

International bonds and debt securities	Share Classes*	ISIN code	NAV €	Net assets (€ million) :	Total net assets (€ million) :
	RVC EUR unit	FR0010752543	345,77	97,51	1205,91

* Not all share classes of the relevant sub-fund are registered for marketing in Germany and Austria

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 PVC EUR, PVD EUR, RVC EUR, RVD EUR, PC EUR, PD EUR, TC EUR units, ICE BofAML Euro Financial in Franc Swiss 100% hedged for PC H-CHF unit and ICE BofAML Euro Financial 100% hedged in Dollar US for PC H-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 +0,3% over the month.

Spreads on financial debt presented a mixed picture. Tier 2 bonds widened by +11 bps to 246 bps and Senior debts widened by +3 bps to 89 bps according to JP Morgan's SUSI indices. ATIs in OAS tightened by -2 bps to 466 bps according to Bloomberg Barclays Global Index.

The German government bond yield curve flattened during the month, with the 10-year yield down -10 bps to -0,6%, the 5-year yielddown -11 bps to -0,8%, while the 2-year yield down -9 bps to -0,8%.

For 2020, Lazard Credit Fi posted a net performance of -1,1% vs +0,0% for the JP Morgan SUSI Lower Tier 2 and +0,1% for the Barclays Global Contingent Capital € Hedged Index.

Lazard Credit Fi has a 260-day volatility of 8,1% vs 5,9% for the SUSI Lower Tier 2 and 16,1% for the Barclays Global Contingent Capital € Hedged Index.

The first banks' publications for Q3 are better than expected in general with two main trends: a very sharp decline in the cost of risk and well below consensus expectations for 3Q20 and on which managers expect an improvement in 2021 and CET1 capital ratios still rising QoQ. These excellent results will not have succeeded to offset the bad news on the health front, however with limited reaction to announcements of new light-lockdowns in Europe. On the central bank side, no news yet, but Ms. Lagarde has promised to act at the next monetary policy meeting in December.

The M&A theme continues to drive the market, with rumors in Italy between Banco BPM and Crédit Agricole as well as between Unicredit and Monte dei Paschi (with probably a capital increase that could go up to 2.5 billion). In Spain, merger talks between Liberbank and Unicaja are continuing while rumors of a merger between BBVA, Kuxtabank and Sabadell have emerged.

The EBA has published its guidelines on Legacy instruments and their ability to be included or not in the capital structure of banks. The central recommendation is as follows: call / reimburse or modify the terms and conditions, which has led to a positive reaction in the Legacy market, also already well oriented this month with the Rabobank tender operation on a legacy Tier 1. AIB and Barclays have exercised the call of the last two ATIs with a call date in 2020, so there have been in the end only 3 "non-calls" out of around 20 bonds in 2020, despite the uncertainty and the difficulties related to Covid.

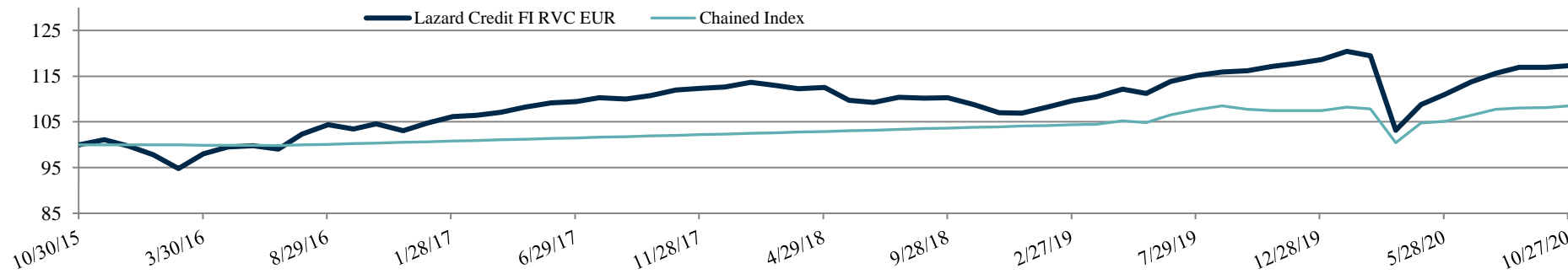
The primary market was calm with Caixabank, Crédit Agricole and Nykredit in AT1, the insurer Unipol in RT1, Santander and Banque Postale in Tier 2.

The primary market, excluding covered bonds, totaled 18 bn€ in gross issuance according to Barclays, with net bank issuance totaling +8 bn€ over the months. Since the beginning of the year, gross issuance has represented 225 bn€ and net issuance +66 bn€.

In Lazard Credit Fi, the most important contributors to the performance have been Legacy with +0,4% and banks Tier 2 with -0,1%. By country, the most important contributions came from UK (+0,3%), Germany (+0,1%), Belgium (+0,1%) and Italy (-0,2%). By issuer, BNP Paribas SA with +0,1%, HSBC Holdings PLC with +0,1% and Deutsche Bank AG with +0,1% are the most important contributions.

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*	2019	2018	2017	2016	2015
Lazard Credit FI RVC EUR	11,03%	-5,14%	7,58%	4,97%	0,46%
Chained Index***	3,32%	1,68%	1,68%	0,70%	-0,11%

Cumulative performance*	Month	YTD	1 year	3 years	5 ans
Lazard Credit FI RVC EUR	0,34%	-1,15%	0,00%	4,61%	17,31%
Chained Index***	0,34%	0,92%	0,79%	6,31%	8,52%

* 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 4,0

Spread duration 3,9

Yield to maturity
(Without hedging costs) 4,3%

Average rating (issuer)¹ BBB

Yield to call
(Without hedging costs) 4,4%

Average rating (issues)¹ BB+

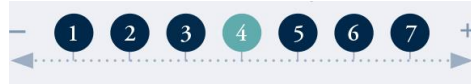
Yield to call
(With hedging costs) 4,2%

Spread vs Govt. 468

Yield to Worst 3,8%

Estimates on yields in different currencies, spreads or sensitivities are based on the best judgment from Lazard Freres Gestion for all the securities included into the portfolio at the mentioned date. LFG does not provide any guarantee on its accuracy or on the methodology used."

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 RVC EUR	12,87%	7,75%
Chained Index***	6,75%	3,94%
Tracking error	6,43%	4,32%
Information ratio	-0,12	-0,11

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

Gross currency exposure:
69% EUR / 16% USD / 15% GBP

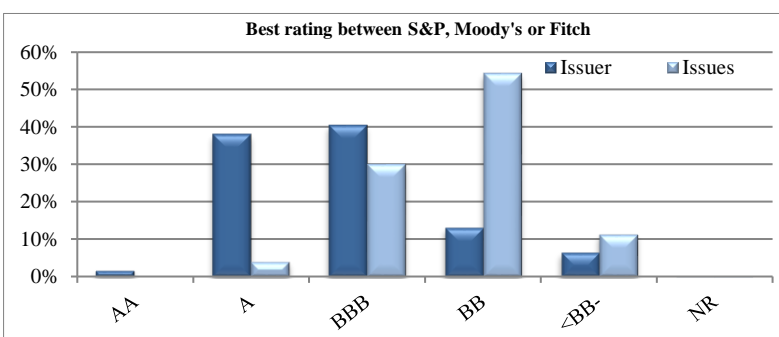
Net currency exposure:
100% EUR

MAIN HOLDINGS

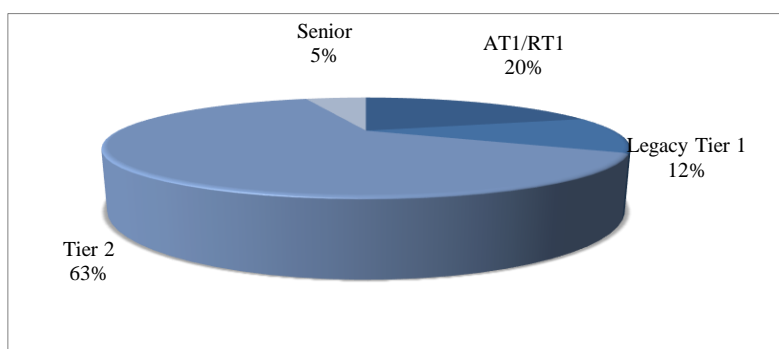
Main holdings

Dresdner Fndg Trust 8,15% 06/2031	Banks Legacy Tier 1	2,6%
Danske Bank 5,88% 04/2022	Banks AT1/RT1	2,3%
Lloyds Bank PLC 13% Perp	Banks Legacy Tier 1	2,1%
Caixa Bank 10,75% 03/2022	Banks AT1/RT1	1,9%
Deutsche Bank 5,625% 05/2031	Banks Tier 2	1,8%

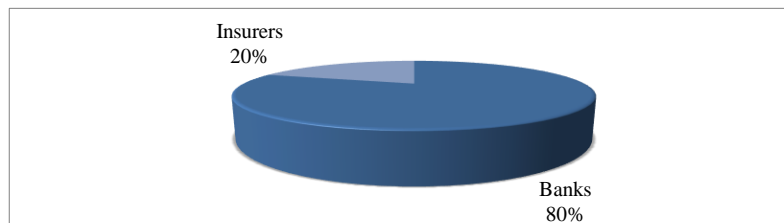
RATING ALLOCATION



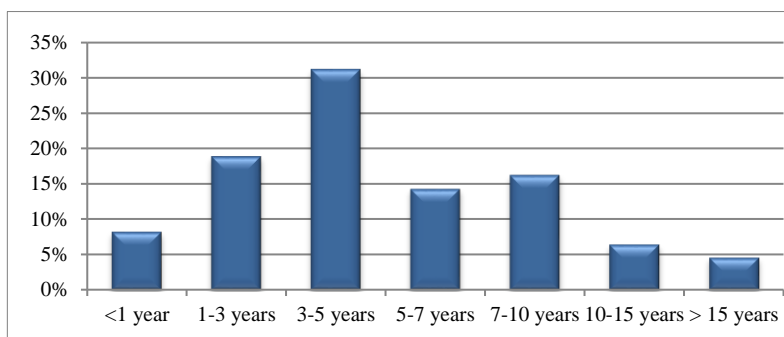
BREAKDOWN BY LEVEL OF SUBORDINATION



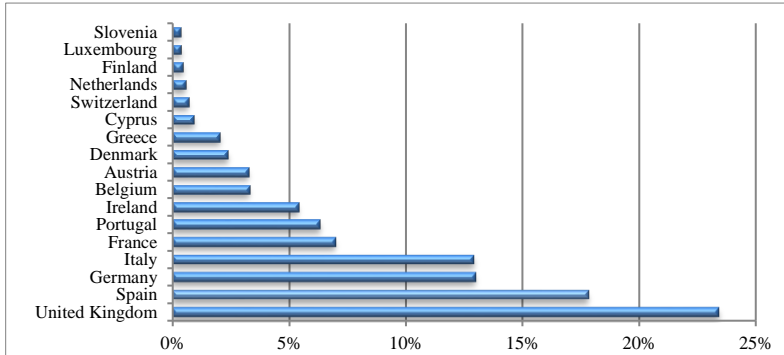
SECTOR ALLOCATION



BREAKDOWN BY MATURITY (AT CALL)



GEOGRAPHICAL DISTRIBUTION



FUND DETAILS

ISIN Code	RVC EUR unit	FR0010752543	Custodian	CACEIS Bank	Management fees	RVC unit: maximum of 1% inclusive of taxes
Management company						
				Lazard Frères Gestion SAS		
Fund administration				Caceis FA		
Bloomberg Code	LFOBJFR FP	Taxation	Capitalization	Subscription fees	maximum of 4% inclusive of taxes	
Inception date			03/07/2009	Redemption fees		else units: none
Legal form	FCP	Subscription terms		Performance fees:		
UCITS-Compliant	Yes		Each business day by 12 am			
AMF classification	International bonds		Settlement and value date:			
Currency	Euro		Subscription: J (date of the NAV) + 2 business			
Investment horizon	> 3 years		Redemption: J + 2 business days			
Valuation	Daily	Total expense ratio and transaction fees				
Modified duration	0 to 8					

** 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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