

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
IVC unit	FR0010590950	14 545,86	478,46	
RC unit created on 07/03/2009	FR0010752543	323,27	68,10	<b>799,17</b>
IC unit created on 04/14/2014	FR0011844034	1 174,94	96,91	
IVD unit created on 08/08/2014	FR0012074151	101,75	71,13	
ID unit created on 14/03/2018	FR0013306743	965,27	49,14	
TC unit created on 01/31/2018	FR0013305935	191,57	32,23	
	<b>ISIN code</b>	<b>NAV \$</b>	<b>Net assets (\$ million) :</b>	
IC USD unit created on 01/07/2016	FR0013305935	1 205,21	3,44	
	<b>ISIN code</b>	<b>NAV CHF</b>	<b>Net assets (\$ million) :</b>	
IC H-CHF unit created on 03/20/2017	FR0013076932	1 032,24	0,18	

**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 IVC and IVD shares, Eonia + 2,30% for the I shares, Eonia + 2% for the RC shares, ICE Libor USD Overnight denominated in USD for the IC USD share and Libor CHF denominated in CHF for the IC 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 Securitized 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 - Alexis Lautrette**

The net asset value of Lazard Credit Fi rose by 1,06% over the month (IVC share).

Spreads on financial debt have all tightened. Tier 2 bonds tightened by 16 bps at 247 bps and Senior debts tightened by 15 bps to end the month at 103 bps according to JP Morgan's SUSI indices. AT1s in OAS tightened by 20 bps to end the month at 400 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve shifted up during the month, with the 10-year yield up 3 bps to 0,18% ,the 5-year yield rose 4 bps to -0,28% ,while the 2-year yield rose 4 bps to -0,53%.

Lazard Credit Fi posted a net performance of +2,72% year-to-date compared with +2,37% for the JP Morgan SUSI Lower Tier 2 and +5,12% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 2,4% compared with 2,2% for the SUSI Lower Tier 2 and 4,1% for the Barclays Global Contingent Capital € Hedged Index.

February continued its January momentum, as more and more investors became less negative about the global environment, and therefore eager to take risks. As global flows have been light, with some inflows in Credit funds since the beginning of the year, with a consequent a stop of the outflows which had penalized the market in 2018, so much it will be around the pockets of cash which have been deployed more heavily by investors who explain the bulk of price movements in recent months.

The market seems more and more to believe in an upcoming resolution of two major political issues: the trade war with a possible US-China agreement in a few weeks, and on the Brexit, the validation of the agreement negotiated by Theresa May , or an extension of Article 50.

The results for banks are generally good, even if the pressure on revenues is still not falling. The sector is however cheap, both in the equity market and in the credit market.

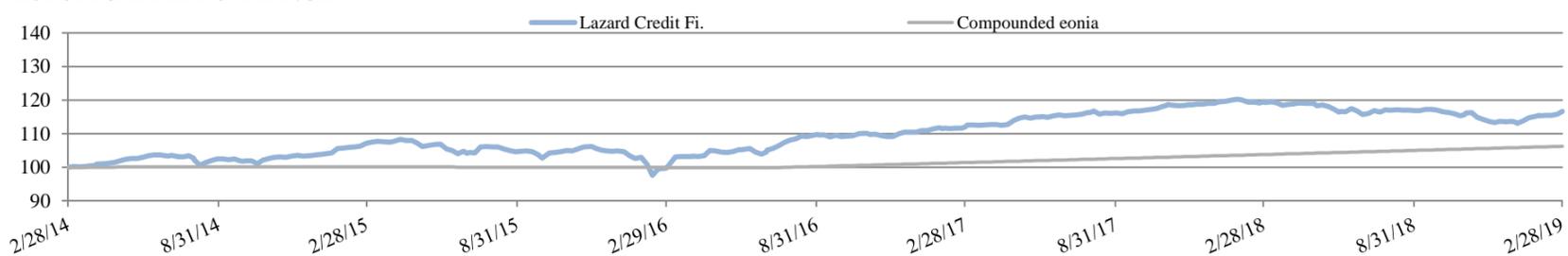
We used Xover Index CDS for hedging purposes during the month.

We will change the fund's benchmark as of April 1st and switch to the ICE BofAML Euro Financial Index (EB00 Index). This indicator will be used to calculate variable management fees for certain units. The authorized weight of High Yield issues will increase from 50% to 70%. RC and RD shares will be renamed RVC and RVD. Finally, the "high water mark" clause will be removed.

The primary market, excluding covered bonds, totaled €23,4bn in gross issuance according to Barclays, with net bank issuance totaling +€12,7bn over the month. Since the beginning of the year, gross issuance has represented €51,2bn and net issuance +€17,9bn.

**PERFORMANCE**

**HISTORICAL PERFORMANCE**



Past performance indications is not a guarantee of current or future performance. The return may increase or decrease as a result of currency fluctuations  
The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future

**PERFORMANCE**

Annualized performance*	2018	2017	2016	2015	2014
<b>Lazard Credit Fi.</b>	<b>-4,55%</b>	<b>7,74%</b>	<b>5,27%</b>	<b>1,14%</b>	<b>6,53%</b>
Compounded eonia	2,37%	2,36%	1,03%	-0,11%	0,10%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
<b>Lazard Credit Fi.</b>	<b>1,06%</b>	<b>2,72%</b>	<b>-2,33%</b>	<b>16,92%</b>	<b>16,66%</b>
Compounded eonia	0,18%	0,38%	2,36%	6,31%	6,22%

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

The performance less than one year is given for illustrative purposes.

Modified duration	3,0	Spread duration	4,3
Yield to maturity (Without hedging costs)	4,3%	Average rating (issuer)**	BBB+
Yield to call (Without hedging costs)	3,8%	Average rating (issues)**	BBB-
Yield to call (With hedging costs)	3,0%	**Average rating for each security	
Yield to Worst	3,7%	Spread vs Govt.	325

**SCALE RISK\*\***



\*\*Risk scale calculated from the volatility of the UCITS over a period of 5 years (see detail on the back).

Risk 1 does not mean a risk-free investment. This indicator may change over time.

**RISK RATIOS**

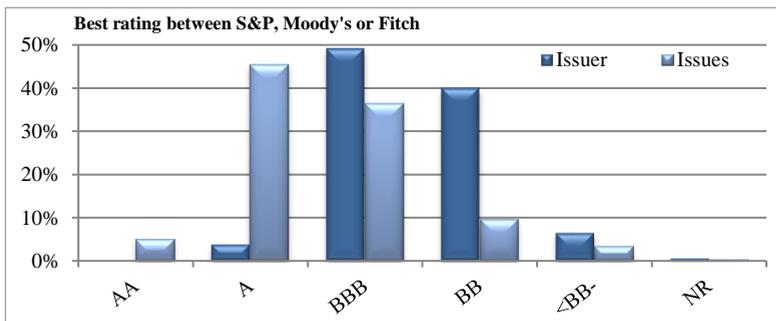
	1 year	3 years
<b>Volatility</b>		
Lazard Credit Fi.	3,23%	4,03%
Compounded eonia	0,00%	0,25%
<b>Tracking error</b>	3,23%	3,19%
<b>Information ratio</b>	-1,45	0,99

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

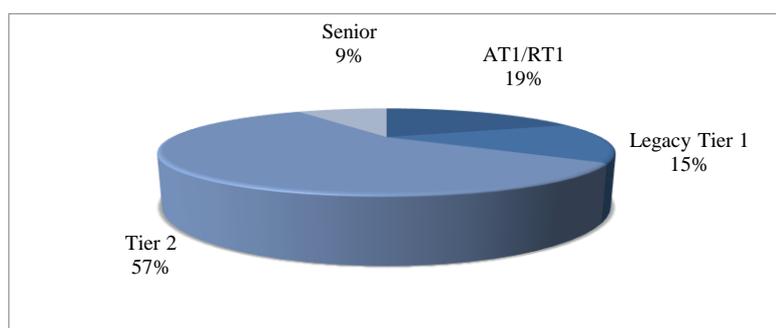
## MAIN HOLDINGS

Main holdings		%
<b>Fortis Bank 12/2049</b>	Banks Legacy Tier 1	2,2%
<b>Dresdr Fin 06/2031</b>	Banks Legacy Tier 1	2,1%
<b>Caix SA 2.75 07/2028</b>	Banks Tier 2	1,8%
<b>Unicredit Spa 02/2029</b>	Banks Tier 2	1,8%
<b>Caixa Geral de Depositos 06/2028</b>	Banks Tier 2	1,7%

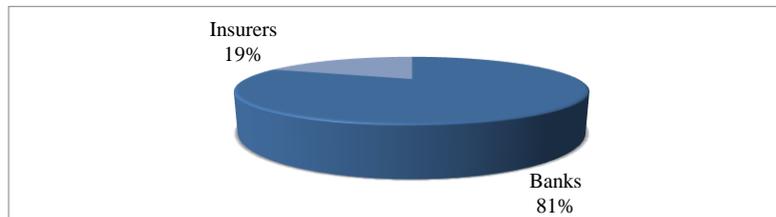
## RATING ALLOCATION



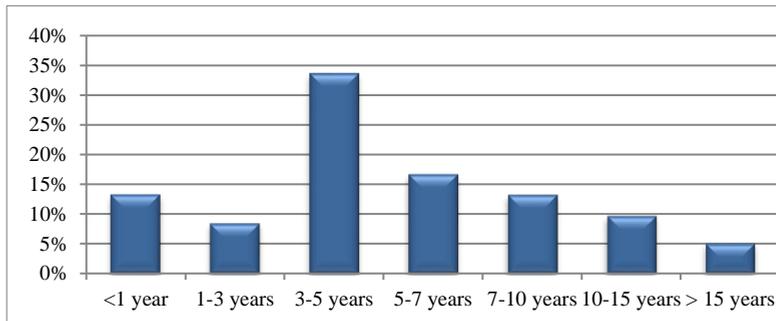
## BREAKDOWN BY LEVEL OF SUBORDINATION



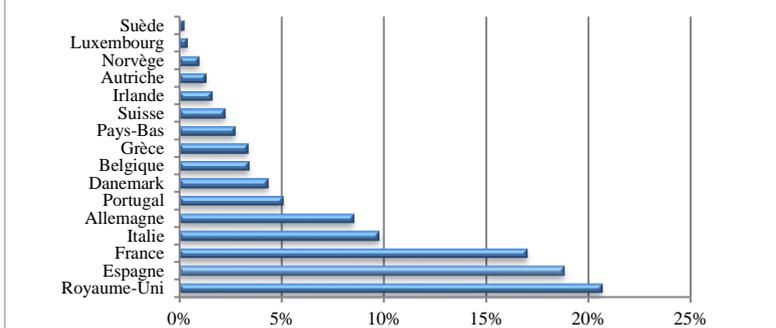
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

■ <b>ISIN Code</b>	IVC unit: FR0010590950	■ <b>Custodian</b>	CACEIS Bank	■ <b>Management fees</b>	IVC unit: maximum of 0,3% inclusive of taxes
	RC unit: FR0010752543	■ <b>Management company</b>	Lazard Frères Gestion SAS		RC unit: maximum of 1% inclusive of taxes
	IC unit: FR0011844034				IC unit: maximum of 0,7% inclusive of taxes
	IVD unit: FR0012074151				IVD unit: maximum of 0,3% inclusive of taxes
	IC USD: FR0013076932				TC unit: maximum of 0,7% inclusive of taxes
	TC Unit: FR0013305935				IC USD unit: maximum of 0,75% inclusive of taxes
	IC H-CHF Unit: FR0013236791				RD unit: maximum of 1% inclusive of taxes
	RD Unit: FR0013306735				ID unit: maximum of 0,7% inclusive of taxes
	ID Unit: FR0013306743				IC H-CHF unit: maximum of 0,75% inclusive of taxes
■ <b>Bloomberg Code</b>	LFOBJFI/LFOBJFR/ LAZOCFI/LAZOCFG	■ <b>Taxation</b>	Capitalization	■ <b>Subscription fees</b>	maximum of 4% inclusive of taxes
		■ <b>Inception date</b>	IVD Unit : Distribution	■ <b>Redemption fees</b>	
			03/07/2008		RC, TC, RD, ID unit: maximum of 2% inclusive of taxes; else units: none
■ <b>Legal form</b>	FCP	■ <b>Subscription terms</b>		■ <b>Outperformance fees:</b>	
■ <b>UCITS-Compliant</b>	Yes		Each business day by 12 am	IVC, RC and IVD units: 30% of the outperformance in excess of	
■ <b>AMF classification</b>	International bonds		Settlement and value date:	Eonia + 3% These fees will be limited to 2%	
■ <b>Currency</b>	Euro	■ <b>Subscription: J (date of the NAV) + 2 business</b>		IC, IC USD et IC H-CHF unit: none	
■ <b>Investment horizon</b>	> 3 years	■ <b>Redemption: J + 2 business days</b>			
■ <b>Valuation</b>	Daily	■ <b>Total expense ratio and transaction fees</b>			
■ <b>Modified duration</b>	0 to 8				

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.

<b>Contacts :</b>	<b>Additional information:</b>	<b>Publication of NAVs :</b>
Subscription/Redemption CACEIS Bank +33 1.57.78.14.14	Commercial service +33 1.44.13.01.79	www.lazardfreresgestion.fr

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Portfolio Management Company approved by "the Autorité des Marchés Financiers" under number GP 04 000068."

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