

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	14 381,29	362,43	611,31
R unit created on July 3 rd 2009	FR0010752543	322,69	98,41	
I unit created on April 14 th 2014	FR0011844034	1 164,64	84,94	
G unit created on August 8 th 2014	FR0012074151	103,63	65,53	
	ISIN code	NAV \$	Net assets (\$ million) :	
DH unit created on January 7 th 2016	FR0013076932	1 145,42	4,13	
	ISIN code	NAV CHF	Net assets (\$ million) :	
H-CHF unit created on March 20 th 2017	FR0013076932	1 030,21	1,03	

MANAGEMENT

INVESTMENT POLICY

The management objective aims to achieve, on a minimum investment horizon of 3 years, a performance net of fees of Eonia + 2,70% for the C and G shares, Eonia + 2,30% for the I shares, Eonia + 2% for the R shares, ICE Libor USD Overnight denominated in USD for the DH share and Libor CHF denominated in CHF for the H-CHF share. 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

The net asset value of Objectif Crédit Fi rose by 0,33% over the month (C share).

Spreads on financial debt have all tightened. Tier 1 bonds tightened by 41bp to 227bp against government bonds, Tier 2 bonds by 8bp to 188bp and Senior debts by 10bp to end the month at 79bp according to JP Morgan's SUSI indices. CoCos tightened by 20bp in OAS to end the month at 390bp according to Barclays' Global index.

The German government bond yield curve rose during the month, with the 10-year yield up 16bp to 0,47% and the 5-year yield up 21bp to -0,22%, while the 2-year yield rose 14bp to -0,57%.

Crédit Fi posted a net performance of +4,44% year-to-date compared with +3,53% for the JP Morgan SUSI Lower Tier 2 and +4,86% for the SUSI Tier 1.

The fund has a 260-day volatility of 2,4% compared with 1,9% for the SUSI Lower Tier 2 and 2,1% for the SUSI Tier 1.

The banking sector's consolidation is continuing, in Spain with the takeover of Banco Popular (to which we were not exposed) by Santander (for a symbolic euro – Santander will finance the acquisition with a €7bn capital increase), with the implementation of "burden sharing" for subordinated creditors (AT1 and Tier 2), **the acquisition of Banco Mare Nostrum by Bankia and the acquisition of Veneto Banca and Banca Vincenza by Intesa Sanpaolo** for €1 but with a €4,8bn capital increase reserved to the Italian State. We are still waiting for the Monte dei Paschi dossier to be resolved.

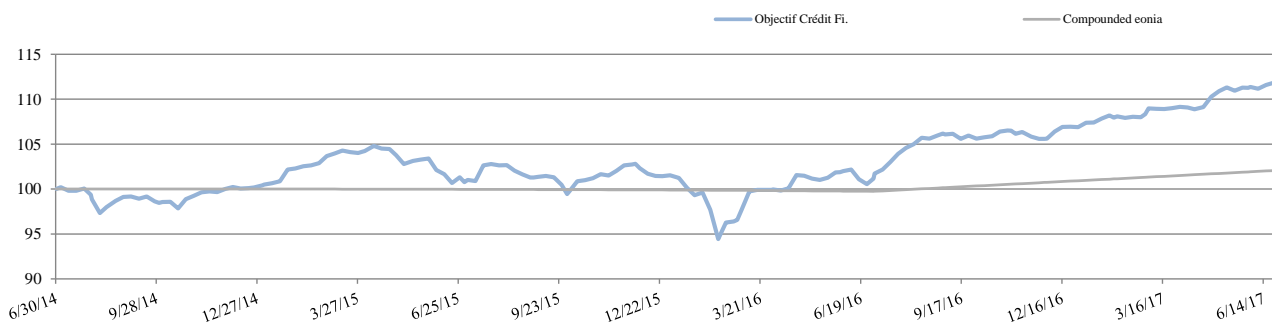
The end of the month was marked by volatility on G3 interest rates following generally fairly hawkish comments by central bankers: whether this was by design or by coincidence is a moot point, but the markets reacted by a strong steepening of yield curves.

The primary market, excluding covered bonds, totalled €18bn in gross issuance of Senior Unsecured debt according to Barclays, **with net bank issuance totalling -€7bn over the month**. Since the beginning of the year, gross issuance has totalled €149bn and net issuance is negative to the tune of €26bn.

Crédit Fi has a yield to maturity of 4,3% and a yield to call of 3,6% with a modified duration of 2,9 and a credit duration of 6,1.

PERFORMANCE

HISTORICAL PERFORMANCE



Past performance indications is not a guarantee of current or future performance

PERFORMANCE

Annualized performance	2017	2016	2015	2014	2013
Objectif Crédit Fi.	4,44%	5,27%	1,14%	6,53%	8,18%
Compounded eonia	1,17%	1,03%	-0,11%	0,10%	0,09%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	0,33%	4,44%	10,35%	11,64%	49,39%
Compounded eonia	0,19%	1,17%	2,36%	2,10%	2,35%

* The performance quoted represents past performance. Past performance does not guarantee future results.

Modified duration	2,9	Spread duration	6,1
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Yield to call	3,6%
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Yield to maturity	4,3%
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SCALE RISK**



**Risk scale calculated from the volatility of the UCITS over a period of 5 years (see detail on the back)

RISK RATIOS

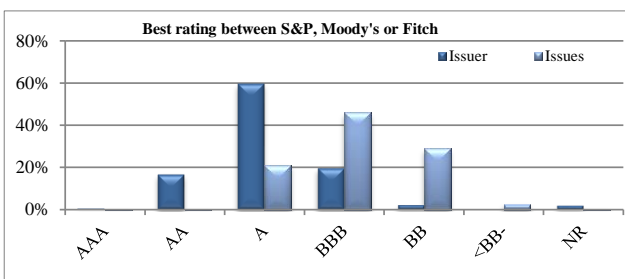
	1 year	3 years
Volatility		
Objectif Crédit Fi.	2,64%	4,61%
Compounded eonia	0,01%	0,16%
Tracking error	2,64%	4,59%
Information ratio	2,85	0,65

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

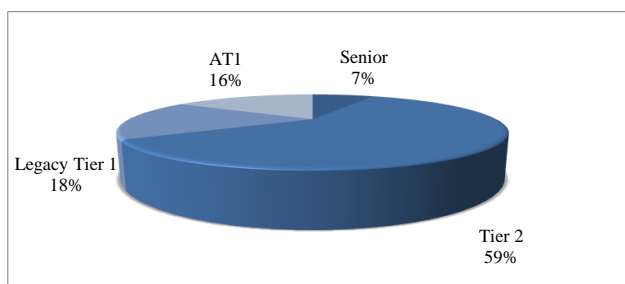
MAIN HOLDINGS

Main holdings		%
DRESDNER	Legacy Tier 1	2,8%
BARCLAYS BANK	Legacy Tier 1	2,3%
HSBC	Legacy Tier 1	2,1%
DIRECT LINE INSURANCE	Tier 2	1,9%
CREDIT AGRICOLE	Tier 2	1,7%

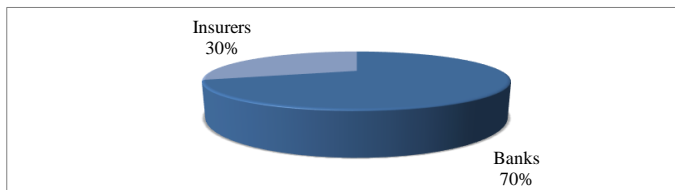
RATING ALLOCATION



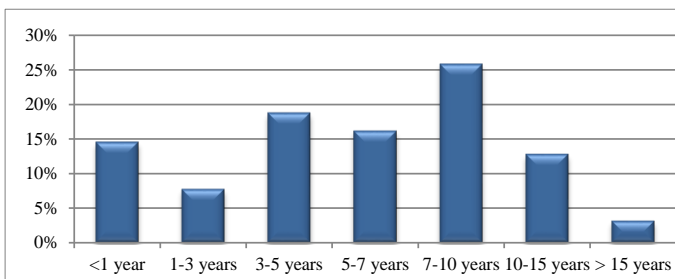
BREAKDOWN BY LEVEL OF SUBORDINATION



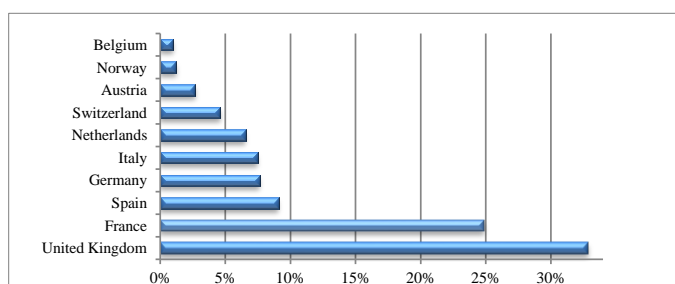
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

■ ISIN Code	C unit	FR0010590950	■ Custodian	CACEIS	■ Management fees	C unit: maximum of 0,26% inclusive of taxes
	R unit	FR0010752543	■ Management company	Lazard Frères Gestion SAS		R unit: maximum of 0,96% inclusive of taxes
	I unit	FR0011844034				I unit: maximum of 0,66% inclusive of taxes
	G unit	FR0012074151				G unit: maximum of 0,26% inclusive of taxes
	DH unit	FR0013076932				DH unit: maximum of 0,71% inclusive of taxes
	H-CHF Unit	FR0013236791				H-CHF unit: maximum of 0,71% inclusive of taxes
■ Bloomberg Code	LFOBJFI/LFOBJFR/	■ Taxation	Capitalization		■ Subscription fees	maximum of 4% inclusive of taxes
	LAZOCFI/LAZOCFG	■ Inception date	G Unit : Distribution	03/07/2008	■ Redemption fees	R unit: maximum of 2% inclusive of taxes
■ Legal form	FCP	■ Subscription terms				C, I, G, DH and H-CHF units: none
■ UCITS-Compliant	Yes		Each business day by 12 am		■ Outperformance fees:	
■ AMF classification	International bonds		Settlement and value date:			C, R and G units: 30% of the outperformance in excess of Eonia + 3% These fees will be limited to 2%
■ Currency	Euro		Subscription: J (date of the NAV) + 2			I, DH et H-CHF unit: none
■ Investment horizon	> 3 years		Redemption: J + 2 business days			
■ Valuation	Daily					
■ Modified duration	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 :
www.lazardfreresgestion.fr

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