

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :
C unit	FR0012789832	1 064,77	23,95

## MANAGEMENT

### INVESTMENT POLICY

The Fund is a feeder fund hedged for interest rate risk for the C share of the master fund Objectif Crédit Fi. The Fund's investment objective is to outperform, net of expenses, over a minimum recommended investment period of three years, the capitalised Eonia +1,90% for the C share and Eonia +1,30% for the R share. Depending on the interest rate environment, the investment objective could be revised annually to take into account the new level of rates. Interest rate risk hedging could negatively impact the Fund's performance.

The Fund's assets are made up of a minimum of 90% and a maximum of 100% of its net assets in C shares of the fund Objectif Crédit Fi. The Fund's portfolio is hedged against the interest rate risk of the master fund using swap hedging transactions, future or option contracts traded on regulated, organised or OTC markets. The range of sensitivity to the interest rate risk is between [-1/+1], it is the result of an imperfect hedge of the interest rate risk. The Fund may also invest up to a maximum of 10% of its net assets in cash.

### FUND MANAGER'S COMMENT - François Lavier

The net asset value of Objectif Crédit Fi Couvert rose by 0,93% over the month (C share).

Spreads on financial debt have all tightened. Tier 1 bonds tightened by 41bp to 227bp against government bonds, Tier 2 bonds by 8bp to 188bp and Senior debts by 10bp to end the month at 79bp according to JP Morgan's SUSI indices. CoCos tightened by 20bp in OAS to end the month at 390bp according to Barclays' Global index.

The German government bond yield curve rose during the month, with the 10-year yield up 16bp to 0,47% and the 5-year yield up 21bp to -0,22%, while the 2-year yield rose 14bp to -0,57%.

Crédit Fi Couvert posted a net performance of +4,72% year-to-date compared with +3,53% for the JP Morgan SUSI Lower Tier 2 and +4,86% for the SUSI Tier 1.

The master fund has a 260-day volatility of 2,4% compared with 1,9% for the SUSI Lower Tier 2 and 2,1% for the SUSI Tier 1.

**The banking sector's consolidation is continuing**, in Spain with **the takeover of Banco Popular (to which we were not exposed) by Santander** (for a symbolic euro – Santander will finance the acquisition with a €7bn capital increase), with the implementation of "burden sharing" for subordinated creditors (AT1 and Tier 2), **the acquisition of Banco Mare Nostrum by Bankia and the acquisition of Veneto Banca and Banca Vincenza by Intesa Sanpaolo** for €1 but with a €4,8bn capital increase reserved to the Italian State. We are still waiting for the Monte dei Paschi dossier to be resolved.

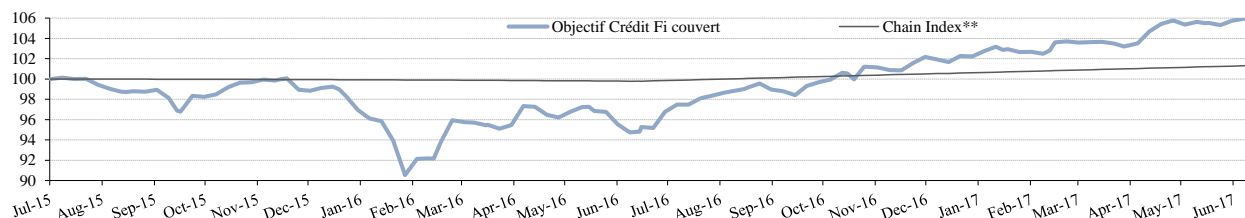
The end of the month was marked by volatility on G3 interest rates following generally fairly hawkish comments by central bankers: whether this was by design or by coincidence is a moot point, but the markets reacted by a strong steepening of yield curves.

**The primary market, excluding covered bonds, totalled €18bn in gross issuance** of Senior Unsecured debt according to Barclays, **with net bank issuance totalling -€7bn over the month**. Since the beginning of the year, gross issuance has totalled €149bn and net issuance is negative to the tune of €26bn.

The master fund has a yield to maturity of 4,3% and a yield to call of 3,6% with a modified duration of 2,9 and a credit duration of 6,1.

## PERFORMANCES ( PART C )

### HISTORICAL PERFORMANCE



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

### PERFORMANCE

Annual performance	2017	2016	2015	2014	2013
<b>Objectif Crédit Fi couvert</b>	<b>4,72%</b>	<b>2,44%</b>	-	-	-
Chain Index**	0,77%	0,62%	-	-	-

Cumulative performance*	Month	YTD	1 year	3 years	Inception
<b>Objectif Crédit Fi couvert</b>	<b>0,93%</b>	<b>4,72%</b>	<b>12,31%</b>	-	<b>6,48%</b>
Chain Index**	0,12%	0,77%	1,55%	-	1,33%

\* The performance quoted represents past performance. Past performance does not guarantee future results.

\*\* Since June 30, 2016 : Compounded eonia +1,90%. Before : Compounded Eonia

Modified Duration	-0,6	Spread Duration	6,1
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Yield to maturity	4,3%
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### 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 Crédit Fi couvert	3,50%	
Chain Index**	0,01%	
<b>Tracking error</b>	3,50%	
<b>Information Ratio</b>	2,88	

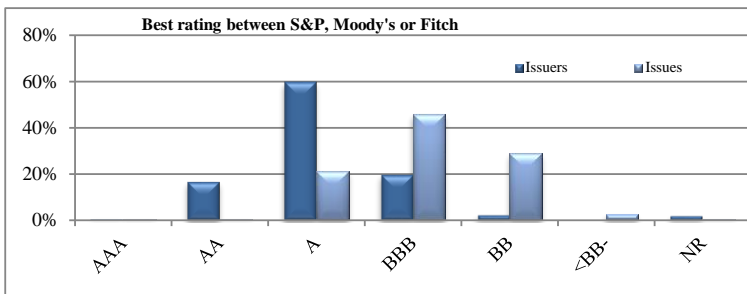
Ratios calculated on a weekly basis over 1 year and monthly over three years

## MAIN HOLDINGS

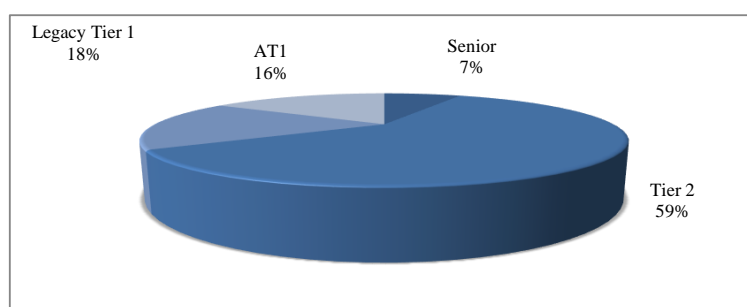
### Main holdings

<b>DRESDNER</b>	Legacy Tier 1	2,8%
<b>BARCLAYS BANK</b>	Legacy Tier 1	2,3%
<b>HSBC</b>	Legacy Tier 1	2,1%
<b>DIRECT LINE INSURANCE</b>	Tier 2	1,9%
<b>CREDIT AGRICOLE</b>	Tier 2	1,7%

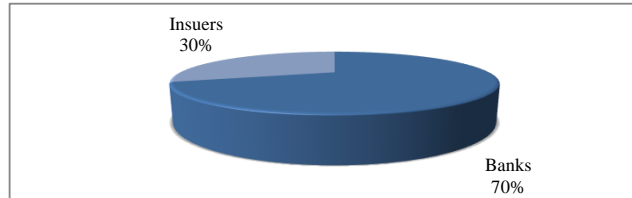
## RATING ALLOCATION



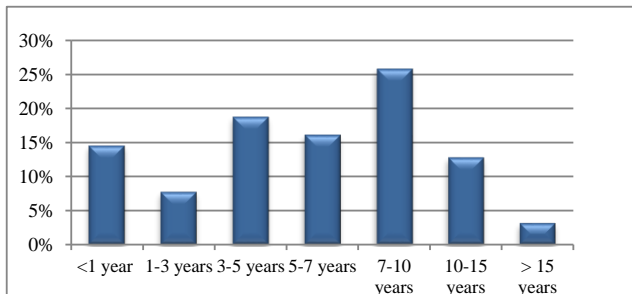
## BREAKDOWN BY LEVEL OF SUBORDINATION



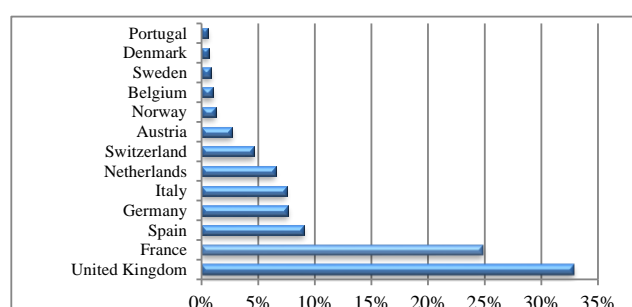
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

■ <b>ISIN Code</b>	C Unit	FR0012789832	■ <b>Custodian</b>	CACEIS	■ <b>Management fees</b>	
			■ <b>Management Company</b>	Lazard Frères Gestion SAS		C Unit : 0,10% inclusive of taxes
		0,16				
■ <b>Bloomberg Code</b>	CREFICC	■ <b>Taxation</b>	Capitalization	■ <b>Subscription fees</b>		
■ <b>Legal form</b>	FCP	■ <b>Inception date</b>	07/17/2015			4% inclusive of taxes
■ <b>UCITS-Compliant</b>	Yes	■ <b>Subscription terms</b>	Each business day by 11 am	■ <b>Redemption fees</b>		
■ <b>AMF Classification</b>	International bonds		Settlement and value date :			4% inclusive of taxes
			Subscription: J (date of the NAV) + 2	■ <b>Outperformance fees</b>		
			Redemption: J (date of the NAV) + 3			None
■ <b>Currency</b>	Euro					
■ <b>Investment horizon</b>	> 3 years					
■ <b>Valuation</b>	Daily					
■ <b>Modified duration</b>	0 to 8					

**\*\* 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

Subscription/Redemption  
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### Additional information

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### Publication of NAVs

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.

The DICI for Switzerland, the articles of incorporation, the annual and semi-annual reports, as well as the list of the buying and selling transactions can be obtained free of charge from the representative of the Fund in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, Fax: +41 22 705 11 79, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.

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