

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	PVC EUR unit	FR0010590950	16 716,91	733,50	
					<b>1338,94</b>

*\* Not all share classes of the relevant sub-fund are registered for marketing in Germany and Austria*

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 PVC EUR, PVD EUR, RVC EUR, RVD EUR, PC EUR, PD EUR, TC EUR units, ICE BofAML Euro Financial in Franc Swiss 100% hedged for PC H-CHF unit and ICE BofAML Euro Financial 100% hedged in Dollar US for PC H-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 rose by +0,1% over the month.

Spreads on financial debt presented a mixed picture. Tier 2 bonds widened by +4 bps to 184 bps and Senior debts widened by +4 bps to 73 bps according to JP Morgan’s SUSI indices. AT1s in OAS tightened by 0 bps to 370 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve steepened during the month, with the 10-year yield up +5 bps to -0,5%, the 5-year yieldup +1 bps to -0,7%, while the 2-year yield down -2 bps to -0,7%.

For 2021, Lazard Credit Fi posted a net performance of +0,1% vs +0,0% for the JP Morgan SUSI Lower Tier 2 and +0,1% for the Barclays Global Contingent Capital € Hedged Index. Lazard Credit Fi has a 260-day volatility of 8,2% vs 6,0% for the SUSI Lower Tier 2 and 16,2% for the Barclays Global Contingent Capital € Hedged Index.

A month of status quo for central banks, no new announcements (as expected) and a probably “cautiously optimistic” speech for both the ECB and the Fed, the two institutions have in any case indicated that it was far too early to discuss any withdrawal of monetary support measures.

The ECB has finalized its guidelines on bank consolidation, which confirms the regulator's positive view on M&A : no automatic increase in required capital (Pillar 2) for an entity that would become larger and possibility to count the Badwill generated on acquisition as capital (but not to pay dividends). The EBA has published its risk dashboard for Q3 2020, which shows the sharp decrease in loans under moratorium (-27% Q2 vs Q3), and among the 350bn of moratorium that expired only 2.6% are classified as NPL. Regarding loans guaranteed by the states, they increased from 185bn to 289bn, with an average guaranteed level of 70%.

The political noise in Italy after Matteo Renzi’s departure from the coalition and the (technical) resignation of Prime Minister Conte have so far had little impact on the markets, the probability of new elections remaining very low (little appetite of the current majority and technical difficulties between the health situation and the “white semester” pre-presidential election). Also in Italy, former UBS banker Andrea Orcel will succeed Jean-Pierre Mustier as head of Unicredit. The latter will undoubtedly be busy with the Monte dei Paschi case, in which the Italian state continues to do everything possible to be able to sell its stake. The latest rumors evoke the takeover by the public entity Amco of up to 20 billion NPLs of Unicredit's balance sheet, as well as the deconsolidation of € 10 billion of legal risks linked to Monte dei Paschi through a dedicated structure, supported by a group of private investors as well as by the insurer SACE.

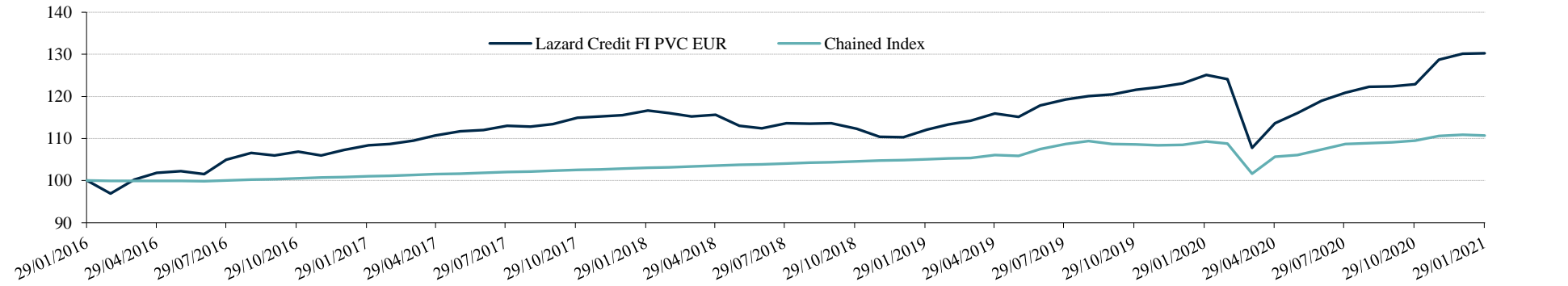
Moreover, Monte dei Paschi gives some elements of the “Capital Plan” which will be presented to the ECB: the bank's priority is to find a structural solution such as a merger with a short-term “leading” partner. If this kind of solution cannot be considered, then the plan foresees a capital increase of € 2.5 billion in the third quarter. The first results for the Spanish banks BBVA, Bankinter, Caixabank and Bankia (the last two forming a single entity) are better than expected thanks to lower-than-expected provisions.

The primary was calm for January, we had on AT1 Standard Chartered, Abanca, banco BPM or EFG and on Tier 2 Deutsche Bank (placed under a positive outlook by Fitch!), BNP and La Banque Postale. The primary market, excluding covered bonds, totaled 33 bn€ in gross issuance according to Barclays, with net bank issuance totaling +8 bn€ over the months. Since the beginning of the year, gross issuance has represented 33 bn€ and net issuance +8 bn€.

In Lazard Credit Fi, the most important contributors to the performance have been banks Tier 2 with +0,1%. By country, the most important contributions came from Spain (+0,05%), UK (-0,04%), Italy (-0,05%). By issuer, UniCredit SpA with -0,05% is the most important contributor.

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*	2020	2019	2018	2017	2016
Lazard Credit Fi. PVC	5,72%	11,60%	-4,55%	7,74%	5,27%
Chained Index***	2,22%	3,40%	1,99%	1,99%	0,85%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit Fi. PVC	0,06%	0,06%	4,09%	11,66%	30,25%
Chained Index***	-0,16%	-0,16%	1,26%	7,44%	10,72%

*\* 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.*

Modified duration	3,6	Spread duration	4,0
Yield to maturity (Without hedging costs)	3,6%	Average rating (issuer) <sup>1</sup>	BBB
Yield to call (Without hedging costs)	2,8%	Average rating (issues) <sup>1</sup>	BB
Yield to call (With hedging costs)	2,7%	<sup>1</sup> Average rating for each security	
Yield to Worst	2,7%	Spread vs Govt.	302

*Estimates on yields in different currencies, spreads or sensitivities are based on the best judgment from Lazard Freres Gestion for all the securities included into the portfolio at the mentioned date. LFG does not provide any guarantee on its accuracy or on the methodology used."*

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	
Volatility			
	Lazard Credit Fi. PVC	12,86%	7,74%
	Chained Index***	6,76%	3,96%
Tracking error	6,49%	4,37%	
Information ratio	0,44	0,29	

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

Gross currency exposure:  
70% EUR / 16% USD / 13% GBP / 1% Others

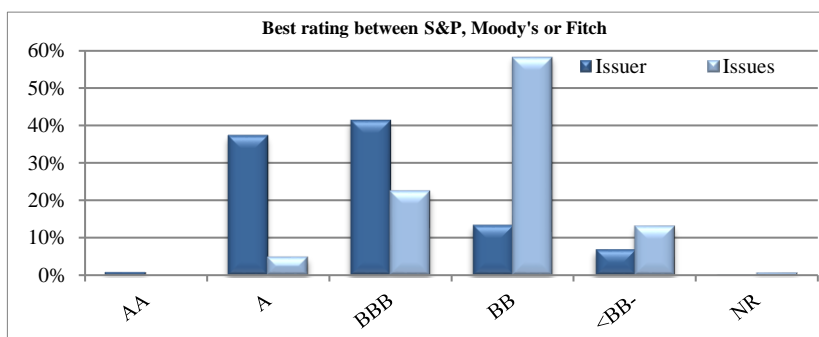
Net currency exposure:  
95% EUR / 5% USD

## MAIN HOLDINGS

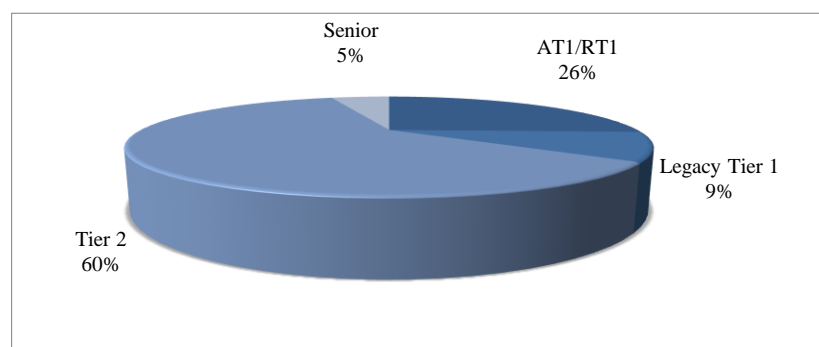
### Main holdings

<b>Lloyds Bank PLC 2,707% Perp</b>	Banks Tier 2	2,5%
<b>Bankia SA 6% 18/07/2022</b>	Banks AT1/RT1	2,3%
<b>Dresdner Fndg Trust 8,15% 06/2031</b>	Banks Legacy Tier 1	2,2%
<b>Danske Bank 5,88% 04/2022</b>	Banks AT1/RT1	2,1%
<b>Deutsche Bank 5,625% 05/2031</b>	Banks Tier 2	1,8%

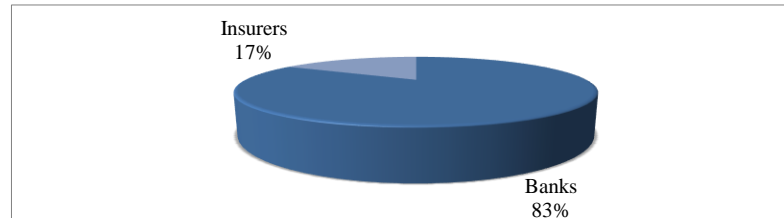
## RATING ALLOCATION



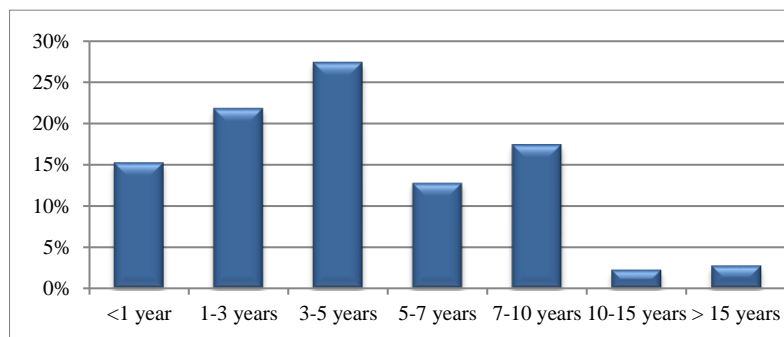
## BREAKDOWN BY LEVEL OF SUBORDINATION



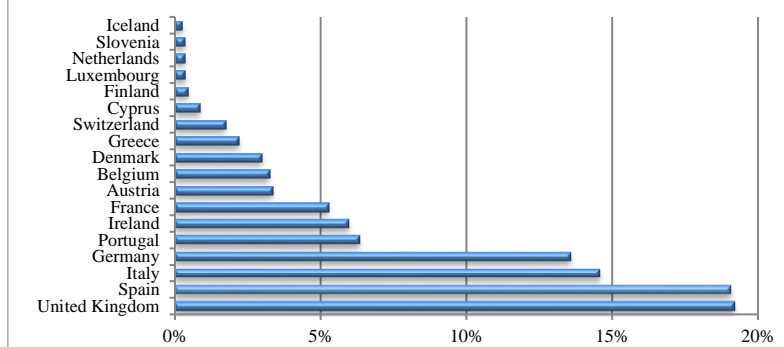
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

<b>ISIN Code</b>	PVC EUR unit	FR0010590950	<b>Custodian</b>	CACEIS Bank	<b>Management fees</b>	PVC unit: maximum of 0,3% inclusive of taxes
			<b>Management company</b>	Lazard Frères Gestion SAS		
			<b>Fund administration</b>	Caceis FA		
<b>Bloomberg Code</b>	LFOBJFI FP	<b>Taxation</b>	Capitalization	<b>Subscription fees</b>	maximum of 4% inclusive of taxes	
		<b>Inception date</b>	03/07/2008	<b>Redemption fees</b>	else units: none	
<b>Legal form</b>	FCP	<b>Subscription terms</b>	Each business day by 12 am	<b>Performance fees:</b>	PVC EUR, RVC EUR, RVD EUR and PVD units: 30% of the outperformance in excess of ICE BofAML Euro Financial Index, expressed in Euro +75bps. These fees will be limited to 2%	
<b>UCITS-Compliant</b>	Yes	<b>Settlement and value date:</b>			PC EUR, PD EUR, TC EUR, PC H-USD and PC H-CHF units: none	
<b>AMF classification</b>	International bonds	<b>Subscription:</b>	J (date of the NAV) + 2 business days			
<b>Currency</b>	Euro	<b>Redemption:</b>	J + 2 business days			
<b>Investment horizon</b>	> 3 years	<b>Total expense ratio and transaction fees</b>	For more information, please check our prospectus on <a href="http://www.lazardfreresgestion.fr">www.lazardfreresgestion.fr</a>			
<b>Valuation</b>	Daily					
<b>Modified duration</b>	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 :

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