

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	IVC unit	FR0010590950	14 654,81	470,04
	RC unit	FR0010752543	325,52	66,97
	IC unit	FR0011844034	1 183,38	97,29
	IVD unit	FR0012074151	102,52	70,08
	ID unit	FR0013306743	972,20	49,98
	TC unit	FR0013305935	192,95	34,19
	RVD unit	FR0013306735	195,22	0,00
	ISIN code	NAV \$	Net assets (\$ million) :	
	IC USD unit	FR0013305935	1 216,59	2,99
	ISIN code	NAV CHF	Net assets (CHF million) :	
	IC H-CHF unit	FR0013076932	1 039,26	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 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 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 0,75% over the month (IVC share).

Spreads on financial debt presented a mixed picture. Tier 2 bonds tightened by 3 bps to end the month at 244 bps and Senior debts tightened by 1 bps at 102 bps according to JP Morgan's SUSI indices. AT1s in OAS widened by 26 bps at 425 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve flattened during the month, with the 10-year yield down 25 bps to -0,07% ,the 5-year yield down 17 bps to -0,45% ,while the 2-year yield fell 8 bps to -0,61%.

Lazard Credit Fi posted a net performance of +3,49% year-to-date compared with +3,57% for the JP Morgan SUSI Lower Tier 2 and +5,45% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 2,4% compared with 2,2% for the SUSI Lower Tier 2 and 4,1% for the Barclays Global Contingent Capital € Hedged Index.

Once again, central banks affected the market in March. First of all, the ECB confirmed the need for a still accommodating monetary policy, officially announcing a new TLTRO 3 and the postponement of a possible rate hike to 2020. Then it was the Fed that opted for a definitely more "dovish" tone, going from a forecast of two rate hikes in December to no increase in rates in 2019 and the total cessation of its plan to reduce its balance sheet as of next September, with a start of implementation in May. The result is a further decline in sovereign yields, with the negative entry into the German 10-year territory for the first time since June 2016, a Gilt below 1% and a US T-Notes below 2.4. %.

The Brexit theme seems to be a little neglected by investors, who seem jaded on the subject, the main adjustment variable remaining the currency. UK banks are still well supported in the markets and some issuers like Lloyds or Coventry are launching tender offers on Tier 2 or AT1 capital instruments.

On the banks, attention has focused on the merger project Deutsche Bank - Commerzbank which is now officially studied by both parties as well as on the issues of money laundering. After Danske Bank last year, it is SwedBank's turn to undergo US court investigations into money transfers through its Baltic subsidiaries of its non-resident clients. The Swedbank share yields -34% over the year in a market up + 4%.

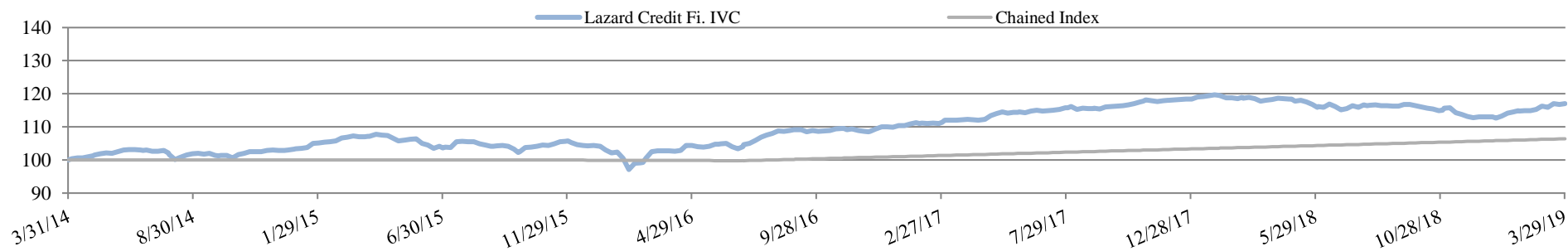
The abundant primary at the beginning of the month had a little more trouble being "digested", resulting in widening spreads at the end of the month. Many issuers have come to refinance their AT1s early, which should limit emissions in the coming months. Santander will probably remain the only bank not to have exercised his call on his AT1 for the moment.

We will change the fund's benchmark as of April 1st and switch to the ICE BofAML Euro Financial Index (EB00 Index). This indicator will be used to calculate variable management fees for certain units. The authorized weight of High Yield issues will increase from 50% to 70%. RC and RD shares will be renamed RVC and RVD. Finally, the "high water mark" clause will be removed.

The primary market, excluding covered bonds, totaled €20bn in gross issuance according to Barclays, with net bank issuance totaling -€3,3bn over the month. Since the beginning of the year, gross issuance has represented €73,8bn and net issuance +€17,2bn.

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. IVC	-4,55%	7,74%	5,27%	1,14%	6,53%
Chained Index***	2,37%	2,36%	1,03%	-0,11%	0,10%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit Fi. IVC	0,75%	3,49%	-0,93%	13,85%	16,99%
Chained Index***	0,18%	0,56%	2,36%	6,53%	6,40%

\* 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 June 30, 2016 Eonia Capi +2,70% before Eonia Capi

Modified duration	4,2
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Spread duration	4,6
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Yield to maturity (Without hedging costs)	4,3%
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Average rating (issuer) <sup>1</sup>	BBB+
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Yield to call (Without hedging costs)	4,0%
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Average rating (issues) <sup>1</sup>	BB+
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Yield to call (With hedging costs)	3,1%
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Spread vs Govt.	357
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Yield to Worst	3,8%
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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 1 does not mean a risk-free investment. This indicator may change over time.

RISK RATIOS

	1 year	3 years
Volatility		
Lazard Credit Fi. IVC	3,34%	3,65%
Chained Index***	0,00%	0,22%
Tracking error	3,34%	3,03%
Information ratio	-0,98	0,73

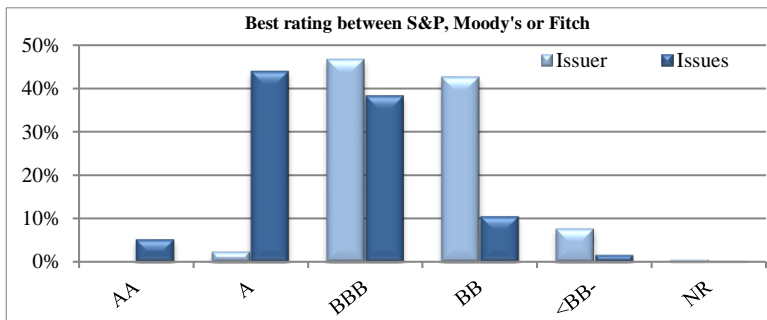
Ratios calculated on a weekly basis over 1 year and monthly over three years

## MAIN HOLDINGS

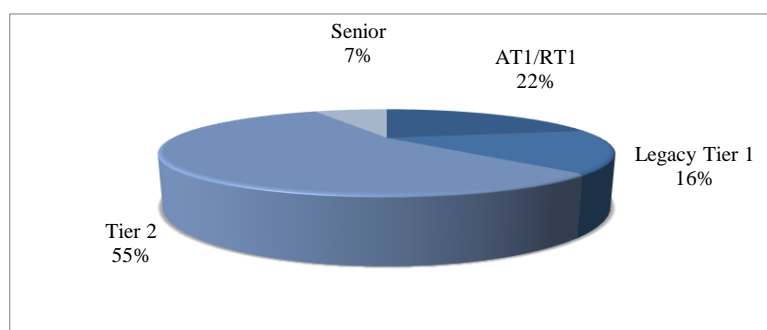
### Main holdings

<b>Dresdr Fin 06/2031</b>	Banks Legacy Tier 1	3,6%
<b>Fortis Bank 12/2049</b>	Banks Legacy Tier 1	2,2%
<b>Banco de Sabadell 12/2028</b>	Banks Tier 2	1,9%
<b>Unicredit Spa 02/2029</b>	Banks Tier 2	1,8%
<b>Caix SA 2.75 07/2028</b>	Banks Tier 2	1,8%

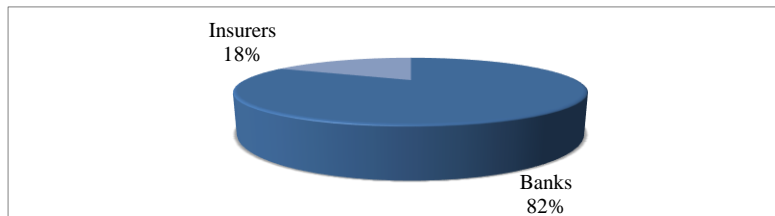
## RATING ALLOCATION



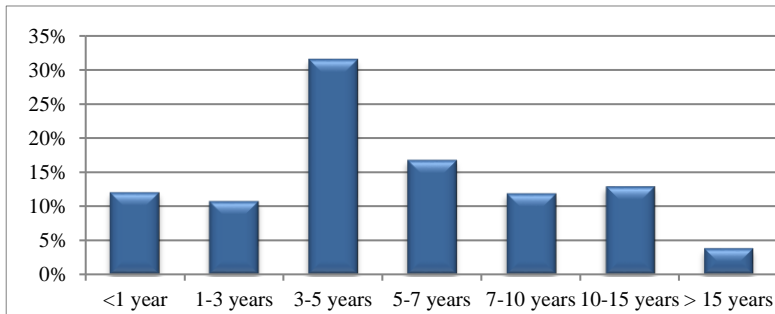
## BREAKDOWN BY LEVEL OF SUBORDINATION



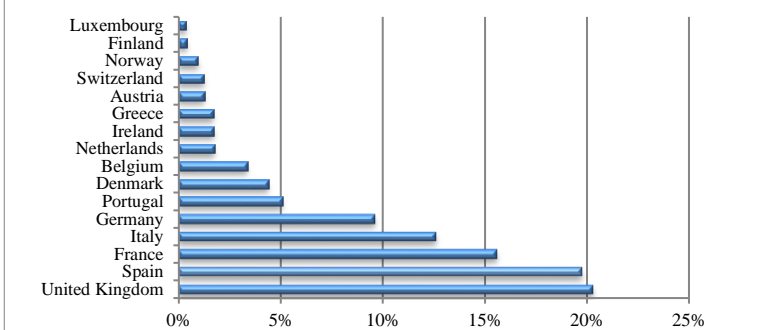
## SECTOR ALLOCATION



## BREAKDOWN BY MATURITY (AT CALL)



## GEOGRAPHICAL DISTRIBUTION



## FUND DETAILS

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

\*\* 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 :

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