

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	PVD EUR unit	FR0012074151	109,89	139,89	1419,00

* 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

Spreads on financial debt presented a mixed picture. Tier 2 bonds tightened by 1 bps to 173 bps and Senior debts widened by +4 bps to 72 bps according to JP Morgan's SUSI indices. AT1s in OAS tightened by -11 bps to 340 bps according to Bloomberg Barclays Global Index.

The horizon seems to be sustainably brightening for European banks, first of all EBA published its risk dashboard for Q4 2020 with NPL ratio continuing to decline and CET1 capital ratio reaching an all time high. Moratoriums fell -60% since Q2 2020 to 318bn, among expired one NPLs still represent a small portion (3.3%). No funding problem either with 331bn borrowed in the last TLTRO3 operation, which should push excess liquidity beyond the 4000bn mark.

On the issuer side, the end of the month was marked by the setbacks of the Archegos fund and the losses generated for its prime brokers, and in particular Credit Suisse, which was battered after issuing a statement indicating "a significant impact in Q1". CS finally communicated on an impact of CHF4.4bn, but which will translate "only" into a pre-tax loss of CHF900m thanks to an excellent Q1 on the revenue side. CS shares dropped -19% over the last week and AT1s between -2% and -5%. S&P, Fitch and Moody's have placed the bank's rating on negative outlook.

The Greek bank Piraeus has announced its "Sunrise Plan" with an ambitious target of NPL below 10% within 12 months and 3% in the medium term (vs. 35% currently).

On the Legacy side, BNP and Op Corporate Bank called Legacy Tier 1 bonds that were trading well below par while Natwest launched a tender offer for two Legacy Tier 1s (already the target of a buyback offer in September 2020) and four Tier 2s.

The primary market has been active in financial credits, with Alpha Bank, Barclays, Société Générale and Hannover Re, Storebrand and AXA on the insurance side, the last two in green format. On the AT1 side we had HSBC with two bonds in \$, CNP in \$ (RT1), Sabadell in € and Natwest in £.

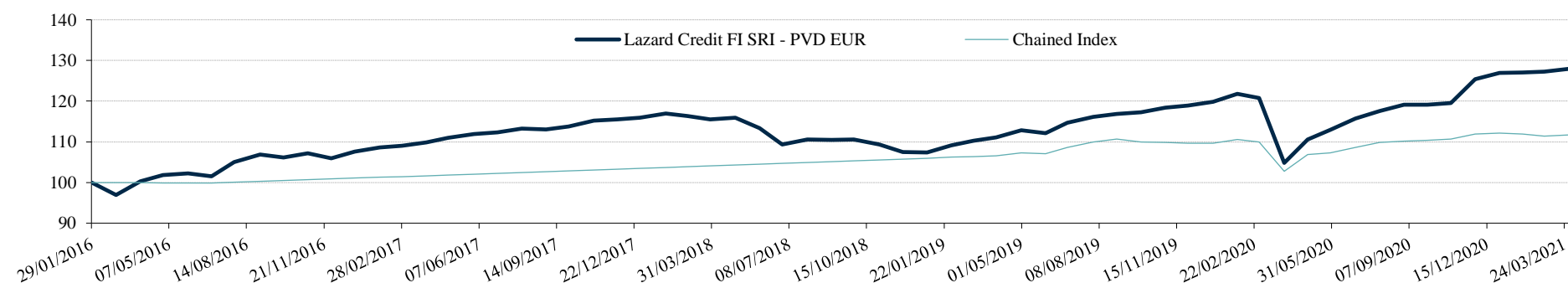
In Lazard Credit Fi, the most important contributors to the performance have been AT1 and RT1 with +0,37%, banks Tier 2 with +0,21%, insurers Tier 2 with +0,15%, Legacy with +0,04% and senior with -0,01%. By country, the most important contributions came from UK (+0,21%), Germany (+0,12%), Spain (+0,12%) and Italy (+0,06%). By issuer, Virgin Money UK PLC with +0,10%, Monte dei Paschi with -0,08% and UniCredit SpA with +0,06% are the most important contributions.

Lazard Frères Gestion informs you that the management company has updated the provisions relating to the inclusion of environmental, social and governance (ESG) criteria in the DICI and prospectus of its Funds in accordance with the EU Regulation 2019/2088 on sustainability reporting in the financial services sector and the AMF Position-Recommendation 2020-03 on collective investments integrating extra-financial approaches.

For more information, please consult the relevant fund sheet on our website http://www.lazardfreresgestion.fr/FR/Fonds_71.html or contact your sales representative.

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 SRI - PVD EUR	5,85%	11,63%	-7,33%	7,75%	5,52%
Chained Index***	2,22%	3,50%	2,41%	2,40%	1,06%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit FI SRI - PVD EUR	0,59%	0,85%	22,06%	10,77%	27,59%
Chained Index***	0,25%	-0,41%	8,68%	7,28%	11,73%

* 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	3,3	Spread duration	3,6
Yield to maturity (Without hedging costs)	3,8%	Average rating (issuer)¹	BBB
Yield to call (Without hedging costs)	3,1%	Average rating (issues)¹	BB
Yield to call (With hedging costs)	2,9%	¹ Average rating for each security	
Yield to Worst	2,9%	Spread vs Govt.	316

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 SRI - PVD EUR	6,85%	8,84%
Chained Index***	3,49%	4,51%
Tracking error	3,92%	5,05%
Information ratio	3,66	0,22

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

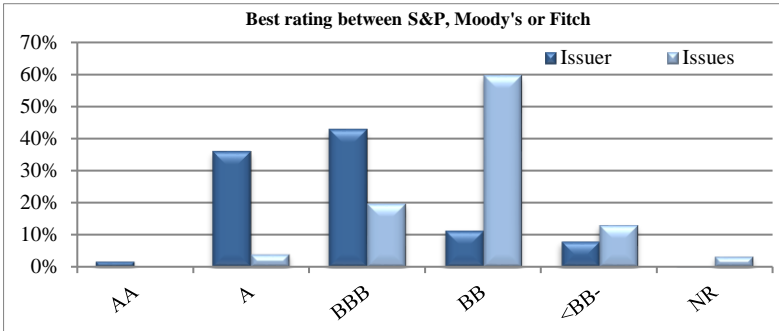
Gross currency exposure:	64% EUR / 20% USD / 15% GBP / 1% Others
Net currency exposure:	95% EUR / 5% USD

MAIN HOLDINGS

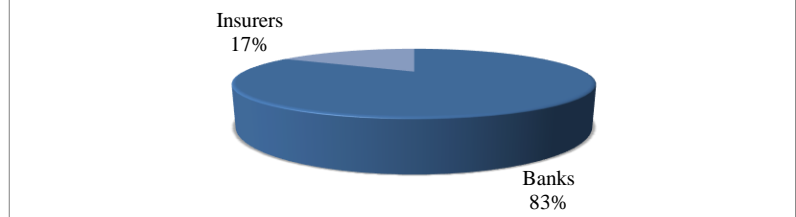
Main holdings

Company	Weight	Rating	Value
Virgin Money UK PLC	8%	12/08/2022	Banks AT1/RT1 3,2%
Bankia SA	6%	18/07/2022	Banks AT1/RT1 2,2%
BNP Fortis	1,475%	31/12/2049	Banks Legacy Tier 1 2,2%
Dresdner Fndg Trust	8,15%	06/2031	Banks Legacy Tier 1 2,1%
Unipolsai Assicurazioni	5,75%	18/06/2024	Insurance Tier 2 2,0%

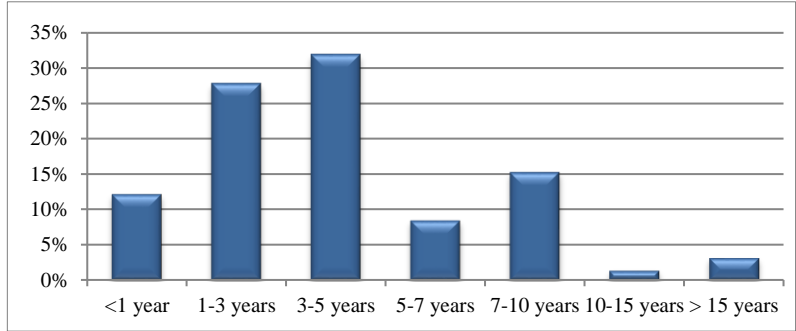
RATING ALLOCATION



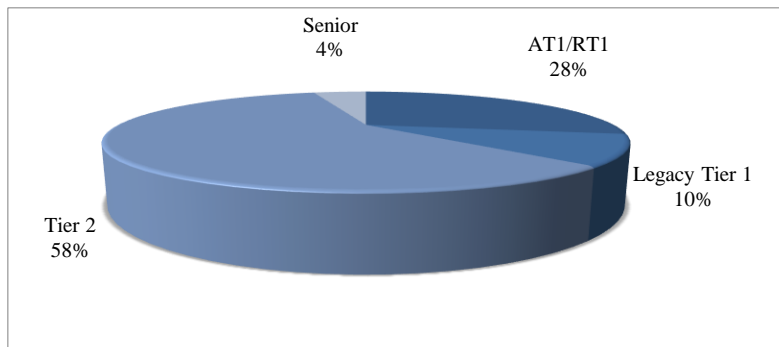
SECTOR ALLOCATION



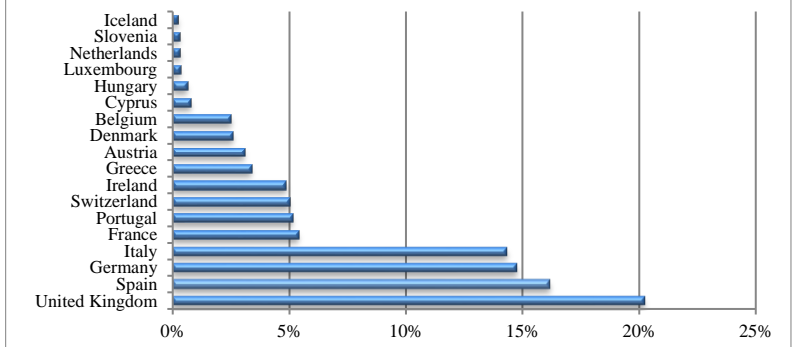
BREAKDOWN BY MATURITY (AT CALL)



BREAKDOWN BY LEVEL OF SUBORDINATION



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

■ ISIN Code	PVD EUR unit	FR0011844034	■ Custodian	CACEIS Bank	■ Management fees	PVD unit: maximum of 0,3% inclusive of taxes
			■ Management company	Lazard Frères Gestion SAS		
			■ Fund administration	Caceis FA		
■ Bloomberg Code		LAZOCFG FP	■ Taxation	Capitalization	■ Subscription fees	maximum of 4% inclusive of taxes
			■ Inception date	29/07/2014	■ Redemption fees	else units: none
■ Legal form		FCP	■ Subscription terms	Each business day by 12 am	■ Performance fees:	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%
■ UCITS-Compliant		Yes		Settlement and value date:		PC EUR, PD EUR, TC EUR, PC H-USD and PC H-CHF units: none
■ AMF classification		International bonds		Subscription: J (date of the NAV) + 2 business		
■ Currency		Euro		Redemption: J + 2 business days		
■ Investment horizon		> 3 years				
■ Valuation		Daily	■ Total expense ratio and transaction fees			
■ Modified duration		0 to 8		For more information, please check our prospectus on www.lazardfreresgestion.fr		

** 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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