

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	13 769,28	223,25	395,50
R unit created on July 3 rd 2009	FR0010752543	308,70	60,31	
I unit created on April 14 th 2014	FR0011844034	1 102,58	68,23	
G unit created on August 8 th 2014	FR0012074151	103,05	43,71	
DH unit created on January 7 th 2016	FR0013076932	1 073,05	3,31	

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 +1,24% over the month (C share).

Spreads on financial debt tightened across the board. Tier 1 bonds tightened by 58bp to 413bp against government bonds, Lower Tier 2 bonds by 20bp to 254bp and Senior debts by 1bp to end the month at 98bp according to JP Morgan's SUSI indices. CoCos tightened by 31bp in OAS to end the month at 478bp according to Barclays' Global index.

The German government bond yield curve flattened during the month, with the 10-year yield down 7bp to 0,21% and the 5-year yield down 10bp to -0,53%, while the 2-year yield fell 4bp to -0,77%.

Objectif Crédit Fi posted a net performance of +5,27% year-to-date compared with +5,11% for the JP Morgan SUSI Lower Tier 2 and +4,40% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,2% compared with 3,9% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

Uncertainty and wait-and-see (what a pleonasm for "opportunity"!) in connection with the Italian referendum created the conditions for a strong rebound in December, despite the victory of the "No". Peripheral bonds and Deutsche Bank were the main winners during the month.

Deutsche Bank and Credit Suisse finalised an agreement with the DoJ for fines of \$3,1bn and \$2,5bn, respectively, plus financial compensation for their clients in the amount of \$4,1bn and \$2,8bn. These amounts will be paid over the next five years in different forms (assistance to clients, commercial discounts, etc.).

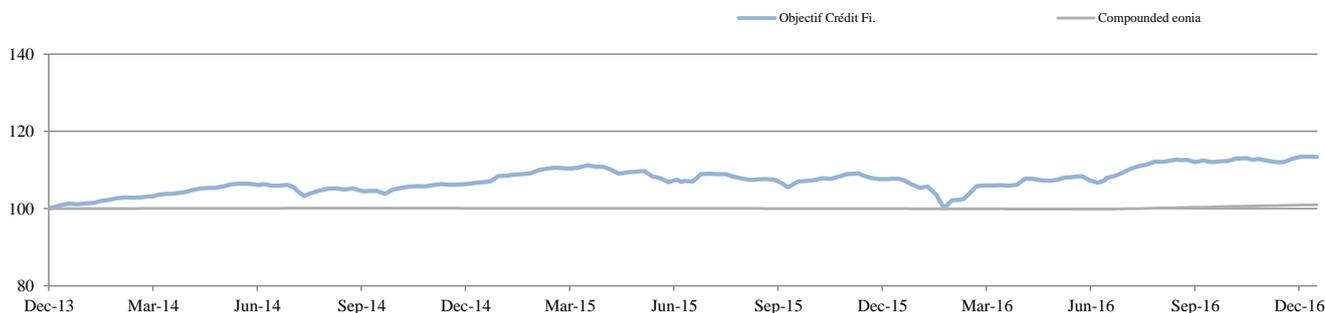
Lastly, **Banca Monte dei Paschi, the "zombie bank", will finally be nationalised after the failure of the private solution** and the increased requirements of its supervisor, the ECB, which is demanding a capital increase of €8,8bn instead of €5bn. Lower-ranking creditors will participate in the bail-in but retail clients are to be compensated by the Italian government, which will contribute the additional missing capital and will probably hold around 70% of the bank (the balance will be in the hands of the subordinated creditors).

The primary market, excluding covered bonds, totalled €6bn 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 €245bn and net issuance is positive to the tune of €6bn.

Objectif Crédit Fi has a yield to maturity of 4,5% and a yield to call of 4,5% with a modified duration of 1,2 and a spread duration of 5,7.

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.	5,27%	1,14%	6,53%	8,18%	32,35%
Compounded eonia	1,03%	-0,11%	0,10%	0,09%	0,23%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	1,24%	5,27%	5,27%	13,42%	62,39%
Compounded eonia	0,18%	1,03%	1,03%	1,01%	1,34%

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

Modified duration	1,2	Spread duration	5,7
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Yield to call	4,5%
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Yield to maturity	4,5%
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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

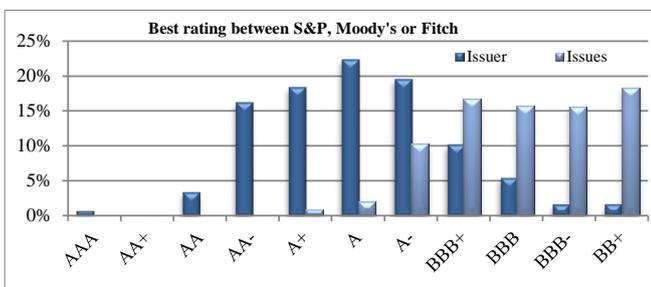
	1 year	3 years
Volatility		
Objectif Crédit Fi.	6,09%	4,57%
Compounded eonia	0,18%	0,13%
Tracking error	6,07%	4,56%
Information ratio	0,68	0,85

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

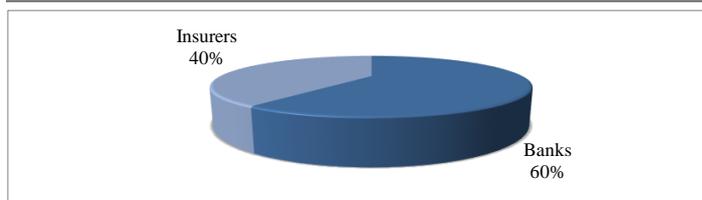
MAIN HOLDINGS

Main holdings		%
Commerzbank	8,151% 06/2029	T1 4,1%
HSBC	10,176% 06/2030	T1 2,8%
Achmea	4,25% 02/2025	UT2 2,8%
Lloyds	7,881% 12/2031	T1 2,4%
Royal Bank of Scotland	5,25% 03/2017	T1 2,4%

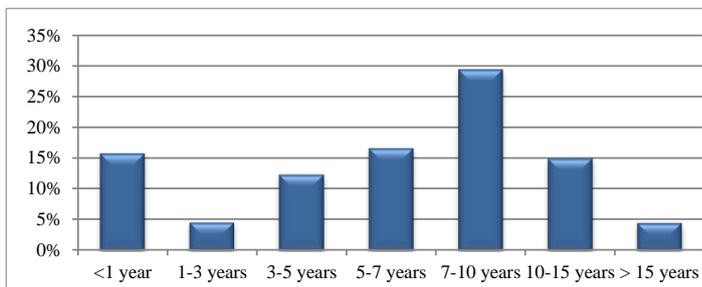
RATING ALLOCATION



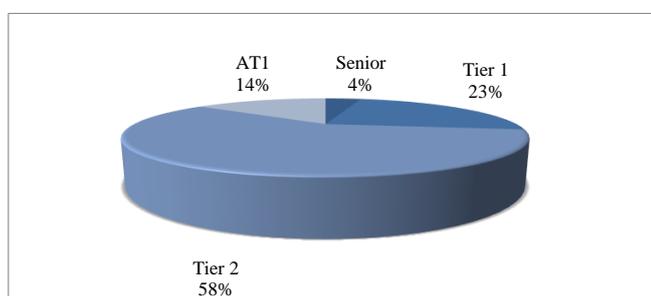
SECTOR ALLOCATION



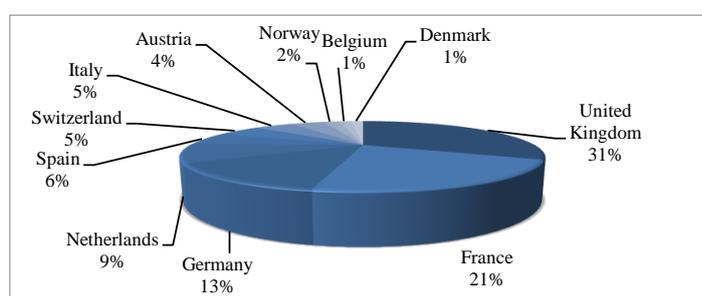
BREAKDOWN BY MATURITY (AT CALL)



BREAKDOWN BY LEVEL OF SUBORDINATION



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

ISIN Code	C unit: FR0010590950 R unit: FR0010752543 I unit: FR0011844034 G unit: FR0012074151	Custodian	CACEIS	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
Bloomberg Code	C unit: LFOBJFI R unit: LFOBJFR I unit: LAZOCFI G unit: LAZOCFG	Management company	Lazard Frères Gestion SAS	Subscription fees	maximum of 4% inclusive of taxes
Legal form	FCP	Taxation	Capitalisation	Redemption fees	R unit: maximum of 2% inclusive of taxes C, I and G units: none
UCITS-Compliant	Yes	Inception date	03/07/2008	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
AMF classification	International bonds	Subscription terms	Each business day by 12 am Settlement and value date: Subscription: J (date of the NAV) + 2 Redemption: J + 3 business days		
Currency	Euro				
Investment horizon	> 3 years				
Valuation	Daily				
Modified duration	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.

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Publication of NAVs :
www.lazardfreresgestion.fr

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