

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	13 473,40	215,47	
R unit created on July 3 rd 2009	FR0010752543	301,71	79,20	406,68
I unit created on April 14 th 2014	FR0011844034	1 076,28	67,01	
G unit created on August 8 th 2014	FR0012074151	100,60	45,01	
DH unit created on January 7 th 2016	FR0013073932	1 042,09	0,47	

MANAGEMENT

INVESTMENT POLICY

The management objective aims to achieve, on a minimum investment horizon of 3 years, a performance net of fees of Eonia + 2,70% for the C and G shares, Eonia + 2,30% for the I shares and Eonia + 2% for the R shares. 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 Securitised 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 UCIT will only invest into debts or securities issued by companies incorporated in an OECD country and/or in issues or securities listed on a stock exchange of those countries. The UCIT only invests in securities negotiated in Euro, dollar and sterling.

FUND MANAGER'S COMMENT - François Lavier

The net asset value of Objectif Crédit Fi rose by 3,38% over the month (C share).

Spreads on financial debt tightened across the board during the month. Tier 1 bonds tightened by 18bp to 439bp against government bonds, Lower Tier 2 bonds by 47bp to 279bp and Senior debts by 17bp to end the month at 93bp according to JP Morgan's SUSI indices. CoCos tightened by 45bp in OAS to end the month at 525bp according to Barclays' Global index.

The German government bond yield curve remained virtually flat during the month, with the 10-year yield up 1bp to -0,12% and the 5-year yield up 4bp to -0,53%, while the 2-year yield was up 4bp to -0,63%.

Objectif Crédit Fi posted a net performance of +3,01% year-to-date compared with +3,47% for the JP Morgan SUSI Lower Tier 2 and +1,88% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,5% compared with 4,1% for the SUSI Lower Tier 2 and 3,3% for the SUSI Tier 1.

Contrary to most expectations, the markets absorbed the Brexit shock in a very positive way, with risky assets recording their best month of the year. **This was attributable mainly to investors' positioning**, as they were underinvested or underweighted in the run-up to 23 June. Central banks' purchase programmes also helped, notably the ECB's corporate sector purchase programme, which exceeded expectations with monthly volumes of €8bn to €10bn.

Regarding central banks, the Bank of England disappointed expectations by leaving its rates unchanged in July, as did the Bank of Japan, which postponed possible more significant measures to September. The Fed confirmed the market's anticipations, but will wait until September at the earliest, or even December, before making a move.

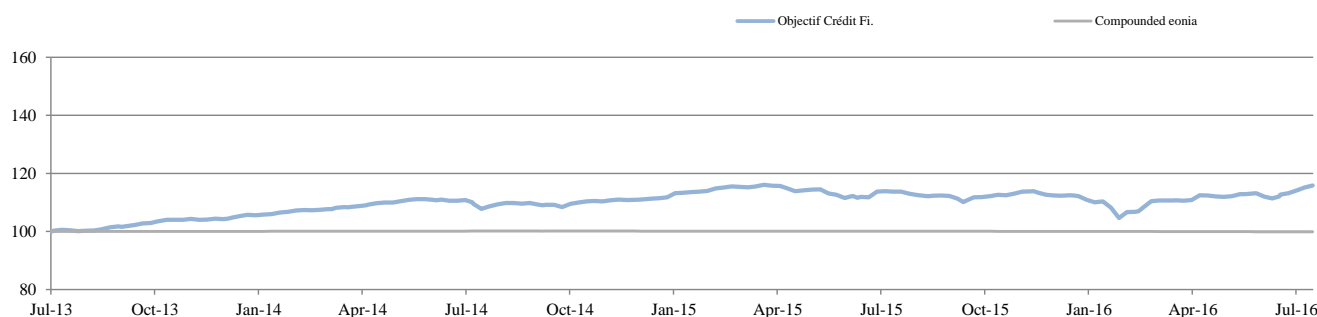
The publication of the European banks' stress test results did not bring any major surprises, **but the ECB confirmed that its Pillar 2 would be split into a Pillar 2R for Requirements and a Pillar 2G for Guidance**. Pillar 2R is the only one to be complied with at all times by banks in order to maintain flexibility for dividend payments, coupons on AT1 bonds and bonuses. **No bail-in either for Monte dei Paschi, but a €5bn capital increase is on the cards, as well a disposal of €28bn of bad loans via the private sector**. All this is very positive for financial hybrid debt.

The primary market, excluding covered bonds, totalled €15bn in gross issuance of Senior Unsecured debt according to Barclays, **with net bank issuance totalling -€1bn over the month**. Since the beginning of the year, gross issuance has totalled €177bn and net issuance is positive to the tune of €14bn.

Objectif Crédit Fi has a yield to maturity of 4,3% and a yield to call of 4,5% with a modified duration of 6,9 and a spread duration of 5,9.

PERFORMANCE

HISTORICAL PERFORMANCE



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

PERFORMANCE

Annualized performance	2016	2015	2014	2013	2012
Objectif Crédit Fi.	3,01%	1,14%	6,53%	8,18%	32,35%
Compounded eonia	-0,18%	-0,11%	0,10%	0,09%	0,23%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	3,38%	3,01%	1,90%	15,85%	29,30%
Compounded eonia	-0,03%	-0,18%	-0,24%	-0,14%	0,50%

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

Modified duration	6,9	Spread duration	5,9
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Yield to call	4,5%
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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

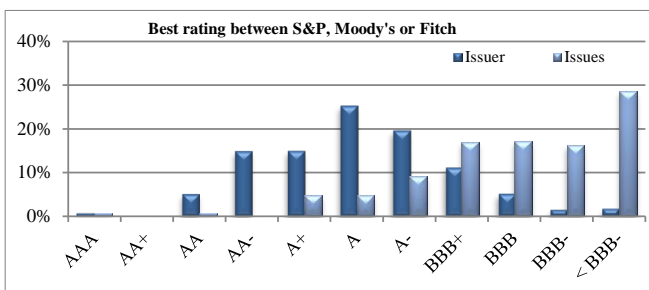
	1 year	3 years
Volatility		
Objectif Crédit Fi.	6,28%	4,55%
Compounded eonia	0,01%	0,02%
Tracking error	6,28%	4,55%
Information ratio	0,34	1,09

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

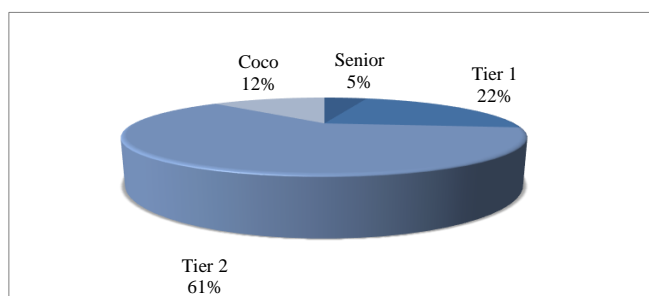
MAIN HOLDINGS

Main holdings		%
Commerzbank 8,151% 06/2029	T1	3,8%
Achmea 4,25% 02/2025	UT2	3,1%
HSBC 10,176% 06/2030	T1	2,6%
Lloyds 7,881% 12/2031	T1	2,4%
Royal Bank of Scotland 5,25% 06/2016	T1	2,3%

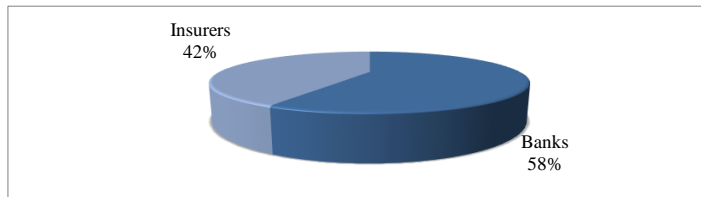
RATING ALLOCATION



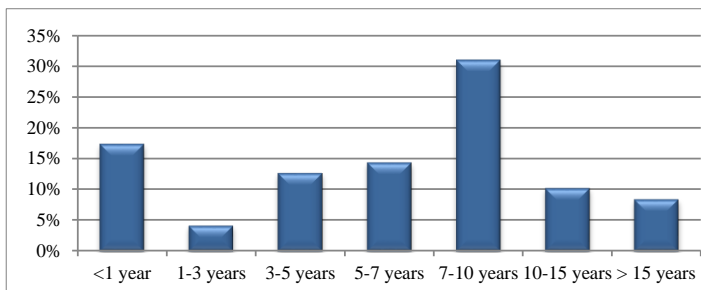
BREAKDOWN BY LEVEL OF SUBORDINATION



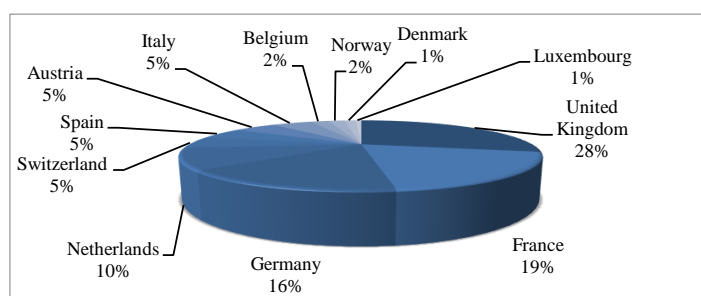
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

ISIN Code C unit: FR0010590950 R unit: FR0010752543 I unit: FR0011844034 G unit: FR0012074151 Bloomberg Code C unit: LFOBJFI R unit: LFOBJFR I unit: LAZOCFI G unit: LAZOCFG Legal form FCP UCITS-Compliant Yes AMF classification International bonds Currency Euro Investment horizon > 3 years Valuation Daily Modified duration 0 to 8	Custodian CACEIS Management company Lazard Frères Gestion SAS Taxation Capitalisation G Unit : Distribution Inception date 03/07/2008 Subscription terms Each business day by 12 am Settlement and value date: Subscription: J (date of the NAV) + 2 Redemption: J + 3 business days	Management fees C unit: maximum of 0,30% inclusive of taxes R unit: maximum of 1,00% inclusive of taxes I unit: maximum of 0,70% inclusive of taxes G unit: maximum of 0,30% inclusive of taxes Subscription fees maximum of 4% inclusive of taxes Redemption fees R unit: maximum of 2% inclusive of taxes C, I and G units: none Outperformance fees: C, R and G units: 30% of the outperformance in excess of Eonia + 3% These fees will be limited to 2% I unit: none
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** 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 :
www.lazardfreresgestion.fr

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