

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	14 060,32	283,89	
R unit created on July 3 <sup>rd</sup> 2009	FR0010752543	315,86	73,48	<b>483,79</b>
I unit created on April 14 <sup>th</sup> 2014	FR0011844034	1 131,81	65,28	
G unit created on August 8 <sup>th</sup> 2014	FR0012074151	105,23	61,14	
DH unit created on January 7 <sup>th</sup> 2016	FR0013076932	1 107,18	3,33	

## 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 +0,74% over the month (C share).

Spreads on financial debt tightened during the month. Tier 1 bonds tightened by 36bp to 321bp against government bonds, Lower Tier 2 bonds by 25bp to 234bp and Senior debts by 8bp to end the month at 96bp according to JP Morgan's SUSI indices. CoCos tightened by 2bp in OAS to end the month at 440bp according to Barclays' Global index.

The German government bond yield curve flattened during the month, with the 10-year yield up 12bp to 0,33% and the 5-year yield up 19bp to -0,38%, while the 2-year yield rose 16bp to -0,74%.

Objectif Crédit Fi posted a net performance of +2,11% year-to-date compared with +1,61% for the JP Morgan SUSI Lower Tier 2 and +2,57% for the SUSI Tier 1.

The fund has a 260-day volatility of 2,9% compared to 2,8% for the SUSI Lower Tier 2 and 2,3% for the SUSI Tier 1.

**The month was positive on the whole, driven by good macro figures, reassuring opinion polls on the French presidential elections, the defeat of Geert Wilders' populist party in the Dutch elections, the continued strengthening of the quality of banks' balance sheets** (as evidenced by Deutsche Bank and Caixa Geral de Depósitos announcing capital increases of €8bn and €2.5bn, respectively) and the rise in interest rates in the first half of the month (a positive factor for margins in the financial sector).

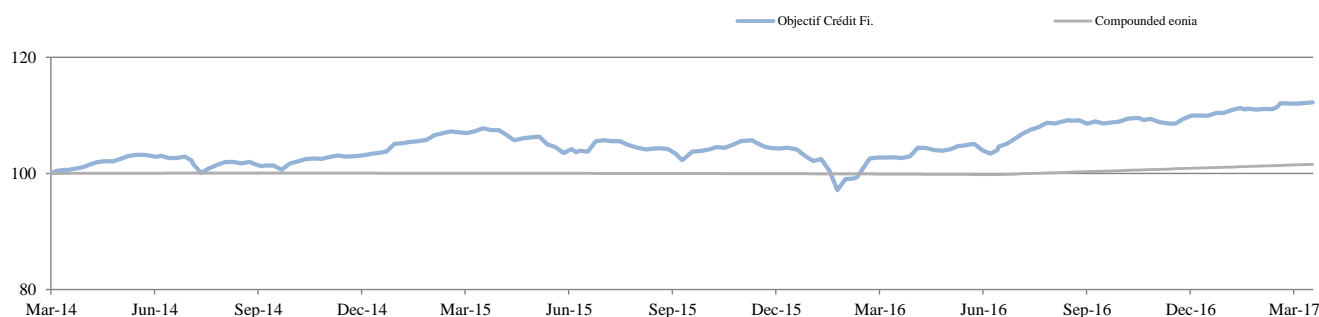
**The second half of March was marked by Donald Trump's failure to repeal Obamacare and rising concerns about "reflation trade"**, based partly on the implementation of a more aggressive fiscal policy under the impetus of the new US president. Mr Trump's failure to repeal Obamacare, the reform of the health law being supposed to partly finance tax cuts and infrastructure spending, combined with more dovish speeches on the part of the ECB, drove interest rates significantly lower at the end of March. In addition to the ECB's asset purchases, those of other European Central banks seeking to minimise their currency's appreciation (Switzerland, Denmark, and Czech Republic) probably accentuated this phenomenon.

**The primary market, excluding covered bonds, totalled €26bn in gross issuance** of Senior Unsecured debt according to Barclays, **with net bank issuance totalling -€8bn over the month**. Since the beginning of the year, gross issuance has totalled €80bn and net issuance is negative to the tune of €31bn.

Objectif Crédit Fi has a yield to maturity of 4,5% and a yield to call of 4,1% with a modified duration of 1,1 and a spread duration of 5,8.

## PERFORMANCE

### HISTORICAL PERFORMANCE



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

### PERFORMANCE

Annualized performance	2017	2016	2015	2014	2013
Objectif Crédit Fi.	2,11%	5,27%	1,14%	6,53%	8,18%
Compounded eonia	0,59%	1,03%	-0,11%	0,10%	0,09%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	0,74%	2,11%	9,23%	12,24%	41,71%
Compounded eonia	0,20%	0,59%	1,68%	1,56%	1,84%

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

Modified duration	1,1	Spread duration	5,8
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Yield to call	4,5%
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Yield to maturity	4,1%
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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

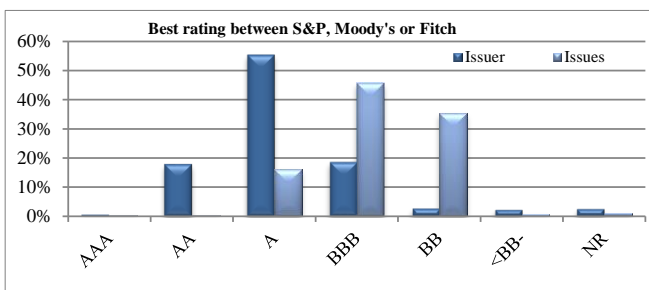
	1 year	3 years
<b>Volatility</b>		
Objectif Crédit Fi.	3,19%	4,58%
Compounded eonia	0,16%	0,15%
<b>Tracking error</b>	3,18%	4,56%
<b>Information ratio</b>	2,25	0,73

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

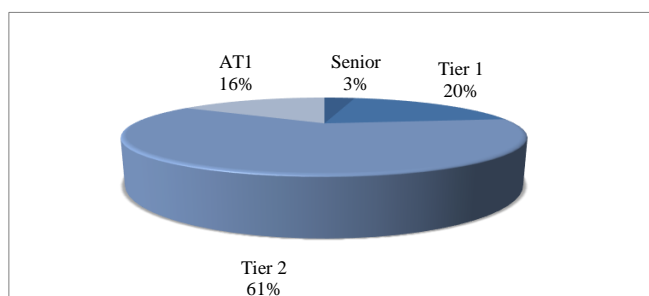
## MAIN HOLDINGS

Main holdings		%
Commerzbank	8,151% 06/2029	Legacy Tier 1 3,5%
HSBC	10,176% 06/2030	Legacy Tier 1 2,4%
Achmea	4,25% 02/2025	UT2 2,2%
Lloyds	7,881% 12/2031	Legacy Tier 1 2,0%
RBS	5,25% 03/2017	Legacy Tier 1 2,0%

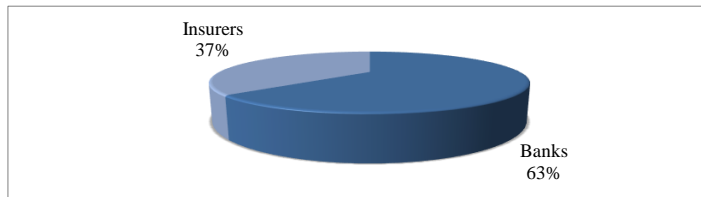
## RATING ALLOCATION



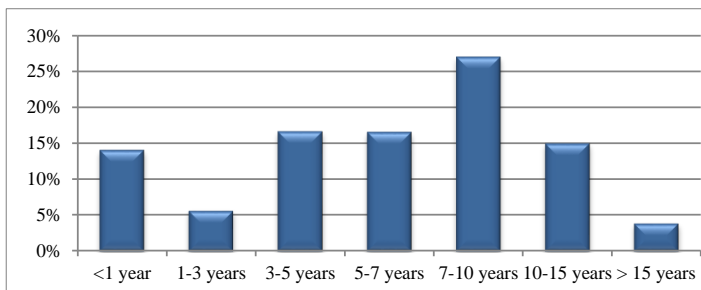
## BREAKDOWN BY LEVEL OF SUBORDINATION



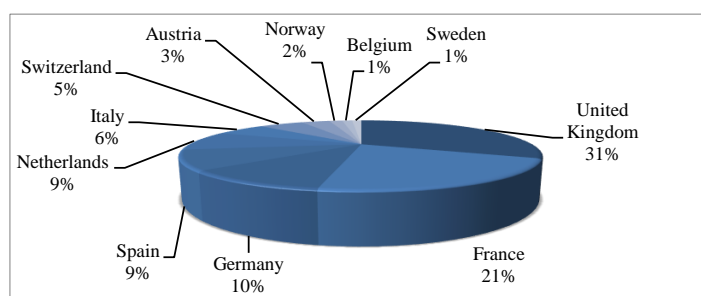
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

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