

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
IVC unit	FR0010590950	14 393,74	481,18	
RC unit created on 07/03/2009	FR0010752543	320,05	67,94	792,97
IC unit created on 04/14/2014	FR0011844034	1 162,98	95,89	
IVD unit created on 08/08/2014	FR0012074151	100,69	70,99	
ID unit created on 14/03/2018	FR0013306743	955,44	48,64	
TC unit created on 01/31/2018	FR0013305935	189,62	24,76	
	ISIN code	NAV \$	Net assets (\$ million) :	
IC USD unit created on 01/07/2016	FR0013305935	1 190,59	3,91	
	ISIN code	NAV CHF	Net assets (\$ million) :	
IC H-CHF unit created on 03/20/2017	FR0013076932	1 022,15	0,18	

MANAGEMENT

INVESTMENT POLICY

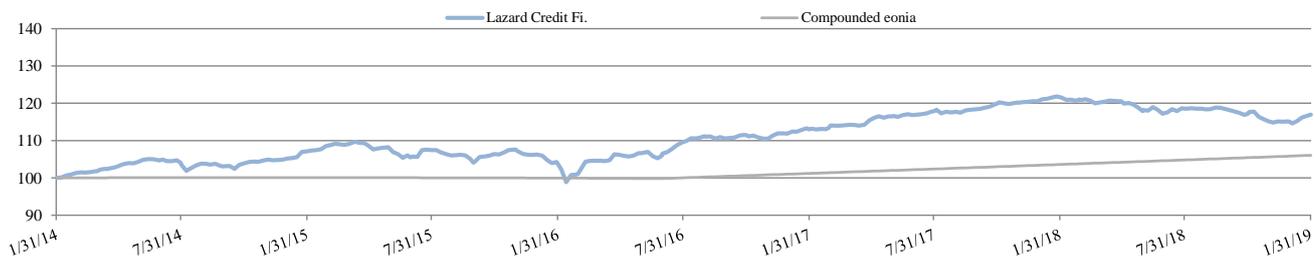
The management objective aims to achieve, on a minimum investment horizon of 3 years, a performance net of fees of Eonia + 2,70% for the IVC and IVD shares, Eonia + 2,30% for the I shares, Eonia + 2% for the RC shares, ICE Libor USD Overnight denominated in USD for the IC USD share and Libor CHF denominated in CHF for the IC 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 UCITS 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 UCITS 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 1,65% over the month (IVC share). Spreads on financial debt have all tightened. Tier 2 bonds tightened by 25 bps to end the month at 263 bps and Senior debts tightened by 9 bps to end the month at 118 bps according to JP Morgan's US10Y indices. AT1s in OAS tightened by 58 bps to end the month at 419 bps according to Bloomberg Barclays Global Index. The German government bond yield curve flattened during the month, with the 10-year yield down 9 bps to 0,15% ,the 5-year yield rose 0 bps to -0,32% ,while the 2-year yield up 5 bps to -0,57%. Lazard Credit Fi posted a net performance of +1,65% year-to-date compared with +1,40% for the JP Morgan SUSI Lower Tier 2 and +3,77% for the Barclays Global Contingent Capital € Hedged Index. Lazard Credit Fi has a 260-day volatility of 2,4% compared with 2,3% for the SUSI Lower Tier 2 and 4,2% for the Barclays Global Contingent Capital € Hedged Index. After a first week with the same bearish tone as December, the rest of January has marked a sharp bounce for all risky assets. The renewed optimism about Brexit, the less "hawkish" statements of the Fed as well as the progress of the US-China talks will have prevailed over the shutdown of the US government and the first mixed results of US companies. The earnings release period has started for European banks with so far few publications but nevertheless mixed: UBS, Bankia and SwedBank results are below expectations, BankInter, Santander and SEB beyond. We will be able to confirm by February if this trend will remain the same for the whole sector, the cost of risk remains in general low for these institutions, as it was already the case for US ones. The primary market have been active mainly for the MREL part (Non Preferred Senior OpCo / Senior HoldCo) with good premiums offered by BNP, Unicredit or Danske Bank. Moreover, Banco Commercial Portugues has issued for the first time an Additional Tier 1 with a coupon of 9.25% in €. The primary market, excluding covered bonds, totaled €25,2bn in gross issuance according to Barclays, with net bank issuance totaling €200m over the month. Since the beginning of the year, gross issuance has represented €25,2bn and net issuance €200m. We have used CDS of indices (Xover) for hedging purposes during the month.

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
Lazard Credit Fi.	-4,55%	7,74%	5,27%	1,14%	6,53%
<i>Compounded eonia</i>	<i>2,37%</i>	<i>2,36%</i>	<i>1,03%</i>	<i>-0,11%</i>	<i>0,10%</i>

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit Fi.	1,65%	1,65%	-3,85%	12,15%	16,96%
<i>Compounded eonia</i>	<i>0,20%</i>	<i>0,20%</i>	<i>2,36%</i>	<i>6,10%</i>	<i>6,05%</i>

* The performance quoted represents past performance. Past performance does not guarantee future results. The performance less than one year is given for illustrative purposes.

Modified duration	3,8	Spread duration	3,5
Yield to maturity (Without hedging costs)	4,1%	Average rating (issuer)*	BBB+
Yield to call (Without hedging costs)	3,8%	Average rating (issues)*	BBB-
Yield to call (With hedging costs)	2,9%		

*Average of the best rating for each security

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

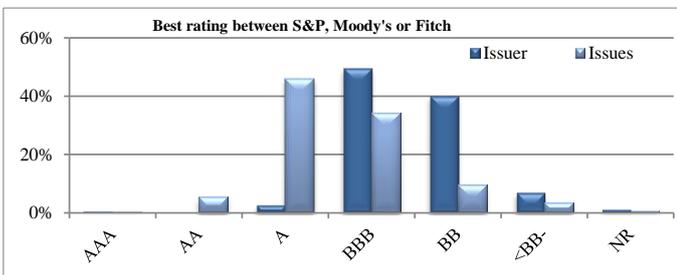
	1 year	3 years
Volatility		
Lazard Credit Fi.	3,15%	4,48%
<i>Compounded eonia</i>	<i>0,00%</i>	<i>0,27%</i>
Tracking error	3,15%	4,11%
Information ratio	-1,99	0,45

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

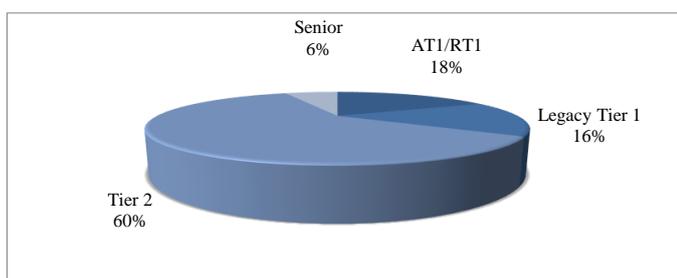
MAIN HOLDINGS

Main holdings		%
Fortis Bank 12/2049	Banks Legacy Tier 1	2,2%
Dresdr Fin 06/2031	Banks Legacy Tier 1	2,1%
Caix SA 2.75 07/2028	Banks Tier 2	1,8%
Caix GE 5.75 06/208	Banks Tier 2	1,6%
Cred AG 4.75 09/2048	Insurance Tier 2	1,6%

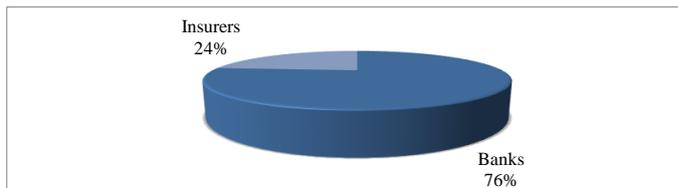
RATING ALLOCATION



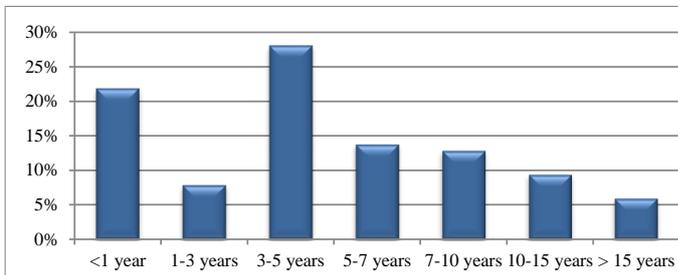
BREAKDOWN BY LEVEL OF SUBORDINATION



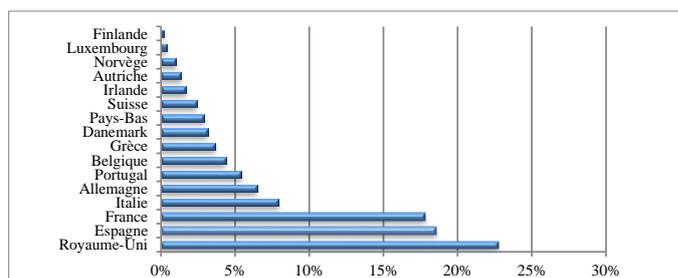
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

ISIN Code	IVC unit: FR0010590950 RC unit: FR0010752543 IC unit: FR0011844034 IVD unit: FR0012074151 IC USD: FR0013076932 TC Unit: FR0013305935 IC H-CHF Unit: FR0013236791 RD Unit: FR0013306735 ID Unit: FR0013306743	Custodian : CACEIS Bank Management company : Lazard Frères Gestion SAS	Management fees : IVC unit: maximum of 0,3% inclusive of taxes RC 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 TC unit: maximum of 0,7% inclusive of taxes IC USD unit: maximum of 0,75% inclusive of taxes RD unit: maximum of 1% inclusive of taxes ID unit: maximum of 0,7% inclusive of taxes IC H-CHF unit: maximum of 0,75% inclusive of taxes maximum of 4% inclusive of taxes
Bloomberg Code : LFOBJFI/LFOBJFR/ LAZOCFI/LAZOCFG	Taxation : Capitalization IVD Unit : Distribution	Subscription fees : RC, TC, RD, ID unit: maximum of 2% inclusive of taxes; else units: none	
Legal form : FCP UCITS-Compliant : Yes AMF classification : International bonds Currency : Euro Investment horizon : > 3 years Valuation : Daily Modified duration : 0 to 8	Subscription terms : Each business day by 12 am Settlement and value date : Subscription: J (date of the NAV) + 2 business days Redemption: J + 2 business days Total expense ratio and transaction fees : 0 to 8 For more information, please check our prospectus on www.lazardfreresgestion.fr	Outperformance fees : IVC, RC and IVD units: 30% of the outperformance in excess of Eonia + 3% These fees will be limited to 2% IC, IC USD et IC H-CHF unit: none	
Inception date : 03/07/2008			

** 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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