

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	13 720,05	211,63	400,14
R unit created on July 3 <sup>rd</sup> 2009	FR0010752543	308,05	71,73	
I unit created on April 14 <sup>th</sup> 2014	FR0011844034	1 099,71	70,82	
G unit created on August 8 <sup>th</sup> 2014	FR0012074151	102,68	45,96	
DH unit created on January 7 <sup>th</sup> 2016	FR0013073932	1 068,17	3,19	

**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 and Eonia + 2% for the R shares. 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**

The net asset value of Objectif Crédit Fi rose by 0,85% over the month (C share).

Spreads on financial debt tightened across the board during the month. Tier 1 bonds tightened by 68bp to 425bp against government bonds, Lower Tier 2 bonds by 24bp to 253bp and Senior debts by 3bp to end the month at 87bp according to JP Morgan's SUSI indices. CoCos tightened by 25bp in OAS to end the month at 499bp according to Barclays' Global index.

The German government bond yield curve steepened during the month, with the 10-year yield up 28bp to 0,16% and the 5-year yield up 18bp to -0,40%, while the 2-year yield rose 7bp to -0,62%.

Objectif Crédit Fi posted a net performance of +4,89% year-to-date compared with +4,50% for the JP Morgan SUSI Lower Tier 2 and +3,05% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,2% compared with 3,9% for the SUSI Lower Tier 2 and 3,6% for the SUSI Tier 1.

**We noted a steepening of yield curves across the board, but more particularly in the UK and the Eurozone.** Better-than-expected macro figures in the UK and the acceleration of inflation, as well as rumours of a tapering by the ECB, drove interest rates up, while the pound sterling trended sharply downwards on fears of a "hard Brexit". The steepening of the yield curve was very favourable to the financial sector, with bank and insurance equity indices largely outperforming the rest of the market, **while earnings released so far were fairly satisfactory, third quarter trading income having topped expectations.**

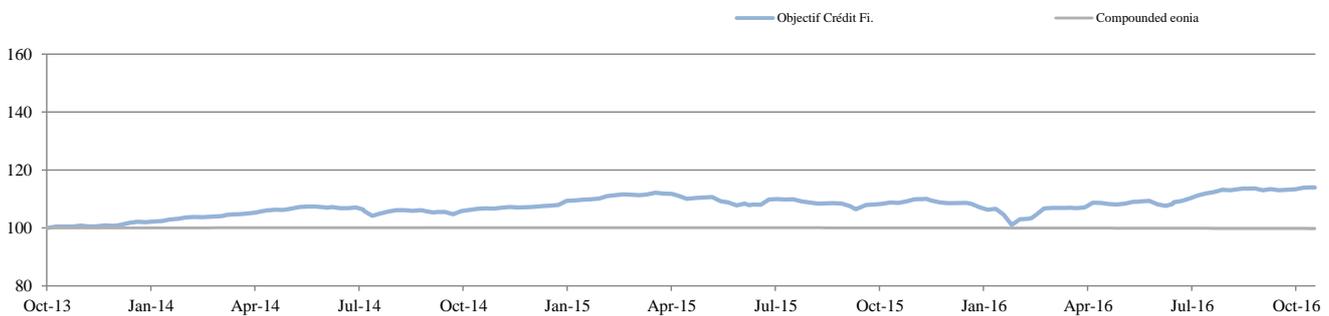
Financial credit was more moderate in relative terms, although spreads tightened significantly all segments combined. However, the all-in yield remained relatively stable due to the rise in interest rates.

**The primary market, excluding covered bonds, totalled €19bn in gross issuance** of Senior Unsecured debt according to Barclays, **with net bank issuance totalling +€6bn over the month.** Since the beginning of the year, gross issuance has totalled €225bn and net issuance is positive to the tune of €22bn.

Objectif Crédit Fi has a yield to maturity of 4,6% and a yield to call of 4,7% with a modified duration of 3,9 and a spread duration of 6,1.

**PERFORMANCE**

**HISTORICAL PERFORMANCE**



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

**PERFORMANCE**

Annualized performance	2016	2015	2014	2013	2012
Objectif Crédit Fi.	4,89%	1,14%	6,53%	8,18%	32,35%
Compounded eonia	-0,26%	-0,11%	0,10%	0,09%	0,23%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	0,85%	4,89%	4,77%	13,99%	51,55%
Compounded eonia	-0,03%	-0,26%	-0,29%	-0,25%	0,17%

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

Modified duration	3,9	Spread duration	6,1
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Yield to call	4,7%
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Yield to maturity	4,6%
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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**

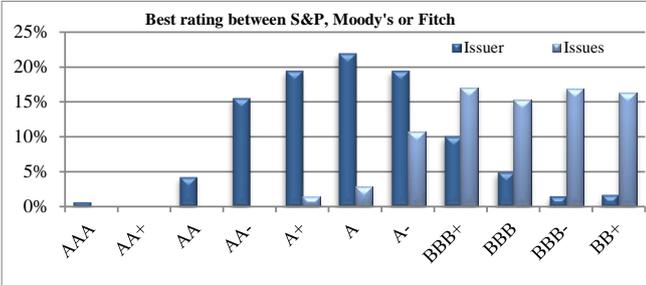
	1 year	3 years
<b>Volatility</b>		
Objectif Crédit Fi.	6,04%	4,53%
Compounded eonia	0,01%	0,03%
<b>Tracking error</b>	6,04%	4,53%
<b>Information ratio</b>	0,81	0,98

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

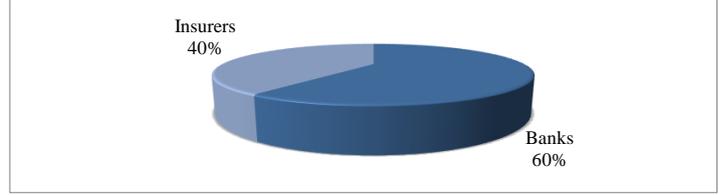
## MAIN HOLDINGS

Main holdings		%
Commerzbank	8,151% 06/2029	T1 4,1%
Achmea	4,25% 02/2025	UT2 3,3%
Lloyds	4,5% 03/2025	LT2 2,8%
HSBC	10,176% 06/2030	T1 2,8%
Lloyds	7,881% 12/2031	T1 2,4%

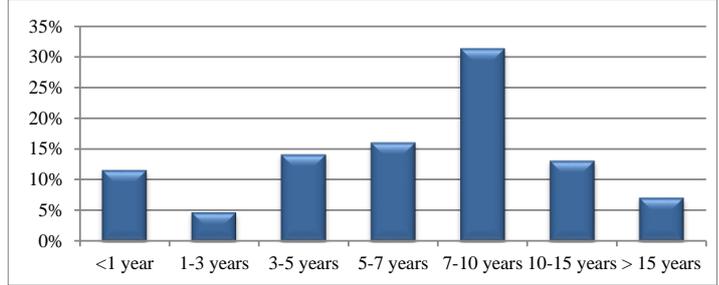
## RATING ALLOCATION



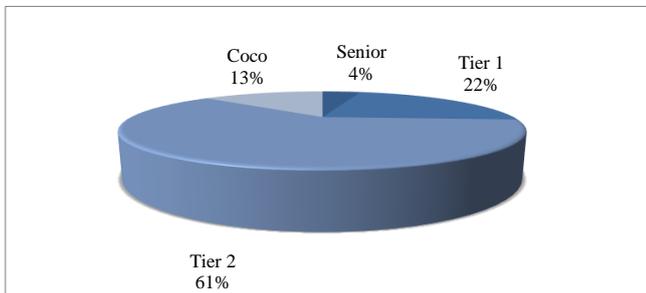
## SECTOR ALLOCATION



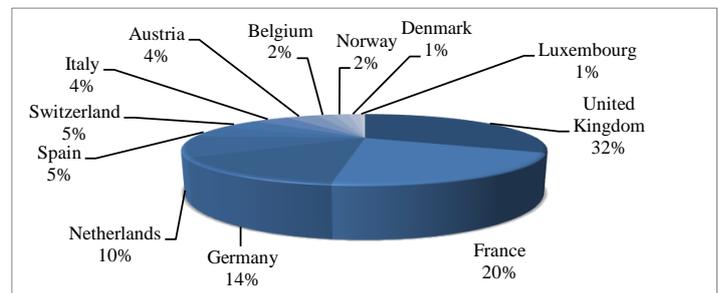
## BREAKDOWN BY MATURITY (AT CALL)



## BREAKDOWN BY LEVEL OF SUBORDINATION



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

<b>ISIN Code</b> C unit: FR0010590950 R unit: FR0010752543 I unit: FR0011844034 G unit: FR0012074151	<b>Custodian</b> CACEIS	<b>Management fees</b> C unit: maximum of 0,30% inclusive of taxes R unit: maximum of 1,00% inclusive of taxes I unit: maximum of 0,70% inclusive of taxes G unit: maximum of 0,30% inclusive of taxes
<b>Bloomberg Code</b> C unit: LFOBJFI R unit: LFOBJFR I unit: LAZOCFI G unit: LAZOCFG	<b>Management company</b> Lazard Frères Gestion SAS	<b>Subscription fees</b> C, R and G units: maximum of 4% inclusive of taxes <b>Redemption fees</b> R unit: maximum of 2% inclusive of taxes C, I and G units: none
<b>Legal form</b> FCP <b>UCITS-Compliant</b> Yes <b>AMF classification</b> International bonds <b>Currency</b> Euro <b>Investment horizon</b> > 3 years <b>Valuation</b> Daily <b>Modified duration</b> 0 to 8	<b>Taxation</b> Capitalisation G Unit : Distribution <b>Inception date</b> 03/07/2008 <b>Subscription terms</b> Each business day by 12 am Settlement and value date: Subscription: J (date of the NAV) + 2 Redemption: J + 3 business days	<b>Outperformance fees:</b> C, R and G units: 30% of the outperformance in excess of Eonia + 3% These fees will be limited to 2% I unit: none

\*\* 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  
 Laurence Quint +33 1.44.13.02.88  
 (fax +33 1.44.13.08.30)

**Additional information:**  
 Laura Montesano  
 +33 1.44.13.01.79

**Publication of NAVs :**  
 www.lazardfreresgestion.fr

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