

French UCITS-compliant fund subject to European Directive 2009/65/EC

Prospectus

I – GENERAL FEATURES

I.1. – Form of the UCITS

Name:	OBJECTIF SMALL CAPS EURO
Registered office:	121, Boulevard Haussmann 75008 Paris, France
Legal form:	French open-end investment company (<i>Société d'Investissement à Capital Variable - SICAV</i>) with a board of directors
Inception date – term	This UCITS was created on 5 August 2003 for a period of 99 years.

UCITS overview:

Share	ISIN code	Allocation of distributable income	Base currency	Eligible investors	Minimum initial subscription	Initial net asset value
A shares	FR0000174310	Allocation of net income: accumulation and/or distribution and/or carry forward Allocation of net realised capital gains: accumulation and/or distribution and/or carry forward	Euro	All subscribers	One share	200 €
R shares	FR0010689141	Allocation of net income: accumulation and/or distribution and/or carry forward Allocation of net realised capital gains: accumulation and/or distribution and/or carry forward	Euro	All subscribers	One share	500 €

The difference between the two shares is that the A shares are intended to be distributed directly by the management company to private and institutional clients, while the R shares are mainly intended to be distributed by partners of the management company or by third-party management companies.

The SICAV's prospectus, latest annual and periodic reports, as well as the composition of assets and Lazard Frères Gestion SAS's standards regarding the exercise of voting rights will be sent out within eight working days upon written request to:

Lazard Frères Gestion SAS

25, rue de Courcelles – 75008 Paris, France

The prospectus is also available at www.lazardfreresgestion.fr

Designated contact:

Client Services – Monday to Friday

9 a.m. to 5 p.m. – Tel.: + 33 (1) 44 13 01 79

where further information may be obtained if necessary.

I.2. – Service providers

Delegated management company:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France Management company incorporated under French law authorised by the French securities regulator (<i>Autorité des Marchés Financiers</i> – AMF) on 28 December 2004, no. GP 04 0000 68
Custodian:	Lazard Frères Banque 121, Boulevard Haussmann – 75008 Paris, France Credit institution incorporated under French law authorised by the French Credit Institutions and Investment Firms Committee (<i>Comité des Etablissements de Crédit et des Entreprises d'Investissement</i> - CECEI) under no. 30748 The custodian's functions, as set out in the applicable regulations, include safeguarding of the assets, ensuring the legality of decisions taken by the management company and monitoring of cash flow related to the Funds. Sub-delegation: A description of the functions of delegated custody agents, a list of the custody and sub-custody agents of Lazard Frères Banque, and information on conflicts of interest that may arise in relation to these agents are available on the Lazard Frères Banque website: http://lazardfreresbanque.fr Investors may obtain updated information on request. The custodian operates independently of the investment management company.
Transfer agent:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France
Registrar:	Lazard Frères Banque 121, Boulevard Haussmann – 75008 Paris, France
Principal Statutory Auditor:	DELOITTE & ASSOCIES 185 avenue Charles de Gaulle 92524 Neuilly sur Seine Cedex Représenté par M. Olivier GALIENNE
Distributor:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France
Sub-delegation:	
Sub-investment manager:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France
Administrative and accounting sub-manager:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France
Sub-registrar:	Lazard Frères Banque 121, Boulevard Haussmann – 75008 Paris, France
Administrative, management and supervisory bodies:	The names and functions of the Chairman and members of the Board of Directors are available in the SICAV's annual report.

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the shares:	
ISIN codes:	
A shares:	FR0000174310
R shares:	FR0010689141
- Nature of the rights attached to the SICAV's shares:	Each shareholder has an ownership right in and to the assets of the SICAV in proportion to the number of shares owned.
- Voting rights attached to the SICAV's shares:	Each shareholder has real voting rights on the basis of one vote for every share held.
- Form of the shares:	Bearer or registered at the holder's discretion. The SICAV is listed with Euroclear France.
- Fractional or whole shares:	Subscriptions and/or redemptions may be made in thousandths of shares.
- Financial year end:	Last valuation date in September
- Taxation:	<p>The SICAV is not subject to corporate income tax. However, its shareholders are liable for taxation on dividends that the SICAV distributes and on realised capital gains or losses. The tax treatment of sums distributed by the SICAV or the unrealised or realised capital gains or losses of the SICAV depends on the tax rules applicable to the particular circumstances of each subscriber and/or the SICAV investment jurisdiction. If you are unsure of the tax rules applying to your particular circumstances, you should consult a professional advisor.</p> <ul style="list-style-type: none"> ➤ For non-French residents: withholding tax is payable by the subscriber. ➤ For French residents: the SICAV is an eligible investment for a PEA equity savings plan (<i>Plan d'épargne en actions</i>).

II.2 – Other specifications

- Classification:	Eurozone country equities
- Sub-investment manager:	Lazard Frères Gestion SAS
- Investment objective:	The SICAV seeks to achieve capital growth at the end of the recommended investment period through exposure to small and mid cap markets.
- Benchmark:	<p>The SICAV does not have a benchmark. Performance may be compared against the Euromoney Smaller Euro index (net dividends reinvested) over the recommended investment horizon.</p> <p>The Euromoney Smaller Euro is a capitalisation-weighted, free-float adjusted index comprising several hundred Eurozone companies.</p>

1 – Strategies used

A company's rate of return on invested capital above the cost of capital reflects its economic performance, as shown in its long-term stock market performance. Accordingly, the strategy applied within the SICAV is based on the following:

- Identifying companies with the best economic performance profiles.
- Verifying that performance through financial analysis and by examining the strategic underpinnings of performance.
- Selecting stocks from such companies according to the market's undervaluation of that performance at a given time.
- Building a portfolio within the Eurozone but with no other geographical or sector restrictions.

The focus on achieving the optimum ratio between the company's economic performance and valuation may result in wide divergences between the SICAV performance and its sector and/or country mix and those of the underlying asset class, i.e. small and mid caps from the Eurozone.

The minimum degree of exposure to the Eurozone equity markets is 75% of the SICAV's net assets.

2 - Assets (excluding embedded derivatives)

Equities:

Small and mid cap Eurozone equities and unlisted securities to a maximum of 5% of the SICAV's net assets.

Debt securities and instruments:

French and foreign negotiable debt securities (mainly French treasury bills and BTAN medium-term treasury notes).

UCIs:

The manager may invest up to a maximum of 10% in UCITs or AIFs.

These UCIs may be managed by the management company.

3 – Derivatives

• **Types of markets:**

- ☒ regulated
- ☒ organised
- ☒ OTC

• **The manager intends to seek exposure to the following:**

- ☒ equities
- ☐ interest rates
- ☐ currencies
- ☐ credit
- ☐ other

- **Types of operations (all operations must be limited to achieving the investment objective):**
 - ☒ hedging
 - ☒ exposure
 - ☐ arbitrage
- **Type of instruments used:**
 - ☒ **futures:**
 - ☒ equities and equity index
 - ☐ interest rate
 - ☐ currency
 - ☒ **options:**
 - ☒ equities and equity index
 - ☐ interest rate
 - ☐ currency
 - ☐ **swaps:**
 - ☐ equity swaps
 - ☐ interest rate swaps
 - ☐ currency swaps
 - ☐ **currency forwards**
 - ☐ **credit derivatives:**
 - ☐ credit default swaps: issuer default risk hedging
 - ☐ **currency risk hedging**
- **Strategy for using derivatives to achieve the investment objective:**
 - ☒ partial or general portfolio hedging
 - ☐ creating synthetic exposure to assets and risks
 - ☒ increasing exposure to the market without leverage
 - ☐ maximum permitted and sought
 - ☐ other strategy

4 – Securities with embedded derivatives

The acquisition of these securities is not part of the SICAV's strategy. However, the manager may invest in all securities with embedded derivatives authorised by the management company's activity programme, in particular warrants, bonds and rights held following operations affecting securities held in the portfolio.

5 – Deposits

Up to 10% of the SICAV's assets may be held in deposits.

6 – Cash borrowings

The SICAV may borrow cash within the limit of 10% of its assets to meet specific cash requirements related to its operating needs.

7 – Temporary sales and purchases of securities

Up to 100% of assets may be used in transactions involving temporary sales and purchases of securities.

- **Type of operations (all operations must be limited to achieving the investment objective):**

- ☒ managing cash flow
- ☐ optimising SICAV income
- ☐ possibly contributing to the SICAV leverage
- ☐ other

8 – Information on financial guarantees

In connection with over-the-counter derivative transactions, and temporary sales and purchases of securities, in accordance with Position paper 2013-06 issued by the French financial markets regulator (Autorité des Marchés Financiers – AMF), the SICAV may receive collateral in the form of securities (such as bonds or other securities issued or guaranteed by a State or issued by international financing agencies and bonds or securities issued by high quality corporate issuers), or cash.

Any cash collateral received is reinvested in accordance with the applicable rules.

All such assets must be from high-quality issuers that are not an entity of the counterparty or its group, and must be liquid and diversified with low volatility.

Discounts may be applied to the collateral received; they take into account the quality of credit and the price volatility of the securities.

9 – Risk profile

Your money will be mainly invested in financial instruments selected by the management company. These instruments will be exposed to market trends and fluctuations.

- **Risk of capital loss:**

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

- **Equity market risk:**

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

In addition, the volume of small- and mid-cap stocks listed on the stock exchange is relatively small and downward market movements tend to be more pronounced and faster than for large caps. The SICAV's NAV may therefore decline rapidly and significantly.

- **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 NAV to fall.

▪ **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. 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.

10 – Guarantee or protection

None.

11 – Eligible subscribers and typical investor profile

Any subscriber.

The instruments used and the strategies applied equate to an aggressive investment profile. The SICAV is intended for investors seeking exposure to the small and mid caps market. Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this SICAV.

Information on US investors:

The SICAV is not registered as an investment vehicle in the United States and its shares are not and will not be registered under the Securities Act of 1933 and, therefore, they may not be offered or sold in the United States to Restricted Persons, as defined hereafter.

A *Restricted Person* is (i) any person or entity located in the United States (including US residents), (ii) any corporation or any other entity subject to the laws of the United States or any state thereof, (iii) all US military personnel or any employee of a US government department or agency located outside the United States, or (iv) any other person that would be considered a US Person under Regulation S of the Securities Act of 1933, as amended.

FATCA:

Pursuant to the provisions of the *Foreign Account Tax Compliance Act* ("FATCA") applicable as of July 1st, 2014, if the SICAV invests directly or indirectly in US assets, the capital and income arising from such investments may be subject to withholding tax of 30%.

To avoid paying the 30% withholding tax, France and the United States have entered into an intergovernmental agreement under which non-US financial institutions ("foreign financial institutions") agree to institute procedures for identifying direct or indirect investors who qualify as US taxpayers and to provide certain information about these investors to the French tax authorities, which will disclose said information to the US tax authority, the Internal Revenue Service.

As a foreign financial institution, the SICAV undertakes to comply with the FATCA and to take all appropriate measures pursuant to the aforementioned intergovernmental agreement.

The amount that it is reasonable to invest in this SICAV depends on each investor's personal circumstances. To determine this, investors should take account of their personal financial situation, current needs and the recommended investment period, and should also consider their ability to assume risk or whether they prefer instead to opt for a more cautious investment.

Recommended investment horizon: minimum five years

12 – Allocation of distributable income

Distributable income consists of the following:

- 1) net income plus retained earnings and plus or minus the balance of the revenue adjustment account.
Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the SICAV's portfolio, plus income generated by temporary cash holdings and minus management fees and borrowing costs.
- 2) realised capital gains, net of expenses, minus realised capital losses, net of expenses, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

The amounts mentioned in 1) and 2) may be accumulated and/or distributed and/or carried forward, in full or in part, independently of each other.

For A and R shares, the shareholders' meeting decides each year on the allocation of distributable income. It may pay interim dividends.

13 – Frequency of distribution

Dividends may be distributed annually to shareholders, as appropriate, upon the decision of the shareholders' meeting called to approve the financial statement for the past financial year.

14 – Features of the shares (base currency, division of shares, etc)

The shares are denominated in euros. Shares may be divided, into thousandths of a share at the smallest.

15 – Terms and conditions of subscription and redemption

Calculation of net asset value:

Date and frequency of net asset value calculation:

- Valuation date (D) = any day that is not a public holiday in France and on which the Paris stock exchange is open.
- Net asset value calculation and publication date = business day following the valuation date, i.e. (D+1).

Where/how NAV is published or made available:

The net asset value is published daily online at www.lazardfreresgestion.fr and displayed in the management company's offices.

Address of the institution designated to receive subscription and redemption orders:

LAZARD FRERES GESTION SAS – 25, Rue de Courcelles – 75008 Paris, France.

Processing, execution and settlement of orders:

Subscription and redemption orders processed before 11 a.m. on each NAV valuation date D will be executed on the basis of the NAV of valuation date D. This NAV is calculated at D+1 business day. Initial subscriptions may not be for less than one share.

Subscription settlement date: one business day following the valuation date (D+1 business day).

Redemption settlement date: three business days following the valuation date (D+3 business days).

16 – Fees and charges

▪ **Subscription and redemption fees:**

Subscription and redemption fees are added to the subscription price paid by the investor or deducted from the redemption price paid. The fees earned by the SICAV are used to cover the charges that it incurs in investing or divesting the assets entrusted to it. The remaining fees are paid to the management company, the distributor, etc.

<i>Charges payable by the investor at the time of subscriptions and redemptions</i>	<i>Basis</i>	<i>Rate</i>
Subscription fee not retained by the SICAV (A shares and R shares)	Net asset value x number of shares	Maximum 4% incl. taxes
Subscription fee retained by the SICAV (A shares and R shares)	N/A	None
Redemption fee not retained by the SICAV (A shares and R shares)	Net asset value x number of shares	Maximum 1% incl. taxes
Redemption fee retained by the SICAV (A shares and R shares)	Net asset value x number of shares	1% in the case of redemption resulting in a 10% decrease in net assets

<i>Costs charged to the UCITS (incl. taxes)</i>	<i>Basis</i>	<i>Rate (incl. taxes)</i>		
Management fees both internal and external to the management company (including statutory auditors', custodians', distribution and lawyers' fees, and excluding transaction charges, performance fees and charges related to investments in UCI)	Net assets excluding UCITS or AIFs managed by Lazard Frères Gestion	A shares: 1.85% incl. taxes Maximum rate R shares: 2.20% incl. taxes Maximum rate		
Turnover commission (incl. taxes):	Maximum charge on each transaction	France equities	Up to €100,000	0.48%
			From €100,001 to €200,000	0.31%
			From €200,001 to €300,000	0.24%
			Over €300,000	0.17%
		Eurozone equities excluding France	Up to €100,000	0.72%
			From €100,001 to €200,000	0.47%
			From €200,001 to €300,000	0.36%
			Over €300,000	0.25%
		Fixed-income instruments	None	
		Futures	25% of brokerage fees	
Other transactions (securities transactions, dividends)	None			
Performance fees	N/A	None		

Only the contributions payable for the management of the UCI pursuant to Article L. 621-5-3 II 3° d) of the French Monetary and Financial Code (*Code monétaire et financier*) and any exceptional legal costs related to debt recovery are outside the scope of the four blocks of charges referred to above.

Repurchase agreements are executed at market prices.

▪ **Operating and management fees:**

These include the costs of financial, administrative and accounting management, statutory auditor's and custodian's fees and audit, legal, registration and distribution fees.

▪ **The following may be charged in addition to the operating and management fees:**

- performance fees. These reward the management company when the SICAV exceeds its objectives, and are therefore charged to the SICAV;
- transaction charges made up of:
 - brokerage fees comprising commission paid to intermediaries and other levies;
 - turnover commission charged to the SICAV, if applicable;

With the exception of brokerage charges, all of the charges referred to above are levied within the context of the joint venture arrangement between Lazard Frères Banque and Lazard Frères Gestion SAS whereby since 1995 they have pooled their resources for financial, administrative and accounting management, custody of securities and trade execution.

All revenue resulting from efficient portfolio management techniques, net of direct and indirect operating costs, is returned to the SICAV. All costs and fees relating to these management techniques are borne by the SICAV.

For further information, shareholders may refer to the management report.

17 – Outline of the intermediary selection procedure

The intermediaries used by the equity investment team are chosen based on:

- requests from managers to add new brokers,
- a financial analysis of the broker's accounts, carried out externally.

Such intermediaries are involved solely in connection with equity trading. Lazard Frères Gestion SAS's Broker Committee ratifies all decisions to authorise new intermediaries. In the case of small caps, a broker may be approved on an ad hoc basis when able to provide stock liquidity.

At least twice yearly, the equity investment team holds a Broker Committee meeting to evaluate the services of its intermediaries.

Information about the use of investment decision-making support and order execution services can be found on the management company's website (www.lazardfreresgestion.fr).

III - SALES AND MARKETING INFORMATION

Distribution and redemption of shares: The shares may be subscribed and redeemed through:	Lazard Frères gestion SAS 25, Rue de Courcelles – 75008 Paris, France Subscriptions and redemption processing ☎ + 33 (0)1 44 13 02 43 ☎ + 33 (0)1 44 13 02 35
Publication of information about the SICAV:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France Customer Relations ☎ + 33 (0)1 44 13 01 79

Information regarding environmental, social and corporate governance (ESG) issues is available on the management company's website (www.lazardfreresgestion.fr) and will be included in the SICAV annual report.

IV – INVESTMENT RULES

The SICAV investment rules are defined by the regulatory section of the French Monetary and Financial Code (*Code Monétaire et Financier*).

V – GLOBAL RISK

The SICAV global risk is calculated using the commitment method.

VI – ASSET VALUATION AND ACCOUNTING RULES

1 – Asset valuation rules

➤ **Financial instruments and securities traded on a regulated market are valued at their market price.**

- **Equities and similar securities** are valued on the basis of the last known price on their main market.

Where applicable, prices are translated into euros using the exchange rates prevailing in Paris on the valuation date (as published by the European Central Bank).

- **Fixed-income securities**

Fixed-income securities are for the most part marked to market based on either Bloomberg prices (BGN)® derived from averages of contributed prices, or on those of direct contributors.

Given the current situation of the markets, there may be a significant difference between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

- **bonds and similar instruments** are valued on the basis of the average of the closing prices gathered from several contributors.

Securities for which no price is available on the valuation date or whose price has been adjusted are valued at their probable trading price under the responsibility of the SICAV's board of directors.

These estimates and their supporting documentation will be provided to the statutory auditor during audits.

However, the following instruments are valued using the following specific methods:

- **negotiable debt securities:**
 - **Negotiable debt securities with a residual maturity of more than three months:**

Negotiable debt securities traded in large volumes are valued at market price. In the absence of significant trading volumes, these securities are valued using an actuarial method, with a benchmark rate plus, where applicable, a margin representative of the issuer's intrinsic features.

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, OIS swaps and French treasury bills - 3 – 6 – 9 – 12 months BTAN - 18 months, 2 – 3 – 4 – 5 years	Official key rates of the countries concerned.

- **Negotiable debt securities with a residual maturity of three months or less:**

Negotiable debt securities with a residual maturity of three months or less are valued using the straight-line method. However, this method would not be

applied if any of these securities were particularly sensitive to market movements.

- **UCIs:**

- UCIs units or shares are valued at the last known net asset value.

- UCIs units or shares for which net asset values are published monthly may be valued on the basis of interim net asset values calculated from estimated prices.

- **Temporary purchases and sales of securities**

- Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight Eonia, one- or two-week interbank rates, one- to 12-month Euribor) corresponding to the term of the contract.
 - Securities sold under repurchase agreements continue to be valued at their market price. The liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased.

- **Futures and options**

- Futures and options are valued on the basis of intraday prices the timing of which is based on that of the valuation of the underlying securities.

Positions taken on the futures or options markets and over the counter are valued at their market price or at the value of the equivalent underlying asset.

➤ **Financial instruments and securities not traded on a regulated market**

All of the UCITS securities are traded on regulated markets.

➤ **Valuation methods for off-balance sheet commitments**

- Off-balance sheet transactions are valued at the commitment value.
 - The commitment value for futures contracts is equal to the price (in the SICAV's currency) multiplied by the number of contracts multiplied by the face value.
 - The commitment value for options is equal to the price of the underlying security (in the SICAV's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.
 - The commitment value for swaps is equal to the face value of the contract (in the SICAV's currency).

2 – Accounting policies

- **Income from fixed-income securities**

- Income from fixed-income securities is recorded on the basis of accrued interest.

- **Management fees**

- Management fees are calculated on each valuation date.
 - The annual management fee rate is applied to gross assets (equal to net assets before deduction of the day's management fees) less UCIs managed by Lazard Frères Gestion SAS held using the following formula:

$$\begin{aligned}
 & \text{(Gross assets – UCI managed by Lazard Frères Gestion SAS)} \\
 & \times \quad \text{operating and management fees rate:} \\
 & \times \quad \frac{\text{no. of days until next NAV}}{365 \text{ (or 366 in a leap year)}}
 \end{aligned}$$

- This amount is then recognised in the SICAV's income statement.
- The SICAV pays the operating fees including for:
 - . financial management;
 - . administration and accounting;
 - . custody services;
 - . other operating fees:
 - . statutory auditors' fees;
 - . legal notices (Balo, Petites Affiches, etc) if applicable.

These charges do not include transaction charges.

▪ **Transaction charges**

Transactions are recorded excluding fees.

▪ **Retrocessions received on management fees or entry charges**

The method used to calculate retrocession amounts is set out in the sales and marketing agreements.

- If the amount is significant, a provision is recognised in account 619.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY

Right to publicly market shares in Germany

Lazard Frères Gestion SAS (the « Company ») has notified its intention to publicly market shares in the Federal Republic of Germany and since completion of the notification process it has the right to publicly market shares.

Paying and Information Agent in Germany

The function of paying and information agent in the Federal Republic of Germany is carried out by:

Landesbank Baden-Württemberg
Am Hauptbahnhof 2
70173 Stuttgart
GERMANY

(the « Paying and Information Agent »).

On request, shareholders residing in Germany may request that they receive payments (distributions if any, and any other payments), except redemption proceeds, from the Company through the Paying and Information Agent.

Copies of the prospectus, the key investor information document (KIID), the terms and conditions, as well as the audited annual report and, if subsequently published, the unaudited semi-annual report can be obtained free of charge in hardcopies at the registered office of the Paying and Information Agent. The subscription and redemption prices are available free of charge at the Paying and Information Agent's premises.

Additional Information Agent

Lazard Asset Management (Deutschland GmbH)
Neue Mainzer Strasse 75
60311 Frankfurt
GERMANY

The prospectus, the key investor information document (KIID), the terms and conditions, as well as the audited annual report and, if subsequently published, the unaudited semi-annual report can be obtained on the website of Lazard Asset Management: <http://www.lazardnet.com>. The subscription and redemption prices are also available on the website of Lazard Asset Management: <http://www.lazardnet.com>.

Additional Paying Agent

Lazard Frères Gestion SAS
25, rue de Courcelles
75008 Paris
FRANCE

Subscription and redemption applications may be sent to the Company. Shareholders residing in Germany may request that they receive redemption proceeds from the Company. Any subscription or redemption request received by Lazard Frères Gestion SAS shall be settled « delivery versus payment » via Euroclear.

Publications

In Germany, the subscription and redemption prices will be published on the website of Lazard Asset Management: <http://www.lazardnet.com>. Shareholder notifications, if any, will be published on the website of Lazard Asset Management: <http://www.lazardnet.com>.

ARTICLES OF ASSOCIATION OF THE SICAV

“OBJECTIF SMALL CAPS EURO”

Registered office: 121, Boulevard Haussmann, 75008 – Paris, France
Paris Trade and Companies Register 449 972 835

TITLE I

FORM – OBJECT – NAME – REGISTERED OFFICE – TERM OF THE COMPANY

Article 1 Form

An open-end investment company (*Société d'Investissement à Capital Variable* - SICAV) shall be formed among the holders of shares created hereinafter and shares to be subsequently created. The SICAV shall be governed notably by the provisions of the French Commercial Code concerning commercial companies (Book II – Title II – Chapters V and VI), the French Monetary and Financial Code (Book II – Title I – Chapter IV), their implementing texts, subsequent texts and by these articles of association.

Article 2 Object

The object of this company is to set up and manage a portfolio of securities and deposits.

Subject to the limits prescribed by applicable regulations and the supervisory authorities, the SICAV may engage in transactions on the regulated futures or options markets (French or foreign) or over the counter for hedging and/or exposure purposes in order to achieve its investment objective.

Article 3 Name

The name of the company is: “**OBJECTIF SMALL CAPS EURO**” followed by the notation “*Société d'investissement à Capital Variable*”, with or without the term “SICAV”.

Article 4 Registered office

The registered office is established at 121, Boulevard Haussmann, 75008 Paris, France.

Article 5 Term

The term of the company is 99 years from the date of its registration in the Trade and Companies Register, unless it is dissolved prior to this or extended as provided for herein.

TITLE II

Capital – Changes in capital – Features of the shares

Article 6 Share capital

The initial capital totals EUR 21,000,000 divided into 105,000 shares of EUR 200, fully paid up and of the same category.

It was created from cash payments.

Share classes:

The features of the different share classes and their eligibility requirements are set out in the SICAV's prospectus.

The different share classes may:

- Apply different dividend policies (distribution or accumulation);
- Be denominated in different currencies;
- Be subject to different management fees;
- Be subject to different subscription and redemption fees;
- Have a different par value.
- Be systematically hedged, in full or in part, against risk as set out in the prospectus.

This hedging is achieved through financial instruments that reduce to a minimum the impact of hedge transactions on the Fund's other unit classes;

- Be reserved for one or more marketing networks.

The shares may be combined or split upon the decision of the Extraordinary Shareholders' Meeting.

The shares may be sub-divided upon the decision of the board of directors into tenths, hundredths, thousandths or ten-thousandths, referred to as fractional shares.

The provisions hereof governing the issue and redemption of shares shall apply to fractional shares, the value of which shall always be proportional to the value of the share they represent. Unless otherwise stipulated, all other provisions hereof relating to shares shall automatically apply to fractional shares.

Article 7

Changes in capital

The amount of capital may be changed as a result of the issue of new shares by the company and reductions following the redemption of shares by the company for shareholders who so request.

Article 8

Issue, redemption of shares

UCITS shares and units may be issued at any time at the request of shareholders on the basis of the net asset value plus subscription fees, if any.

Redemptions and subscriptions shall be made under the conditions and in accordance with the procedures set out in the prospectus and the detailed memorandum.

Any subscription for new shares must be fully paid up or shall otherwise be cancelled, and the shares issued shall have the same dividend date as the shares existing on the date of issue.

Pursuant to Article L. 214-19 of the French Monetary and Financial Code, redemption by the company of its shares, and the issue of new units, may be temporarily suspended by the board of directors in exceptional circumstances and if required in the interests of shareholders.

No shares may be redeemed if the net assets of the SICAV are less than the regulatory amount.

Article 9

Calculation of net asset value

The net asset value of shares is calculated according to the valuation rules set out in the prospectus.

Further, if the shares are listed for trading, the exchange operator will calculate an instant indicative net asset value.

Contributions in kind may consist only of securities, stocks or contracts that are eligible to form the assets of UCITS; they are valued according to the valuation rules used to calculate the net asset value.

Article 10 Form of the shares

Shares may be in bearer or registered form, at the subscriber's discretion.

Pursuant to Article L. 214-4 of the French Monetary and Financial Code and decree no. 83-359 of 2 May 1983 on the regulatory framework for transferable securities, the securities must be registered in accounts kept by the issuer or an authorised intermediary, as the case may be.

Holders' rights will be represented by an entry in an account in their name:

- With the intermediary of their choice for bearer securities;
- With the issuer and, if they so wish, with the intermediary of their choice for registered securities.

The company may, at its own expense, request the name, nationality and address of the SICAV's shareholders, as well as the number of securities held by each of them, in accordance with Article L. 211-5 of the French Monetary and Financial Code.

Article 11 Admission to trading in a regulated market and/or a multilateral trading system

The shares may be admitted to trading in a regulated market and/or a multilateral trading system, depending on the applicable regulations.

If the SICAV whose shares are admitted to trading in a regulated market has an investment objective based on an index, it must have set up a system to ensure that the price of its share does not deviate significantly from its net asset value.

Article 12 Rights and obligations attached to the shares

Each share entitles the holder to a portion of the company's assets and a share of the profits in proportion to the fraction of the capital that the share represents.

The rights and obligations attached to the share follow the security, regardless of ownership.

Whenever the exercise of a right is conditional upon a certain number of shares being held and specifically in the case of a swap or consolidation of shares, holders of individual shares or of less than the required number of shares may only exercise such rights if they personally undertake to consolidate their holdings and, if applicable, to buy or sell the necessary quantity of shares.

Article 13 Indivisibility of shares

All co-owners of shares or assignees are required to be represented with the company by a single person named by mutual agreement or, failing such agreement, appointed by the Chief Judge of the Commercial Court with jurisdiction for the registered office.

If the shares are split, holders of fractional shares may consolidate their holdings. In this case, they shall be represented under the conditions stipulated in the preceding paragraph by a single person, who shall exercise, for each group, the rights attached to ownership of a full share.

In cases where beneficial ownership and bare ownership are separated, the division of voting rights at shareholders' meetings between the beneficial owner and the bare owner is left to the discretion of the parties concerned, who should inform the company accordingly.

TITLE III

Administration and management of the company

Article 14 Administration

The company is administered by a board of directors with at least three and no more than 18 members, appointed by the shareholders' meeting.

During the life of the company, the directors shall be appointed or re-appointed by the ordinary shareholders' meeting.

Directors may be individuals or legal entities. When elected, legal entities must appoint a permanent representative who shall be subject to the same conditions and obligations as well as the same civil and criminal liabilities as a member of the board of directors acting in a personal capacity, without prejudice to the liability of the legal entity that he represents.

The permanent representative shall have the same term of office as the legal entity represented. If the legal entity terminates the appointment of its representative, it must notify the SICAV immediately by registered mail and also inform the SICAV of its new permanent representative. The same applies in the event of the permanent representative's death, resignation or extended incapacity.

Article 15 Term of office of directors – replacement of the board

Subject to the provisions of the final paragraph of this article, the directors' term of office is three years for initial directors and up to six years for subsequent directors, with each year being understood as the period between two consecutive annual shareholders' meetings.

If one or more directors' seats become vacant between two shareholders' meetings as a result of death or resignation, the board of directors may make interim appointments.

A director appointed by the board on an interim basis to replace another shall remain in office only for the remaining term of office of his predecessor. This appointment shall be subject to ratification at the next shareholders' meeting.

All directors shall be eligible for re-election. They may be dismissed at any time by the ordinary shareholders' meeting.

Each director's term of office shall expire at the close of the ordinary shareholders' meeting called to approve the financial statements for the past financial year and held in the year during which the director's term of office expires, it being understood that, if the meeting is not held in that year, the term of office of the director concerned shall expire on 31 December of the same year, subject to the exceptions hereafter.

All directors may be appointed for a term of less than six years where necessary to ensure that changes are made as regularly as possible and that all members have changed by the end of each six-year period. This will be the case in particular if the number of directors is increased or decreased, affecting the regular replacement of the board.

Where the number of members of the board of directors falls below the legal minimum, the remaining member or members must immediately call an ordinary shareholders' meeting in order to fill the vacant seats on the board.

The age limit for members of the board of directors is set at 80. However, directors over this age limit may, under exceptional circumstances, be reappointed for a further period of

six years; the total number of directors reappointed under these conditions may not exceed three.

The board of directors may be partially renewed.

In the event of the resignation or death of a director, and where the number of directors still in office is equal to or greater than the statutory minimum, the board may appoint a temporary replacement for the remaining term of office.

Article 16 Board officers

The board shall elect a chairman from among its members for a term determined by it, but which may not exceed the chairman's term of office as a director. The chairman must be an individual.

The chairman of the board of directors shall organise and direct the board's activities, and shall report on these to the shareholders' meeting. He shall supervise the operation of the company's corporate bodies, and ensure in particular that the directors are able to perform their duties.

If he considers it appropriate, he shall also appoint a vice-chairman and may also choose a secretary, who need not be member of the board.

In the event of the temporary incapacity or death of the chairman, the board of directors may agree to delegate the chairman's functions to a director.

Article 17 Board meetings and deliberations

The board of directors shall meet when convened by the chairman, as often as the company's interests require, either at the registered office or at any other location indicated in the notice of meeting.

Whenever the board has not met for more than two months, at least one-third of its members may ask the chairman to convene a meeting based on a specific agenda. The chief executive officer may also ask the chairman to convene a board meeting based on a specific agenda. The chairman must honour such requests.

Company bylaws may determine, in accordance with legal and regulatory provisions, the conditions for organising meetings of the board of directors, which, except when held for the adoption of resolutions that are expressly excluded from this option under the French Commercial Code, may take place via video-conference.

Notices of meetings are sent to directors by ordinary letter post or given verbally.

A quorum of at least half the members is required in order for decisions to be valid. Decisions are adopted by a majority vote of members present or represented. Each director has one vote. In the event of a tie, the chairman shall cast the deciding vote.

Where video-conferencing is permitted, the company's bylaws may stipulate, in accordance with the regulations in force, that directors participating in a board of directors' meeting via video-conference are deemed present for the purpose of quorum and majority calculations.

Article 18 Minutes

Minutes shall be written up and copies or excerpts of decisions shall be issued and certified as required by law.

Article 19 Powers of the board of directors

The board of directors shall determine guidelines for the company's activities and oversee their implementation. Within the limits of the corporate object and subject to the powers expressly granted by law to shareholders' meetings, the board shall consider any issue that affects the proper operation of the company and settle any matters concerning the company through its decisions.

The board of directors shall carry out such controls and audits that it considers appropriate.

The chairman or the chief executive officer is required to provide each director with all documents and information needed to perform his duties.

A director may authorise another director to represent him at a meeting of the board of directors.

Each director may hold only one proxy pursuant to the preceding paragraph per meeting.

The provisions of the preceding paragraphs shall apply to the permanent representative of a director that is a legal entity.

Article 20 Executive Management – Non-voting board members

The company is managed under the responsibility of the chairman of the board of directors or by another individual appointed by the board with the title of chief executive officer.

The choice between the two forms of executive management shall be made under the conditions established herein by the board of directors for a period expiring at the end of the current chairman's term of office. Shareholders and third parties shall be informed of this choice under the conditions defined by the applicable legislative and regulatory provisions.

Based on the board of directors' choice as stipulated above, the company will be managed by either the chairman or a chief executive officer.

If the board of directors decides to separate the offices of chairman and chief executive officer, it shall appoint the chief executive officer and set the term of his appointment.

If the chairman of the board of directors assumes responsibility for the executive management of the company, the following provisions regarding the chief executive officer shall apply.

Subject to the powers expressly attributed by law to shareholders' meetings as well as those specifically reserved by law to the board of directors, and within the limits of the corporate object, the chief executive officer is vested with the broadest powers to act in all circumstances on behalf of the company. He shall exercise these powers within the limits of the corporate object and subject to the powers expressly attributed by law to shareholders' meetings and the board of directors. He shall represent the company in its dealings with third parties.

The chief executive officer may authorise any partial delegation of his powers to any person of his choice.

The chief executive officer may be removed from office at any time by the board of directors.

On the recommendation of the chief executive officer, the board of directors may appoint up to five individuals, with the title of deputy chief executive officer, to assist the chief executive officer.

Deputy chief executive officers may be removed from office at any time by the board upon the recommendation of the chief executive officer.

In agreement with the chief executive officer, the board of directors shall determine the scope and duration of the powers delegated to deputy chief executive officers.

Such powers may include a right of partial delegation. If the chief executive officer resigns or is dismissed or is unable to perform his duties, the deputies shall retain their powers and positions, unless the board decides otherwise, until the appointment of a new chief executive officer.

Deputy chief executive officers shall have the same powers vis-à-vis third parties as the chief executive officer.

The age limit of the chief executive officer and deputy chief executive officers is set at 65.

The shareholders' meeting may appoint one or more non-voting board members.

The term of office for non-voting board members is six years. It shall expire at the close of the ordinary shareholders' meeting called to approve the financial statements for the past financial year and held in the year during which the non-voting board members' term of office expires.

Non-voting board members may be re-elected at any time without limitation; they may be removed from office at any time upon the decision of the shareholders' meeting.

In the event of the death or resignation of one or more non-voting board members, the board of directors may co-opt their successor(s), this provisional appointment being subject to ratification at the next shareholders' meeting.

Non-voting board members are responsible for ensuring the strict enforcement of the articles of association. They attend board meetings in an advisory capacity. They examine statements of assets and liabilities and the annual financial statements and offer their comments on these matters to the shareholders' meetings when they consider it appropriate to do so. The remuneration of non-voting board members is decided upon by the board.

Article 21 Board allocations and remuneration

Directors and non-voting board members may be allocated an annual lump sum for attendance at board meetings, the amount of which shall be determined by the ordinary shareholders' meeting. This amount, which shall be charged to overheads, shall remain unchanged until further decision.

The board shall divide this remuneration among its members as it sees fit.

The chairman's and the chief executive(s)' remuneration shall be set by the board of directors and may be fixed or both fixed and variable.

The board of directors may also allocate special payments for tasks and duties assigned to directors; any such payments will be charged to operating expenses and subject to the approval of the ordinary shareholders' meeting.

Directors may not be granted any other remuneration, permanent or otherwise, other than pursuant to an employment agreement with the company under the conditions provided for by law.

Article 22 **Custodian**

The custodian is appointed by the board of directors.

The custodian shall perform the tasks for which it is responsible pursuant to the legal and regulatory provisions in force as well as those entrusted to it contractually by the SICAV or the management company. In particular, the custodian must ensure that the decisions of the management company are lawful. It shall take any protective measures it considers appropriate. In the event of a dispute with the management company, it shall inform the French financial markets regulator (*Autorité des Marchés Financiers* – AMF).

Article 23 **Simplified prospectus and detailed memorandum**

The board of directors, or, where the SICAV has delegated full responsibility for management, the management company, has all necessary powers to make, as needed, any amendments to the prospectus to ensure the proper management of the company, pursuant to the legislative and regulatory provisions relating to SICAVs.

TITLE IV

Statutory auditors

Article 24 **Appointment - Powers - Remuneration**

The statutory auditor is appointed by the board of directors for a term of six financial years, following AMF approval, from among persons authorised to perform such duties in commercial companies.

The statutory auditor shall certify that the financial statements are in order.

The statutory auditor's term may be renewed.

The statutory auditor has a duty to report promptly to the AMF any fact or decision concerning the Fund of which he has become aware in the course of his duties and which is liable to:

- 1° Constitute a breach of the laws or regulations that apply to that fund that is likely to have significant effects on its financial situation, profits or assets;
- 2° Negatively affect the conditions or the continuity of its operations;
- 3° Lead to an expression of reservations or refusal to certify the financial statements.

The statutory auditor shall oversee the valuation of assets and the calculation of exchange ratios used in the event of a conversion, merger or split.

The statutory auditor shall assess any contribution in kind under his own responsibility.

He shall check the accuracy of the composition of assets and other information prior to publication.

The statutory auditor's fees shall be set by mutual agreement between the statutory auditor and the SICAV's board of directors, on the basis of a work schedule setting out the procedures deemed necessary.

The statutory auditor shall certify the positions used as the basis for the distribution of interim dividends.

TITLE V

Shareholders' meetings

Article 25 Shareholders' meetings

Shareholders' meetings shall be convened and shall deliberate under the conditions provided for by law.

The annual shareholders' meeting, which must approve the company's financial statements, must be held within four months of the close of the financial year.

Meetings shall be held either at the registered office or at any other location specified in the notice of meeting.

Each shareholder may participate in the Shareholders' Meetings, either in a personal capacity or by appointing another person as proxy, subject to proof of identity and share ownership either in the form of registration in the registered share accounts held by the Company or of registration in the bearer securities registry, at the places specified in the notice of meeting; these formalities must be completed two [business] days before the meeting date.

A shareholder may be represented at a meeting in accordance with Article L.225-106 of the French Commercial Code.

A shareholder may also vote by post under the conditions provided for in the applicable regulations.

Shareholders' meetings shall be chaired by the chairman of the board of directors or, in his absence, by a vice-chairman or a director appointed by the board for that purpose. Failing this, the shareholders' meeting shall elect the chairman itself.

Minutes of meetings shall be written up and copies certified and issued as required by law.

TITLE VI

Annual financial statements

Article 26 Financial year

The company's financial year begins on the day after the last trading day in Paris in September and ends on the last trading day in Paris in September of the following year. However, by way of exception, the first financial year shall include all operations carried out since the inception date until 30 September 2004.

Article 27 Procedures for the allocation of distributable amounts

Distributable income consists of the following:

- 1) net income plus retained earnings and plus or minus the balance of the revenue adjustment account.
Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the SICAV's portfolio, plus income generated by temporary cash holdings and minus management fees and borrowing costs.
- 2) realised capital gains, net of expenses, minus realised capital losses, net of expenses, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

The amounts mentioned in 1) and 2) may be accumulated and/or distributed and/or carried forward, in full or in part, independently of each other.

For A and R shares, the shareholders' meeting decides each year on the allocation of distributable income. It may pay interim dividends.

TITLE VII

Extension - Dissolution – Liquidation

Article 28 Extension or early dissolution

The board of directors may, at any time and for any reason, recommend the extension, early dissolution or liquidation of the SICAV to an extraordinary shareholders' meeting.

The issue of new shares and the redemption by the SICAV of shares for shareholders who so request shall cease on the date of publication of the notice of the shareholders' meeting at which a resolution for the early dissolution or liquidation of the company is considered, or at the end of the company's term.

Article 29 Liquidation

At the end of the term set by the articles of association or in the case of a resolution for early dissolution, the shareholders' meeting shall decide, on the recommendation of the board of directors, the method of liquidation and shall appoint one or more liquidators. The liquidator shall represent the company and shall be authorised to pay creditors and distribute the remaining balance. The appointment of the liquidator shall terminate the powers held by the directors, but not those held by the statutory auditor.

The liquidator may, pursuant to a resolution of the extraordinary shareholders' meeting, contribute all or part of the assets, rights and obligations of the dissolved company to another company, or transfer such assets, rights and obligations to a company or to any other person.

The net proceeds from the liquidation, after settlement of liabilities, shall be distributed in cash or securities among the shareholders.

During the liquidation process, the duly constituted shareholders' meeting shall retain the same authority as during the life of the company, including in particular the power to approve the liquidation accounts and discharge the liquidator.

TITLE VIII

Disputes

Article 30 Jurisdiction – Address for service

Any disputes that may arise during the company's operations or at the time of its liquidation, either between shareholders and the company or among the shareholders themselves, concerning the business of the company, shall be judged in accordance with the law and submitted to the courts with jurisdiction.

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