

| International bonds and debt securities | ISIN code        | NAV €          | Net assets (€ million) :          | Total net assets (€ million) : |
|---|------------------|----------------|-----------------------------------|--------------------------------|
| IVC unit                                | FR0010590950     | 14 782,64      | 485,73                            | <b>807,60</b>                  |
| RVC unit                                | FR0010752543     | 328,09         | 66,01                             |                                |
| IC unit                                 | FR0011844034     | 1 194,99       | 95,65                             |                                |
| IVD unit                                | FR0012074151     | 103,41         | 79,64                             |                                |
| ID unit                                 | FR0013306743     | 981,74         | 50,98                             |                                |
| TC unit                                 | FR0013305935     | 194,84         | 26,56                             |                                |
| RVD unit                                | FR0013306735     | 196,67         | 0,00                              |                                |
|   | <b>ISIN code</b> | <b>NAV \$</b>  | <b>Net assets (\$ million) :</b>  |                                |
| IC USD unit                             | FR0013305935     | 1 234,52       | 3,20                              |                                |
|   | <b>ISIN code</b> | <b>NAV CHF</b> | <b>Net assets (CHF million) :</b> |                                |
| IC H-CHF unit                           | FR0013076932     | 1 048,72       | 0,19                              |                                |

**MANAGEMENT**

**INVESTMENT POLICY**

The management objective aims to achieve, on a minimum investment horizon of 3 years, a performance net of fees of ICE BofAML Euro Financial Index in Euros for IVC, RVC, IC, IVD, ID, TC, RVD units, ICE BofAML Euro Financial in Franc Swiss 100% hedged for IC H CHF unit and ICE BofAML Euro Financial 100% hedged in Dollar US for IC USD unit. 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 fell by -0,69% over the month (IVC share).

Spreads on financial debt have all widened. Tier 2 bonds widened by 36 bps to end the month at 249 bps and Senior debts widened by 17 bps at 107 bps according to JP Morgan's SUSI indices. AT1s in OAS widened by 47 bps to end the month at 433 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve flattened during the month, with the 10-year yield down 22 bps to -0,20% ,the 5-year yield down 17 bps to -0,58% ,while the 2-year yield fell 8 bps to -0,67%.

Lazard Credit Fi posted a net performance of +4,39% year-to-date compared with +4,17% for the JP Morgan SUSI Lower Tier 2 and +6,25% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 2,4% compared with 2% for the SUSI Lower Tier 2 and 3,9% for the Barclays Global Contingent Capital € Hedged Index.

The US-China trade war has resurfaced at the beginning of the month, the dialogue between the two parties seems complicated for now and we are witnessing the increase of sanctions currently. There was also a lot of volatility on Italy during the month with Matteo Salvini coming out stronger of European elections.

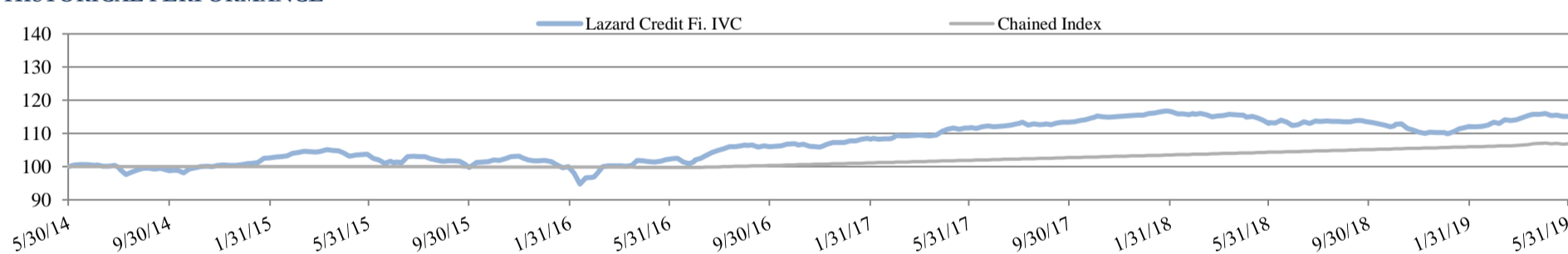
In this complicated context for risky assets, the fundamentals of financial issuers remain well oriented with the publication of the first quarter results. No particular surprises to report but always an improving asset quality in Italy, Ireland and Portugal. We also note the upgrade of one notch for RBS (S&P) and Banco BPM (Moody's) and that Barclays has moved into positive outlook (Moody's) this month.

The primary have been active this month with new issuers such as the car leasing specialist LeasePlan in AT1 and the Finnish insurer Sampo in Tier 2.

The primary market, excluding covered bonds, totaled €22,1bn in gross issuance according to Barclays, with net bank issuance totaling +€6,4bn over the month. Since the beginning of the year, gross issuance has represented €122,1bn and net issuance +€28,5bn.

**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. IVC</b> | <b>-4,55%</b> | <b>7,74%</b> | <b>5,27%</b> | <b>1,14%</b>  | <b>6,53%</b> |
| <b>Chained Index***</b>      | <b>2,37%</b>  | <b>2,36%</b> | <b>1,03%</b> | <b>-0,11%</b> | <b>0,10%</b> |

| Cumulative performance*      | Month         | YTD          | 1 year       | 3 years       | 5 ans         |
|------------------------------|---------------|--------------|--------------|---------------|---------------|
| <b>Lazard Credit Fi. IVC</b> | <b>-0,69%</b> | <b>4,39%</b> | <b>1,87%</b> | <b>12,64%</b> | <b>15,14%</b> |
| <b>Chained Index***</b>      | <b>-0,19%</b> | <b>1,04%</b> | <b>2,43%</b> | <b>7,09%</b>  | <b>6,86%</b>  |

\* The performance quoted represents past performance. Past performance does not guarantee future results.  
The performance less than one year is given for illustrative purposes.

\*\*\* Since April 1st, ICE BofAML Euro Financial Index, from June 30, 2016 to March 29, 2019 Eonia Capi +2,70% before Eonia Capi.

|  |      |   |      |
|--|------|---|------|
| <b>Modified duration</b>                         | 4,2  | <b>Spread duration</b>                        | 3,0  |
| <b>Yield to maturity (Without hedging costs)</b> | 4,3% | <b>Average rating (issuer)<sup>1</sup></b>    | BBB+ |
| <b>Yield to call (Without hedging costs)</b>     | 3,8% | <b>Average rating (issues)<sup>1</sup></b>    | BB+  |
| <b>Yield to call (With hedging costs)</b>        | 3,2% | <sup>1</sup> Average rating for each security |      |
| <b>Yield to Worst</b>                            | 3,7% | <b>Spread vs Govt.</b>                        | 371  |

**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. IVC    | 3,30%  | 3,69%   |
| Chained Index***         | 0,45%  | 0,36%   |
| <b>Tracking error</b>    | 3,22%  | 2,91%   |
| <b>Information ratio</b> | -0,17  | 0,58    |

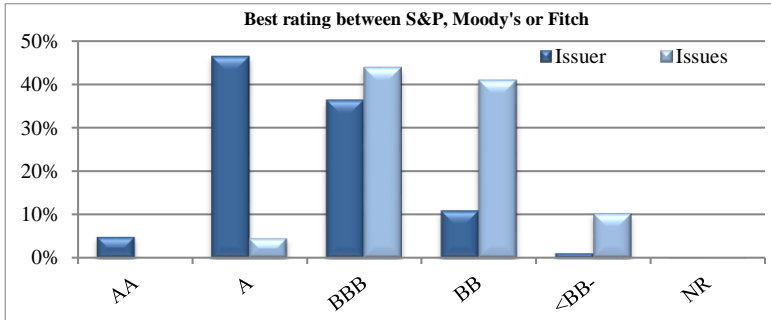
Ratios calculated on a weekly basis over 1 year and monthly over three years

## MAIN HOLDINGS

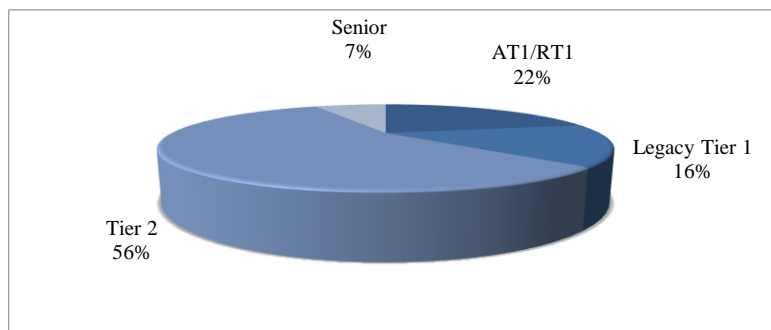
### Main holdings

|   |                     |      |
|---|---------------------|------|
| <b>Dresdner Fndg Trust 8,15 06/2031</b> | Banks Legacy Tier 1 | 3,6% |
| <b>Fortis Bank 12/2049</b>              | Banks Legacy Tier 1 | 2,1% |
| <b>Banco de Sabadell 5,375 12/2028</b>  | Banks Tier 2        | 1,9% |
| <b>Danske Bank 5,88 12/2049</b>         | Banks At1/Rt1       | 1,9% |
| <b>Caixa Bank 2,75 07/2028</b>          | Banks Tier 2        | 1,8% |

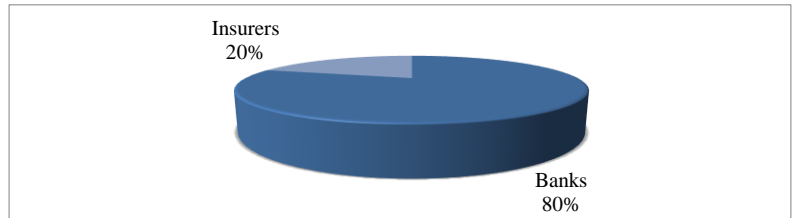
## RATING ALLOCATION



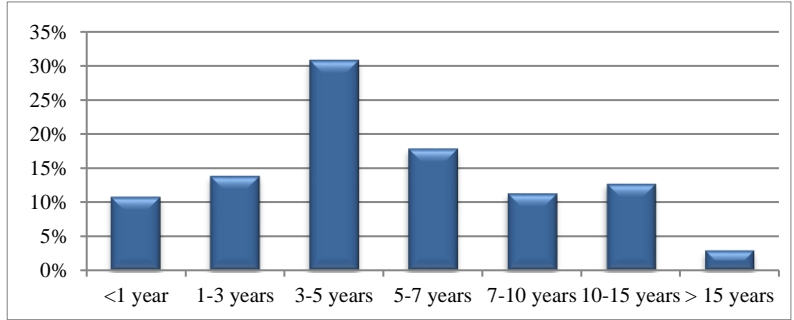
## BREAKDOWN BY LEVEL OF SUBORDINATION



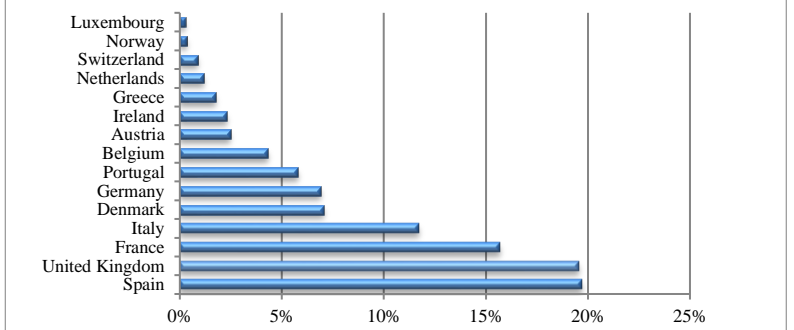
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

|  |   |  |
|--|---|--|
| <p><b>ISIN Code</b></p> <p>IVC unit: FR0010590950<br/>RVC unit: FR0010752543<br/>IC unit: FR0011844034<br/>IVD unit: FR0012074151<br/>IC USD: FR0013076932<br/>TC Unit: FR0013305935<br/>IC H-CHF Unit: FR0013236791<br/>RVD Unit: FR0013306735<br/>ID Unit: FR0013306743</p> <p><b>Bloomberg Code</b></p> <p>LFOBJFI/LFOBJFR/<br/>LAZOCFI/LAZOCFG</p> <p><b>Legal form</b></p> <p>FCP</p> <p><b>UCITS-Compliant</b></p> <p>Yes</p> <p><b>AMF classification</b></p> <p>International bonds</p> <p><b>Currency</b></p> <p>Euro</p> <p><b>Investment horizon</b></p> <p>&gt; 3 years</p> <p><b>Valuation</b></p> <p>Daily</p> <p><b>Modified duration</b></p> <p>0 to 8</p> | <p><b>Custodian</b></p> <p>CACEIS Bank</p> <p><b>Management company</b></p> <p>Lazard Frères Gestion SAS</p> <p><b>Fund administration</b></p> <p>Caceis FA</p> <p><b>Taxation</b></p> <p>Capitalization</p> <p>IVD Unit : Distribution</p> <p>03/07/2008</p> <p><b>Subscription terms</b></p> <p>Each business day by 12 am</p> <p>Settlement and value date:</p> <p>Subscription: J (date of the NAV) + 2 business days<br/>Redemption: J + 2 business days</p> <p><b>Subscription fees</b></p> <p>maximum of 4% inclusive of taxes</p> <p><b>Redemption fees</b></p> <p>RVC, TC, RVD, ID unit: maximum of 2% inclusive of taxes; else units: none</p> <p><b>Performance fees:</b></p> <p>IVC, RVC, RVD and IVD units: 30% of the outperformance in excess of ICE BofAML Euro Financial Index. These fees will be limited to 2%<br/>IC, ID, TC, IC USD et IC H-CHF unit: none</p> <p><b>Total expense ratio and transaction fees</b></p> <p>For more information, please check our prospectus on <a href="http://www.lazardfreresgestion.fr">www.lazardfreresgestion.fr</a></p> | <p><b>Management fees</b></p> <p>IVC unit: maximum of 0,3% inclusive of taxes<br/>RVC unit: maximum of 1% inclusive of taxes<br/>IC unit: maximum of 0,7% inclusive of taxes<br/>IVD unit: maximum of 0,3% inclusive of taxes<br/>IC USD unit: maximum of 0,75% inclusive of taxes<br/>TC unit: maximum of 0,7% inclusive of taxes<br/>IC H-CHF unit: maximum of 0,75% inclusive of taxes<br/>RVD unit: maximum of 1% inclusive of taxes<br/>ID unit: maximum of 0,7% inclusive of taxes</p> |
|--|---|--|

\*\* 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.

### Contacts :

Subscription/Redemption  
CACEIS Bank  
+33 1.57.78.14.14

### Additional and data

information:  
Commercial service  
+33 1.44.13.01.79

### Publication of NAVs :

[www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)

Please consider a fund's investment objectives, risks, charges, and expenses carefully before investing. Read the prospectus or summary prospectus carefully before you invest. The prospectus and summary prospectus contain investment objectives, risks, charges, expenses, and other information about the Portfolio(s) and The Lazard Frères Gestion Funds that may not be detailed in this document. Distributed by Lazard Fund Management.

"The prospectus for Switzerland, the KIID, the articles of incorporation, the annual and semi-annual reports, as well as the list of the buying and selling transactions can be obtained free of charge from the representative of the Fund in Switzerland, ACOLIN Fund Services AG, Affolternstrasse 56, 8050 Zürich, Switzerland. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland."

For investors in the United Kingdom: this document has been issued and approved in the United Kingdom by Lazard Asset Management Limited, 50 Stratton Street, London W1J 8LL. Incorporated in England and Wales, registered number 525667. Lazard Asset Management Limited is authorised and regulated by the Financial Conduct Authority. For Italian investors, fund Paying Agents are Société Générale Securities Services, Via Benigno Crespi, 19, 20159 Milano, and BNP Paribas Securities Services, Piazza Lina Bo Bardi, 3, 20124 Milano.

Lazard Frères Gestion SAS, 25 rue de courcelles - 75008 Paris with a capital of € 14,487,500

registered at the Paris RCS under the number SIRET 352 213 599.

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

[www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)