

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	PVC EUR unit	FR0010590950	15 610,17	601,80	
	RVC EUR unit	FR0010752543	345,78	64,92	957,56
	PC EUR unit	FR0011844034	1 274,56	103,80	
	PVD EUR unit	FR0012074151	104,94	105,20	
	PD EUR unit	FR0013306743	1 010,18	48,48	
	TC EUR unit	FR0013305935	207,82	29,92	
	RVD EUR unit	FR0013306735	200,27	0,47	
		ISIN code	NAV \$	Net assets (\$ million) :	
	PC H-USD unit	FR0013305935	1 331,53	2,84	
		ISIN code	NAV CHF	Net assets (CHF million) :	
	PC H-CHF unit	FR0013076932	1 115,83	0,48	

** 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 +1,0% over the month (IVC share).

Spreads on financial debt have all tightened. Tier 2 bonds tightened by -18 bps to 172 bps and Senior debts tightened by -8 bps to 81 bps according to JP Morgan’s SUSI indices. AT1s in OAS tightened by -27 bps to 360 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve steepened during the month, with the 10-year yield up +16 bps to -0,4%, the 5-year yieldup +15 bps to -0,6%, while the 2-year yield up +10 bps to -0,7%.

For 2019, Lazard Credit Fi posted a net performance of +10,2% vs +9,0% for the JP Morgan SUSI Lower Tier 2 and +13,6% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 2,2% vs 1,9% for the SUSI Lower Tier 2 and 3,9% for the Barclays Global Contingent Capital € Hedged Index.

Once again, political newsflows and Central Banks were the main drivers of the markets in October. A “Phase 1” agreement between the US and China is underway, the UK has, once again, postponed its Brexit up to January 31, 2020 and B. Johnson has launched the process of new elections coming on December 12. Central Banks are cutting Rates (Fed, -25 bps, 3rd cut this year), increasing the size of their balance sheets (Fed +\$60 bn / month, starting October 15, ECB +€20 bn month, starting October 30) and the tiering for Eurozone banks has been introduced the same day as its QE program, limiting the impact of negative Rates for close to 40% of banks’ reserves.

Macroeconomic datas are still mixed, with no signs of improvement on the Manufacturing front, and still very good jobs reports.

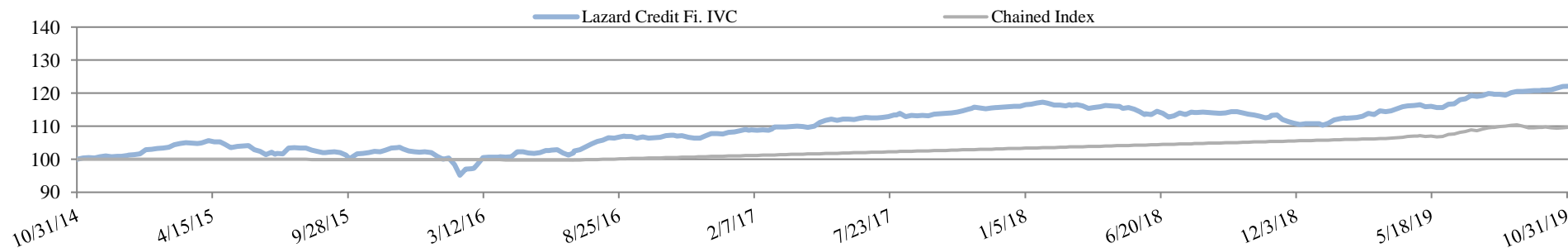
Positioning from investors continues being too defensive and Technicals were and are still very supportive to the credit market: inflows into credit Funds are continuing, supply was lighter in October and we are in the last weeks of potential issuance for the current year, funding programs are already 95% completed by banks, cash is still very important in investors hands and traders were excessively prudent, wishing without obtaining a “repeat” of last year 4Q sell-off. Hence, the path of least resistance continues to be for spreads tightening from now.

On Credit Fi, the largest contributors to performance are UK banks through all the capital structure (+40bps), followed by italian Tier 2 (+25bps, Unicredit and Monte mainly). Variable rates Legacy bonds also performed well with +20bps for an average weight of 7%.

The primary market, excluding covered bonds, totaled 24 bn€ in gross issuance according to Barclays, with net bank issuance totaling +10 bn€ over the months. Since the beginning of the year, gross issuance has represented 249 bn€ and net issuance +84 bn€.

PERFORMANCE

HISTORICAL PERFORMANCE



PERFORMANCE

Annualized performance*	2018	2017	2016	2015	2014
Lazard Credit Fi. IVC	-4,55%	7,74%	5,27%	1,14%	6,53%
Chained Index***	2,37%	2,36%	1,03%	-0,11%	0,10%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit Fi. IVC	0,97%	10,24%	8,29%	13,78%	22,09%
Chained Index***	-0,10%	3,62%	4,03%	9,00%	9,58%

* 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 4,4

Spread duration 4,6

Yield to maturity
(Without hedging costs) 3,7%

Average rating (issuer)¹ BBB+

Yield to call
(Without hedging costs) 2,9%

Average rating (issues)¹ BBB-

Yield to call
(With hedging costs) 2,3%

¹ Average rating for each security

Spread vs Govt. 287

Yield to Worst 2,8%

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. IVC	3,06%	3,32%
Chained Index***	1,33%	1,15%
Tracking error	2,77%	2,66%
Information ratio	1,45	0,54

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

Gross currency exposure:
68% EUR / 21% USD / 11% GBP

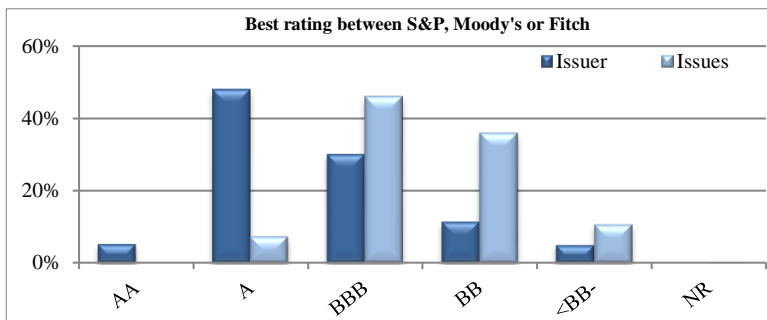
Net currency exposure:
100% EUR

MAIN HOLDINGS

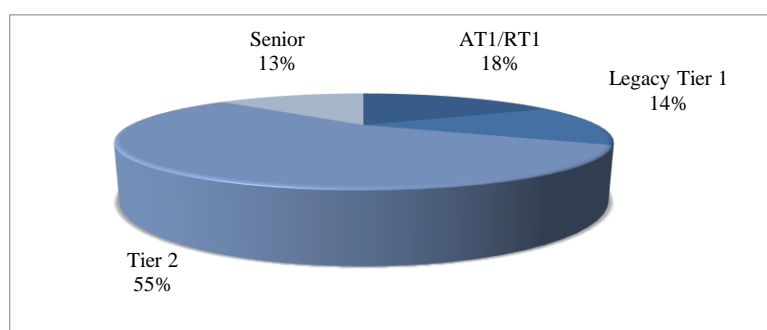
Main holdings

Dresdner Fndg Trust 8,15 06/2031	Banks Legacy Tier 1	3,1%
BNP Paribas 1,375 05/2029	Banks Nps	2,1%
Danske Bank 0,5 08/2025	Banks Nps	2,1%
Unicredit 7,296 04/2034	Banks Tier 2	2,0%
Fortis Bank 1,60 12/2049	Banks Legacy Tier 1	1,8%

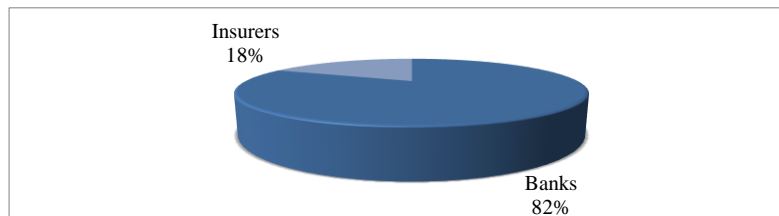
RATING ALLOCATION



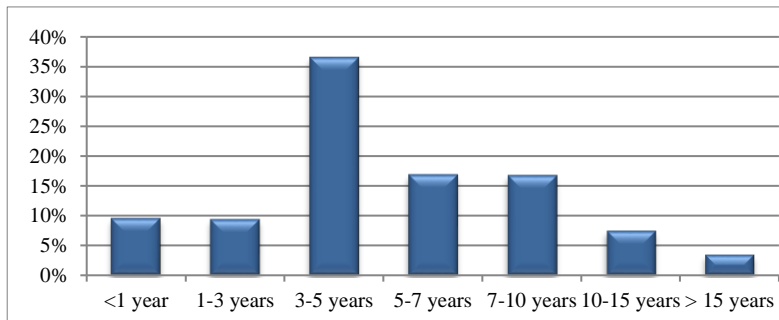
BREAKDOWN BY LEVEL OF SUBORDINATION



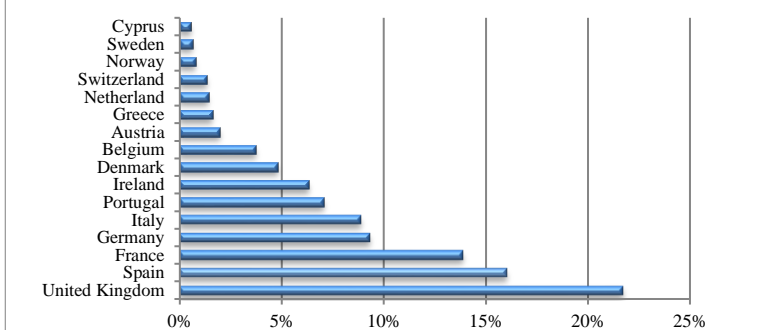
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

■ ISIN Code	PVC EUR unit	FR0010590950	■ Custodian	CACEIS Bank	■ Management fees	PVC unit: maximum of 0,3% inclusive of taxes
	RVC EUR unit	FR0010752543				RVC unit: maximum of 1% inclusive of taxes
■ Bloomberg Code	PC EUR unit	FR0011844034	■ Management company	Lazard Frères Gestion SAS	■ Subscription fees	RC unit: maximum of 0,7% inclusive of taxes
	PVD EUR unit	FR0012074151				PVD unit: maximum of 0,3% inclusive of taxes
■ Legal form	PC H-USD unit	FR0013076932	■ Fund administration	Caceis FA	■ Redemption fees	PC H-USD unit: maximum of 0,75% inclusive of taxes
	TC EUR unit	FR0013305935				TC EUR unit: maximum of 0,7% inclusive of taxes
■ UCITS-Compliant	PC H-CHF Unit	FR0013236791	■ Taxation	Capitalization	■ Performance fees:	PC H-CHF unit: maximum of 0,75% inclusive of taxes
	RVD EUR Unit	FR0013306735		Distribution: PVD EUR, RVD EUR, PD EUR units		RVD EUR unit: maximum of 1% inclusive of taxes
■ AMF classification	PD EUR Unit	FR0013306743	■ Inception date	03/07/2008		PD EUR unit: maximum of 0,7% inclusive of taxes
■ Currency			■ Subscription terms	Each business day by 12 am	■ Redemption fees	maximum of 4% inclusive of taxes
				Settlement and value date:		else units: none
■ Investment horizon			■ Total expense ratio and transaction fees	Subscription: J (date of the NAV) + 2 business		
				Redemption: J + 2 business days		
■ Valuation						
■ Modified duration						

** 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 :		Additional and data information:	Publication of NAVs :
Subscription/Redemption		Commercial service	www.lazardfreresgestion.fr
CACEIS Bank			
+33 1.57.78.14.14		+33 1.44.13.01.79	
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