

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	PVC EUR unit	FR0010590950	16 059,59	640,91	<b>1037,93</b>
	RVC EUR unit	FR0010752543	355,31	67,66	
	PC EUR unit	FR0011844034	1 321,15	124,54	
	PVD EUR unit	FR0012074151	107,97	118,58	
	PD EUR unit	FR0013306743	1 047,10	51,71	
	TC EUR unit	FR0013305935	215,41	30,44	
	RVD EUR unit	FR0013306735	205,78	0,84	
		<b>ISIN code</b>	<b>NAV \$</b>	<b>Net assets (\$ million) :</b>	
	PC H-USD unit	FR0013305935	1 388,39	1,78	
		<b>ISIN code</b>	<b>NAV CHF</b>	<b>Net assets (CHF million) :</b>	
	PC H-CHF unit	FR0013076932	1 154,92	1,76	

\* 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 +1,6% over the month (PVC share).

Spreads on financial debt presented a mixed picture. Tier 2 bonds widened by +2 bps to 160 bps and Senior debts are flat at 76 bps according to JP Morgan's SUSI indices. AT1s in OAS tightened by -6 bps to 299 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve flattened during the month, with the 10-year yield down -25 bps to -0,4%, the 5-year yield down -17 bps to -0,6%, while the 2-year yield down -6 bps to -0,7%.

For 2020, Lazard Credit Fi posted a net performance of +1,6% vs +0,9% for the JP Morgan SUSI Lower Tier 2 and +1,6% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 1,8% vs 1,6% for the SUSI Lower Tier 2 and 3,0% for the Barclays Global Contingent Capital € Hedged Index.

January was not as calm as expected, with tensions between the United States and Iran at first, but which did little to impact the markets. The coronavirus then captured the attention of investors, leading to an initial risk aversion on valuation levels that did not integrate external shocks.

The victory of the left party in the regional elections in Emilia-Romagna changed the sentiment on Italy in a positive way, the spread with Germany returning around 130bps. Greece went from BB- to BB by Fitch, still under a positive outlook.

On the transmitter side, the story Monte dei Paschi seems close to a favorable outcome, several sources citing a possible agreement between the Italian government and the EU to get the bank's balance sheet close to 10 billion euros of bad loans. Moody's now has a positive opinion on its rating vs negative previously.

The first quarterly results were overall better than expected, the restructuring plan for Deutsche Bank finally seems to be bearing fruit and the latest results have convinced creditors and shareholders alike. Conversely, Sabadell posts below expectations even if it does not change much about its credit profile.

The primary was particularly active with the AT1 Santander side (who will finally reimburse its AT1 not called in March 2019), Credit Suisse, Erste Bank, UBI, BPM and Tier 2 BNP, Unicredit, Sabadell or Monte dei Paschi and Ibercaja side.

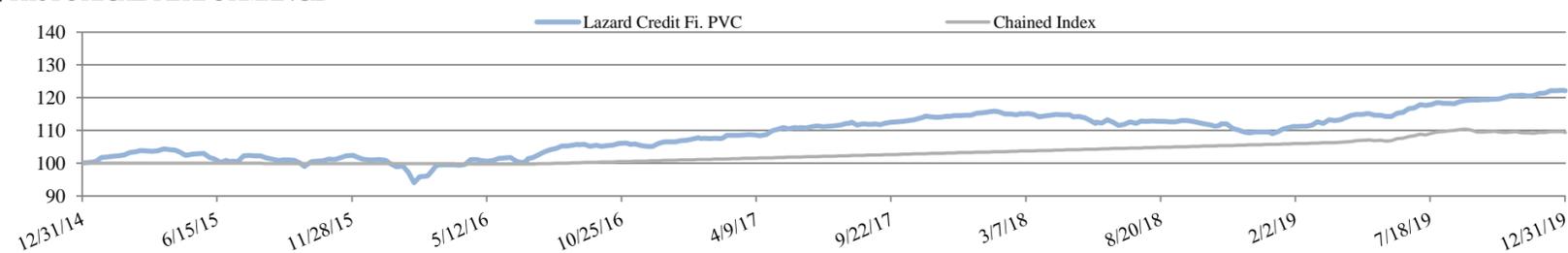
On Credit Fi, the largest contributors to performance are Tier 2 with +100bps among Italian ones with +40bps, followed by Legacy bonds (+40bps). AT1 and Senior each contribute at +25bps.

The fund could now invest in all OECD currencies and use equity derivatives (Futures and Options) for hedging purpose only and up to 10% of its net assets. The fund can invest up to 80% of its net assets in currencies other than the Euro (vs 75% before).

The primary market, excluding covered bonds, totaled 48 bn€ in gross issuance according to Barclays, with net bank issuance totaling +25 bn€ over the months. Since the beginning of the year, gross issuance

**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*	2019	2018	2017	2016	2014
Lazard Credit Fi. PVC	11,60%	-4,55%	7,74%	5,27%	1,14%
Chained Index***	3,49%	2,37%	2,36%	1,03%	-0,11%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit Fi. PVC	1,62%	1,62%	11,57%	15,49%	21,87%
Chained Index***	0,79%	0,79%	4,10%	9,08%	10,32%

\* 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	4,5	Spread duration	4,6
Yield to maturity (Without hedging costs)	3,6%	Average rating (issuer) <sup>1</sup>	BBB+
Yield to call (Without hedging costs)	2,7%	Average rating (issues) <sup>1</sup>	BBB-
Yield to call (With hedging costs)	2,0%	<sup>1</sup> Average rating for each security	
Yield to Worst	2,6%	Spread vs Govt.	266

**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. PVC	2,39%	3,26%
Chained Index***	1,49%	1,23%
<b>Tracking error</b>	2,05%	2,62%
<b>Information ratio</b>	3,38	0,73

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

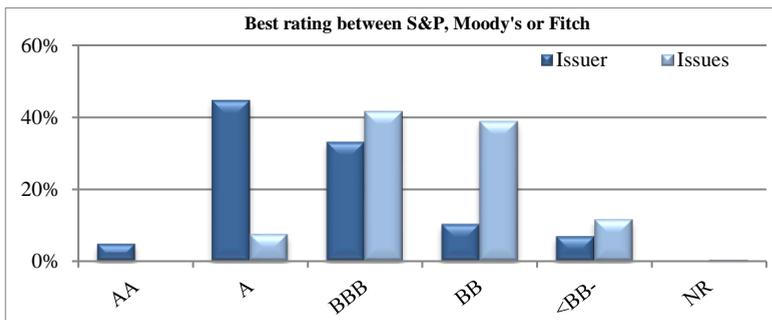
<b>Gross currency exposure:</b>	
66% EUR / 22% USD / 12% GBP	
<b>Net currency exposure:</b>	
100% EUR	

## MAIN HOLDINGS

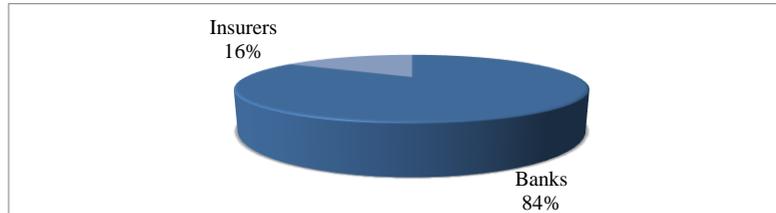
### Main holdings

<b>Dresdner Fndg Trust 8,15% 06/2031</b>	Banks Legacy Tier 1	2,9%
<b>BNP Paribas 1,375% 05/2029</b>	Banks Nps	2,0%
<b>Danske Bank 0,5% 08/2025</b>	Banks Nps	1,9%
<b>Unicredit 7,296% 04/2034</b>	Banks Tier 2	1,9%
<b>Unicredit 5,861% 06/2032</b>	Banks Tier 2	1,9%

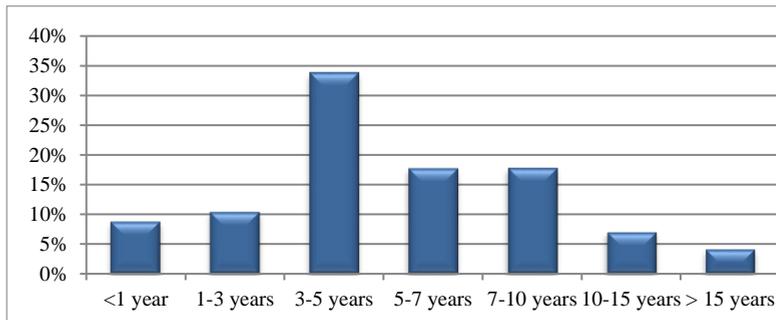
## RATING ALLOCATION



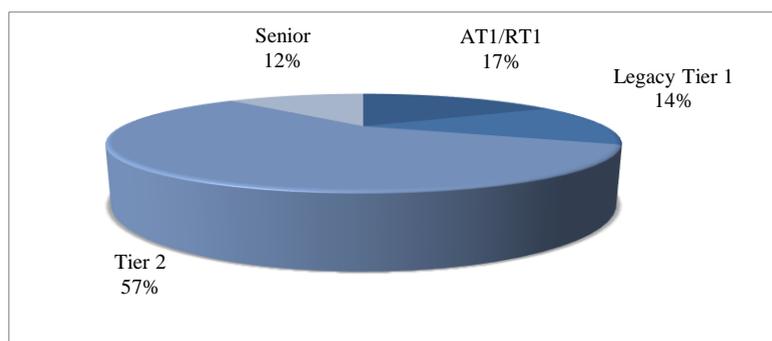
## SECTOR ALLOCATION



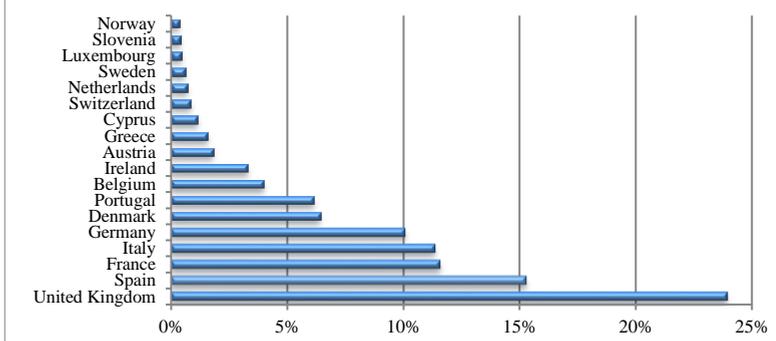
## BREAKDOWN BY MATURITY (AT CALL)



## BREAKDOWN BY LEVEL OF SUBORDINATION



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

<p><b>ISIN Code</b></p> <p>PVC EUR unit: FR0010590950</p> <p>RVC EUR unit: FR0010752543</p> <p>PC EUR unit: FR0011844034</p> <p>PVD EUR unit: FR0012074151</p> <p>PC H-USD unit: FR0013076932</p> <p>TC EUR unit: FR0013305935</p> <p>PC H-CHF Unit: FR0013236791</p> <p>RVD EUR Unit: FR0013306735</p> <p>PD EUR Unit: FR0013306743</p> <p><b>Bloomberg Code</b></p> <p>LFOBJFI/LFOBJFR/ 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>Distribution: PVD EUR, RVD EUR, PD EUR units</p> <p><b>Inception date</b></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</p> <p>Redemption: J + 2 business days</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>PVC unit: maximum of 0,3% inclusive of taxes</p> <p>RVC unit: maximum of 1% inclusive of taxes</p> <p>RC unit: maximum of 0,7% inclusive of taxes</p> <p>PVD unit: maximum of 0,3% inclusive of taxes</p> <p>PC H-USD unit: maximum of 0,75% inclusive of taxes</p> <p>TC EUR unit: maximum of 0,7% inclusive of taxes</p> <p>PC H-CHF unit: maximum of 0,75% inclusive of taxes</p> <p>RVD EUR unit: maximum of 1% inclusive of taxes</p> <p>PD EUR unit: maximum of 0,7% inclusive of taxes</p> <p><b>Subscription fees</b></p> <p>maximum of 4% inclusive of taxes</p> <p><b>Redemption fees</b></p> <p>else units: none</p> <p><b>Performance fees:</b></p> <p>PVC EUR, RVC EUR, RVD EUR and PVD units: 30% of the outperformance in excess of ICE BofAML Euro Financial Index. These fees will be limited to 2%</p> <p>PC EUR, PD EUR, TC EUR, PC H-USD and PC H-CHF units: none</p>
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\*\* 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)

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