

International bonds and debt securities	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	IVC unit	FR0010590950	14 885,84	498,56
	RVC unit	FR0010752543	330,52	65,36
	IC unit	FR0011844034	1 206,36	97,31
	IVD unit	FR0012074151	104,14	73,75
	ID unit	FR0013306743	991,08	51,27
	TC unit	FR0013305935	196,70	35,12
	RVD unit	FR0013306735	198,15	0,00
	ISIN code	NAV \$	Net assets (\$ million) :	
	IC USD unit	FR0013305935	1 109,51	2,87
	ISIN code	NAV CHF	Net assets (CHF million) :	
	IC H-CHF unit	FR0013076932	927,65	0,17

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 IVC, RVC, IC, IVD, ID, TC, RVD units, ICE BofAML Euro Financial in Franc Swiss 100% hedged for IC H CHF unit and ICE BofAML Euro Financial 100% hedged in Dollar US for IC 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 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 1,58% over the month (IVC share).

Spreads on financial debt have all tightened. Tier 2 bonds tightened by 31 bps to end the month at 213 bps and Senior debts tightened by 13 bps at 90 bps according to JP Morgan's SUSI indices. AT1s in OAS tightened by 40 bps to end the month at 386 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve shifted up during the month, with the 10-year yield up 8 bps to 0,01% ,the 5-year yield up 4 bps to -0,42% ,while the 2-year yield up 2 bps to -0,59%.

Lazard Credit Fi posted a net performance of +5,12% year-to-date compared with +4,87% for the JP Morgan SUSI Lower Tier 2 and +7,75% 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.

On the macro front, the global slowdown was confirmed by the IMF, which lowered its GDP growth forecast for 2019 to +2.3% in the US (-20bps vs. January) and +1.3% in the euro zone (-30bps vs January). The date of Brexit was finally postponed until the end of October, thus pushing the risk of a "no-deal" that seems completely out of favor by both the British government and the EU.

We still had no details from the ECB on the next TLTRO, however the idea of a "tiering" seems to gain ground even if the institution is for the moment only in the analysis phase of the impact of negative rates on bank profitability.

At the end of the month, S&P confirmed the BBB rating and the negative outlook of Italy, thus leaving unchanged the ratings of the national banks.

The Deutsche Bank - Commerzbank merger will finally not take place, the two institutions concluded that the merger was too risky in terms of potential benefits, Unicredit and ING are among the actors who have shown their interest in the past for Commerzbank.

The first earnings releases were in line with expectations in most cases, rather above for wealth management activities (UBS, Credit Suisse) and below for Nordic banks (Nordea, Danske Bank) due to additional costs related to anti-money laundering and a still intense competition.

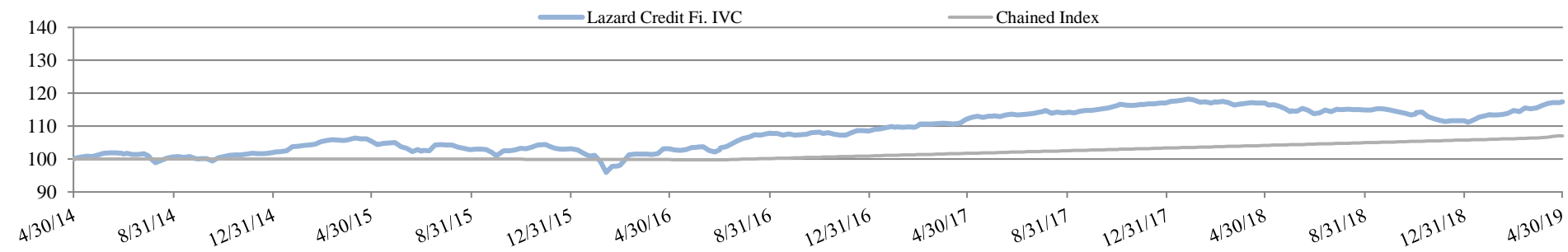
The primary market have been relatively calm with Ageas and ASR on Tier 2 and the Italian bank BPM which has come to issue its first AT1.

The primary market, excluding covered bonds, totaled €25,25bn in gross issuance according to Barclays, with net bank issuance totaling +€4,8bn over the month. Since the beginning of the year, gross issuance has represented €99,1bn and net issuance +€21,7bn.

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

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	1,58%	5,12%	0,33%	13,87%	17,37%
Chained Index***	0,66%	1,22%	2,82%	7,26%	7,08%

* 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	4,2
Yield to maturity (Without hedging costs)	4,2%	Average rating (issuer) ¹	BBB+
Yield to call (Without hedging costs)	3,5%	Average rating (issues) ¹	BB+
Yield to call (With hedging costs)	2,8%	Spread vs Govt.	316
Yield to Worst	3,4%		

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	3,40%	3,64%
Chained Index***	0,27%	0,31%
Tracking error	3,37%	2,93%
Information ratio	-0,73	0,68

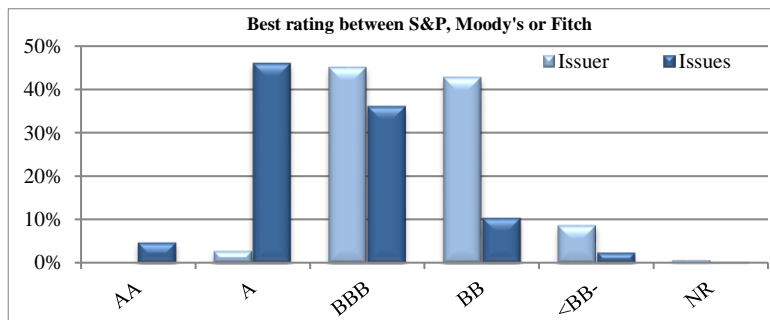
Ratios calculated on a weekly basis over 1 year and monthly over three years

MAIN HOLDINGS

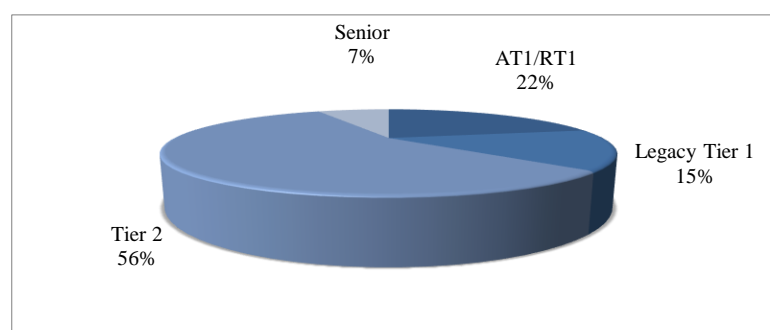
Main holdings

Dresdr Fin 06/2031	Banks Legacy Tier 1	3,5%
Fortis Bank 12/2049	Banks Legacy Tier 1	2,1%
Banco de Sabadell 12/2028	Banks Tier 2	1,9%
Danske Bank 12/2049	Banks Tier 2	1,8%
Unicredit Spa 02/2029	Banks Tier 2	1,8%

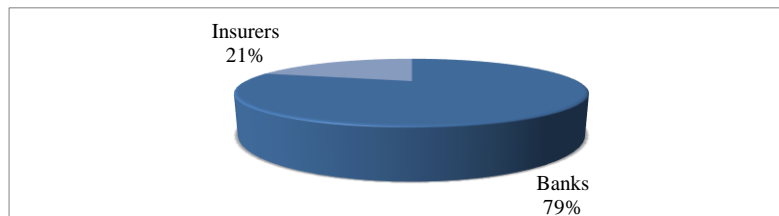
RATING ALLOCATION



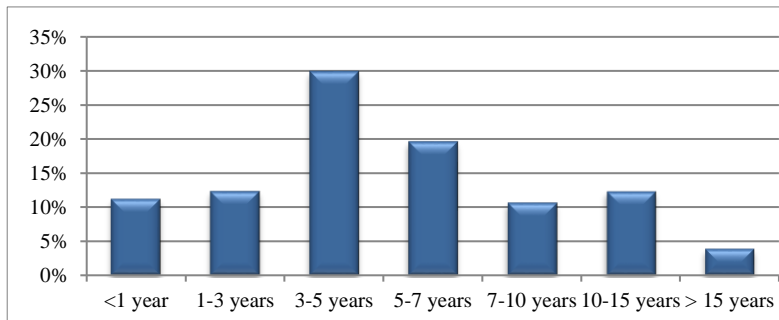
BREAKDOWN BY LEVEL OF SUBORDINATION



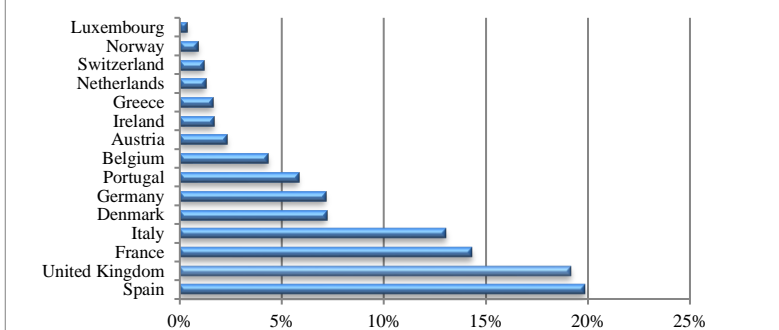
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

■ ISIN Code	IVC unit	FR0010590950	■ Custodian	CACEIS Bank	■ Management fees	IVC unit: maximum of 0,3% inclusive of taxes
	RVC unit	FR0010752543				RVC unit: maximum of 1% inclusive of taxes
■ Bloomberg Code	IC unit	FR0011844034	■ Management company	Lazard Frères Gestion SAS	■ Fund administration	IC unit: maximum of 0,7% inclusive of taxes
	IVD unit	FR0012074151				IVD unit: maximum of 0,3% inclusive of taxes
■ Legal form	IC USD	FR0013076932	■ Taxation	Capitalization	■ Subscription fees	IC USD unit: maximum of 0,75% inclusive of taxes
	TC Unit	FR0013305935		IVD Unit : Distribution		TC unit: maximum of 0,7% inclusive of taxes
■ UCITS-Compliant	IC H-CHF Unit	FR0013236791	■ Inception date	03/07/2008	■ Redemption fees	IC H-CHF unit: maximum of 0,75% inclusive of taxes
	RVD Unit	FR0013306735				RVD unit: maximum of 1% inclusive of taxes
■ AMF classification	ID Unit	FR0013306743	■ Subscription terms	Each business day by 12 am	■ Performance fees:	ID unit: maximum of 0,7% inclusive of taxes
				Settlement and value date:		
■ Currency			■ Total expense ratio and transaction fees	Subscription: J (date of the NAV) + 2 business		IVC, RVC, RVD and IVD units: 30% of the outperformance in excess of ICE BofAML Euro Financial Index. These fees will be limited to 2%
				Redemption: J + 2 business days		IC, ID, TC, IC USD et IC H-CHF unit: none
■ Investment horizon						
■ Valuation						
■ Modified duration						

** 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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