

Total net assets 1190.79 M€
NAV 1070.86 CHF

Inception date Mar 20, 2017
ISIN Code FR0013236783
Bloomberg Code LAZOBIC



SFDR Classification : Article 8

Country of registration



MANAGER(S)



François Lavier Alexis Lautrette Charles Marcoux

INVESTMENT POLICY

The fund's investment objective is to outperform the Barclays Global Contingent Capital € Hedged index for units PVC EUR, PVD EUR, RVC EUR, RVD EUR, SC EUR and TVD EUR, Barclays Global Contingent Capital Hedged USD for unit PVC H-USD and Barclays Global Contingent Capital Hedged CHF for PVC H-CHF.

RISK SCALE**



Recommended investment period of 5 years

BENCHMARK INDEX

Barclays Global Contingent Capital Total Return hedged CHF

FEATURES

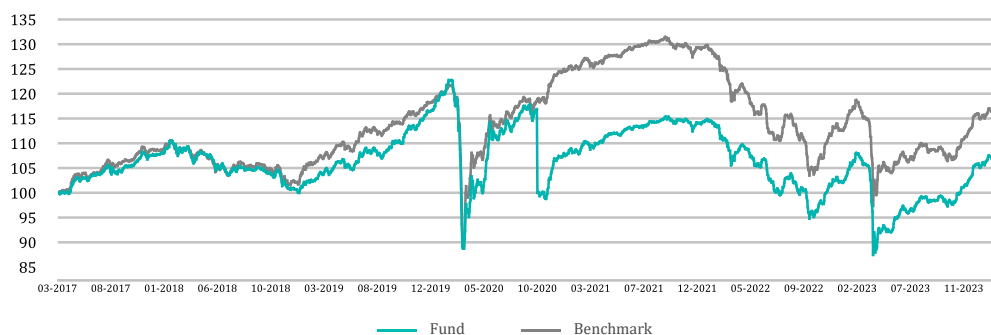
| | |
|---|---|
| Legal Form | FCP |
| Legal Domicile | France |
| UCITS | Yes |
| AMF Classification | International bonds |
| Eligibility to PEA (personal equity savings plan) | No |
| Currency | Swiss Franc |
| Subscribers concerned | |
| Inception date | 20/03/2017 |
| Date of share's first NAV calculation | 20/03/2017 |
| 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 | 4% max. |
| Redemption fees | Nil |
| Management fees (max) | 0.96% max |
| Performance fees ⁽¹⁾ | 15% of the performance over the benchmark |
| Current expenses | 1.00% |

**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 | | | | | | | Annualized | |
|------------|---------|-------|--------|---------|---------|-----------|------------|---------|
| | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Inception | 3 Years | 5 Years |
| Fund | -0.26% | 1.16% | 1.31% | -1.51% | 2.99% | 7.09% | -0.51% | 0.59% |
| Benchmark | 0.04% | 0.83% | 1.66% | -6.86% | 8.91% | 16.93% | -2.34% | 1.72% |
| Difference | -0.30% | 0.33% | -0.35% | 5.34% | -5.92% | -9.85% | 1.83% | -1.13% |

PERFORMANCE BY CALENDAR YEAR

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------|-------|---------|-------|--------|--------|--------|
| Fund | 3.66% | -10.90% | 6.14% | -7.40% | 15.90% | -6.84% |
| Benchmark | 3.04% | -13.19% | 3.74% | 5.65% | 15.80% | -6.13% |

TRAILING 1Y PERFORMANCE

| | Fund | Benchmark |
|------------|--------|-----------|
| 2024 02 29 | 1.31% | 1.66% |
| 2023 02 28 | -3.09% | -6.21% |
| 2022 02 28 | 0.31% | -2.31% |
| 2021 02 28 | -7.55% | 6.72% |
| 2020 02 29 | 13.11% | 9.57% |
| 2019 02 28 | -4.65% | -1.49% |

RISK RATIOS***

| | 1 Year | 3 Years |
|-------------------|--------|---------|
| Volatility | | |
| Fund | 11.04% | 8.36% |
| Benchmark | 9.52% | 8.09% |
| Tracking Error | 2.79% | 2.26% |
| Information ratio | -0.09 | 0.80 |
| Sharpe ratio | -0.23 | -0.22 |
| Alpha | -0.32 | 1.87 |
| Beta | 1.13 | 0.99 |

PORTFOLIO CHARACTERISTICS

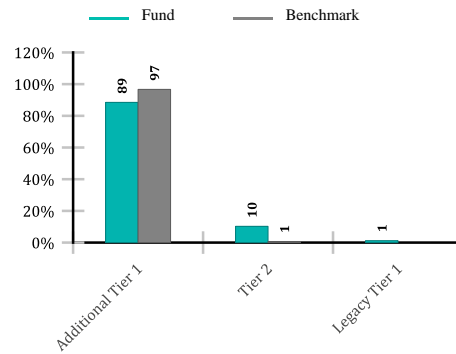
| | Yield to worst | Yield to call | Yield to maturity | Spread vs Govies (bps) | Modified Duration | Credit Sensitivity | Issues Rating* BB- | Issuers Rating* BBB |
|--------------------------|----------------|---------------|-------------------|------------------------|-------------------|--------------------|-----------------------|------------------------|
| Gross (Net hedge FX) | 7.5% | 8.4% | 8.2% | 533 | 2.7 | 2.7 | | *Average rating |
| Net (hedged FX/CDS/Taux) | - | 8.2% | - | - | 3.4 | 2.7 | | |

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.

MAIN HOLDINGS

| Holdings | Weight |
|--------------------------------|--------|
| BARCLAYS PLC TV COCO17-10AG--T | 3.4% |
| COMMERZBANK TV 20-16JN--A | 3.1% |
| UNICAJA BCO TV(COCO)21-18NO--T | 3.0% |
| ALPHA SERVICES TV(C)23-08FE--S | 2.7% |
| BANCO CR.SOC.TV EMTN21-27N031A | 2.6% |

SUBORDINATION BREAKDOWN (%)

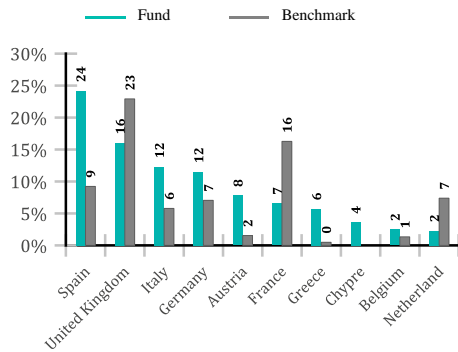


CURRENCY BREAKDOWN (%)

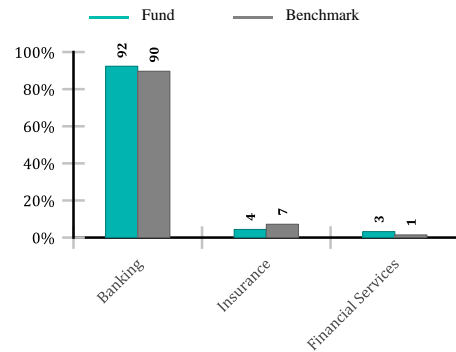
| Currencies | Gross weight | Net weight |
|-------------------|--------------|------------|
| EUR | 75.2% | 92.1% |
| USD | 9.5% | 7.8% |
| GBP | 15.0% | 0.2% |
| Others Currencies | 0.0% | 0.0% |

*Net exposure of FX hedges.

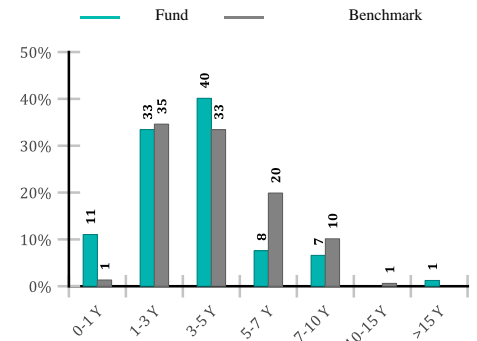
GEOGRAPHICAL BREAKDOWN % (Top Ten)



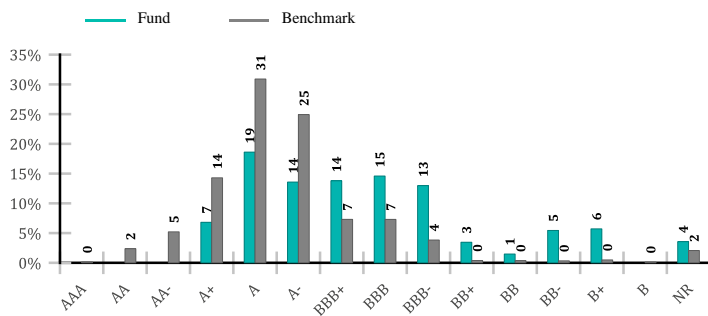
SECTOR BREAKDOWN % (Top Ten)



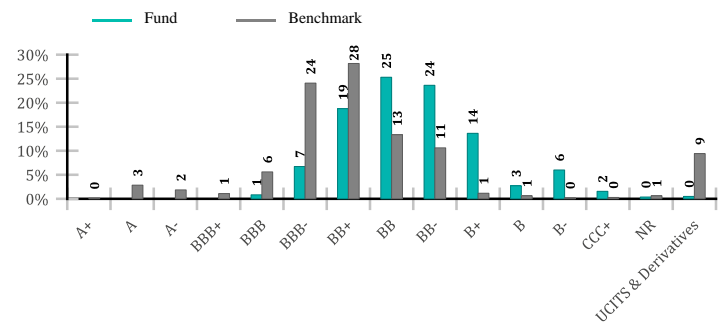
MATURITY BREAKDOWN % (Next call Date)



ISSUER RATING BREAKDOWN (%)



ISSUE RATING BREAKDOWN (%)



FUND MANAGERS COMMENT

February was a flat to slightly negative Month for the asset class only due to higher Rates which rose by +13 to +48 bps depending on the currency and point of the yield curve. Better macro figures and some slight negative surprises on CPI explained that movement with now later and less cuts priced in the markets. Spreads tightened by -11 bps for Senior debt, -16 bps for Tier 2 IG and between -18 to -25 bps for AT1s which outperformed the rest of the capital stack with TRR of -0.1% to +0.2% whereas Senior debt ended at -0.6% and Banks Tier 2 IG had a -0.2% TRR. Subordinated debt of insurers also outperformed with a TRR of -0.2%.

The primary market was active in February with around 41 bn issued this month (in line vs 2023).

We had the issuance of eleven capital instruments last month for 9.3 bn, with seven AT1s (\$ ING 8%, \$ UBS 7.75%, \$ Swedbank 7.75%, \$ BNP 8%, € ABN Amro 6.875%, £ Investec 10.5%, \$ Standard Chartered 7.875%) and four Tier 2 callable (Danske Bank, BPCE, SEB, Natwest).

Calls and refinancing are very advanced for the 2024 vintage with roughly 62% of all Tier 2 and AT1 callable in 2024 already called or refinanced, without any non-call so far.

The earnings season for banks is very well advanced and most are publishing historical record profits for 2023, thanks to a big jump in revenues, notably the Net Interest Income. Insurers are publishing a good set of results without shining as much as banks.

We had some volatility at the start of the month due to some concerns on Commercial Real Estate (CRE) exposures. It started with a US bank, NYCB, which went under pressure due to its elevated exposure to multi-family rents, it continued with a Japanese bank, Aozora Bank, which took elevated provisions to cover its US CRE portfolio. Both entities have low capital ratios and taking more provisions were absolutely needed, even if, their situation is very specific. We then had some contagion to a German bank with Deutsche Pfandbriefbank (PBB) under pressure as this is a monoline specialized in CRE. The read through from the market was exaggerated by the small size of the bank and the lack of liquidity in its bonds. More provisions will be needed but its capital ratios are twice more elevated than NYCB or Aozora Bank.

We continue to see ratings upgrade with Sabadell upgraded by S&P to BBB+ vs BBB and Permanent TSB upgraded by Fitch from BB+ to BBB-. Unipol has come under credit watch positive with Moody's after announcing the merger between its Holdco and Opco entities.

In Lazard Capital Fi, the most important contributors to the performance have been :

- By subordination, AT1 and RT1 (+0,27%) and banks Tier 2 (+0,07%)
- By country, UK (+0,25%) and Germany (-0,17%)
- By issuer, Deutsche Bank (-0,16%) and Barclays (+0,10%)

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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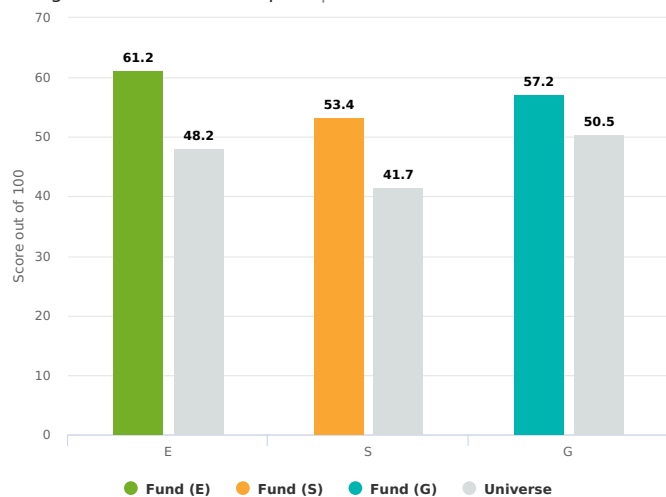
LAZARD FRÈRES GESTION
SAS au capital de 14 487 500 € - 352 213 599 RCS Paris - 25 rue de Courcelles 75008 Paris
www.lazardfreresgestion.fr

ESG rating - Lazard Capital Fi SRI
54.05

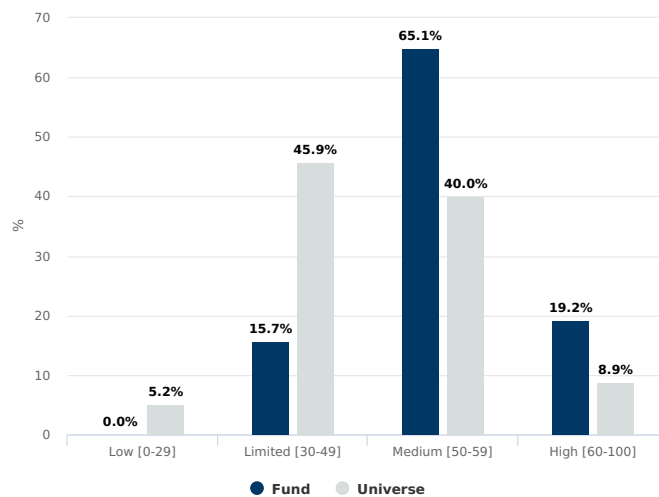
ESG rating Universe*
48.25

Minimum label SRI rating
51.90

Average score on each ESG pillar | Score out of 100



ESG score distribution in %



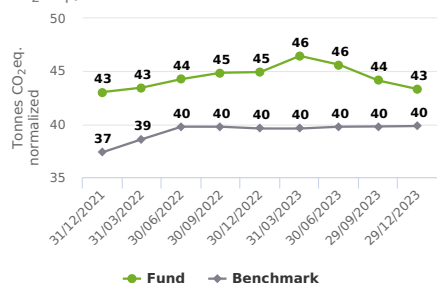
Source: Mitec Moody's ESG Solutions / MSCI ESG. Fund coverage rate: 95.0%. Universe coverage rate: 100.0%

*Universe: european financial companies analyzed by Moody's ESG Solutions and MSCI ESG

ESG performance indicators

Environmental

Carbon intensity
Tonnes CO₂ eq./M€ of Sales

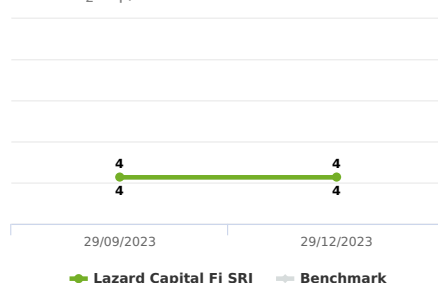


Benchmark: Global Contingent Capital Total Return EUR

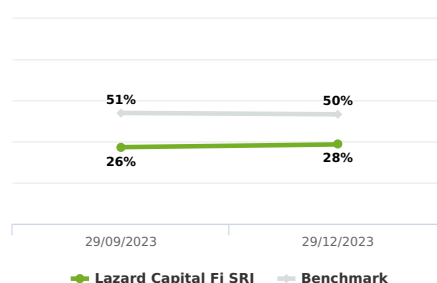
Source: Trucost - scopes 1, 2 and 3

Fund coverage rate: 83.6% ; benchmark: 92.8%

Carbon footprint
Tonnes CO₂ eq./M€ of EVIC



% of companies with high or critical Environmental controversies



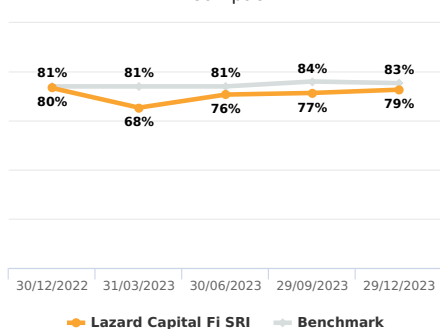
Source: Moody's ESG Solutions

Fund coverage rate: 100.0%

Benchmark coverage rate: : 100.0%

Human rights

% of companies signatories of United Nation Global Compact



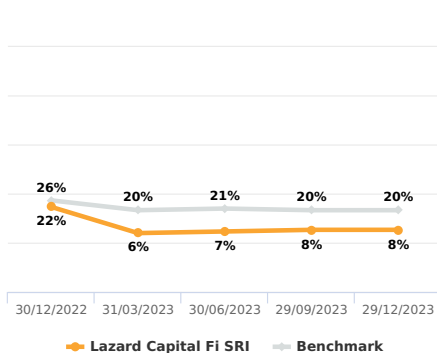
Source: Moody's ESG Solutions

Fund coverage rate: 92.4%

Benchmark coverage rate: 95.8%

Social

% of companies with high or critical HR controversies



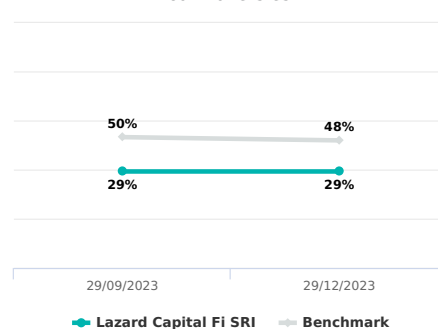
Source: Moody's ESG Solutions

Fund coverage rate: 100.0%

Benchmark coverage rate: 100.0%

Governance

% of companies with high or critical Governance controversies



Source: Moody's ESG Solutions

Fund coverage rate: 100.0%

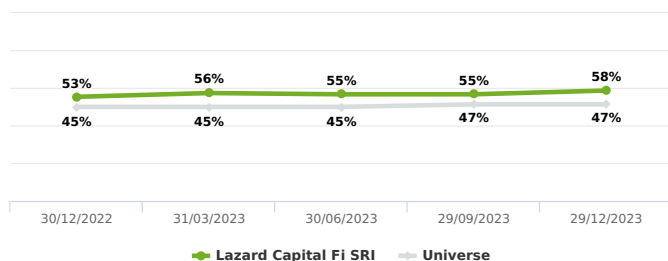
Benchmark coverage rate: 100.0%

Evolution of additional ESG indicators, source Moody's ESG Solutions

| Development of green products and services | Responsible customer relations | Prevention of discrimination and promotion of diversity | Audit and internal controls |
|---|---|--|--|
| Goals | | | |
| Rates companies based on sustainable products and companies offered to customers customers, as well as their "research & development" achievements. | Analyses companies' best practices with respect to their customers. | Reviews company policies aimed at preventing discrimination at work and promoting and developing diversity in the workplace. | Rates companies on the quality of their internal controls and risks covered. |

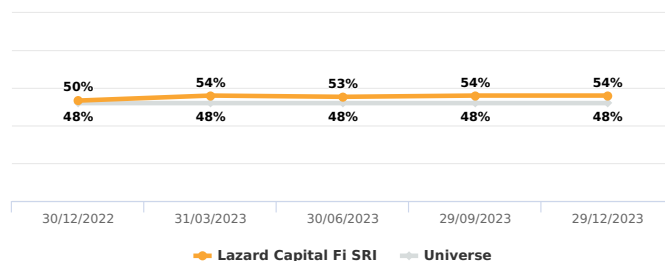
| Factors Analysed | | | |
|---|--|---|--|
| <ul style="list-style-type: none"> Commitment in terms of sustainable products and services (definition of precise objectives, etc) Resources allocated to achieve this commitment (R&D budget, dedicated structures) Share of the company's activity concerned by this policy (segments concerned, number of products) Company performance on sustainable products and services compared to the sector | <ul style="list-style-type: none"> Prevention of abusive practices and establishing mutually beneficial relationships Compliance with contractual clauses Setting up appeal systems and due process | <ul style="list-style-type: none"> Commitment on discrimination and diversity Measures implemented by the company to achieve this objective Controversies affecting the company in this area | <ul style="list-style-type: none"> Internal company audit committee CSR risk management and its inclusion in reporting Controversies involving the company in this area (severity, frequency, responsiveness) |

Development of green products and services



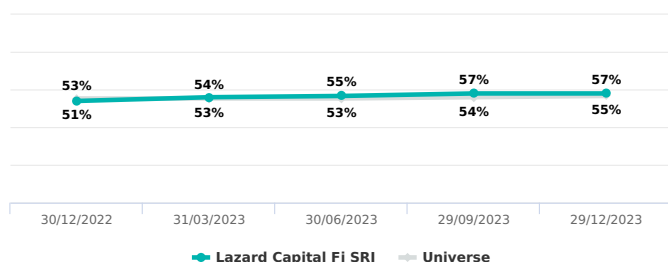
Source: Moody's ESG Solutions
Fund coverage rate: 92.4%
Universe coverage rate: 60.4%

Responsible customer relations



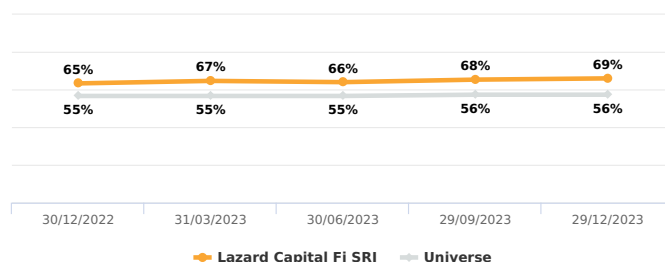
Source: Moody's ESG Solutions
Fund coverage rate: 92.4%
Universe coverage rate: 61.6%

Audit and internal controls



Source: Moody's ESG Solutions
Fund coverage rate: 92.4%
Universe coverage rate: 62.8%

Prevention of discrimination and promotion of diversity



Source: Moody's ESG Solutions
Fund coverage rate: 92.4%
Universe coverage rate: 62.8%

SRI label commitments

List of indicators for which the fund is committed to outperforming its benchmark / universe, as defined in the SRI label guidelines:

- % of companies with high or critical Environmental controversies
- % of companies with high or critical Governance controversies

Carbon footprint methodology (environmental impact)

- Lazard Frères Gestion decided to establish a partnership with TRUCOST in 2016, in order to receive carbon footprint data.
- Lazard Frères Gestion uses the carbon footprint indicator, which is expressed in CO₂ equivalent tons per €m of revenue.
- The carbon footprint assessment takes into account scope 1, 2 and 3 greenhouse gas (GHG) emissions:
 - Scope 1: all direct emissions related to the combustion of fossil fuels required to manufacture the product.
 - Scope 2: indirect emissions linked to the production of electricity, heat or steam consumed by the activities of the company.
 - Scope 3: other indirect emissions, all other indirect emissions related to the activity of the company considered.
- These measurements are made only on securities held directly.
- In the case of a listed company for which we do not have carbon data, its weighting is then proportionally distributed over the weight of other companies in the same sector, in order to preserve the initial sectoral weightings.
- The weight of each security in the portfolio is rebased so that the total weight is 100%.
- The method used to calculate the carbon footprint of a portfolio is a weighted average of GHGs divided by the revenue of each position. This gives us the following formula:

$$\text{Carbon footprint of the portfolio} = \sum \left[\left(\frac{\text{Carbon emissions (scope 1 + 2 + 3)}}{\text{Revenue}} \right) \text{ of each security} \times \text{security weight} \right]$$

- The level of CO₂ emissions of a company is highly dependent on its field of activity. Some sectors are structurally more “emitting” than others.

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