

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	14 333,35	350,17	
R unit created on July 3 <sup>rd</sup> 2009	FR0010752543	321,74	86,49	<b>584,25</b>
I unit created on April 14 <sup>th</sup> 2014	FR0011844034	1 160,52	83,64	
G unit created on August 8 <sup>th</sup> 2014	FR0012074151	107,28	63,95	
	ISIN code	NAV \$	Net assets (\$ million) :	
DH unit created on January 7 <sup>th</sup> 2016	FR0013076932	1 139,45	4,49	
	ISIN code	NAV CHF	Net assets (\$ million) :	
H-CHF unit created on March 20 <sup>th</sup> 2017	FR0013076932	1 026,90	1,03	

## 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, Eonia + 2% for the R shares, ICE Libor USD Overnight denominated in USD for the DH share and Libor CHF denominated in CHF for the H-CHF share. 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 +0,90% over the month (C share).

Spreads on financial debt tightened across the board. Tier 1 bonds tightened by 23bp to 268bp against government bonds, Lower Tier 2 bonds by 14bp to 196bp and Senior debts by 3bp to end the month at 89bp according to JP Morgan's SUSI indices. CoCos tightened by 1bp in OAS to end the month at 410bp according to Barclays' Global index.

The German government bond yield curve flattened during the month, with the 10-year yield down 1bp to 0,30% and the 5-year yield down 5bp to -0,43%, while the 2-year yield rose 2bp to -0,71%.

Objectif Crédit Fi posted a net performance of +4,10% year-to-date compared to +3,86% for the JP Morgan SUSI Lower Tier 2 and +4,18% for the SUSI Tier 1.

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

May maintained the momentum that started in late April, underpinned by the reassuring results of the French presidential election. The catch-up effect therefore continued, notably for French issuers, but also for peripherals.

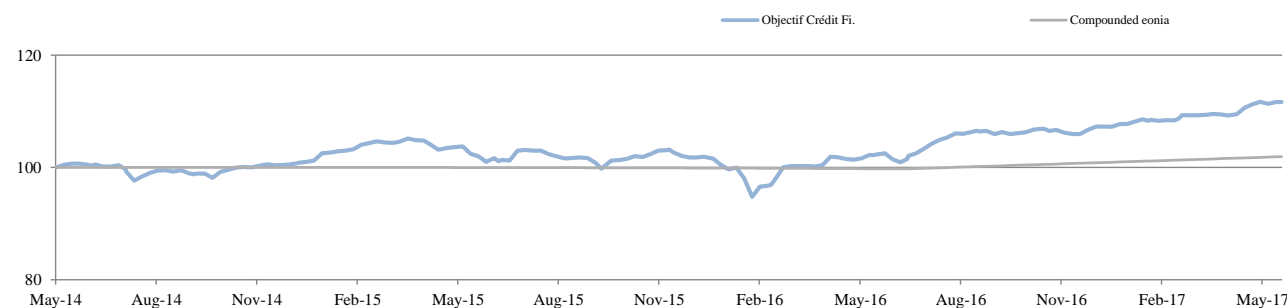
The "complicated" Banco Popular dossier is moving towards an acquisition by a large Spanish bank, with Santander, BBVA and Bankia in the running. Rumours abound, with a clearly identified risk of losses for the bank's shareholders as well as for its subordinated creditors (AT1 and Tier 2). A deadline is set for June 30th. We have no Banco Popular securities in the portfolio.

The primary market, excluding covered bonds, totalled €30bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling +€12bn over the month. Since the beginning of the year, gross issuance has totalled €126bn and net issuance is negative to the tune of €24bn.

Objectif Crédit Fi has a yield to maturity of 4,0% and a yield to call of 3,9% with a modified duration of 2,6 and a credit duration of 5,9.

## 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.	4,10%	5,27%	1,14%	6,53%	8,18%
Compounded eonia	0,98%	1,03%	-0,11%	0,10%	0,09%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	0,90%	4,10%	9,22%	11,64%	53,83%
Compounded eonia	0,21%	0,98%	2,14%	1,91%	2,18%

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

Modified duration	2,6	Spread duration	5,9
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Yield to call	3,9%
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Yield to maturity	4,0%
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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

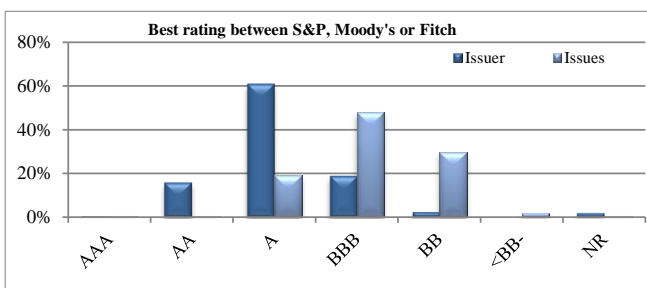
	1 year	3 years
<b>Volatility</b>		
Objectif Crédit Fi.	3,05%	4,60%
Compounded eonia	0,10%	0,16%
<b>Tracking error</b>	3,04%	4,58%
<b>Information ratio</b>	2,21	0,66

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

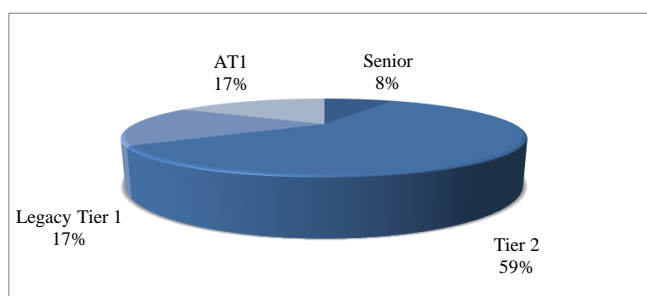
## MAIN HOLDINGS

Main holdings		%
Commerzbank	8,151% 06/2029	Legacy Tier 1 2,9%
HSBC	10,176% 06/2030	Legacy Tier 1 2,3%
Achmea	4,25% 02/2025	UT2 1,9%
Crédit Agricole	4,75% 09/2028	LT2 1,8%
Crédit Agricole	1,875% 12/2026	Senior 1,8%

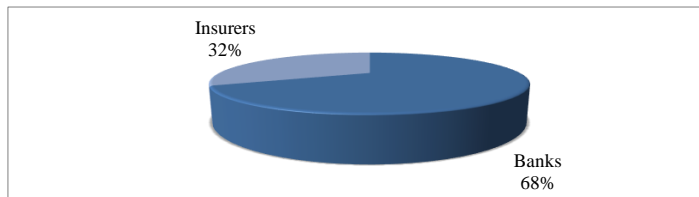
## RATING ALLOCATION



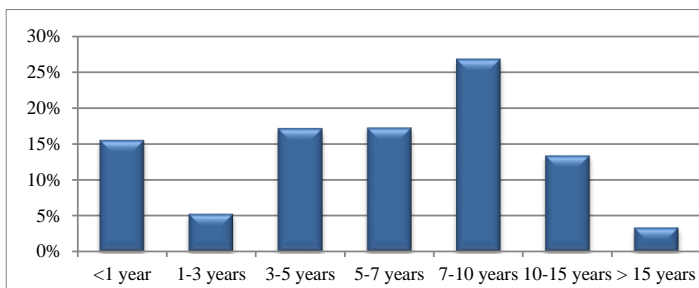
## BREAKDOWN BY LEVEL OF SUBORDINATION



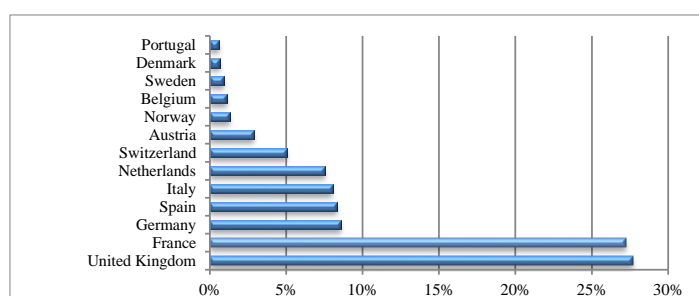
## SECTOR ALLOCATION



## 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 DH unit: FR0013076932 H-CHF Unit: FR0013236791	<b>Custodian</b> CACEIS	<b>Management fees</b> C unit: maximum of 0,26% inclusive of taxes R unit: maximum of 0,96% inclusive of taxes I unit: maximum of 0,66% inclusive of taxes G unit: maximum of 0,26% inclusive of taxes DH unit: maximum of 0,71% inclusive of taxes H-CHF unit: maximum of 0,71% inclusive of taxes
<b>Bloomberg Code</b> LFOBJFI/LFOBJFR/ LAZOCFI/LAZOCFG	<b>Management company</b> Lazard Frères Gestion SAS	<b>Subscription fees</b> maximum of 4% inclusive of taxes
<b>Taxation</b> FCP Yes International bonds Euro > 3 years Daily 0 to 8	<b>Capitalization</b> G Unit : Distribution 03/07/2008	<b>Redemption fees</b> R unit: maximum of 2% inclusive of taxes C, I, G, DH and H-CHF units: none
<b>Legal form</b> UCITS-Compliant AMF classification Currency Investment horizon Valuation Modified duration	<b>Subscription terms</b> Each business day by 12 am Settlement and value date: Subscription: J (date of the NAV) + 2 Redemption: J + 2 business days	<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, DH et H-CHF unit: none

\*\* 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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