

Total net assets 1198.00 M€  
NAV 1042.13 \$

Inception date Feb 18, 2020  
ISIN Code FR0013476041  
Bloomberg Code



SFDR Classification : Article 8

Country of registration

## MANAGER(S)



François Lavier Alexis Lautrette Sergio Gallo

## 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 since 31/12/15 before JPMorgan Susi Tier 1

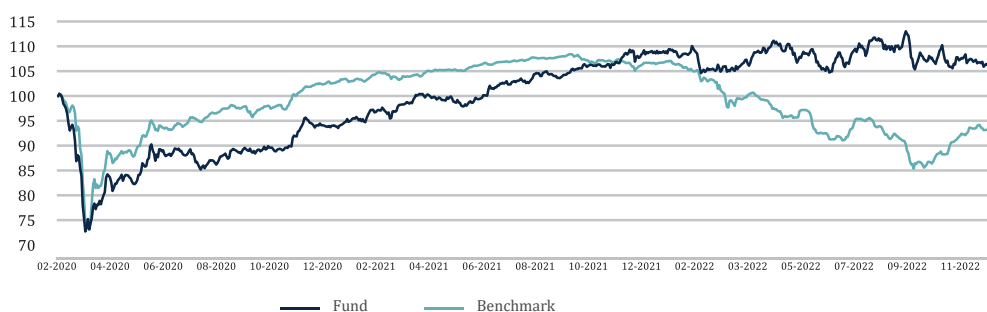
## FEATURES

Legal Form	FCP
Legal Domicile	France
UCITS	Yes
AMF Classification	International bonds
Eligibility to PEA (personal equity savings plan)	No
Currency	EURO
Subscribers concerned	
Inception date	18/02/2020
Date of share's first NAV calculation	18/02/2020
Management company	Lazard Frères Gestion SAS
Custodian	CACEIS Fund Admin
Fund administration	CACEIS Fund Admin
Frequency of NAV calculation	Daily
Order execution	On next NAV for orders placed before 12:00 p.m
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	1.25% max
Performance fees	Nil
Current expenses	1.30%

\*Risk scale : Derived from the historic volatility of the fund over a period of 5 years. The management company reserves the right to adjust the level of risk calculated according to the specific risk of the fund. This risk scale is supplied as a rough guide and may be modified without advance notice. Risk 1 does not mean a risk-free investment. This indicator may change over time.

(3) Ratios calculated on a weekly basis

## HISTORICAL NET ASSET VALUE (5 YEARS OR SINCE INCEPTION)



Past performance is not a guarantee of current or future performance and increases at the end of the recommended investment period.

## HISTORICAL PERFORMANCE

Cumulative	Annualized			
	1 Month	YTD	1 Year	Inception
Fund	1.08%	-8.63%	-8.63%	4.23%
Benchmark	1.37%	-10.59%	-10.59%	-2.21%
Difference	-0.29%	1.96%	1.96%	6.44%

## PERFORMANCE BY CALENDAR YEAR

	2022	2021
Fund	-8.63%	7.32%
Benchmark	-10.59%	4.87%

## TRAILING 1Y PERFORMANCE

	Fund	Benchmark
2022 12 31	-8.63%	-10.59%
2021 12 31	7.32%	4.87%

## RISK RATIOS\*\*\*

	1 Year
Volatility	
Fund	8.42%
Benchmark	9.27%
Tracking Error	2.88%
Information ratio	0.68
Sharpe ratio	-1.03
Alpha	0.64
Beta	0.86

## PORTFOLIO CHARACTERISTICS

	Yield to worst	Yield to call	Yield to maturity	Spread vs Govies (bps)	Modified Duration	Credit Sensitivity
Gross (Net hedge FX)	8.4%	9.9%	8.8%	801	2.1	2.2
Net (hedged FX/CDS/Taux)	-	9.4%	-	-	0.9	2.2

Estimates of yields in different currencies, spreads or sensitivities are based on LFG's best judgment for all securities included in the portfolio as of the date mentioned. LFG does not provide any guarantee.

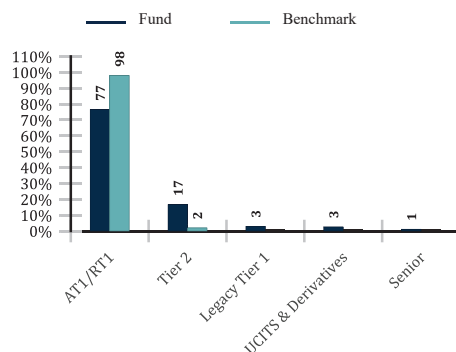
## AVERAGE RATING

Issues Rating*	Issuers Rating*
B+	BBB-
*Average rating	

## MAIN HOLDINGS

Holdings	Weight
RAIFFEISEN BANK TV 20-29JY--S	3.5%
BARCLAYS PLC TV COCO17-10AG--T	3.4%
CREDIT SUISSE GRP TV18-12SE--S	2.9%
LEASEPLAN TV 19-29MY--S	2.9%
B.SABADELL TV (COCO)17-23NO--T	2.8%

## SUBORDINATION BREAKDOWN (%)

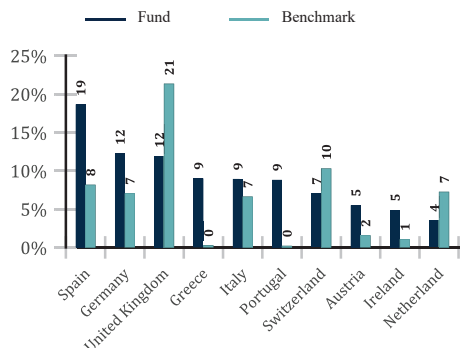


## CURRENCY BREAKDOWN (%)

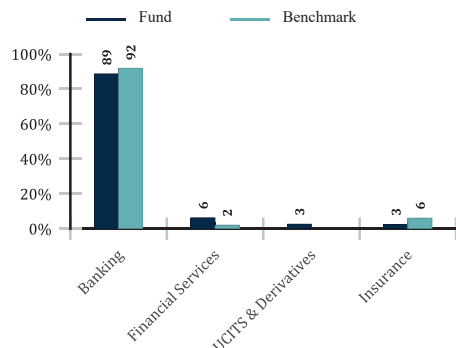
Currencies	Gross weight	Net weight
EUR	73.5%	92.9%
USD	11.4%	6.6%
GBP	11.3%	0.5%

\*Net exposure of FX hedges.

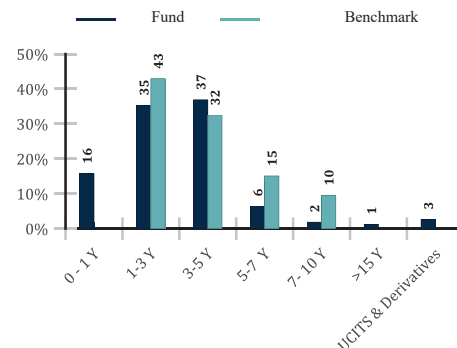
## GEOGRAPHICAL BREAKDOWN % (Top Ten)



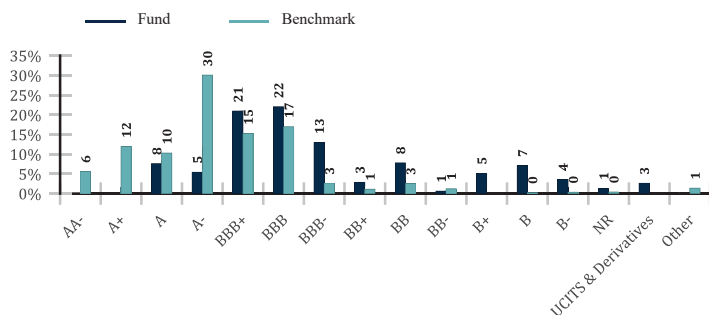
## SECTOR BREAKDOWN % (Top Ten)



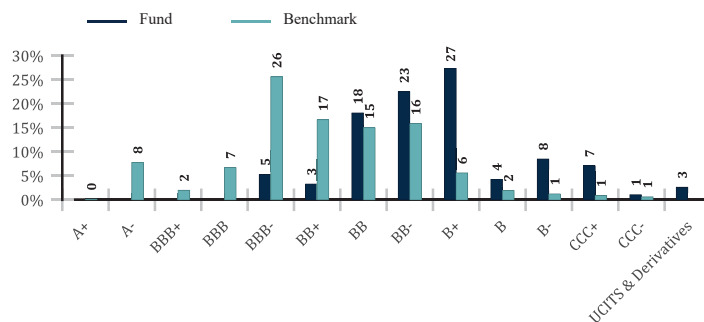
## MATURITY BREAKDOWN % (Next call Date)



## ISSUER RATING BREAKDOWN (%)



## ISSUE RATING BREAKDOWN (%)



**FUND MANAGERS COMMENT**

December was all about Central Banks with all of them hiking by +50 bps during the month and with hawkish messages sent by the Fed, the ECB and the surprised lift from the BOJ on its yield target to 0,5% from 0,25%.

In that context, Rates rose by +12 to +71 bps whereas spreads tightened a bit by -14 to -32 bps.

Banks repaid an additional 448bn of TLTRO 3 funds in December, accumulating to 808 bn of repayment in advance and cutting to 1 308 bn the outstanding left.

We are achieving a bear market year for Rates more than for spreads with YoY movements of +206 bps (US 30Y) to +369 bps (US 2Y), with many points of the yield curves around +300 bps as an average.

Spreads ended wider by +65 bps for banks' Senior debt to +186 bps for Euros AT1s. Tier 2 ended the year at +128 bps.

European banks have absorbed without any difficulties the geopolitical shock and the sanctions against Russia. 2022 should be the best profitable year in history for many financial institutions.

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

- By subordination, AT1 and RT1 (+0,59%) and banks Tier 2 (+0,16%)
- By country, Switzerland (+0,45%) and Italy (-0,13%)
- By issuer, Credit Suisse Group (+0,45%) and Intesa Sanpaolo (-0,10%)

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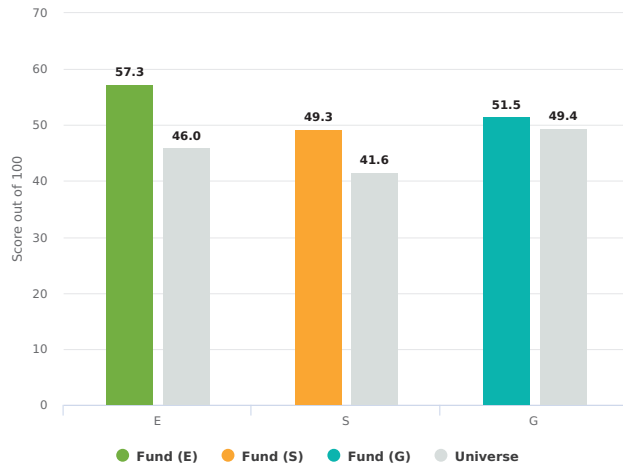
December 30th 2022

ESG rating - Lazard Capital Fi SRI  
51.28

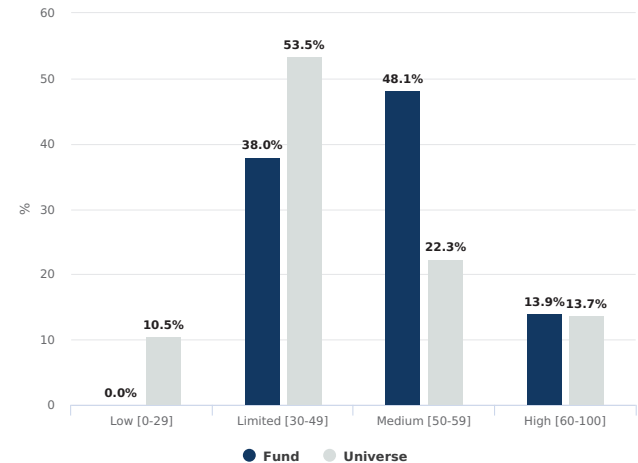
ESG rating Universe\*  
44.85

Minimum label SRI rating  
49.12

Average score on each ESG pillar | Score out of 100



ESG score distribution in %



Source: Moody's ESG Solutions. Fund coverage rate: 90.5%. Universe coverage rate: 100.0%

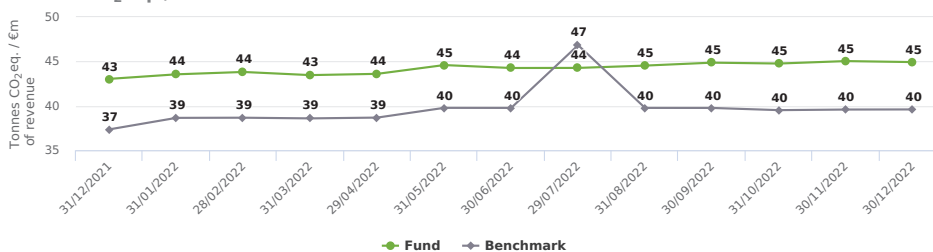
\*Universe: financial companies analyzed by Moody's ESG Solutions

## ESG performance indicators

### Environmental

#### Carbon intensity

Tonnes CO<sub>2</sub> eq. / €M of revenue



Benchmark: Barclays Global Contingent Capital Hedged EUR

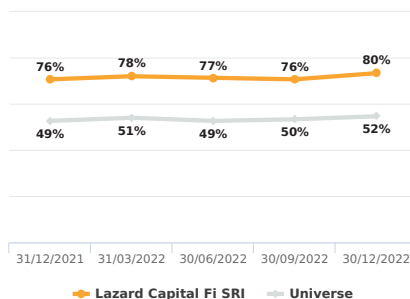
Source: Trucost - scopes 1, 2 and 3. Fund coverage rate: 81.6% ; benchmark: 91.8%

#### 5 main contributions to the carbon intensity of the fund

Companies	Contributions
DEUTSCHE BANK AG	9%
BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY	8%
PIRAEUS BANK	8%
CREDIT SUISSE GROUP AG	7%
BANCO COMERCIAL PORTUGUES SA	5%

### Human rights

% of companies signatories of United Nation Global Compact



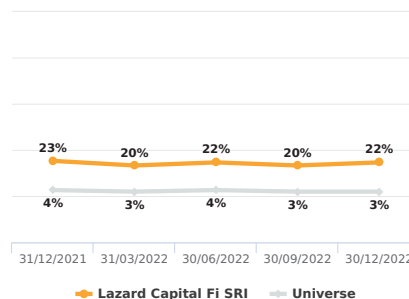
Source: Moody's ESG Solutions

Fund coverage rate: 90.3%

Universe coverage rate: 99.2%

### Social

% of companies with high or critical HR controversies



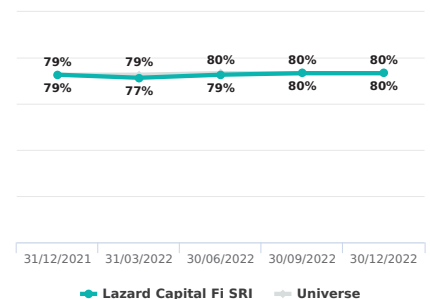
Source: Moody's ESG Solutions

Fund coverage rate: 90.3%

Universe coverage rate: 100.0%

### Governance

% of independent administrators on the Board



Source: MSCI

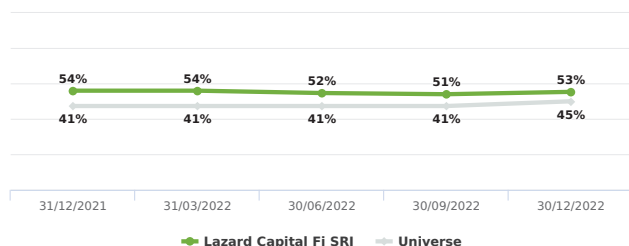
Fund coverage rate: 93.0%

Universe coverage rate: 86.3%

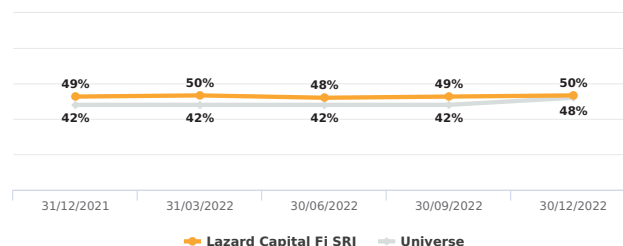
## Evolution of additional ESG indicators, source Moody's ESG Solutions

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

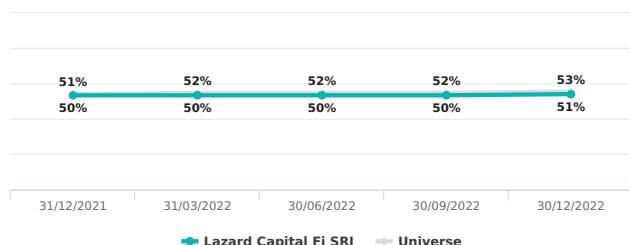
### Development of green products and services



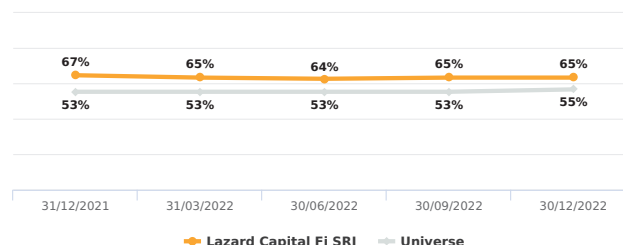
### Responsible customer relations



### Audit and internal controls



### Prevention of discrimination and promotion of diversity





## 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 intensity indicator, which is expressed in CO<sub>2</sub> 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 intensity of a portfolio is a weighted average of GHGs divided by the revenue of each position. This gives us the following formula:

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

- The level of CO<sub>2</sub> emissions of a company is highly dependent on its field of activity. Some sectors are structurally more "emitting" than others.

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