

Bonds and other euro-denominated debt securities	ISIN Code	NAV €	Total net assets IC & ID (€ million)
IC Unit	FR0000027609	4 411,41	160,52
ID Unit	FR0000029860	2 290,66	

## MANAGEMENT

### INVESTMENT POLICY

The fund's investment objective is to outperform the following benchmark index over the recommended minimum investment horizon of one year (performance net of management fees): ICE BofAML 1-3 year Corporate (ER01) in euros, net coupons reinvested.

### FUND MANAGER'S COMMENT - Benjamin Le Roux and Frédéric Penel

In July, the markets maintained their positive momentum, underpinned by the approval of the Recovery Fund at European level, despite dissensions between countries and after four days of marathon negotiations. The plan is a positive element for the cohesion of the European Union in supporting the countries hardest hit by the Covid epidemic. In the last week of July, however, credit was in consolidation mode.

The German government bond yield curve flattened during the month, with the 10-year yield down 7bp to -0,5%, the 5-year yield down 2bp to -0,7%, and the 2-year yield down 2bp to -0,7%.

Financial institutions reported fairly good half-year results. While provisions remain at a high level, many institutions are trying to anticipate the future cost of risk and provided guidance on a reduction in H2-20. The good surprises came from Trading revenue for banks with CIB activities, lower costs and higher capital than expected. The bad news is that net interest income declined despite an increase in loan outstandings, due in particular to the fall in interest rates for banks reporting in \$ or £. A number of institutions, amongst which Santander, ING and Société Générale, took advantage of the situation to write down their goodwill or deferred tax credit inventories.

The ECB extended its recommendation to banks not to pay dividends until the end of 2020. Intesa successfully completed its takeover bid for UBI Banca, having obtained 90% of its compatriot's shares.

The primary market remained active, with Bankinter, UBS, Raiffeisen Bank International, Rabobank and BBVA issuing in AT1 format, the latter inaugurating a Green bond. Insurance companies were also active in the Tier 2 category with Hannover Re, Uniqa (Green), CCR Re, Crédit Agricole Assurances and Generali, while Dutch bank De Volksbank also issued a Tier 2 Green bond. Banks are gradually stepping up their issuance of Green capital instruments. Banks' funding needs for the rest of 2020 are relatively minimal.

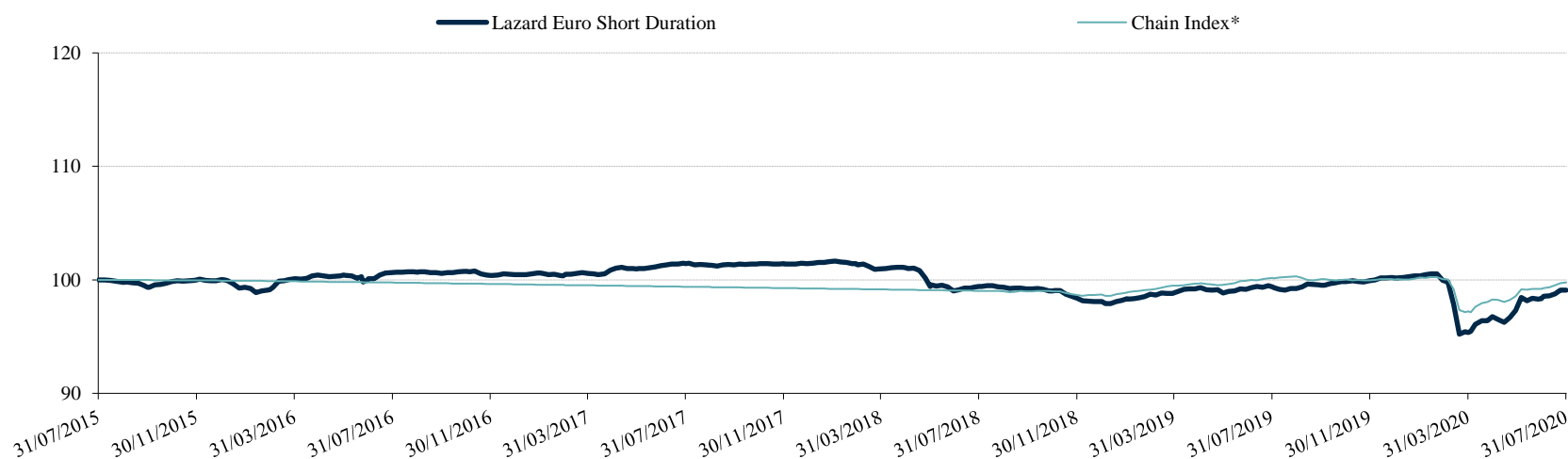
In the Corporate segment, the primary market is normalising after extremely high volumes in April, May and June (precautionary financing and early financing in response to the extreme market conditions observed in March). According to Barclays, the primary market totalled €17bn in gross issuance of corporate bonds, with only Tennet (the Dutch electricity transmission system operator) issuing a €1bn Green hybrid bond.

Credit appreciated during the month. The margin against government bonds tightened by 20bp for senior financial credit to 109bp and by 21bp for senior corporate credit to 121bp, by 24bp for subordinated financials to 213bp and by only 15bp for IG corporate hybrids to 251bp (ICE BofAML indices).

Exposure to credit risk remained unchanged at 97%. Against the backdrop of continued credit market appreciation, the breakdown by sector and by subordination rank remained virtually unchanged. In contrast, the portfolio's modified duration was increased to fix at 1,9 in line with the benchmark index.

## PERFORMANCE

### HISTORICAL PERFORMANCE



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

### PERFORMANCE

Cumulative performance*	Month	YTD	1 year	3 years	5 years	Since inception
Lazard Euro Short Duration	0,76%	-1,10%	-0,30%	-2,32%	-0,91%	42,22%
Chain Index **	0,60%	-0,25%	-0,37%	0,40%	-0,21%	80,91%

Annualized performance*	1 an	3 ans	5 ans	Since inception
Lazard Euro Short Duration	-0,30%	-0,78%	-0,18%	2,02%
Chain Index **	-0,37%	0,13%	-0,04%	3,42%

\*\* Merrill Lynch EMU Corporate until 15/04/2015, Eonia capitalised until 30/08/2018 after ICE BofAML 1-3 year Corp.

Annual performance*	2019	2018	2017	2016	2014
Lazard Euro Short Duration	2,14%	-3,31%	0,97%	0,45%	0,08%
Chain Index **	1,37%	-0,57%	-0,36%	-0,33%	1,74%

Duration	
Modified Duration	1,9
Spread Duration	2,1
Yield to maturity	1,2
Spread vs Govt.	143

\* Performances, net of fees and reinvested net coupons, given for information purposes only and based on the recommended investment horizon.

### 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

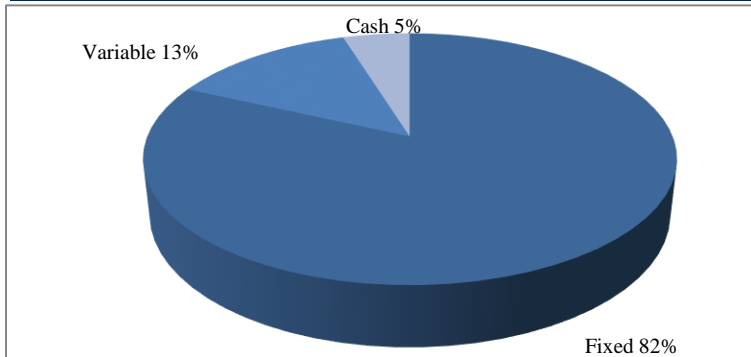
	1 an	3 ans
<b>Volatility</b>		
Lazard Euro Short Duration	3,92%	3,16%
Chain Index **	2,34%	1,88%
<b>Tracking error</b>	1,89%	1,60%
<b>Information Ratio</b>	0,03	-0,57
<b>Sharpe ratio</b>	0,04	-0,12

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

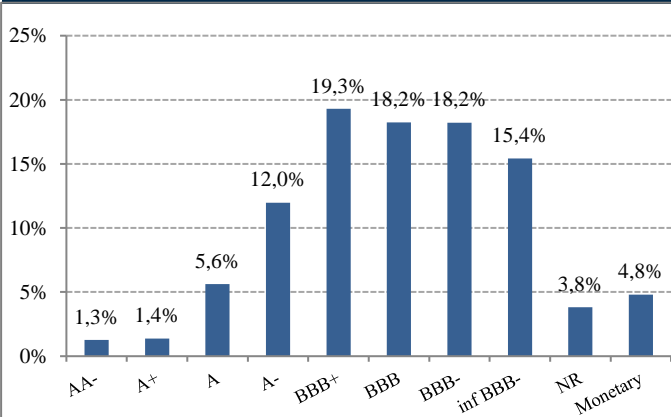
## MAIN HOLDINGS

Main holdings	% Actif
HSBC 0,39% 09/2022	1,56%
Deutsche Bank Ag 0,18% 12/2020	1,56%
Volkswagen 0,10% 06/2021	1,55%
BNP Paribas 0,54% 09/2022	1,45%
LVMH 0% 02/2024	1,37%

## BREAKDOWN BY COUPON TYPE

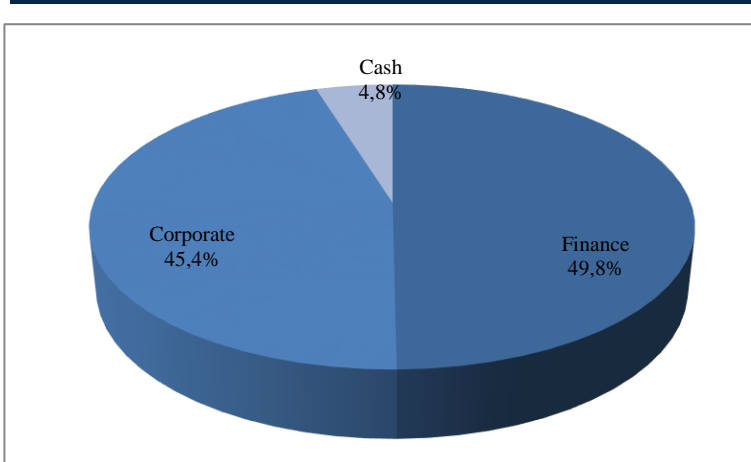


## BREAKDOWN RATINGS - Issues\*



\* Second best rating at S&P, Moody's or Fitch

## BREAKDOWN BY SECTOR / SEGMENT



## FUND DETAILS

■ ISIN code unit IC	FR0000027609	■ Custodian	Caceis Bank	■ Management fees	0,40% TTC max de l'actif net
■ ISIN code unit ID	FR0000029860				
■ Bloomberg code	LAOBPRI/LAOBRPD FP	■ Management company	Lazard Frères Gestion SAS	■ Outperformance fees	20% of the outperformance in excess of each units' respective indexes.
■ Legal form	Sicav			■ Subscription fees	
■ UCITS - Compliant	Yes			■ Redemption fees	4% TTC maximum 1% TTC maximum
■ AMF Classification	Euro Bonds	■ Taxation		■ Subscription terms	
■ Currency	Euro				
■ Investment horizon	Minimum 1 year	Unit IC Capitalization - Unit ID Distribution			
■ Valorisation	Daily	■ Inception Date	18/12/2002		
■ Modified Duration	from -2 to +5				
■ Total expense ratio and transaction fees					

For more information, please check our prospectus

On next NAV for orders placed before 12 am

Settlement and value date :

Souscription J (date VL) + 2 ouvrés

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.

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**Additional information :**  
Commercial service  
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