s) and The Lazard Frères Gestion Funds that may not be detailed in this document. Distributed by Lazard Frères Gestion.