

Lazard Credit Opportunities



Investment objective: to achieve performance net of management fees over the recommended three-year investment period that exceeds the benchmark index: capitalised €STR + 2.00%. The benchmark is denominated in euros (PC EUR units).

Fund description : Lazard Credit Opportunities is a global, flexible and non-benchmarked fixed income fund. The fund can invest across the entire fixed income spectrum to seize the numerous opportunities offered by the various sub-asset classes (sovereign debt, investment grade and high yield corporate debt, senior and subordinated financial debt, and emerging market debt). This strategy uses a multitude of performance drivers, including yield curve positions, geographic and sector diversification, subordination levels, and actively managed interest rate and credit risk.

Tactical trades over the summer

- **Early July**, given the uncertainties in Europe regarding natural gas supply, we decided to:
 - **make neutral the overall portfolio modified duration** (from -4.7 to approx. 0.0)
 - **increase our credit risk hedging** (CDS on index) **in order to bring the spread duration around 0.**
- **On 21 July**, as the risk of a gas cut-off in Europe faded, we:
 - **repositioned the portfolio modified duration in negative territory** (approx. -4.7 | short positions on US and European 2Y and 5Y interest rates
 - **took advantage of the momentum** (return of investors to the Investment Grade segment, good earnings season in Q2) **to tactically increase the portfolio exposure to Investment Grade and High Yield credit.**
- **Early August**, after a credit risk premiums tightening, and with no shift in our fundamental view, **we took profits on our tactical credit positions initiated in late July** (« Main IG » and « Xover »). This positioning was supported by the **hawkish speeches of the Fed** in Jackson Hole at the end of the month and of the **ECB** at the beginning of September, with a first rate hike of 75 bp.

Portfolio positioning

- We maintain the overall **modified duration in negative territory**
- We favour **short maturity securities**
- We maintain a **cautious approach to credit.**

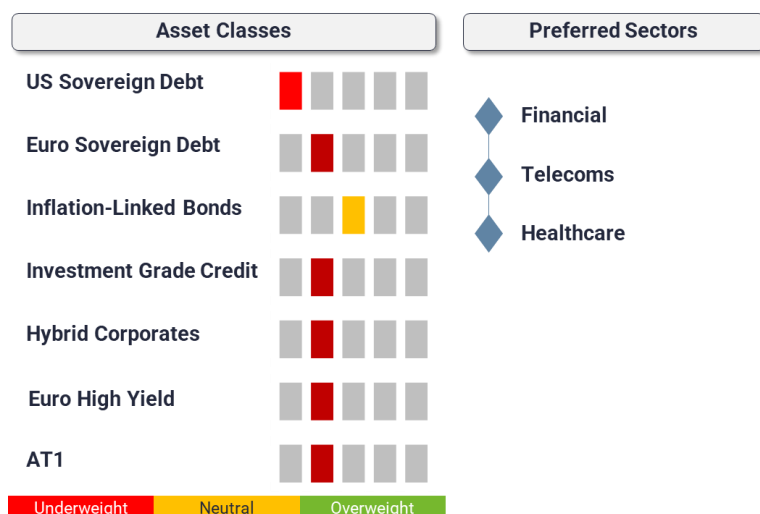
Key figures as of 31.08.2022

AUM	Yield to maturity / to worst	Modified duration	Spread duration
€ 647m	Gross 5.5% / 5.3% Net 4.4% / 4.3%	-2.8	2.1

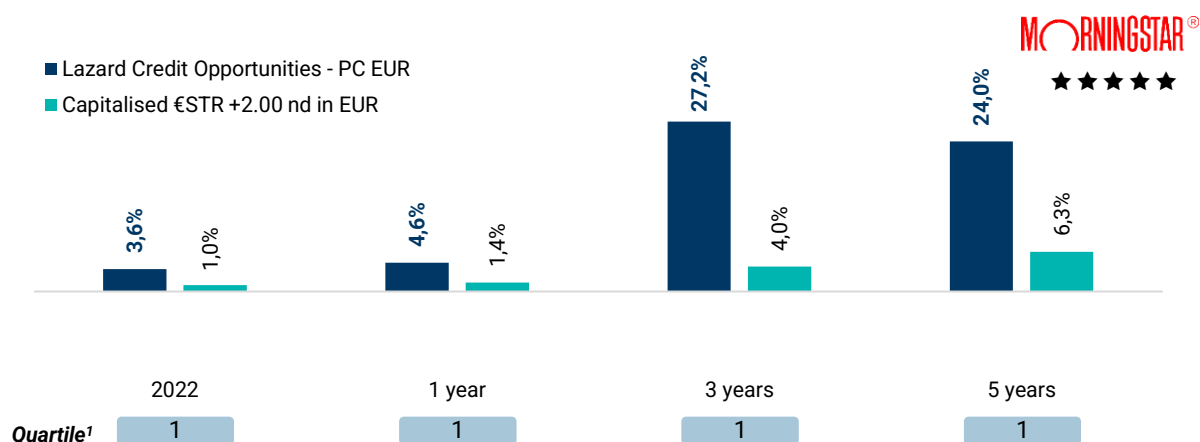
Source: Lazard Frères Gestion, Bloomberg as of 31 August 2022. **Unaudited data. For illustration purposes only. Allocations can vary over time. This document is not delivering advice or any recommendation to buy or sell. Past performance does not guarantee future performance.** For more information on fund characteristics, please refer to the prospectus, which is available upon request from Lazard Frères Gestion, or on the website www.lazardfreresgestion.fr.
PROMOTIONAL Document intended for professional investors.

Lazard Credit Opportunities

Fundamental outlook



Net performance as of 31/08/2022 (% in euros)



	New strategy									
Annual performance (%)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Lazard Credit Opportunities – PC share	2.8%	13.2%	8.8%	-7.2%	6.5%	6.5%	-1.6%	2.2%	7.2%	24.4%
Index ²	1.2%	1.3%	1.4%	1.4%	-0.4%	-0.3%	-0.1%	0.1%	0.1%	0.2%

Risks ³	Volatility	
	Fund	Index
1 year	6.8%	0.0%
3 years	8.1%	0.0%

Source: Lazard Frères Gestion, as of 31 August 2022.

1. Source: Morningstar, comparison universe including open-ended funds distributed in Europe, referenced in the Morningstar database at the calculation date, priority to the institutional share class.

2. Index: €STER + 2%.

3. Calculated on a weekly basis over 1 and 3 years.

Past performance is not indicative of future performance. The above performance data is for information purposes only and should be assessed over the recommended investment period.

For illustration purposes only. Allocations can vary over time. This document is not delivering advice or any recommendation to buy or sell. For more information on fund characteristics, please refer to the prospectus, which is available upon request from Lazard Frères Gestion, or on the website www.lazardfreresgestion.fr.

PROMOTIONAL Document intended for professional investors.

Lazard Credit Opportunities

Main risks

Risk of capital loss: the SICAV is not guaranteed or protected, and therefore, there is a possibility that you may not get back the full amount of your initial investment.

Interest rate risk: there is a risk of a fall in the value of bonds and other fixed-income securities and instruments, and hence in the portfolio, resulting from a change in interest rates. The value of this component of the portfolio may decrease due to the sensitivity range applied.

Credit risk: credit risk is the risk that the issuer of a bond may default. This could decrease the SICAV's net asset value. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance. The decrease in the NAV may be even greater if the SICAV is invested in unrated or speculative/high-yield debt.

Risk associated with investment in the futures markets: the SICAV may invest up to 100% of its assets in forward financial instruments. Such exposure to markets, assets or indices through forward financial instruments may lead to falls in the NAV that are significantly more pronounced or faster than the change in the underlying assets.

Counterparty risk: this is the risk associated with the SICAV's use of over-the-counter financial forwards. These transactions, entered into with one or more eligible counterparties, potentially expose the SICAV to a risk of insolvency of any such counterparty, which may lead to default on payment or cause the SICAV's net asset value to fall.

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.

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.

Risks linked to contingent or subordinated securities (CoCos) : the Fund 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.

Foreign exchange risk (on an ancillary basis) : the SICAV may invest in securities and UCI that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of such UCIs' assets may fall if exchange rates fluctuate, which may lead to a fall in the SICAV's NAV.

Sustainability risk: The risk that an environmental, social or governance event or situation will occur that could have a material adverse effect, actual or potential, on the value of an investment.

Risk scale* :



*Exposure in the interest rate and exchange explains the UCITS ranking in this category. The used historical data could not give a reliable indication of the future UCITS risk profile. Nothing guarantees that the above category remains unchanged, and the ranking may evolve in the time. The lowest category is not synonymic of risk-free investment. Capital is not guaranteed.

Lazard Credit Opportunities

Important information

This is a financial promotion and is not intended to constitute investment advice.

Lazard Credit Opportunities is a French open-ended investment company with variable capital (Société d'investissement à capital variable) authorised and regulated as UCITS by the Autorité des marchés financiers and managed by Lazard Frères Gestion SAS.

Copies of the full Prospectus, the relevant Key Investor Information Document (KIID) and the most recent Report and Accounts are available in English, and other languages where appropriate, on request from the address below or at www.lazardfreresgestion.fr. Investors and potential investors should read and note the risk warnings in the Prospectus and relevant KIID. Investment decisions should be based on review of all fund documentations, final investment decisions should not be made based on this communication alone. Additional information about the sustainability of the fund is available at the website address above. Lazard Fund Managers Limited/ Lazard Freres Gestion reserves the right to withdraw this fund from marketing at any time and without notice.

Past performance is not a reliable indicator of future results. The value of investments and the income from them can fall as well as rise and you may not get back the amount you invested. Any yield quoted is gross and is not guaranteed. It is subject to fees, taxation (particularly where presented gross of fees and taxes, which is specifically relevant for retail clients with Belgian residence) and charges within the Fund and the investor will receive less than the gross yield. There can be no assurance that the Fund's objectives or performance target will be achieved. Any views expressed herein are subject to change.

For any information about how to subscribe or redeem, please contact your Financial Advisor or the Lazard representative at the details below. Subscriptions may only be based on the current prospectus.

The returns from your investment may be affected by changes in the exchange rate between the Fund's base currency, the currency of the Fund's investments, your share class and your home currency.

The information provided herein should not be considered a recommendation or solicitation to purchase, retain or sell any particular security. It should also not be assumed that any investment in these securities was or will be profitable.

The tax treatment of each client will vary and you should seek professional tax advice.

For any complaints, please contact the representative of the LFM, LAM, or LFG office for your country. You will find the contact details below.

The contents of this document are confidential and should not be disclosed other than to the person or persons for whom it is intended.

FOR FINANCIAL PROFESSIONAL USE ONLY.

Emerging and developing markets: Emerging and developing markets can face significant political, economic or structural challenges. The portfolio may experience delays in buying, selling and claiming ownership of investments and there is an increased risk that the portfolio may not get back the money invested.

Fixed income: Yields from bonds reflect in part the risk rating of the bond issuer. Investment in lower rated bonds increases the risk of default on repayment and the risk to capital of the portfolio. High yielding assets may carry a greater risk of capital values falling or have limited prospects of capital growth or recovery. Investment in high yield securities involves a high degree of risk to both capital and income. Yields from bonds reflect in part the risk rating of the bond issuer. Investment in lower rated bonds increases the risk of default on repayment and the risk to capital of the portfolio.

Derivatives: The portfolio invests in financial derivative instruments ("FDIs"). While the use of FDIs can be beneficial, they also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. FDIs may be subject to sudden, unexpected and substantial price movements that are not always predictable. This can increase the volatility of the portfolio's Net Asset Value. FDIs do not always totally track the value of the securities, rates or indices they are designed to track. The use of FDIs to gain greater exposure to securities, rates or indices than by a direct investment, increases the possibility for profit but also increases the risk of loss. The Fund is also subject to the risk of the insolvency or default of its counterparties to FDI investments. In such events the Fund may have limited recourse against the counterparty and may experience losses.

Lazard Credit Opportunities

Important information

S&P Credit Ratings: This may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content including ratings. Credit ratings are statements of opinion and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Please note that not all share classes are registered for distribution in every jurisdiction. Investment into the portfolio will not be accepted before the appropriate registration is completed in the relevant jurisdiction.

United Kingdom, Finland, Ireland, Denmark, Norway and Sweden: The information is approved, on behalf of Lazard Fund Managers (Ireland) Limited, by Lazard Asset Management Limited, 50 Stratton Street, London W1J 8LL. Incorporated in England and Wales, registered number 525667. Lazard Asset Management Limited is authorised and regulated by the Financial Conduct Authority. **Germany and Austria:** Lazard Asset Management (Deutschland) GmbH, Neue Mainzer Strasse 75, 60311 Frankfurt am Main is authorized and regulated in Germany by the BaFin. The Paying Agent in Germany is Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, the Paying Agent in Austria is UniCredit Bank Austria AG, Rothschildplatz 1, 1020 Vienna. **Belgium and Luxembourg:** This information is provided by the Belgian Branch of Lazard Fund Managers Ireland Limited, at Blue Tower Louise, Avenue Louise 326, Brussels, 1050 Belgium. The Paying Agent and the Representative in Belgium for the registration and the receipt of requests for issuance or repurchase of units or for switching sub-funds for Irish funds is ABN AMRO Bank NV, Belgian Branch, Roderveldlaan 5 bus 4, 2600 Berchem Belgium and for French funds is RBC Investor Services Bank S.A : 14, Porte de France, L-4360 Esch-sur-Alzette- Grand Duché de Luxembourg. **France:** Any person requiring information in relation to the Fund mentioned in this document is required to consult the KIID which is available on request from Lazard Frères Gestion SAS. The information contained in this document has not been independently verified or audited by the statutory auditors of the UCITS(s) concerned. This information is provided by Lazard Frères Gestion SAS, 25, rue de Courcelles 75 008 Paris. **Italy:** This information is provided by the Italian branch of Lazard Asset Management (Deutschland) GmbH. Lazard Asset Management (Deutschland) GmbH Milano Office, Via Dell'Orso 2 - 20121 Milan is authorized and regulated in Germany by the BaFin. Not all share classes of the relevant sub-fund are registered for marketing in Italy and target institutional investors only. Subscriptions may only be based on the current prospectus. The Paying Agent for the Irish funds are BNP Paribas Securities Services, Piazza Lina Bo Bardi, 3, 20124 Milano, and Allfunds Bank SA, Milan Branch, Via Santa Margherita 7, 20121, Milano. The Paying Agent for the French funds are Société Générale Securities Services, Via Benigno Crespi, 19, 20159 Milano, and BNP Paribas Securities Services, Piazza Lina Bo Bardi, 3, 20124 Milano. **Spain and Portugal:** This information is provided by the Spanish Branch of Lazard Fund Managers Ireland Limited, at Paseo de la Castellana 140, Piso 10, Letra E, 28046 Madrid and registered with the National Securities Market Commission (Comisión Nacional del Mercado de Valores or CNMV) under registration number 18. The Fund is a Foreign Collective Investment Scheme registered with the CNMV. **Switzerland and Liechtenstein:** Lazard Asset Management Schweiz AG: The representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva, while the paying agent in Liechtenstein is LGT Bank AG, Herrengasse 12, FL-9490 Vaduz. For further information please visit our website, contact the Swiss representative or visit www.fundinfo.com. Not all share classes of the respective sub-fund are registered for distribution in Liechtenstein and are aimed exclusively at institutional investors. Subscriptions may only be made on the basis of the current prospectus.