

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
C unit	FR0010590950	13 905,89	242,40	430,18
R unit created on July 3 rd 2009	FR0010752543	312,59	69,43	
I unit created on April 14 th 2014	FR0011844034	1 116,76	72,88	
G unit created on August 8 th 2014	FR0012074151	104,07	45,47	
DH unit created on January 7 th 2016	FR0013076932	1 089,08	3,35	

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 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 0,99% over the month (C share).

Spreads on financial debt tightened during the month. Tier 1 bonds tightened by 57bp to 356bp against government bonds, Lower Tier 2 bonds tightened by 3bp to 252bp and Senior debts remained flat at 98bp according to JP Morgan's SUSI indices. CoCos tightened by 13bp in OAS to end the month at 464bp according to Barclays' Global index.

The German government bond yield curve steepened during the month, with the 10-year yield up 23bp to 0,44% and the 5-year yield up 13bp to -0,40%, while the 2-year yield rose 7bp to -0,70%.

Objectif Crédit Fi posted a net performance of +0,99% year-to-date compared with -0,23% for the JP Morgan SUSI Lower Tier 2 and +1,30% for the SUSI Tier 1.

The fund has a 260-day volatility of 4,0% compared with 3,8% for the SUSI Lower Tier 2 and 3,3% for the SUSI Tier 1.

The market trend was positive as we embark upon this new year: banking stocks outperformed the equity market, whereas the Eurozone and UK yield curves steepened on the basis of strong macro indicators. Initial results released by banks were satisfactory on the whole, signalling a budding improvement in terms of earnings, notably net interest income, for the first time in many years.

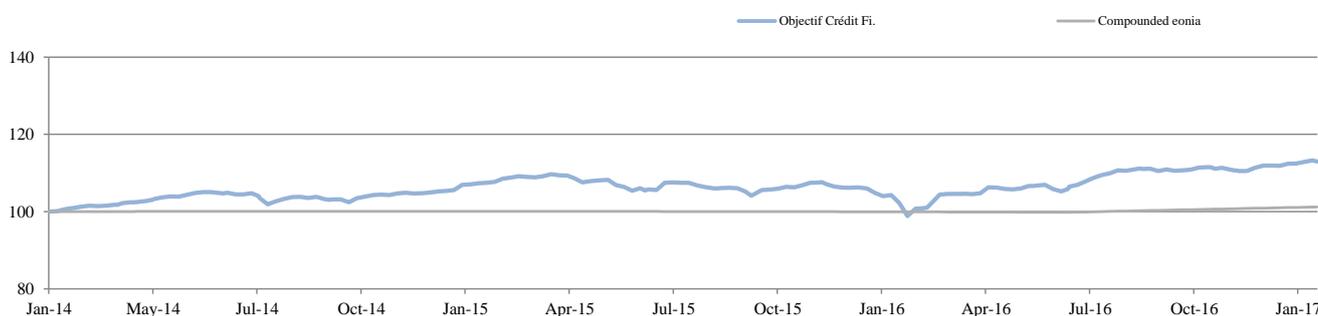
The spreads of the securities least correlated with interest rates, namely AT1, were the ones that tightened the most, while the other segments (Tier 2 and Senior) generated negative performances with almost stable spreads but a negative interest rate effect. Political uncertainty in the US, France and Italy is the main risk factor, ultimately more likely to generate volatility rather than have a real impact on the markets.

The primary market, excluding covered bonds, totalled €29bn in gross issuance of Senior Unsecured debt according to Barclays, with net bank issuance totalling -€13bn over the month. Since the beginning of the year, gross issuance has totalled €29bn and net issuance is negative to the tune of -€13bn.

Objectif Crédit Fi has a yield to maturity of 4,5% and a yield to call of 4,4% with a modified duration of 0,9 and a credit duration of 5,8.

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.	0,99%	5,27%	1,14%	6,53%	8,18%
Compounded eonia	0,21%	1,03%	-0,11%	0,10%	0,09%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Objectif Crédit Fi.	0,99%	0,99%	8,35%	13,00%	50,18%
Compounded eonia	0,21%	0,21%	1,25%	1,21%	1,52%

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

Modified duration	0,9	Spread duration	5,8
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Yield to call	4,4%
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Yield to maturity	4,5%
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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

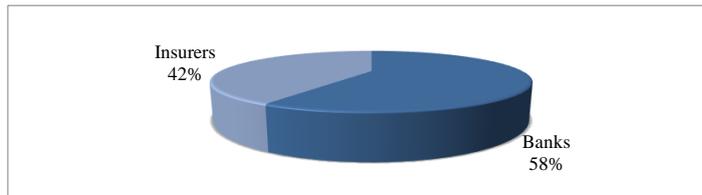
	1 year	3 years
Volatility		
Objectif Crédit Fi.	5,86%	4,56%
Compounded eonia	0,18%	0,13%
Tracking error	5,85%	4,55%
Information ratio	1,15	0,81

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

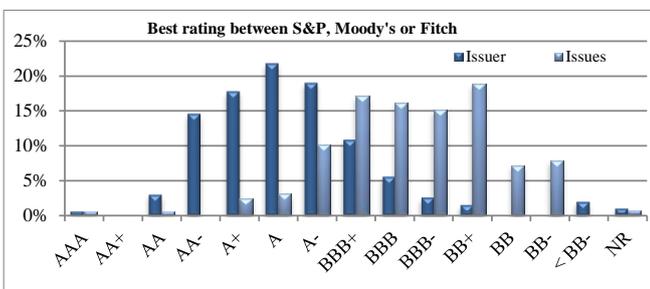
MAIN HOLDINGS

Main holdings		%
Commerzbank	8,151% 06/2029	T1 3,7%
Achmea	4,25% 02/2025	UT2 2,6%
HSBC	10,176% 06/2030	T1 2,6%
Royal Bank of Scotland	5,25% 03/2017	T1 2,2%
Lloyds	7,881% 12/2031	T1 2,2%

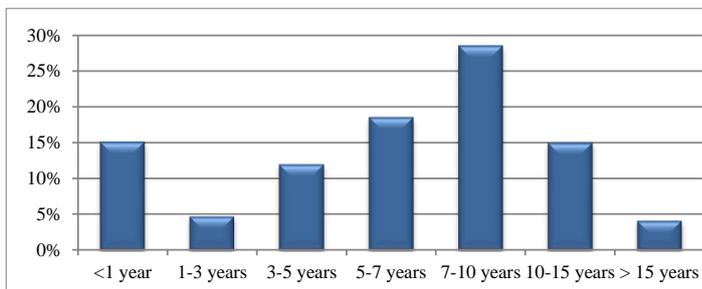
SECTOR ALLOCATION



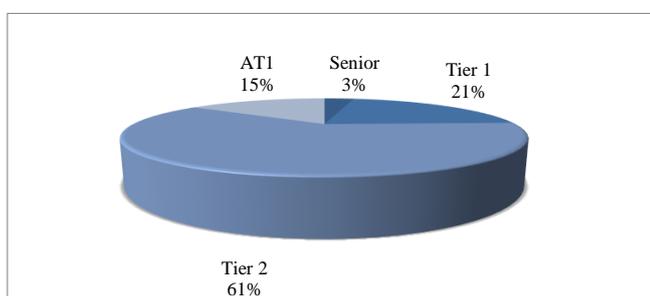
RATING ALLOCATION



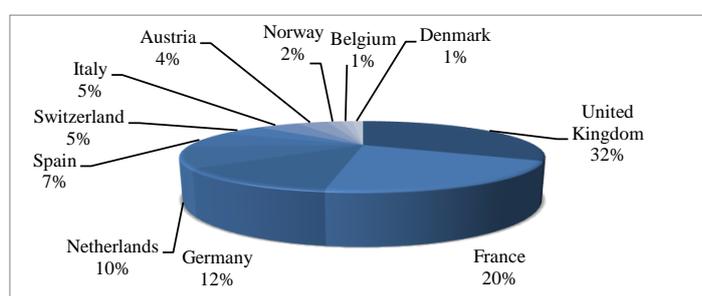
BREAKDOWN BY MATURITY (AT CALL)



BREAKDOWN BY LEVEL OF SUBORDINATION



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

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

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