LAZARD PATRIMOINE

LAZARD FRÈRES GESTION

September 2020 Lazard Patrimoine - PD share

Total Net Asset (M €)	510.6	Inception date	21/03/2016	MORNINGSTAR	
NAV € RC share	1 150.49	ISIN code	FR0013135472	Overall	★★★★
		Code Bloomberg	LAZPATD FP Equity		

Country of registration

MANAGERS

Matthieu Grouès, Colin Faivre et Julien-Pierre Nouen

INVESTMENT POLICY

The fund's investment objective is to achieve, over the recommended investment period of 3 years, a return net of management fees above the following composite index : 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR €. The index is rebalanced monthly and its components are expressed in euros, dividends or net coupons reinvested.

MANAGERS' COMMENT - ASSET ALLOCATION

isky assets corrected in September, hurt by the fall in US technology stocks, fears of further lockdowns in Europe with the reintroduction of restrictive measures, tensions over Brexit and political uncertainty in the United States. Dividends reinvested, the S&P 500 was down -3,8% in dollars, the Euro Stoxx lost 1,8% in euros, and the MSCI Emerging Markets index fell 1,6% in dollars. The Topix was up 1,3% in yen. The BofAML government bond index rose 1,4%, supported by the fall in the German 10-year yield (0,13%). The iBoxx corporate bond indices gained 0,3% for investment grade bonds and fell by respectively 0,6% and 0,2% for high yield and financial subordinated bonds. The deteriorating health situation in Europe weighed on the euro (-2,1% against the dollar and -2,2% against the yen).
The fund was hurt by its overweight position in European equities, its credit exposure, a lower exposure to euro interest rates than its benchmark index, and its negative exposure to US rates, which inched down.
We transferred the interest-rate sensitivity hedge of the German 5-year and 10-year government bonds to the 30-year (levels of -0,68, -0,49 and -0,05, respectively) and the negative sensitivity of the US 10-year to the 30-year (levels of 0,67 and 1,42, respectively) to reduce the negative carry of these positions and in anticipation of a potential steepening of the yield curve following the Fed Chair's speech announcing tolerance for inflation temporarily exceeding its target.

BOND MANAGERS' COMMENT

In September, the deterioration in the health situation and an uncertain political environment (Brexit, US fiscal agreement) led to a sharp increase in risk aversion, resulting in a fall in 10-year sovereign yields and a widening of credit spreads.
The new restrictive measures (Spain, France and the UK) raise concerns about the growth outlook and seriously jeopardise the economic rebound, which is beginning to be reflected in business indicators (disappointing European PMI, particularly for services).
The German government bond yield curve flattened during the month, with the 10-year yield down 13bp to -0,5%, the 5-year yield down 8bp to -0,7%, and the 2-year yield down 5bp to -0,7%.
Credit depreciated over the month. The margin against government bonds widened by 3bp for senior financial credit to 100bp and by 1bp for senior corporate credit to 111bp, by 12bp for subordinated financials to 200bp and by only 9bp for IG corporate hybrids to 241bp (ICE BofAML indices).
The primary market remained active in September with €43bn issued for corporates and €17bn for financials. In the corporate segment, US issuers were the most active in September with in particular the six tranche issue staged by US company Medtronic for €6,25bn. After an unusual month in August, hybrids accounted for 10% of issuance in September, confirming the renewed interest in the segment after a sluggish first half. The theme for the month was clearly the Green/Sustainable/Social format, which accounted for around 20% of volumes over the month. The 16 issues included Green bonds by VW, Daimler, Scania and Royal Schiphol Group, Sustainability bonds by Orange and Adidas and Sustainability-Linked bonds by Chanel and Novartis.
In the real estate sector, Unibail's announcement of its "RESET" plan (capital increase of €3.5bn, restriction of dividends to preserve €1bn in cash and asset disposals) is easing pressure on the stock's curve. In the aeronautics sector, Airbus was impacted by talks of restructuring and announcements of possible postponements of aircraft deliveries for Delta. In the luxury sector, the announcement that LVMH could drop its bid for Tiffany led to a technical downward adjustment of part of the LVMH curve (the 2020 issues having an event call at 100.5).
On the financial side, the M&A theme remained strong in Europe: after Intesa and UBI in Italy, Caixabank's board of directors approved the merger with Bankia, which will hold a 25% market share in loans and 30% in savings in Spain.
The structure of the bond portfolio changed very marginally against a backdrop of easing benchmark rates and credit underperformance. Corporate issuers represent 75% of the bond portfolio

EQUITY MANAGERS' COMMENT

The performance of the international SRI equity portfolio was down 1.83% against an index of -1.5%. Within the technology sector, stock selection made a positive contribution with good performances from Murata (+11.4%) and Motorola Solutions (+3.8%) and the absence of Apple (-8.5%). Conversely, in the banking sector, the fall in the share prices of BNP Paribas (-15.3%), Banco Santander (-14.1%) and Morgan Stanley (-5.7%) made a negative contribution to performance.

RISK SCALE*

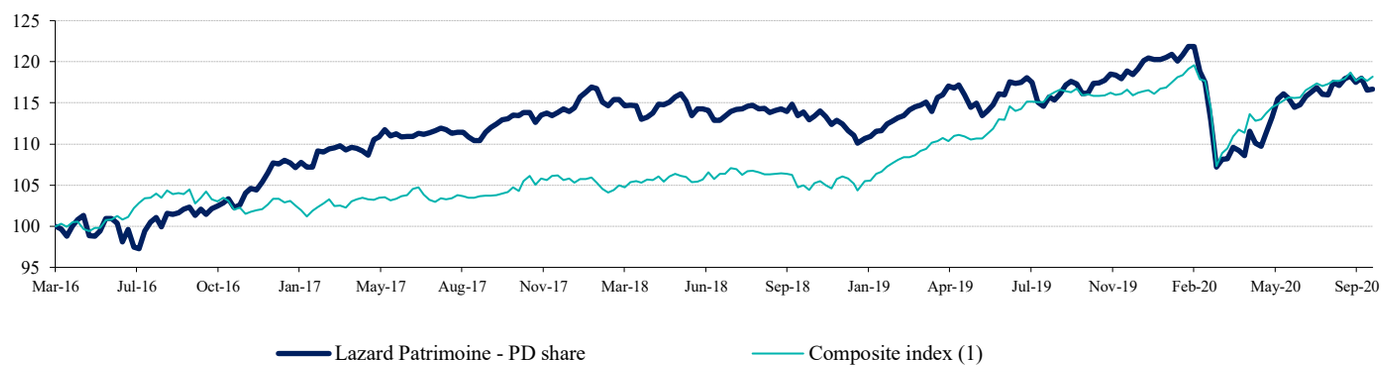
– 1 2 3 4 5 6 7 +

Recommended investment period of 3 years

COMPOSITE INDEX

20% MSCI World All Countries NR €
+ 80% ICEBofAML Euro Broad Market Index NR €

HISTORICAL PERFORMANCE



CARACTERISTICS

Legal form	Compartment of the LAZARD MULTI ASSETS Sicav
Base currency	Euro
Investment horizon	> 3 ans
NAV Frequency	Daily
Subscription fee	2,5% Max
Redemption fee	None
Performance fee	None
Fund administration	Caceis Fund Administration
Custodian	Lazard Frères Banque
Management company	Lazard Frères Gestion SAS
Management fee	PD share - 0,73% max. incl. VAT
Subsrcription term	NAV D for orders processed before 12 p.m.
Redemption term	NAV D for orders processed before 12 p.m.
Settlement and value date	D (NAV date) + 2 business days
Minimum subscription	1 share
Total expense ratio and transaction fees	For more information, please refer to the fund's prospectus

** 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 posibility 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.

HISTORICAL PERFORMANCES

Cumulative [2]

	Month	YTD	1 year	3 years	5 years	Inception*
Lazard Patrimoine - PD share	**-0.5%**	**-3.0%**	**-0.7%**	**3.5%**	**16.8%**	**16.8%**
Composite index [1]	*0.6%*	*1.8%*	*1.2%*	*13.8%*	*18.2%*	*18.2%*

**Inception le 31/12/2014*
(1) 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR € since 04/01/2018 before20% MSCI World All Countries NR € + 80% ICEBofAML Euro Government Index NR € since 12/01/2017 before 20% MSCI World AC ND € + 80% EuroMts Global
(2) The performance quoted represents past performance. Past performance does not guarantee future results.

Calendar performance [2]	2019	2018	2017	2016	2015
Lazard Patrimoine - PD share	**8.6%**	**-2.8%**	**6.6%**	**-**	**-**
Composite index (1)	*10.4%*	*0.0%*	*6.6%*	-	-

Annual performance [2]	30/09/20	30/09/19	30/09/18	30/09/17	30/09/16
Lazard Patrimoine - PD share	**-0.7%**	**2.6%**	**1.6%**	**10.9%**	**-**
Composite index (1)	*1.2%*	*9.8%*	*2.4%*	*-0.1%*	-

Annualized performance [2]	3 years	5 years
Lazard Patrimoine - PD share	**1.2%**	**-**
Composite index (1)	*4.4%*	-

RISK RATIOS **	1 year	3 years
Volatility		
Lazard Patrimoine - PD share	9.2%	6.6%
Composite index (1)	8.1%	5.5%
Tracking error	4.6%	4.3%
Information ratio	-0.38	-0.73
Ratio de sharpe	-0.01	0.25
VaR 99% - 1 mois	8.10%	

BREAKDOWN AND EXPOSURE BY CLASS OF ASSETS

Indice : 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market NR €

Equities

Max exposure = 40% / min exposure = 0%

	Fund	Index
Net exposure :	25.2%	20.0%

Equity geographical exposure

	Fund	Index
Actions Europe	8.0%	3.3%
Actions Emergentes	3.5%	2.5%
Actions US	11.8%	11.7%
Actions Japon	1.8%	1.4%
Actions Autres	0.0%	1.2%

Main equity holdings

MICROSOFT CORP	0.83%
VISA INC CLASS A	0.74%
TEXAS INSTRUMENTS COM	0.70%
ALPHABET- A	0.70%
LINDE PLC	0.70%

As percent of total net assets

Currency exposure

	Fund	Index
USD	12.6%	12.1%
JPY	2.1%	1.4%
SEK	5.4%	0.2%
Devises émergentes	3.5%	1.6%
GBP	0.1%	0.7%

As percent of total net assets

Bonds

Max modified duration = +8 / Min modified duration = -5

	Fund	Index
Global Modified duration:	-1.1	5.9

Modified duration - Geographical breakdown

	Fund	Index
Eurozone	0.9	5.9
USA	-2.0	0.0

Bonds - Investment breakdown

Government bonds	**17.4%**
Corporate Bonds	**53.0%**
- Corporate Investment Grade	16.4%
- Corporate High Yield	5.3%
- Financials Senior	11.0%
- Financials Subordinated	20.4%

As percent of total net assets

Bonds bucket information

Spread duration (%)	5.6
Credit spread (bps)	186
Average maturity (years)	6.9
Yield (%)	2.1

As percent of the bonds bucket

Tactical Arbitrage

CONTACTS & ADDITIONAL INFORMATION

Subscription / redemption
CACEIS BANK / LFG
01.57.78.14.14

Additional information & data :
Commercial service
01.44.13.01.79

Publication of NAVs & prospectus :
www.lazardfreresgestion.fr

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