

Lazard Nordic High Yield Bond Fund

A Acc EUR

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ASSET MANAGEMENT

Market Review Q3-2025

The third quarter of 2025 was broadly constructive for global markets, with risk assets supported by stable credit conditions and generally positive macro developments.

July began with mixed sentiment but improved towards month-end, driven by US trade agreements and fiscal measures, lifting equities and tightening credit spreads to multi-year lows. In August, equities extended gains and US HY spreads tightened further, although positive momentum softened amid weaker US macro data and growing expectations of multiple Fed rate cuts by year-end; European monetary policy remained essentially unchanged. September was calm, with low volatility and few surprises, as stronger US GDP revisions and resilient consumer spending sustained risk appetite, keeping credit spreads broadly stable and returns largely driven by carry.

Against this backdrop, the Nordic High Yield market delivered another quarter of solid returns, supported by stable credit fundamentals and selective spread tightening. From a valuation perspective, NHY spreads remain around historical averages thereby still offering a more attractive risk premium compared to other global HY markets. The ICE BofA Euro High Yield Index closed Q3 at +260bps – levels only seen during the Covid-19 rally and pre-GFC – whereas Nordic HY trades at +455bps which is its long-term average. This relative attractiveness is notable given that US and EUR HY have compressed more aggressively in recent months.

Credit quality in NHY has been broadly stable, with leverage metrics in line with global BB/B-rated corporate averages. Net debt to EBITDA stands at 4.1x for 2025 expected, versus 4.2x in traditional High Yield, and net debt to enterprise value is comparable at 45–51%. Despite similar financial risk, spreads in Nordic High Yield remain wider: the Nordic High Yield universe stands at +455bps on average which translates to roughly 1.8x higher spread per turn of leverage than traditional EUR High Yield, equating to ~200bps of additional compensation. This structural premium reflects factors such as smaller issue sizes, lack of external ratings, and a still-developing international investor base.

Relative value metrics reinforce the attractiveness of NHY. The spread pick-up versus iTraxx Crossover and US HY sits around +1 standard deviation above historical norms, while spread-to-leverage and spread-to-LTV ratios remain elevated. In a global context where US HY spreads, adjusted for leverage, are at multi-decade lows, NHY offers a compelling yield advantage without materially higher credit risk.

The Nordic High Yield primary market also maintained strong momentum through the third quarter of 2025. After the expected summer lull during July, primary issuance picked up notably in August and continued at a record pace in September. Year-to-date volumes reached NOK 204bn, putting the market on track to challenge last year's NOK 235bn record. The sector mix is evolving: oil & shipping's share has further declined, while real estate has grown again. The market's investor base is becoming increasingly international, with 53% especially strong in new issues denominated in USD/EUR.

In summary, Q3 2025 confirmed NHY's position as a resilient, attractively valued market next to traditional global high yield. Strong issuance, stable credit metrics, and a meaningful spread premium present a favorable backdrop for investors seeking yield with disciplined risk.

Fund Performance

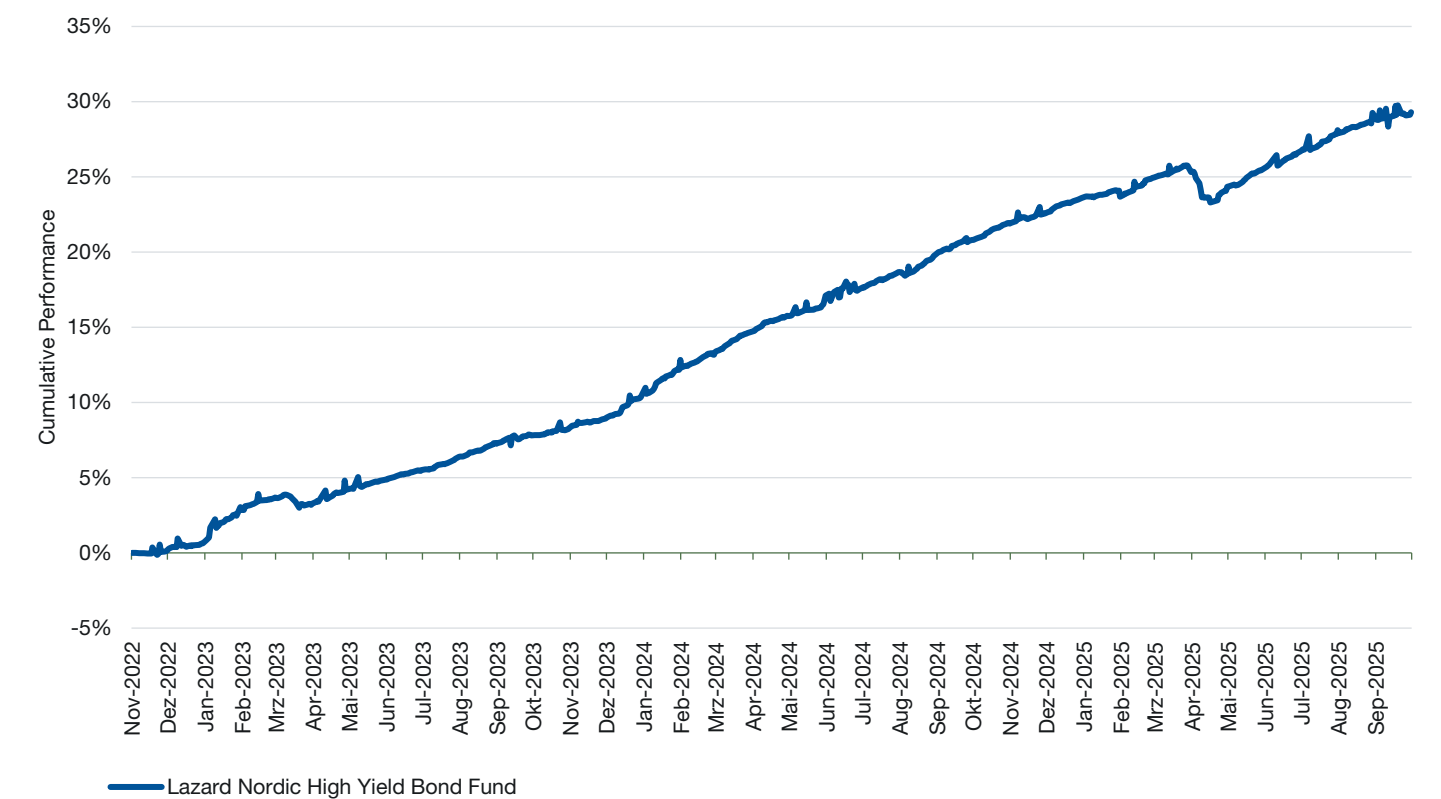
Against a broadly constructive market backdrop in Q3 2025, the Lazard Nordic High Yield Bond Fund (A Acc EUR) delivered a solid net return of 2.06% for the quarter, bringing the year-to-date performance to +4.61% and the 12-month return to +7.04%. September was relatively flat at +0.04%, yet the strategy's strong results over the full quarter underscores its resilience. Notably, the Fund has slightly outperformed the ICE BofA Euro HY Index (+4.54% YTD) despite Nordic HY spreads remaining roughly 35 bps wider year-to-date, whereas EUR HY spreads have tightened by around 40 bps. Once more, this highlights the robustness of the Lazard Nordic High Yield Bond Fund and reinforces the strong combination of the "Nordic Premium" — the yield advantage it retains over traditional High Yield markets in Europe and the US — and the strategy's ability to capture attractive carry while maintaining no significant interest rate duration, a moderate spread duration and competitive risk-adjusted returns.

Performance

The performance provided represents past performance. Past performance is not a reliable indicator of future results.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Volatility	Sharpe Ratio
2025	0.06%	1.04%	0.29%	-0.77%	0.87%	1.01%	1.11%	0.90%	0.04%				4.61%		
2024	2.27%	0.44%	1.12%	0.99%	1.18%	0.36%	0.99%	0.95%	0.82%	0.91%	0.54%	0.85%	12.03%	1.01%	8.25
2023	2.21%	0.79%	-0.38%	0.87%	0.65%	0.61%	0.84%	0.82%	0.50%	0.48%	0.57%	1.28%	9.63%	1.11%	5.16
2022											0.16%	0.48%	0.64%	-	-

Investments in high yield bonds are associated with considerable risks, including credit, interest rate and liquidity risks. Risk: Annualized 360 days volatility. The above data is based on the A Acc (EUR) share class. Data are shown net of fee. For more information about the fund's other characteristics and risks, please refer to the prospectus available from the company on request or at www.lazardassetmanagement.com. As of 30 September 2025. Source: Bloomberg, Lazard.



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Performance Contribution

Contribution by Sector

Sector	Average Weight	Total Return (EUR hedged)	Contribution To Return (EUR hedged.)
Fixed Income	97,8		2,05
Communications	1,1	2,1	0,02
Consumer Discretionary	10,2	2,0	0,20
Consumer Staples	5,3	1,9	0,10
Energy	19,0	2,9	0,54
Financials	29,6	1,9	0,55
Health Care	5,4	2,1	0,11
Industrials	10,0	2,4	0,24
Materials	3,6	1,6	0,06
Technology	13,1	1,5	0,20
Utilities	0,5	2,8	0,01
Cash	2,2		0,01
Total	100,0		2,06

Source: Lazard; As of 30 June 2025 to 30 September 2025

Contribution by Rating

Sector	Average Weight	Total Return (EUR hedg.)	Contribution To Return (EUR hedg.)
Fixed Income	97,8		2,05
Euro	38,3		0,80
AAA-A	-	-	-
BBB	0,9	1,2	0,01
BB	10,9	2,4	0,26
B	26,6	2,0	0,54
Norwegian Krona	23,6		0,40
AAA-A	9,1	0,7	0,06
BBB	0,8	1,6	0,01
BB	2,1	2,1	0,04
B	11,5	2,4	0,28
Swedish Krona	21,0		0,29
AAA-A	-	-	-
BBB	1,1	1,8	0,02
BB	4,3	2,2	0,09
B	15,6	1,2	0,18
US Dollar	14,8		0,56
AAA-A	-	-	-
BBB	-	-	-
BB	5,5	3,7	0,19
B	9,3	4,0	0,37
Cash	2,2		0,01
Total	100,0		2,06

Source: Lazard; As of 30 June 2025 to 30 September 2025

Positive Contributors

- In an environment of mainly sideways headed but still volatile interest rates, the high allocation to floating rate notes and the high coupon carry had a positive impact on the fund's overall performance.
- All sectors and credit qualities contributed positively to the overall result. Energy and Utilities delivered the strongest results on a total return basis.
- The highest single performance contributors in Q3 have been exposures to bonds from Eolus AB, Lime Petroleum AS and DNO ASA.

Negative Contributors

- Outstanding as the weakest single performer in the portfolio last quarter has been the exposure to Foxway Holding AB on the back of a soft Q2 earnings report. Despite the recent challenges we keep constructive on the position due to a cost reduction program set to be fully implemented by the company management until mid-February 2026, the fact that the 2024 revenue churn should be offset by new contracts commencing in H2 2025 and strong structural tailwinds supporting the sector.

Outlook

The Nordic High Yield market enters the final quarter of 2025 with a solid fundamental backdrop and a clear valuation advantage over traditional high yield markets. Corporate credit quality remains robust: leverage metrics are stable, with net debt to EBITDA at 4.1x, broadly in line with global BB/B-rated corporates, and net debt to enterprise value in the 45–51 % range. These figures have shown little volatility in recent years, underscoring the resilience of Nordic issuers even amid periods of market stress and/or rising interest rates.

Importantly, this stability is not the result of lower risk-taking but rather disciplined balance sheet management and sector diversification. Additionally, the decline in oil & shipping exposure and the rise in real estate, industrials, and other sectors over the last decade have reduced cyclical concentration risk. Credit quality has been broadly maintained across the market, with defaults remaining low and recovery rates historically strong.

From a valuation perspective, Nordic HY continues to offer a meaningful premium over traditional EUR and US High Yield. With average spread levels at +455bps in the Nordic High Yield space, investors receive roughly 1.8x higher spread per turn of leverage compared to international peers – translating into ~200bps of additional yield despite similar financial risk profiles. Spread-per-leverage and spread-per-LTV ratios remain elevated, signaling that investors are being compensated well above traditional High Yield markets for a given level of credit risk.

This relative value is particularly compelling in the current global environment, where traditional High Yield spreads, adjusted for leverage, are at multi-decade lows and have compressed significantly year-to-date. In contrast, Nordic High Yield spreads remain at their long-term average, leaving room for further compression without sacrificing yield advantage.

Looking ahead, we expect fundamentals to remain stable, supported by prudent corporate leverage, healthy asset coverage, and a balanced sector mix. Even if global credit markets experience bouts of volatility, the Nordic HY segment's structural premium and disciplined issuer base should provide resilience. For investors, this combination of strong fundamentals and attractive relative pricing offers a favorable risk-reward profile heading into Q4 2025 and into 2026.

In our view, Nordic HY remains one of the few high yield markets globally where investors can still capture above-average spreads without taking on disproportionate credit risk – a quality that should continue to support performance in the months ahead.

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Lazard Nordic High Yield Bond Fund is a sub-fund of Lazard Global Investment Funds plc, an open-ended investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds with limited liability and authorized and regulated by the Central Bank of Ireland as a UCITS.

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