

Lazard Absolute Return Bond Strategy

(Benchmark index: ESTER capitalised + 2.00%¹)



Description: The Lazard Absolute Return Bond strategy invests in fixed income instruments—both corporate and sovereign bonds—on a global scale. Securities are mainly denominated in Euro. To attain its objective, the strategy relies on an unconstrained and flexible approach based on an active management of credit and duration.

Derivatives such as futures, swaps, CDS, options and forward exchange on regulated markets to hedge and/or expose to equity, interest rate, currency and volatility risk may be used.

Global

Global approach to Fixed Income Markets²:

- Sovereign debt
- Investment Grade
- High Yield
- Emerging Markets

Flexible

Unconstrained investment approach

Significant tactical leeway on **credit** and **modified duration**:



Active

Strong reactivity based on multiple drivers:

- Allocation
- Use of derivatives (interest rate / credit)
- Credit curve
- Cash exposure

Lazard's Absolute Return investment philosophy

Flexible and global approach across the full fixed income universe: credit and rates

Active and flexible fundamental approach on beta (directional) and alpha (bond selection)

A search for **absolute performance in different market conditions**

A solution that gathers all of Lazard Frères Gestion's Fixed Income expertise

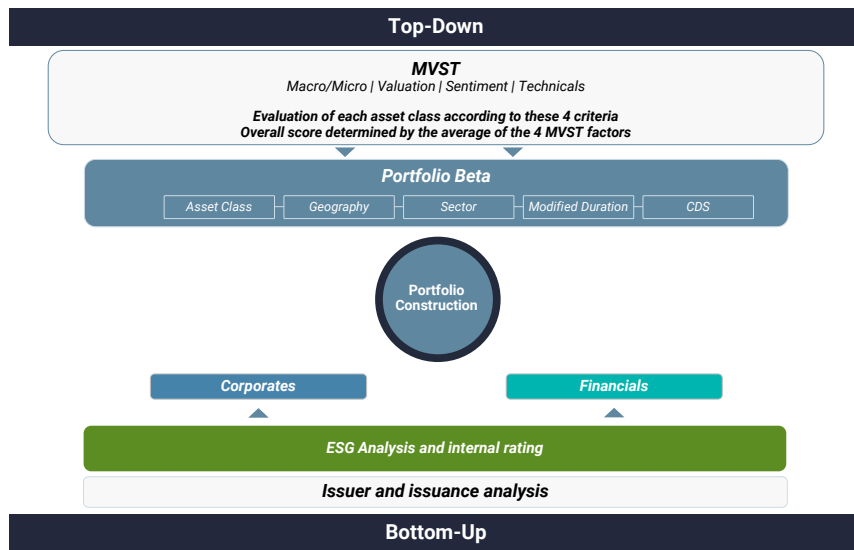
Lazard Absolute Return Bond GIPS - Representative Account.

Source: Lazard Frères Gestion.

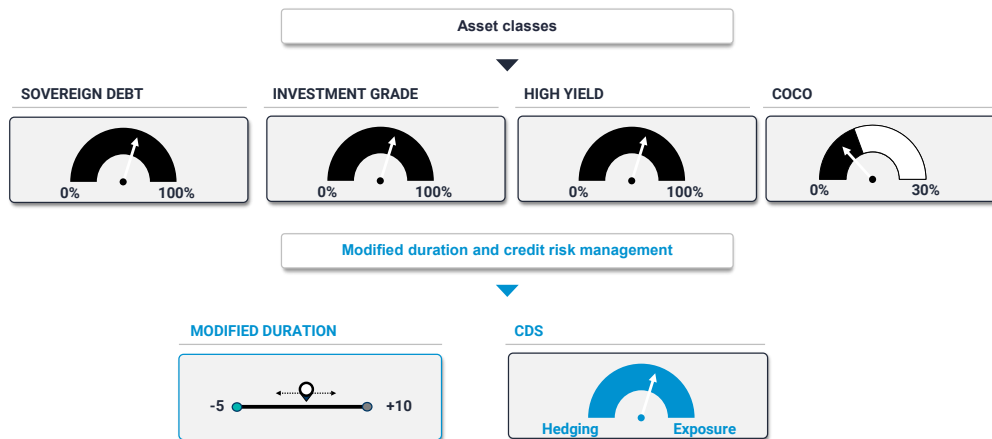
1. Since December 31st, 2019.

2. Perpetual debt: max 50% | CoCo: max 30%. Investment constraints of the Representative account. For illustrative purpose.

Investment process: Lazard Absolute Return Bond GIPS - Representative Account



Significant tactical leeway: Lazard Absolute Return Bond GIPS - Representative Account



Lazard's Absolute Return capabilities

Éléonore Bunel
Head of Fixed Income
20 years of experience
CITYWIRE / AAA

- Relying on global resources: 16 European credit analysts (11 analysts in Paris | 5 analysts in Frankfurt) / Monthly meeting with the Global Fixed Income team
- Fixed Income AUM: €9.1 Bn

Quantalys Awards 2022¹

"Best Regional Asset Manager Company" in the "Fixed Income" category
"Best Asset Manager Company" in the "High Yield Bond" category

Aggregate

Benjamin Le Roux
Head of Aggregate

Frédéric Penel

Camille Suh

Adrien Lalanne

Portfolio Managers - Analysts

Jean-Philippe Quiterio

Soraya Benahra
PM Assistant

Money Market

High Yield

Alexia Latorre, CFA
Head of High Yield

Andreea Grecu

Qihang Zhang, CFA

Portfolio Managers Analysts

Subordinated Financial Debt

François Lavier, CFA
Head of Subordinated Financial Debt

Alexis Lautrette

Sergio Gallo

Portfolio Managers Analysts

Fixed Income ESG Specialist
Claire Nguyen-Quang

Source: Lazard Frères Gestion, June 2022. 1. Reference to a ranking, a price or an evaluation is not a reliable indicator of future results.

Perpetual debt: max 50% | CoCo: max 30%. Investment constraints of the Representative account. For illustrative purpose.

Environmental, social and governance (ESG) criteria are integrated into our investment approach through an internal analysis and rating model that directly influences investment decisions without being a determining factor in decision making.

Our teams are traditionally stable; however we cannot guarantee the presence of the managers mentioned above during the life cycle of the product.

Main risks

Risk of capital loss: The strategy does not provide any guarantees or capital protection. It is therefore possible that you may not recover the full amount of your initial investment.

Interest rate risk: Risk of a fall in the value of equities, and hence in the portfolio, resulting from a change in interest rates. Because of its sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in interest rates if the portfolio's sensitivity is positive, or in the case of a fall in interest rates if the portfolio's sensitivity is negative.

Credit risk: Credit risk is the risk that the borrower does not repay his debt or cannot pay the coupons during the lifetime of the security. Risk of a fall in the value of equities, and hence in the portfolio, due to a change in the credit quality of the issuers or to the change in credit spreads. Because of its credit sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in spreads, if the portfolio's credit sensitivity is positive, or in the case of a fall in spreads if the portfolio's credit sensitivity is negative.

Risks linked to contingent or subordinated securities: The strategy may be exposed to contingent or subordinated securities. Subordinated debt and contingent convertible bonds are subject to specific risks of non-payment of coupons and capital loss in certain circumstances. At a certain solvency threshold, referred to as the "trigger" threshold, the issuer may or must suspend the payment of coupons and/or reduce the nominal value of the security or convert such bonds into shares. Notwithstanding the thresholds specified in the issuing prospectuses, the supervisory authorities may apply these rules preventively if the circumstances require, based on a subjective threshold known as the "point of non-viability". These securities expose holders to either a total or partial loss of their investment following their conversion into shares at a predetermined price or because of the application of a discount provided for contractually in the issuing prospectus or applied arbitrarily by a supervisory authority. Holders of these securities are also exposed to potentially large price fluctuations in the event that the issuer has insufficient equity or experiences difficulties.

Currency risk: The strategy may invest in securities and UCIs that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of these assets may decline in line with changes in the exchange rates.

Liquidity risk: This is the risk that a financial market can absorb the volumes of sell (or buy) transactions only by significantly decreasing (or increasing) the price of assets when trade volumes are low or when there are market tensions, resulting in a possible decrease in the fund's net asset value.

Equity risk: Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the fund's net asset value. The fund's NAV may decrease during periods in which equity markets are falling.

Counterparty risk: Counterparty risk is related to the use of over-the-counter products. The strategy is exposed to the risk of non-payment or delivery by the counterparty with which the transaction is negotiated. This risk may result in a decline in the fund's NAV.

Risk associated with investment in the futures markets: The use of derivatives may cause exposure to an upward or downward change of the fund's net asset value.

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