

Country of registration 

MANAGERS



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MANAGERS' COMMENT - ASSET ALLOCATION

Despite increased health restrictions in Europe and the emergence of a new, apparently more contagious strain of the coronavirus, equity markets continued to rise in December, driven by the start of the vaccination campaigns, the approval of a new fiscal stimulus plan in the United States and the agreement on Brexit. Dividends reinvested, the Euro Stoxx rose by 2,1%, the S&P 500 by 3,8% in dollars, the Topix by 3,0% in yen and the MSCI Emerging Markets index by 7,4% in dollars. The ICE BofAML government bond index in euro was virtually flat (+0,1%) as was the German 10-year yield. The iBoxx euro credit indices rose by 0,7% for high yield and subordinated financial bonds and by 0,2% for investment grade. The euro continued to appreciate against the dollar (+2,4%) and against the yen (+1,0%).

The fund benefited from its overweight position in equities, its negative sensitivity to the US 30-year government yield, which rose by 8 basis points, and the partial dollar hedge.

At the beginning of the month, we set up a hedge for around one quarter of high yield bond positions following the significant tightening in spreads since the end of October by purchasing protection for 1,2% of assets (iTraxx Xover at 249). We adjusted our exposure to euro equities by -1,1% (CAC 40 at 5571).

BOND MANAGERS' COMMENT

Appetite for risky assets showed no sign of flagging at the end of 2020 with the prospect of an exit from the health crisis thanks to the delivery of the first vaccines as from the end of December, the approval by the US Congress of a new \$900 billion stimulus plan and the signing on December 24th of an agreement between the United Kingdom and the EU on their post-Brexit trade relations. The ECB strengthened its support for the economy with a recalibration of its monetary policy instruments. The main measure is a €500bn increase of the envelope for the pandemic emergency purchase programme to a total of €1,850bn and an extension of its horizon until March 2022.

Over the month, credit appreciated across all segments and sectors. The margin against government bonds tightened by 1bp for senior financial credit to 86bp, by 3bp for senior corporate credit to 77bp, by 12bp for subordinated financials to 151bp and by 9bp for IG corporate hybrids to 204bp (ICE BofAML indices).

The German government bond yield curve flattened, with the 10-year yield unchanged at -0,57%, the 5-year yield up 1bp to -0,74%, and the 2-year yield up 4bp to -0,70%.

In the banking sector, European regulators partially lifted the ban on dividend payments while specifying that the decision would remain on a case-by-case basis. The ECB remains the most conservative central bank, allowing only a payment equal to 15% of 2019 and 2020 earnings (but without exceeding 0.2% of the CET1 ratio) compared with, for example, 25% for the UK regulator. The primary market was quiet: volumes fell sharply in December to €10bn (€4bn in gross issuance for corporates and €6bn for financials) but were in line with historical seasonality. Despite a slowdown in the supply of IG corporate issuers over the last two months, 2020 marks a new historical record with €385bn issued, up 11% from the previous record set in 2019 (€346bn).

2020 was also a record year for the hybrid format: volumes increased by 60% to €40bn, with a significant increase in the energy sector.

The ESG theme was very present in 2020. New alternatives were added to the Green format: Social, Sustainability-linked, Transition. Volumes amounted to €55 billion. Within the non-financial universe, the segment remained dominated by utilities and real estate, but the sector's granularity was increased thanks to the emergence of new formats.

The portfolio's structure remains unchanged against a backdrop of relatively stable benchmark rates and credit performance. Corporate issuers represent 75% of the bond portfolio.

EQUITY MANAGERS' COMMENT

The performance of the international equities SRI segment was up 1,4% compared with 1,9% for the benchmark index. In the financial sector, the steepening of the yield curve led to banks recording rises (Morgan Stanley +8,4%, Bank of America +5,9% and Banco Santander +5%), making a positive contribution to performance, as did Walt Disney (+19,7% on the announcement of additional investments for its Disney+ platform). By contrast, in the healthcare sector, the weaker performances of Astrazeneca (-6,1%) and Sanofi (-7,1%) weighed on performance. Lastly, it is worth noting the negative impact of the absence of a number of technology stocks which we saw as overpriced (Apple, Tesla).

RISK SCALE*

1

2

3

4

5

6

7

Recommended investment period of 3 years

COMPOSITE INDEX

20% MSCI World All Countries NR €

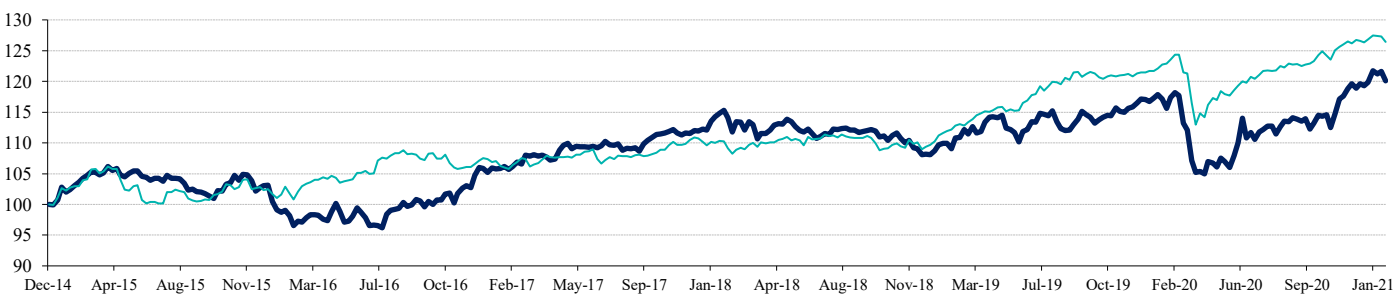
+ 80% ICEBofAML Euro Broad Market Index NR €

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	RC 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 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.

HISTORICAL PERFORMANCE



Legend: Lazard Patrimoine - RC share, Composite index (1)

HISTORICAL PERFORMANCES								
Cumulative ⁽²⁾								
	Month	YTD	1 year	3 years	5 years	Inception*		
Lazard Patrimoine - RC share	0.2%	0.2%	2.9%	4.2%	21.3%	20.2%		
Composite index ⁽¹⁾	-0.3%	-0.3%	2.7%	14.9%	22.9%	26.9%		
<i>*Inception le 31/12/2014</i> <i>(1) 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Broad Market Index NR € since 04/01/2018 before 20% MSCI World All Countries NR € + 80% ICEBofAML Euro Government Index NR € since 12/01/2017 before 20% MSCI World AC ND € + 80% EuroMts Global</i> <i>(2) The performance quoted represents past performance. Past performance does not guarantee future results.</i>								
Calendar performance ⁽²⁾								
	2020	2019	2018	2017	2016			
Lazard Patrimoine - RC share	2.5%	8.0%	-3.4%	6.5%	2.1%			
Composite index (1)	4.8%	10.4%	0.0%	2.1%	4.8%			
Annual performance ⁽²⁾								
	29/01/21	29/01/20	29/01/19	29/01/18	29/01/17			
Lazard Patrimoine - RC share	2.9%	6.5%	-5.0%	8.6%	7.2%			
Composite index (1)	2.7%	10.4%	1.3%	3.8%	3.0%			
Annualized performance ⁽²⁾			3 years		5 years			
Lazard Patrimoine - RC share	1.4%		3.9%					
Composite index (1)	4.7%		4.2%					
RISK RATIOS **			1 year		3 years			
Volatility								
Lazard Patrimoine - RC share	10.4%		7.5%					
Composite index	6.9%		4.8%					
Tracking error	7.0%		5.6%					
Information ratio	-0.07		-0.59					
Ratio de sharpe	0.28		0.28					
VaR 99% - 1 mois	7.03%							

BREAKDOWN AND EXPOSURE BY CLASS OF ASSETS

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

Equities			Bonds		
Max exposure = 40% / min exposure = 0%			Max modified duration = +8 / Min modified duration = -5		
	Fund	Index		Fund	Index
Net exposure :	30.6%	20.0%	Global Modified duration:	-0.8	6.0
Equity geographical exposure			Modified duration - Geographical breakdown		
	Fund	Index		Fund	Index
Actions Europe	9.8%	3.3%	Eurozone	1.9	6.0
Actions Emergentes	6.1%	2.7%	USA	-2.6	0.0
Actions US	11.9%	11.4%			
Actions Japon	2.8%	1.3%	Bonds - Investment breakdown		
Actions Autres	0.0%	1.2%	Government bonds		
			Corporate Bonds		
			- Corporate Investment Grade		
			- Corporate High Yield		
			- Financials Senior		
			- Financials Subordinated		
			As percent of total net assets		
			Bonds bucket information		
			Spread duration		
			Credit spread (bps)		
			Average maturity (years)		
			Yield (%)		
			As percent of the bonds bucket		
			Others		
			Protection CDS		
			As percent of total net assets		

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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