

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	PVC EUR unit	FR0010590950	15 925,06	641,89	1077,26
	RVC EUR unit	FR0010752543	352,17	79,80	
	PC EUR unit	FR0011844034	1 307,38	128,60	
	PVD EUR unit	FR0012074151	107,06	118,92	
	PD EUR unit	FR0013306743	1 036,20	51,62	
	TC EUR unit	FR0013305935	213,17	51,24	
	RVD EUR unit	FR0013306735	203,98	0,84	
		ISIN code	NAV \$	Net assets (\$ million) :	
	PC H-USD unit	FR0013076932	1 375,86	2,00	
		ISIN code	NAV CHF	Net assets (CHF million) :	
	PC H-CHF unit	FR0013076932	1 142,41	2,70	

\* 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 Securitised 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 fell by -0,8% over the month (PVC share).

Spreads on financial debt have all widened. Tier 2 bonds widened by +45 bps to 205 bps and Senior debts widened by +19 bps to 95 bps according to JP Morgan's SUSI indices. AT1s in OAS widened by +88 bps to 387 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve steepened during the month, with the 10-year yield down -17 bps to -0,6%, the 5-year yield down -12 bps to -0,8%, while the 2-year yield down -10 bps to -0,8%.

For 2020, Lazard Credit Fi posted a net performance of +0,8% vs -0,1% for the JP Morgan SUSI Lower Tier 2 and -0,5% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 2,1% vs 1,8% for the SUSI Lower Tier 2 and 3,5% for the Barclays Global Contingent Capital € Hedged Index.

February started very well during 3 weeks before ending in a quick sell-off due to the coronavirus outside of China, starting in Italy before developing everywhere in Europe and in the rest of the world.

Hence, the last week of the month has erased 6 months of spread tightening, coming back to the levels last seen in August-September 2019. All the benefits we saw with the Rates cut from both the ECB and the Fed and the relaunch of their QE programs have disappeared in just one week. The large spread increase seen has been accentuated by selling flows from ETFs trading desks due to large redemptions.

Even if this is too early to assess both the health and economic impact of this outbreak, the markets have already integrated in their valuation a higher probability of falling into recession and of Rates cuts (3 cuts by the Fed already priced for 2020).

The primary market has been active mostly during the first 3 weeks with Deutsche Bank, Unicredit, Intesa and ING in the AT1 market and the come-back of Piraeus and the arrival of Alpha Bank in Tier 2.

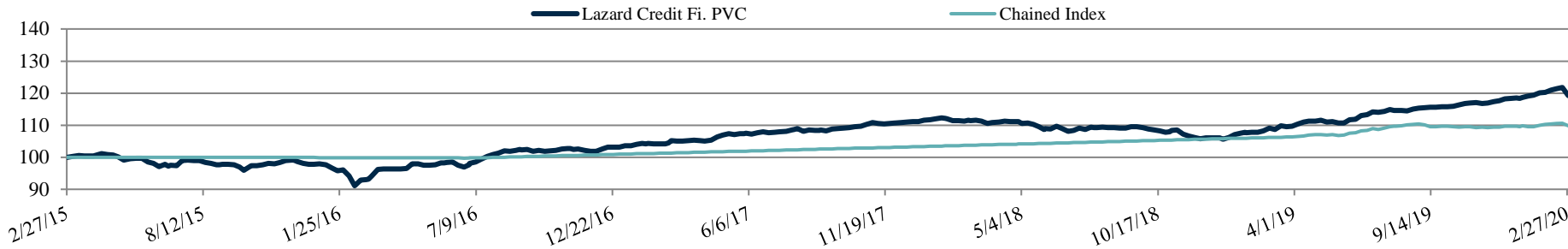
We have used this month our hedging capacities through Equities' derivatives by using a mix of buying Puts and selling Equity Futures for roughly 2.9% of the NAV. This hedge has helped valuation by providing a +0.2% during the month.

In Credit Fi, the most important positive contributors to the performance have been Legacy Tier 1 for +0.20%, of which HSBC (+0.08%), Commerzbank and RBS (+0.03% each). The most important negative contributions have come from banks' Tier 2 (-0.69%) and AT1/RT1 (-0.43%). Spain (-0.29%), Greece (-0.22%) and Italy (-0.17%) have the worst country contribution. By issuer, Deutsche Bank, Piraeus and Unicredit are the three main negative contributions.

The primary market, excluding covered bonds, totaled 17 bn€ in gross issuance according to Barclays, with net bank issuance totaling -4 bn€ over the months. Since the beginning of the year, gross issuance has represented 68 bn€ and net issuance +23 bn€.

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	-0,84%	0,77%	9,48%	14,10%	19,25%
Chained Index***	-0,51%	0,28%	3,39%	8,33%	9,75%

\* 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 4,1

Spread duration 4,3

Yield to maturity  
(Without hedging costs) 3,6%

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

Yield to call  
(Without hedging costs) 3,0%

Average rating (issues)<sup>1</sup> BB+

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

<sup>1</sup> Average rating for each security  
Spread vs Govt. 315

Yield to Worst 2,9%

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. PVC	3,24%	3,35%
	<i>Chained Index***</i>	1,71%	1,31%
Tracking error		2,42%	2,71%
Information ratio		2,37	0,64

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

Gross currency exposure:  
64% EUR / 21% USD / 11% GBP / 4% Others

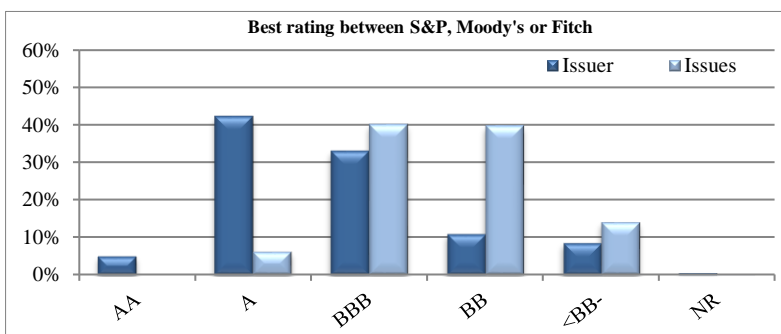
Net currency exposure:  
100% EUR

## MAIN HOLDINGS

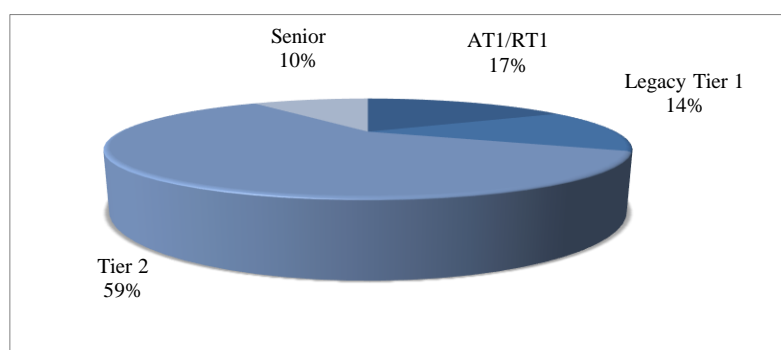
### Main holdings

<b>Dresdner Fndg Trust 8,15% 06/2031</b>	Banks Legacy Tier 1	2,9%
<b>Unicredit 7,296% 04/2034</b>	Banks Tier 2	1,8%
<b>Unicredit 5,861% 06/2032</b>	Banks Tier 2	1,8%
<b>BNP Paribas Fortis 1,6% 12/2049</b>	Banks Legacy Tier 1	1,8%
<b>Deutsche Bank 4,296% 05/2023</b>	Banks Tier 2	1,6%

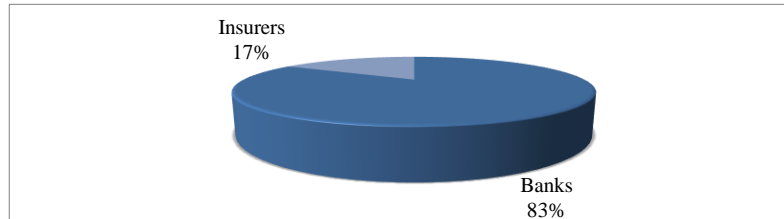
## RATING ALLOCATION



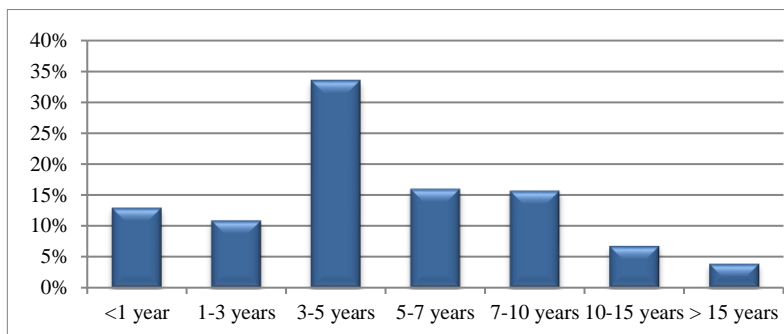
## BREAKDOWN BY LEVEL OF SUBORDINATION



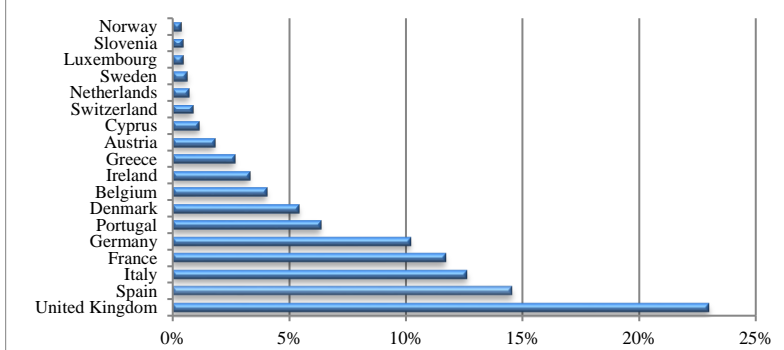
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

■ <b>ISIN Code</b>	PVC EUR unit	FR0010590950	■ <b>Custodian</b>	CACEIS Bank	■ <b>Management fees</b>	PVC unit: maximum of 0,3% inclusive of taxes
	RVC EUR unit	FR0010752543				RVC unit: maximum of 1% inclusive of taxes
■ <b>Bloomberg Code</b>	PC EUR unit	FR0011844034	■ <b>Management company</b>	Lazard Frères Gestion SAS	■ <b>Subscription fees</b>	RC unit: maximum of 0,7% inclusive of taxes
	PVD EUR unit	FR0012074151				PVD unit: maximum of 0,3% inclusive of taxes
■ <b>Legal form</b>	PC H-USD unit	FR0013076932	■ <b>Fund administration</b>	Caceis FA	■ <b>Redemption fees</b>	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
■ <b>UCITS-Compliant</b>	PC H-CHF Unit	FR0013236791	■ <b>Taxation</b>	Capitalization	■ <b>Performance fees:</b>	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
■ <b>AMF classification</b>	PD EUR Unit	FR0013306743	■ <b>Inception date</b>	03/07/2008	■ <b>Redemption fees</b>	PD EUR unit: maximum of 0,7% inclusive of taxes
■ <b>Currency</b>			■ <b>Subscription terms</b>	Each business day by 12 am	■ <b>Performance fees:</b>	maximum of 4% inclusive of taxes
				Settlement and value date:		else units: none
■ <b>Investment horizon</b>			■ <b>Subscription</b>	Subscription: J (date of the NAV) + 2 business	■ <b>Performance fees:</b>	PVC EUR, RVC EUR, RVD EUR and PVD units: 30% of the
				Redemption: J + 2 business days		outperformance in excess of ICE BofAML Euro Financial Index.
■ <b>Valuation</b>			■ <b>Total expense ratio and transaction fees</b>	For more information, please check our prospectus on <a href="http://www.lazardfreresgestion.fr">www.lazardfreresgestion.fr</a>	■ <b>Performance fees:</b>	These fees will be limited to 2%
						PC EUR, PD EUR, TC EUR, PC H-USD and PC H-CHF units: none
■ <b>Modified duration</b>			■ <b>Subscription</b>	Subscription: J (date of the NAV) + 2 business	■ <b>Performance fees:</b>	
				Redemption: J + 2 business days		

\*\* 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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