

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million)	Total net assets (€ million)
IC unit	FR0010952788	1 770,01	223,15	315,10
ID unit	FR0013043841	103 190,48	32,28	
RD unit	FR0010952796	125,02	13,84	
TD Unit	FR0013305968	94,69	11,86	
RC Unit	FR0013306727	100,79	0,11	
S Unit	FR0013311446	10 383,12	32,34	
	ISIN code	NAV \$	Net assets (\$ million)	
IC USD Unit	FR0013072733	1 278,23	1,50	
	ISIN code	NAV CHF	Net assets (CHF million)	
IC H-CHF Unit	FR0013236783	1 278,23	0,18	

MANAGEMENT

INVESTMENT POLICY

The fund's investment objective is to outperform the Barclays Global Contingent Capital € Hedged index for units IC, ID and RD, Barclays Global Contingent Capital Hedged USD for unit IC USD 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 - Alexis Lautrette

The net asset value of Lazard Capital Fi rose by +0,59% over the month (IC share): the Barclays Global Contingent Capital € Hedged Index rose by +0,62% over the same interval.

AT1s in OAS tightened by 10 bps at 392 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve shifted down during the month, with the 10-year yield fell 11 bps to -0,44% ,the 5-year yield down 5 bps to -0,72% ,while the 2-year yield down 3 bps to -0,79%.

Lazard Capital Fi posted a net performance of +8,07% year-to-date compared with +10,46% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Capital Fi has a 260-day volatility of 3,7% compared with 3,9% for the Barclays Global Contingent Capital € Hedged Index.

As for the previous month, market attention has been focused on messages delivered by central banks. The ECB has confirmed its easing bias and is now studying three options to try to boost inflation: a rate cut, a Tiering to limit the negative impact of this cut on banks and the relaunch of the asset purchase program. The Fed, as expected, made its first rate cut (-25bps) since the financial crisis but with a less accommodative speech than the ECB.

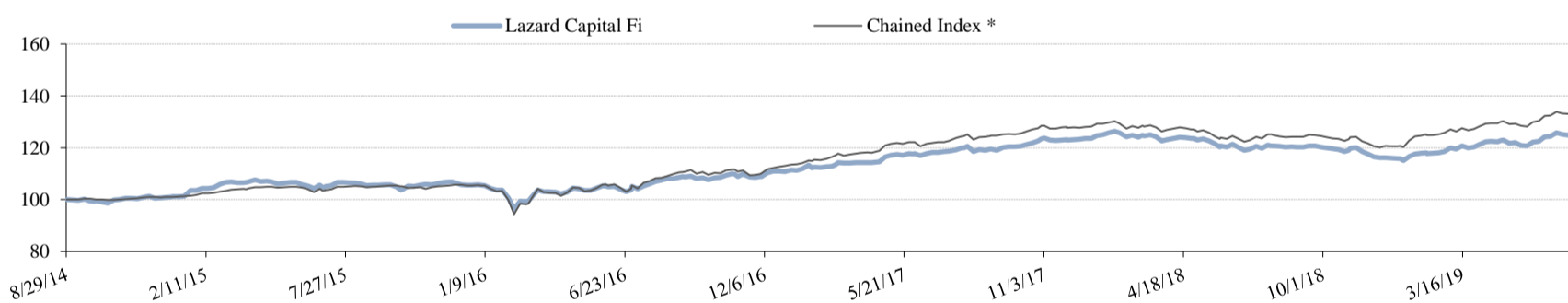
The UK names underperformed on the month as the prospect of a no-deal was strengthened with the arrival of new Prime Minister Boris Johnson. Deutsche Bank unveiled a major restructuring plan including a 18,000 jobs cut, the closing of the "Sales and Trading Equities" business and the creation of a non-core entity (€ 288 billion in assets). Regarding the second quarter results, a lot of better than expected publications from UBS, Credit Suisse, Santander, BBVA or BNP and Intesa.

Several upgrades this month at Moody's for the main Portuguese banks (Caixa Geral, BCP and Novo Banco) as well as for Unicredit's and Bankinter's Tier 2, which become eligible for inclusion in the IG indices.

The favorable market conditions saw the arrival of unusual issuers, on the Tier 2 the Hungarian bank OTP Bank (3.5%), the Greek bank NBG (8.25%) as well as the Italian Monte dei Paschi (10.5%) and Sondrio (6.25%). Side AT1 Commerzbank came to issue in \$ and Fineco, a small Italian bank former subsidiary of Unicredit, in €.

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 IC	-6,26%	11,48%	4,77%	4,70%	8,69%
<i>Chained Index</i>	<i>-5,83%</i>	<i>13,41%</i>	<i>7,00%</i>	<i>4,50%</i>	<i>8,84%</i>

Cumulative performance*	Month	YTD	1 year	3 years	5 years
Lazard Capital Fi IC	0,59%	8,07%	3,60%	16,92%	25,32%
<i>Chained Index</i>	<i>0,62%</i>	<i>10,46%</i>	<i>6,46%</i>	<i>23,17%</i>	<i>33,48%</i>

* 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	4,3	Spread duration	4,5	Average rating (issuer) ¹	BBB+
Yield to maturity (Without hedging costs)	5,2%	Average rating (issues) ¹	BB	Yield to call (With hedging costs)	4,0%
Yield to call (Without hedging costs)	4,9%	Yield to Worst	4,5%	Spread vs Govt.	473

¹ 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 IC	4,68%	4,85%
Chained Index	4,95%	5,58%
Tracking error	1,28%	1,74%
Information ratio	-2,13	-1,00

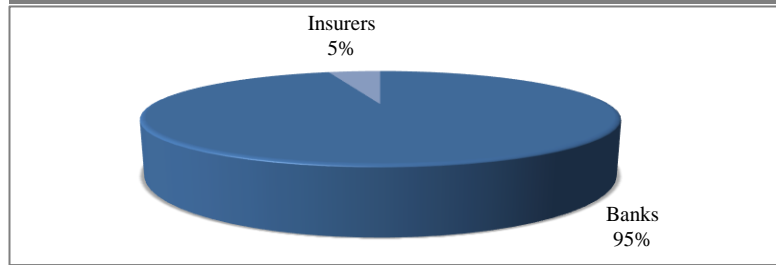
Ratios calculated on a weekly basis over 1 year and a monthly basis over 3 years

MAIN HOLDINGS

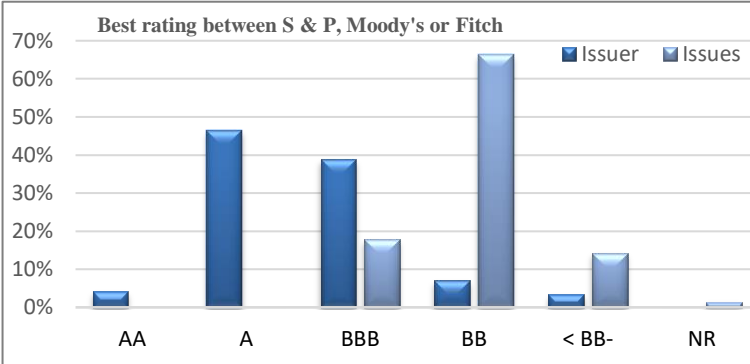
Main holdings

Danske Bank 6,125 28/03/2024	Banks AT1	3,8%
Caixa GE 10,75 12/49	Legacy Tier 1	3,4%
Caixabank SA SA 6,75 12/49	Banks AT1	3,0%
HSBC Capi TV 12/49	Banks AT1	3,0%
Fortis Bank 1,69 12/49	Banks AT1	3,0%

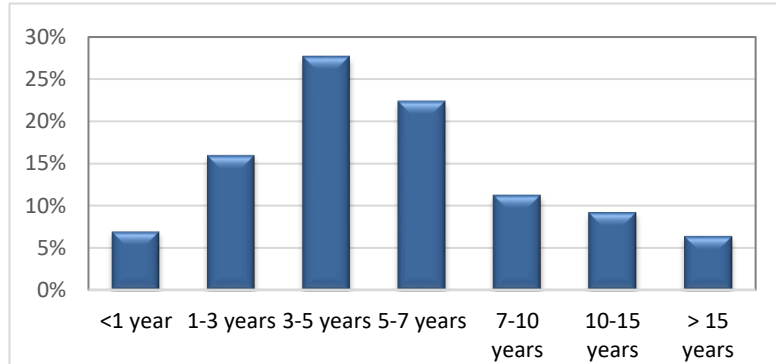
SECTOR ALLOCATION



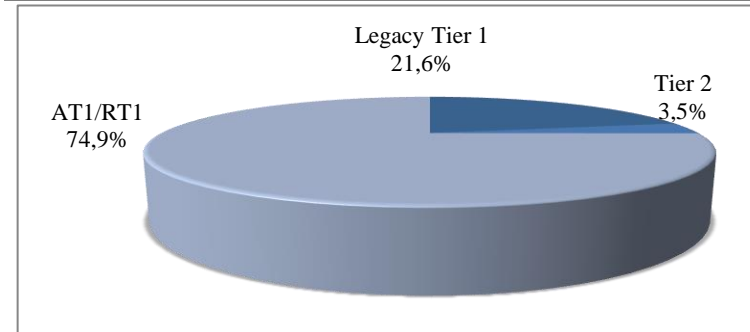
RATING ALLOCATION



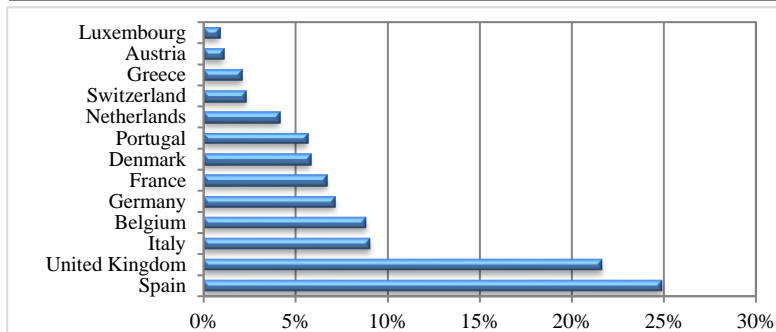
BREAKDOWN BY MATURITY (AT CALL)



BREAKDOWN BY LEVEL OF SUBORDINATION



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

<p>ISIN Code</p> <p>IC Unit: FR0010952788 ID Unit: FR0013043841 RD Unit: FR0010952796 TD Unit: FR0013305968 IC USD Unit: FR0013072733 IC H-CHF Unit: FR0013236783 S Unit: FR0013311446 RC Unit: FR0013306727</p> <p>Bloomberg Code: LAZOBCI/LAZOBCR FP</p> <p>Legal Form: FCP</p> <p>UCITS-Compliant: Yes</p> <p>AMF Classification: International bonds</p> <p>Currency: Euro</p> <p>Investment horizon: Minimum 5 years</p> <p>Valuation: Daily</p> <p>Modified duration: 0 to 8</p> <p>Total expense ratio and transaction fees</p>	<p>Custodian: CACEIS Bank</p> <p>Management company: Lazard Frères Gestion SAS</p> <p>Fund Administration: Caceis FA</p> <p>Taxation: IC Unit: Capitalization ID & C Unit: Distribution</p> <p>Inception date: 30/11/2010</p> <p>Subscription terms: Each business day by 12 am Settlement and value date:</p> <p>Subscription: J (date of the NAV) + 2 business days Redemption: J + 2 business days</p>	<p>Management fees</p> <p>IC Unit: maximum of 1% inclusive of taxes ID Unit: maximum of 1% inclusive of taxes TD Unit: maximum of 0,965% inclusive of taxes RD Unit: maximum of 1,75% inclusive of taxes IC USD Unit: maximum of 1% inclusive of taxes S Unit: maximum of 0,735% inclusive of taxes RC Unit: maximum of 1,75% inclusive of taxes IC H-CHF Unit: maximum of 1% inclusive of taxes</p> <p>Subscription fees: Maximum of 4% inclusive of taxes</p> <p>Redemption fees: Maximum of 4% inclusive of taxes</p> <p>Outperformance fees: 15% of the outperformance in excess of each units' respective indexes.</p>
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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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Publication of NAVs :
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