# LAZARD
FRÈRES GESTION

# LAZARD GLOBAL GREEN BOND OPPORTUNITIES

03 / 2024 | EC EUR Share Class/OPCVM

| | | | | | |
|---|---|---|---|---|---|
| **Total net assets** | 70.71 M€ | **Inception date** | Sep 30, 2022 | **MORNINGSTAR** | |
| **NAV** | 1036.52 € | **ISIN Code** | FR001400BVQ9 | **SUSTAINABILITY** | |
| | | **Bloomberg Code** | ZGGBOEC | **SFDR Classification** | **Article 9** |

Country of registration

## MANAGER(S)


*Eléonore Bunel*


*Camille Suh*


*Olivier Vietti*

## INVESTMENT POLICY

The management objective is to obtain, over the recommended investment period of 3 years, a performance net of fees that exceeds that of the benchmark index ICE BofA 1-3 Year Euro Government Index (EG01) + 0.80%, while promoting the ecological and energy transition through investment in green bonds. The benchmark is expressed in EUR.

RISK SCALE**

– 1 2 3 4 5 6 7 +

Recommended investment period of 3 years

BENCHMARK INDEX

ICE BofA 1-3 Year Euro Government Index (EG01) + 0.80%

## FEATURES

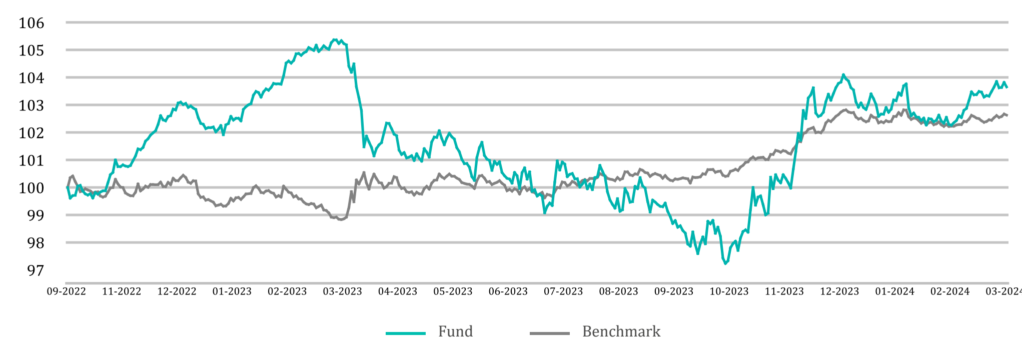
| | |
|---|---|
| **Legal Form** | SICAV |
| **Legal Domicile** | France |
| **UCITS** | Yes |
| **SFDR Classification** | Article 9 |
| **AMF Classification** | OPCVM |
| **Eligibility to PEA (personal equity savings plan)** | No |
| **Currency** | EURO |
| **Subscribers concerned** | No restriction |
| **Inception date** | 30/09/2022 |
| **Date of share's first NAV calculation** | 30/09/2022 |
| **Management company** | Lazard Frères Gestion SAS |
| **Custodian** | CACEIS Bank |
| **Fund administration** | CACEIS Fund Admin |
| **Frequency of NAV calculation** | Daily |
| **Order execution** | For orders placed before 12:00 pm subscriptions and redemptions on next NAV |
| **Subscription terms** | D (NAV date) + 2 business day |
| **Settlement of redemptions** | D (NAV date) + 2 business day |
| **Share decimalisation** | Yes |
| **Minimum investment** | 1 share |
| **Subscription fees** | 2% max. |
| **Redemption fees** | Nil |
| **Management fees (max)** | 0.39% |
| **Performance fees ([1])** | Nil |
| **Current expenses** | 0.38% |

**Risk scale : For the SRI methodology, please refer to Art. 14(c) , Art. 3 and Annexes II and III PRIIPs RTS

([1]) Please refer to the Prospectus for more details about the performance fees

(3) Ratios calculated on a weekly basis

## HISTORICAL NET ASSET VALUE (10 YEARS OR SINCE INCEPTION)




Past performance is no guarantee of future performance and is assessed at the end of the recommended investment period.

## HISTORICAL PERFORMANCE

| Cumulative | 1 Month | YTD | 1 Year | 5 Years | Inception | Annualized 5 Years |
|---|---|---|---|---|---|---|
| **Fund** | 1.19% | -0.21% | 1.28% | | 3.65% | |
| **Benchmark** | 0.35% | -0.11% | 2.60% | | 2.63% | |
| **Difference** | 0.84% | -0.09% | -1.31% | | 1.02% | |

## PERFORMANCE BY CALENDAR YEAR

| | 2023 |
|---|---|
| **Fund** | 1.91% |
| **Benchmark** | 3.45% |

## TRAILING 1Y PERFORMANCE

| | Fund | Benchmark |
|---|---|---|
| **2024 03 31** | 1.28% | 2.60% |

## RISK RATIOS***

| | 1 Year |
|---|---|
| **Volatility** | |
| Fund | 5.32% |
| Benchmark | 1.61% |
| **Tracking Error** | 4.14% |
| **Information ratio** | -0.32 |
| **Sharpe ratio** | -0.46 |
| **Alpha** | -5.29 |
| **Beta** | 2.65 |

## PORTFOLIO CHARACTERISTICS

| | Yield to worst | Yield to call | Yield to maturity | Spread vs Govies (bps) | Modified Duration | Credit Sensitivity |
|---|---|---|---|---|---|---|
| **Gross (Net hedge FX)** | 3.9% | 4.0% | 4.2% | 120 | 4.3 | 2.5 |
| **Net ( hedged FX/CDS/Taux)** | 3.2% | 3.3% | 3.5% | 120 | 4.1 | 2.5 |

*Estimates of yields, OAS spreads or sensitivities are based on LFG's best judgment for all securities included in the portfolio as of the date mentioned (cash excluded). LFG does not provide any guarantee.*

## AVERAGE RATING

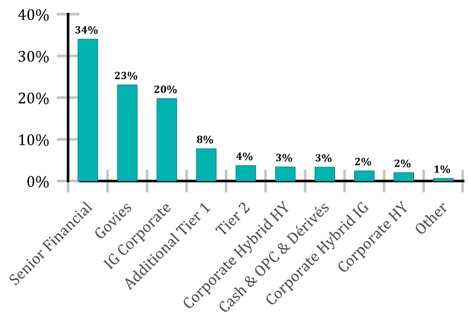
| Issues Rating* | Issuers Rating* |
|---|---|
| BBB+ | A- |

**Average rating*

## MAIN HOLDINGS

| Holdings | Weight |
|---|---|
| ITALIE 4% (TBG) 23-30OC31S | 5.1% |
| O.A.T. 1 3/4% 17-25JN39A | 4.3% |
| DE.BUNDESREP. 0% 20-10OC25- | 4.2% |
| DE.BUNDESREP. 2,30% 23-15FE33A | 3.6% |
| UNITED KINGD.0,875% 21-31JY33S | 1.8% |

## SUBORDINATION BREAKDOWN (%)

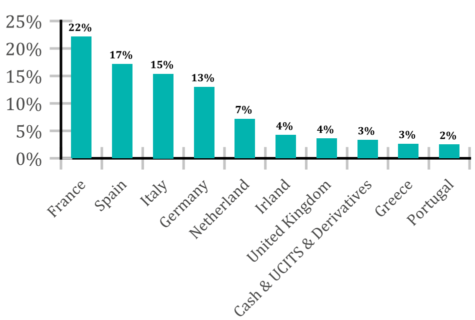



## CURRENCY BREAKDOWN (%)

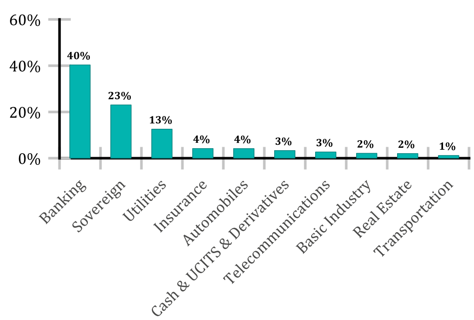
| Currencies | Net weight |
|---|---|
| EUR | 100.3% |
| USD | -0.3% |
| GBP | 0.1% |
| JPY | -0.1% |

**Net exposure of FX hedges.*

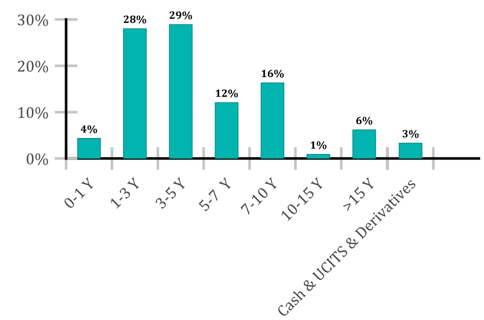
## GEOGRAPHICAL BREAKDOWN % (Top Ten)




## SECTOR BREAKDOWN % (Top Ten)

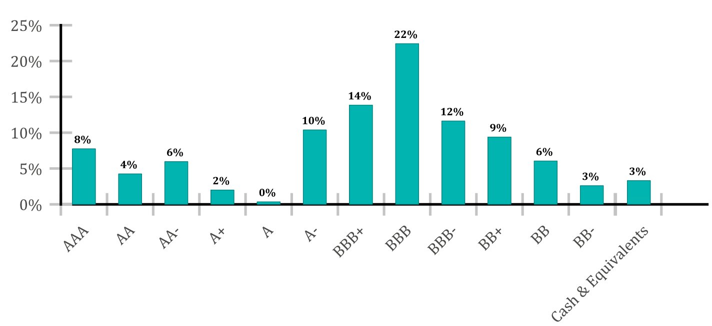



## MATURITY BREAKDOWN (Maturity Date)




## ISSUER RATING BREAKDOWN (%)


## ISSUE RATING BREAKDOWN (%)



## FUND MANAGERS COMMENT

March was marked by the status quo from the Federal Reserve (Fed) and the European Central Bank (ECB), the decoupling of the US and Eurozone economies, and the end of the negative interest rate policy in Japan, as the Bank of Japan raised rates for the first time in 17 years. In the United States, while the CPI index for February, which came in higher than expected, raised fears of nasty surprises on the inflation front, the fact that the February PCE index came in at +0,3% as expected reduced the risk of a negative surprise for the Fed. At the same time, activity and employment remained buoyant. In the Eurozone, although some figures published during the month were encouraging, the situation remains complex. Inflation is slowing down, but the economy remains sluggish. Germany continues to send out less than reassuring signals, with manufacturing sector figures showing just how fragile it is. In addition, the publication of declining retail sales indicates that consumers are nervous. In France, the fiscal deficit overrun calls for additional efforts to reassure the various rating agencies, which could be costly in terms of growth.

At the end of March, the markets only priced in between two and three 25bp cuts in the United States and between three and four 25bp cuts in the Eurozone. German and US 10-year yields fell by 11bp to 2,30% and by 5bp to 4,30%, respectively. The rebound in Brent crude oil of almost 8% over the month, which went unnoticed, had very little impact on inflation expectations, which remained broadly stable on both sides of the Atlantic.

Against this backdrop, credit spreads tightened across all segments and sectors, ranging from -9bp for IG credit to -70bp for AT1 bonds, with the exception of HY corporate credit, which widened slightly over the month (+4bp). The positive contribution from the credit component, combined with the positive interest-rate effect and carry, enabled bond asset classes to post a solid performance over the month.

The IG primary market remained active, with €69 billion issued despite a high level of activity in February. At about €40 billion, corporate supply continued to outstrip last year's level (+25% year-on-year). Green formats accounted for 13% of volumes (€5,8 billion for corporates and €3,4 billion for financials). On the whole, this primary market supply was well absorbed, despite limited or even negative premiums in some cases, driven by inflows into credit funds. For financials, volumes were dominated by senior issues, but the market was more active in the Restricted Tier 1 segment (AT1s for insurers), with ASR and NN refinancing grandfathered bonds. For banks, Raiffeisen had to postpone its AT1 issue because of potential problems with the Strabag agreement, which is likely to reduce the sensitivity of its capital to a hasty departure from Russia. The bank will provide information on this issue at its AGM in early April.

In spite of yields rising since the start of the year, the portfolio remained prudently exposed to interest rate risk over the month. The portfolio’s modified duration was dynamically managed between 1,5 and 4,5 points. In terms of geographical exposure, the portfolio continued to prefer exposure to European bonds rather than US bonds. On the yield curve, the portfolio maintained its exposure to two-year maturities, mainly through US and German two-year bonds. In addition, the steepening position on the US yield curve was maintained. The portfolio hedged its exposure to the UK market and tactically switched to negative modified duration during the month.

The portfolio’s structure changed marginally as benchmark rates fell slightly and credit spreads tightened. At the beginning of the month, we increased our positions in corporate hybrids and subordinated financials (AT1). At end-March, the portfolio’s modified duration was 4,5 and its credit duration was 2,5. Exposure to credit risk is 73%. The weight of HY diversification is 18%. The weight of government bonds and similar instruments rose from 20% to 23% of the portfolio over the month. Green Bonds account for 91% of the fund’s investments (excluding cash and money market funds).

## CONTACTS AND ADDITIONAL INFORMATION

Glossary :

Alpha represents the return of a portfolio that is attributable to the manager's investment decisions.
Beta measures a fund's sensitivity to movements in the overall market.
Information ratio represents the value added by the manager (excess return) divided by the tracking error.
Sharpe ratio measures return in excess of the risk free rate for every unit of risk taken.
Tracking error measures the volatility of the difference between a portfolio's performance and the benchmark.
Volatility is a measure of the fund's returns in relation to its historic average.
Yield to Maturity indicates the rate of return generated if a security is held to its maturity date.
Coupon Yield is the annual coupon value divided by the price of the bond.
Average Credit Spread is the credit spread of a bond over LIBOR, taking into account the value of the embedded option.

Average Rating is the weighted average credit rating of bonds held by the Fund.

Modified Duration is the percentage change in the value of a bond resulting from a 1% interest rate change.

Average Maturity is the average time to maturity of all bonds held by the Fund.

Spread Duration is the sensitivity of a bond price to a change in spreads.

Yield is the internal rate of return of a bond if held to maturity, but not accounting for conversion features of a convertible bond.

Delta represents the sensitivity of convertible bonds held by the Fund to a change in the underlying security price.

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