

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
IVC unit	FR0010590950	15 307,35	524,50	<b>853,34</b>
RVC unit	FR0010752543	339,48	66,12	
IC unit	FR0011844034	1 241,18	107,05	
IVD unit	FR0012074151	102,91	78,12	
ID unit	FR0013306743	983,72	46,62	
TC unit	FR0013305935	202,37	28,16	
RVD unit	FR0013306735	196,71	0,00	
	<b>ISIN code</b>	<b>NAV \$</b>	<b>Net assets (\$ million) :</b>	
IC USD unit	FR0013305935	1 288,12	2,89	
	<b>ISIN code</b>	<b>NAV CHF</b>	<b>Net assets (CHF million) :</b>	
IC H-CHF unit	FR0013076932	1 087,91	0,19	

**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 IVC, RVC, IC, IVD, ID, TC, RVD units, ICE BofAML Euro Financial in Franc Swiss 100% hedged for IC H CHF unit and ICE BofAML Euro Financial 100% hedged in Dollar US for IC 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 +1,22% over the month (IVC share).

Spreads on financial debt have all tightened. Tier 2 bonds tightened by 19 bps to end the month at 186 bps and Senior debts tightened by 11 bps to end the month at 82 bps according to JP Morgan's SUSI indices. ATIs in OAS tightened by 10 bps to end the month at 392 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve shifted down during the month, with the 10-year yield down 11 bps to -0,44% ,the 5-year yield down 5 bps to -0,72% ,while the 2-year yield down 3 bps to -0,79%.

Lazard Credit Fi posted a net performance of +8,10% year-to-date compared with +8,32% for the JP Morgan SUSI Lower Tier 2 and +10,46% for the Barclays Global Contingent Capital € Hedged Index.

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

As for the previous month, market attention has been focused on messages delivered by central banks. The ECB has confirmed its easing bias and is now studying three options to try to boost inflation: a rate cut, a Tiering to limit the negative impact of this cut on banks and the relaunch of the asset purchase program. The Fed, as expected, made its first rate cut (-25bps) since the financial crisis but with a less accommodative speech than the ECB.

The UK names underperformed on the month as the prospect of a no-deal was strengthened with the arrival of new Prime Minister Boris Johnson. Deutsche Bank unveiled a major restructuring plan including a 18,000 jobs cut, the closing of the "Sales and Trading Equities" business and the creation of a non-core entity (€ 288 billion in assets). Regarding the second quarter results, a lot of better than expected publications from UBS, Credit Suisse, Santander, BBVA or BNP and Intesa.

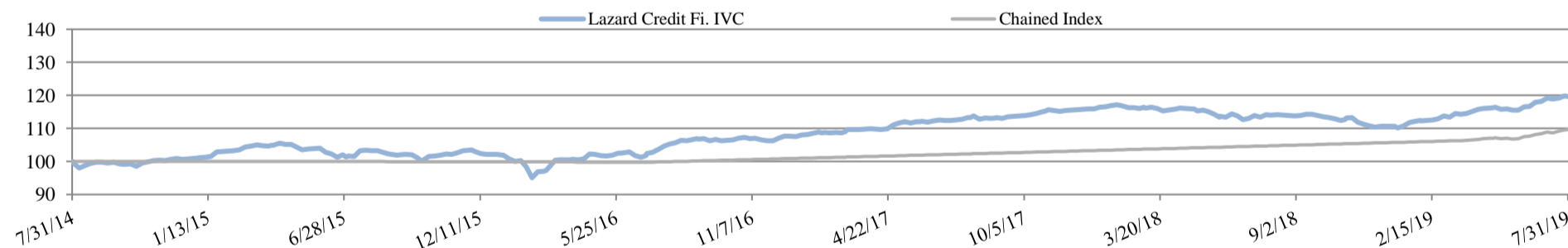
Several upgrades this month at Moody's for the main Portuguese banks (Caixa Geral, BCP and Novo Banco) as well as for Unicredit's and Bankinter's Tier 2, which become eligible for inclusion in the IG indices.

The favorable market conditions saw the arrival of unusual issuers, on the Tier 2 the Hungarian bank OTP Bank (3.5%), the Greek bank NBG (8.25%) as well as the Italian Monte dei Paschi (10.5%) and Sondrio (6.25%). Side ATI Commerzbank came to issue in \$ and Fineco, a small Italian bank former subsidiary of Unicredit, in €.

The primary market, excluding covered bonds, totaled €34,6bn in gross issuance according to Barclays, with net bank issuance totaling +€19,7bn over the month. Since the beginning of the year, gross issuance has represented €160,9bn and net issuance +€52,5bn.

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

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
<b>Lazard Credit Fi. IVC</b>	<b>0,66%</b>	<b>8,81%</b>	<b>5,76%</b>	<b>12,65%</b>	<b>20,65%</b>
<b>Chained Index***</b>	<b>0,68%</b>	<b>4,40%</b>	<b>5,22%</b>	<b>10,25%</b>	<b>10,40%</b>

\* 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 **4,2**

Spread duration **3,7**

Yield to maturity (Without hedging costs) **3,9%**

Average rating (issuer)<sup>1</sup> **BBB+**

Yield to call (Without hedging costs) **3,1%**

Average rating (issues)<sup>1</sup> **BBB-**

Yield to call (With hedging costs) **2,4%**

<sup>1</sup> Average rating for each security

Yield to Worst **2,9%**

Spread vs Govt. **310**

**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. IVC	3,25%	3,35%
Chained Index***	1,08%	1,01%
<b>Tracking error</b>	2,85%	2,67%
<b>Information ratio</b>	0,18	0,27

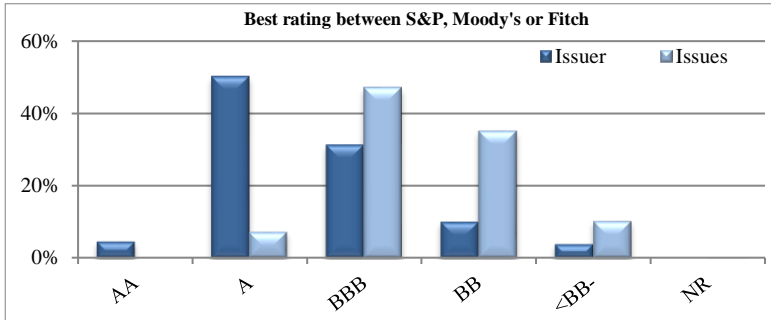
Ratios calculated on a weekly basis over 1 year and monthly over three years

**MAIN HOLDINGS**

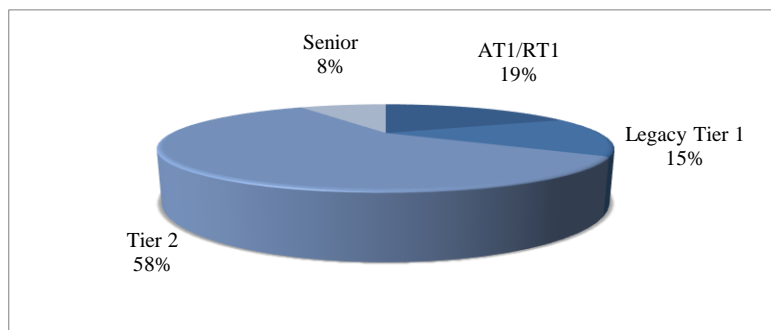
**Main holdings**

<b>Dresdner Fndg Trust 8,15 06/2031</b>	Banks Legacy Tier 1	3,5%
<b>BNP Paribas 1,375 05/2029</b>	Banks NPS	2,0%
<b>Banco de Sabadell 5,375 12/2028</b>	Banks Tier 2	1,9%
<b>Fortis Bank 12/2049</b>	Banks Legacy Tier 1	1,9%
<b>Danske Bank 5,88 12/2049</b>	Banks AT1/RT1	1,8%

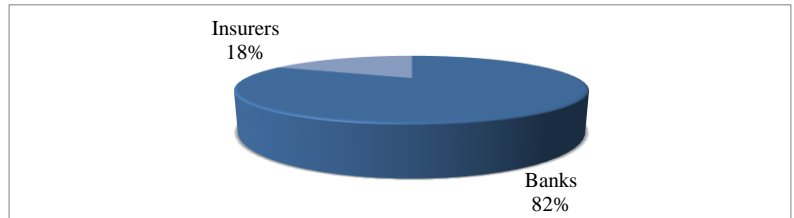
**RATING ALLOCATION**



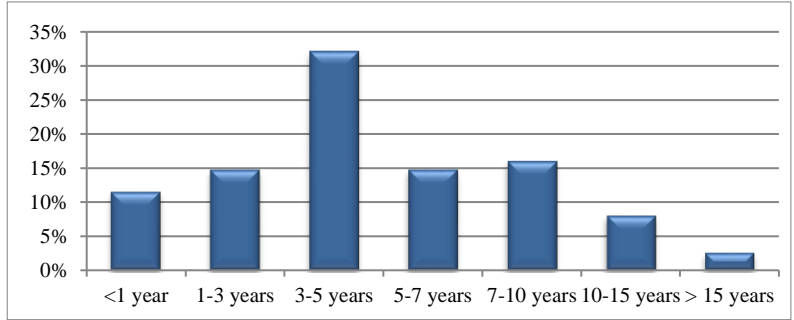
**BREAKDOWN BY LEVEL OF SUBORDINATION**



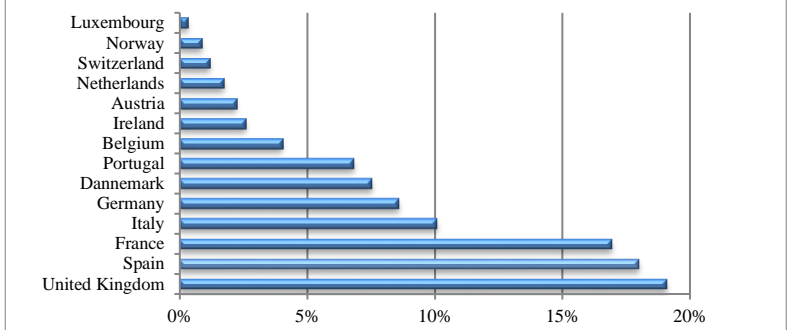
**SECTOR ALLOCATION**



**BREAKDOWN BY MATURITY (AT CALL)**



**GEOGRAPHICAL DISTRIBUTION**



**FUND DETAILS**

<p><b>ISIN Code</b></p> <p>IVC unit: FR0010590950 RVC unit: FR0010752543 IC unit: FR0011844034 IVD unit: FR0012074151 IC USD: FR0013076932 TC Unit: FR0013305935 IC H-CHF Unit: FR0013236791 RVD Unit: FR0013306735 ID 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>Capitalization</p> <p>IVD Unit : Distribution</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 Redemption: J + 2 business days</p> <p><b>Subscription fees</b></p> <p>maximum of 4% inclusive of taxes</p> <p><b>Redemption fees</b></p> <p>RVC, TC, RVD, ID unit: maximum of 2% inclusive of taxes; else units: none</p> <p><b>Performance fees:</b></p> <p>IVC, RVC, RVD and IVD units: 30% of the outperformance in excess of ICE BofAML Euro Financial Index. These fees will be limited to 2% IC, ID, TC, IC USD et IC H-CHF unit: none</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>IVC unit: maximum of 0,3% inclusive of taxes RVC unit: maximum of 1% inclusive of taxes IC unit: maximum of 0,7% inclusive of taxes IVD unit: maximum of 0,3% inclusive of taxes IC USD unit: maximum of 0,75% inclusive of taxes TC unit: maximum of 0,7% inclusive of taxes IC H-CHF unit: maximum of 0,75% inclusive of taxes RVD unit: maximum of 1% inclusive of taxes ID unit: maximum of 0,7% inclusive of taxes</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.

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**Publication of NAVs :**

[www.lazardfreresgestion.fr](http://www.lazardfreresgestion.fr)

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