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

PROSPECTUS

I – GENERAL FEATURES

I.1. Fund's form

Name:	**Objectif Capital Fi**
Legal form:	French open-end investment fund
Inception date – term	The Fund was launched on 30 November 2010 for a term of 99 years.

Fund overview:

Units	ISIN code	Allocation of distributable income	Base currency	Eligible investors	Initial NAV	Minimum initial subscription
IC	FR0010952788	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	Euro	All subscribers	€1.000	1 unit
ID	FR0013043841	Allocation of net income: distribution Allocation of net realised capital gains: accumulation	Euro	All subscribers	€100.000	1 unit
R	FR0010952796	Allocation of net income: distribution Allocation of net realised capital gains: accumulation and/or distribution and/or retained	Euro	All subscribers	€100	1 unit

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

The UCITS' prospectus, latest annual and semi-annual reports and Lazard Frères Gestion SAS's standards regarding the exercise of voting rights will be sent within eight working days upon written request to:

LAZARD FRERES 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.
where further information may be obtained if necessary.

I.2. Service providers

Management company	**LAZARD FRERES GESTION SAS** 25, Rue de Courcelles – 75008 Paris, France Management company incorporated under French law authorised by the French securities regulator (Autorité des Marchés Financiers – AMF) under number GP 04 0000 68 on December 28th, 2004
Custodian:	**CACEIS BANK FRANCE S.A.** Bank and investment services provider accredited by the CECEI on April 1st, 2005 Registered office: 1-3 place Valhubert, 75013 Paris
Administration:	**LAZARD FRERES GESTION SAS** 25, Rue de Courcelles – 75008 Paris, France
Accounting delegated to:	**CACEIS FUND ADMINISTRATION** Registered office: 1-3 place Valhubert – 75013 Paris
Delegated agent for the centralisation of subscription and redemption orders:	**CACEIS BANK FRANCE S.A.** Bank and investment services provider accredited by the CECEI on April 1st, 2005 Registered office: 1-3 place Valhubert, 75013 Paris
Principal Statutory Auditor:	**MAZARS** Exaltis – 61, Rue Henri Regnault 92075 Paris La Défense Cedex France Authorised signatory : Gilles Dunand-Roux

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the units:	
- Rights attached to the Fund's units:	Each unitholder has an ownership right in the assets of the UCITS in proportion to the number of units owned.
- Voting rights:	No voting rights are attached to the Fund's units since decisions are taken by the management company.
- Form of the units:	Bearer units. The Fund is listed with Euroclear France.
- Fractional or whole units: (IC, ID and R units)	Subscriptions and/or redemptions may be made in thousandths of units.
- Financial year end:	Last valuation date in December (first financial year end: the last trading day in December 2011)
- Tax treatment	The tax treatment of the Fund's unrealised or realised capital gains or losses depends on the tax rules applicable to the particular circumstances of each subscriber and/or the Fund's investment jurisdiction. If you are unsure of the tax rules applying to your particular circumstances, you should consult a professional adviser.

II.2 – Other specifications

- **Classification**	INTERNATIONAL BONDS AND OTHER DEBT SECURITIES
- **ISIN Code IC units:**	FR0010952788
- **ISIN Code ID units:**	FR0013043841
- **ISIN Code R units:**	FR0010952796
- **Investment objective:**	The investment objective is to exceed the SUSI Tier 1 index in euros calculated by JP Morgan, net of expenses, over the recommended investment period.
- **Benchmark:**	The SUSI Tier 1 index (JP Morgan Subordinated Security Index Tier 1) is shown on Bloomberg under the code JPSUT1EI. The JPM SUSI Tier 1 index is weighted according to the market value of the securities that comprise it, with a concentration on liquid issues. It comprises Tier 1 issues by banks above €400m, denominated in euros, with a fixed rate only. It is rebalanced on a monthly basis with elimination of issues with a maturity of less than 1 year or whose deposits are lower than the minimum threshold of €400m or if the liquidity does not meet the requirements set by JP Morgan. A security that has been eliminated cannot be reintroduced into the index.

1 – Strategies used

The Fund aims to outperform the JPM SUSI Tier 1 index, net of expenses, through active management of interest rate and credit risk. The Fund will mainly invest in subordinated debt (which is of higher risk than senior or secured debt) or any securities not deemed to be ordinary shares and issued by European financial institutions.

To build his portfolio, the manager conducts his own analysis of bonds and securities not considered ordinary shares, both at the time of purchase and during the life of the securities. He also draws on the ratings issued by rating agencies, without relying solely on them, and develops credit risk analysis and the necessary procedures to make purchase decisions or sell or hold decisions in the event of a downgrade. Nor does he automatically use agency ratings but gives precedence to his own analysis to assess the credit quality of said assets and decide on possible downgrades.

The Fund will be able to invest in the bonds and securities of any issuer the registered office of which is established in an OECD-member country and/or in securities listed on a financial market of one of these countries. The Fund may not invest in bonds of issuers included on the FATF blacklist.
The Financial Action Task Force (FATF) is an intergovernmental organisation that draws up and promotes policies to combat money laundering and terrorist financing both at national and international levels.

Information on the Fund's modified duration is shown in the table below:

Fund's modified duration	Geographic zones of issuers of securities or underlying securities of securitisation products	Range of exposure to this zone
0 - 8	Europe Zone Other geographic regions	70% - 100% 0 - 30%

The Fund may invest in bonds denominated in euros, US dollars and pounds sterling.

2 - Assets (excluding embedded derivatives)

Equities:

- Ordinary shares (maximum 10%) arising from the conversion of debt or offer by the issuer to exchange debt for shares. The Fund will not actively invest in equities but may hold them to enable the manager to sell the equities received in the best market conditions and to maximise the exit price for unitholders.

Debt securities and money market instruments:

- Up to 100% of the net assets in bonds or securities not considered ordinary shares, expressed in euros, US dollars or pounds sterling, including contingent convertible bonds.

- The foreign exchange risk will be hedged to ensure the foreign exchange exposure does not exceed 10% of the assets.

The bonds or securities may be rated investment grade (AAA to BBB- at Standard & Poor’s) or equivalent based on the management company's analysis, or speculative/high yield (BB+ to D/SD at Standard and Poor’s) or equivalent based on the management company's analysis, or they may not be rated by a ratings agency, they may be traded in euros, US dollars or pounds sterling and issued by governments, companies or financial institutions.

UCITS:

✓ Up to 10% of the net assets in money market UCITS, short-term money market funds or French or European bond funds provided that less than 10% of these funds' assets are invested in other UCIs.

These funds may be managed by the management company.

3 – Derivatives

- **Types of markets**:
  - ☒ regulated
  - ☒ organised
  - ☒ OTC.

- **The manager intends to seek exposure to the following risks**:
  - ☐ equity
  - ☒ interest rate
  - ☒ currency
  - ☒ credit
  - ☐ other: volatility.

- **Types of transactions – all transactions must be limited to achieving the investment objective**:
  - ☒ hedging
  - ☒ exposure
  - ☐ arbitrage

- **Type of instruments used**:
  - ☒ **futures:**
    - ☐ equity and equity index
    - ☒ interest rate: interest rate risk
    - ☒ currency.
  - ☒ **options:**
    - ☐ equity and equity indices;
    - ☒ interest rate: interest rate risk and volatility
    - ☒ currency: solely on organised markets.
  - ☒ **swaps:**
    - ☐ equity swaps
    - ☒ interest rate swaps: transformation of fixed-rate income to variable-rate income and vice versa
    - ☒ exchange rate swaps.
  - ☒ **currency forwards**
  - ☒ up to 20% of the assets in **credit derivatives**

- **Strategy of use of derivatives to achieve the investment objective**:

  - ☒ partial or general hedging of the portfolio, some risks and securities,
  - ☒ creating synthetic exposure to assets and risks,
  - ☐ increasing exposure to the market and fine-tuning leverage,
  - ☐ maximum permitted and sought,
  - ☐ other strategy.

4 – Securities with embedded derivatives

The manager may invest in securities with the following embedded derivatives: structured products, subordinated debt, convertible bonds and contingent convertible bonds.

5 – Deposits

Up to 10% of the Fund's assets may be held in interest-bearing deposits.

6 – Cash borrowings

The Fund 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 10% of the Fund's assets may be used in transactions involving temporary sales and purchases of securities.

- **Type of transactions used:**
  - ☒ repurchase and reverse repurchase agreements in accordance with the French Monetary and Financial Code,
  - ☐ securities lending and borrowing in accordance with the French Monetary and Financial Code,
  - ☐ other (to be specified).

- **Types of transactions – all transactions must be limited to achieving the investment objective**:
  - ☒ managing cash flow,
  - ☐ optimising fund INCOME,
  - ☐ potentially contributing to the fund's LEVERAGE,
  - ☐ other.

Additional information on income is provided under the section on fees and expenses.

8 – Information on financial guarantees

In connection with transactions involving temporary purchases and sales of securities and over-the-counter derivatives transactions, and in accordance with Position paper 2013-06 issued by the French financial markets regulator (Autorité des Marchés Financiers – AMF), the Fund may receive collateral in the form of high quality 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 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.

All revenue resulting from efficient portfolio management techniques, net of direct and indirect operating costs, is allocated to the fund. All costs and expenses related to these management techniques are assumed by the fund.

9 – Risk profile

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

- **Risk of capital loss:**

The Fund may not achieve its performance objective. There is no guarantee or capital protection attached to this Fund. There is, therefore, a possibility that you may not get back the full amount of your initial investment.

- **Interest rate risk:**

Despite the active management of interest rate sensitivity, aiming to take advantage of changes in interest rates, a rise in interest rates can result in a decrease in the Fund's NAV.

- **Credit risk:**

Despite strict management rules and analyses by the management company, the issuer of a negotiable debt instrument or of a bond may default. This default could decrease the Fund's NAV. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance.

The decrease in NAV could be even more substantial if the Fund is invested in unrated or speculative/high-yield debt. This Fund must, in part, be deemed as speculative because of investments in securities with low ratings or no rating. Consequently, the use of speculative/high-yield securities may give rise to a risk of a material decrease in net asset value.

- **Exchange rate risk:**

The Fund may invest in securities denominated in currencies of countries outside the Eurozone. The resulting exchange rate risk (unhedged) may not exceed 10% of the Fund's assets.

- **Counterparty risk:**

This is the risk associated with the Fund’s use of futures and options, over-the-counter transactions and/or transactions involving temporary purchases and sales of securities.
These transactions, entered into with one or more eligible counterparties, potentially expose the Fund to an insolvency risk of any such counterparty, which may lead to default in payment.

- **Contingent convertibles or subordinated debt risk:**

The Fund may be exposed to contingent convertibles or subordinated convertible notes. These securities expose holders to either a total or partial loss of their investment following their conversion into shares at a predetermined price or because of the application of a discount provided for contractually in the issue's prospectus or applied arbitrarily by a supervisory authority. These securities' prices could fluctuate sharply in the event that the issuer has insufficient equity or difficulties.

- **Equity risk:**

The Fund may be exposed to equity risk on an ancillary basis. Fluctuations in equity markets may result in significant changes in net asset value, which may have a significant negative impact on performance. Accordingly, if the equity markets fall, the Fund’s net asset value is likely to decrease.

10 – Guarantee or protection

None.

11– Eligible subscribers and typical investor profile

IC, ID and R units : all subscribers.

All subscribers seeking to optimise their investments in fixed-income instruments.
Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Fund.

Information on US investors:

The Fund is not registered as an investment vehicle in the United States and its units 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 Fund invests directly or indirectly in US assets, the 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 Fund undertakes to comply with the FATCA and to take all appropriate measures pursuant to the aforementioned intergovernmental agreement.

12 – Allocation of distributable income

Distributable income consists of the following:

1) net income plus retained earnings, 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 Fund's portfolio, plus income generated by temporary cash holdings, 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 referred to in 1) and 2) may be accumulated and/or distributed and/or retained independently of each other, in whole or in part.

For IC units, distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

For ID units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for ID units for the past financial year and retained earnings. Net income is distributed in full and net capital gains are capitalized in full.

For R units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for R units for the past financial year and retained earnings. Net income is distributed in full and the allocation of net realised capital gains is decided each year by the management company.

13 – Frequency of distribution

- IC units: nil.
- ID units: the dividend is paid out to holders of ID units once a year.
- R units: the dividend is paid out to holders of R units once a year.

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

The units are denominated in euros.
IC, ID and R units: Subscriptions and/or redemptions may be made in thousandths of units.

15 – Terms and conditions of subscription and redemption

Calculation of net asset value:

Date and frequency of net asset value calculation

- Valuation day (D) = the net asset value (NAV) is calculated daily, except Saturdays and Sundays, public holidays in France and days when there is no trading on the Paris stock exchange.
- Net asset value calculation and publication date = business day following the valuation day, i.e. (D+1).

Where/how NAV is published or made available:

The net asset value is notified 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:

CACEIS BANK FRANCE SA

Bank and investment services provider accredited by the CECEI on April 1st, 2005

Registered office: 1-3, place Valhubert, 75013 Paris

Shareholders are informed that if orders are sent to sales agents other than the establishment mentioned above, they must take account of the fact that the deadline for the centralisation of orders at CACEIS Bank France shall apply to the said sales agents.

Consequently, these sales agents may set their own deadline before the one mentioned above in order to be able to meet the deadline for transmission to CACEIS Bank France.

Settlement and value date:

Subscription settlement date: Two business days following the valuation date (D+2 business days).

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

Processing, execution and settlement of orders:

Subscription and redemption orders processed before 12 noon on each NAV valuation day D will be executed using the NAV of the valuation day D. This NAV is calculated on the business day following the valuation day, i.e. D+1.

Initial subscriptions may not be less than one unit.

16 – Fees and expenses

Fees and expenses applicable to IC, ID and R units.

- **Subscription and redemption fees**:

Subscription and redemption fees are applied IC, ID and R units, and are added to the subscription price paid by the investor or deducted from the redemption price paid. The fees earned by the Fund 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.

Fees payable by the investor when subscribing and redeeming units	*Basis*	*Rate*
Subscription fee not retained by the Fund IC, ID and R units	NAV x number of units	4% incl. taxes 1% incl. taxes
Subscription fee retained by the Fund IC, ID and R units	n/a	None
Redemption fee not retained by the Fund IC, ID and R units	NAV x number of units	4% incl. taxes 1% incl. taxes
Redemption fee retained by the Fund IC, ID and R units	n/a	None

Exemption: In the case of redemption by a unitholder followed by subscription on the same day for the same amount, based on the same net asset value, no subscription and/or redemption fee will be charged. The value date applied to the redemption will be the same as that applied to the subscription.

Costs charged to the Fund	*Basis*	*Rate*
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	**IC units:** 1% incl. taxes Maximum rate **ID units:** 1% incl. taxes Maximum rate **R units:** 1.75% incl. taxes Maximum rate
Transaction fees (incl. taxes):	n/a	None
Performance fee IC, ID and R units	Net assets	15% of the outperformance in relation to the JP Morgan SUSI Tier 1 index

* Calculation of the performance fee:

The performance is calculated by comparing changes in the Fund's assets with those of the assets of a benchmark fund with a performance exactly equal to the SUSI Tier 1 index and with the same changes in subscriptions and redemptions as the actual fund.

- If the Fund outperforms the benchmark fund over the reference period, the variable portion of management fees will be 15% of the difference between the Fund's performance and that of the benchmark fund.
- If the Fund underperforms the benchmark fund over the reference period, the variable portion of management fees will be nil.
- If, during the reference period, the Fund's performance since the start of the reference period is greater than the benchmark fund's performance calculated over the same period, a provision will be set

aside for the variable management fees associated with this outperformance when the net asset value is calculated.
If the Fund underperforms the benchmark fund between two net asset value dates, any provision previously recognised will be reversed. Amounts deducted from provisions may not exceed the amount previously accumulated.
This variable portion will only be definitively transferred to the management company at the end of the reference period if the Fund outperforms the benchmark fund over the reference period.
These fees (fixed portion and variable portion, if any) are directly charged to the Fund's income statement.
Redemptions occurring during the life of the Fund will give rise to the early payment of the corresponding portion of the variable fees.

Where redemptions occur, the performance provision will be adjusted pro rata to the amounts redeemed, and the reversed provision will revert to the management company.

Exceptional legal costs related to debt recovery are outside the scope of the three 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 auditors' and custodians' 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 Fund exceeds its objectives. They are therefore charged to the Fund;
- transaction fees made up of:
    - brokerage fees comprising commission paid to intermediaries and other levies.
    - transaction fees charged to the Fund, if applicable.

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

16 – Outline of the intermediary selection procedure

The intermediaries used in fixed-income management are selected using a range of evaluation criteria:
- Quality of order execution and negotiated prices;
- Quality of operational service in processing orders;
- Coverage of information when monitoring markets;
- Quality of macroeconomic and financial research.

The fixed-income managers report at least twice a year to the management company's Broker Committee, with an assessment of the services provided by the various brokers and a breakdown of transaction volumes. The Broker Committee approves any updates to the list of authorised brokers.

III - SALES AND MARKETING INFORMATION

Publication of information about the Fund:	**LAZARD FRERES GESTION SAS** 25, Rue de Courcelles – 75008 Paris, France **Customer Relations** ☎ +33 (0)1 44 13 01 79

Availability of commercial documentation on the Fund:
The commercial documentation related to the Fund shall be made available to the unitholders at the registered office of Lazard Frères Gestion SAS, 25 rue de Courcelles, 75008 Paris.

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 Fund's annual report.

Information in the event of a change in the operation of the Fund:

The shareholders shall be informed of any changes in the operation of the Fund either individually or in the press or by any other means in accordance with the prevailing regulations. This information may, where relevant, be provided through Euroclear France or financial intermediaries affiliated with it.

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

IV - INVESTMENT RULES

The Fund's investment rules are defined by the regulatory section of the French Monetary and Financial Code.

V – AGGREGATE RISK

The Fund's aggregate 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.**

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

If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (source: WM Closing).

  - **Fixed-income securities**

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

There may be a discrepancy between carrying amounts, valued as indicated above, and actual disposal prices that would be obtained if a portion of the portfolio's 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.

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company. 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 medium-term treasury notes - 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:**

Units or shares of UCIs are valued at the last known net asset value.
Units or shares of UCIs 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. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

- **Futures and options**

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

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 Fund's 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 Fund'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 Fund'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 Fund's currency).

2 – Accounting policies

- **Income from fixed-income securities**

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

- **Fixed management fees**

- Fixed management fees are calculated at a flat rate on each valuation date.

- The management fee rate specific to each unit category is applied to the gross assets (equal to net assets before deduction of the day's management fees) of the said category using the following formula:

$$\text{Gross assets} \times \text{operating and management fees rate} \times \frac{\text{no. of days until next NAV}}{365 \text{ (or 366 in a leap year)}}$$

- These amounts are then recorded in the Fund's income statement and paid on a regular basis to the management company.

- The management company pays the Fund's 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 fees do not include transaction fees or variable management fees related to the performance.

- **Variable management fees**

  Variable management fees are calculated each time the Fund's performance exceeds that of the benchmark index, as set out in section 16 "Fees and expenses".

- **Transaction charges**

  Transactions are recorded excluding charges.

- **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.

- **Swing pricing adjustments to the net asset value (NAV):**

In order to protect the Fund's long-term shareholders, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the Fund's outstandings, which may generate costs for shareholders entering and leaving the Fund that would otherwise have been allocated across all shareholders in the Fund. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of units in the Fund exceeds a threshold predetermined by the management company on the basis of objective criteria and expressed as a percentage of the net assets in the Fund, the NAV may be adjusted upwards or downwards to take account of the readjustment costs attributable to the net subscription/redemption orders. The NAV of each unit category shall be calculated separately, but any adjustment shall have an identical impact, expressed as a percentage, on all of the NAV calculations of each unit category in the Fund.

The cost parameters and trigger level shall be determined by the management company and shall be reviewed periodically, and at least every six months. These costs shall be estimated by the management company based on transaction fees, bid/offer spreads and tax charges applicable to the Fund.

Insofar as this adjustment mechanism is linked to the net balance of subscriptions/redemptions within the Fund, it is not possible to accurately predict a given time in the future at which it will be applied. Consequently, neither is it possible to predict the precise frequency at which the management company will have to make such adjustments, which shall not exceed 2,5% of the NAV. Investors should be aware that the volatility of the Fund's NAV may not reflect solely that of the securities in the portfolio arising from the application of swing pricing.

REGULATIONS OF THE OPEN-END INVESTMENT FUND

OBJECTIF CAPITAL FI

TITLE I

ASSETS AND UNITS

Article 1 - CO-OWNERSHIP UNITS

Co-ownership rights are expressed in units, where each unit corresponds to any single fraction of the Fund's assets. Each unitholder has an ownership right in the Fund's assets in proportion to the number of units owned.

The Fund's term is 99 years, commencing from November 30th, 2010, except in the event that the Fund is dissolved before the end of the term or extended in accordance with these regulations.

Unit classes:

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

The different unit 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 to one or more distribution networks.

Possibility of combining or splitting units.

The units may be split into hundredths or thousandths of units, called fractional units, upon the management company's decision.

Article 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the assets are less than 300 000 (three hundred thousand) euros. When the assets remain under this level for thirty days, the management company shall take all necessary measures to dissolve the Fund concerned or to undertake one of the operations mentioned in Article 411-16 of the AMF's general regulations (UCITS transfer).

Article 3 - ISSUE AND REDEMPTION OF UNITS

Units may be issued at any time upon request of unitholders on the basis of the net asset value plus subscription fees, if any.

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

Units of open-end investment funds may be listed for trading, in accordance with applicable regulations.

Subscriptions must be fully paid-up as of the date of the calculation of the net asset value. They may be undertaken in cash and/or by contribution of financial instruments. The management company is entitled to refuse the instruments proposed and, to that end, has seven days in which to give its decision. In the event that the instruments are accepted, they are valued according to the rules laid down in Article 4, and the subscription is undertaken using the first NAV following acceptance of the instruments in question.
Redemptions are undertaken entirely in cash, unless the Fund is dissolved and unitholders have agreed to be paid in securities. They are paid by the custodian within at most five days of the unit's valuation day.

Under exceptional circumstances, however, where reimbursement requires the prior disposal of assets held in the fund, this period may be extended up to a maximum of 30 days.

With the exception of inherited or gifted units, the sale or transfer of units between unitholders or between unitholders and third parties is deemed to be a redemption followed by a subscription. If the beneficiary of the sale or transfer is a third party, the beneficiary must add the amount necessary, if any, to increase the total to the minimum subscription amount indicated in the Prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, redemption by the Fund of its units, and the issue of new units, may be temporarily suspended by the management company in exceptional circumstances and if required in the interests of unitholders.

No units may be redeemed if the net assets of the Fund are less than the regulatory amount.

Article 4 - CALCULATION OF NET ASSET VALUE

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

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.

TITLE II

FUND OPERATION

Article 5 - MANAGEMENT COMPANY

The management company is responsible for managing the Fund in accordance with the orientation stated for the Fund.

The management company shall take all necessary decisions to change the AIF's investment strategy or policy, in the interests of unitholders. Such changes may be subject to the approval of the French financial markets regulator (Autorité des Marchés Financiers – AMF).

In all circumstances, the management company shall act in the sole interest of the unitholders and is solely authorised to exercise the voting rights attached to the securities held by the Fund.

Article 5 bis – OPERATING RULES

The instruments and deposits eligible for inclusion in the Fund as well as the investment rules are shown in the prospectus.

Article 6 - CUSTODIAN

The custodian performs the tasks for which it is responsible under the legal and regulatory provisions in force as well as those entrusted to it contractually by 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 7 - STATUTORY AUDITOR

A statutory auditor is appointed for six financial years by the management company's governance body following the AMF's agreement.

The statutory auditor shall certify that the financial statements give a true and fair view of the company.

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 and that is likely to have significant effects on its financial situation, profits or assets;
2° Affect the conditions or the continuity of its operations;
3° Lead to the expression of reservations or the 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 verify the accuracy of the composition of the assets and other information prior to publication.

The statutory auditor's fees shall be set by mutual agreement between the statutory auditor and the management company's board of directors or executive board 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. His fees are included in the management fees.

Article 8 - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

At the close of each financial year, the management company shall prepare the financial statements and a report on the management of the Fund during the year just ended.

The management company shall draw up an inventory of the Fund's assets at least every six months and under the control of the Custodian.

The management company shall make these documents available to unitholders for four months following the end of the financial year and shall inform them of the amount of income to which they are entitled. These documents shall be either sent by post, at the request of unitholders, or made available to them at the management company's premises.

TITLE III

Article 9 - INCOME ALLOCATION

Distributable income consists of:
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 Fund's portfolio, plus income generated by temporary cash holdings, minus management fees and borrowing costs.

2) realised capital gains, net of expenses, less 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 referred to in 1) and 2) may be accumulated and/or distributed and/or retained independently of each other, in whole or in part.

For IC units, distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

For ID units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for ID units for the past financial year and retained earnings. Net income is distributed in full and net capital gains are capitalized in full.

For R units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for R units for the past financial year and retained earnings. Net income is distributed in full and the allocation of net realised capital gains is decided each year by the management company.

TITLE IV

MERGER - SPLIT - WINDING-UP - LIQUIDATION

Article 10 - MERGER - SPLIT

The management company may either contribute the assets of the Fund, in whole or in part, to another UCITS it manages, or split the Fund in two or more open-end funds it will manage.

These merger or split transactions may be undertaken only after the unitholders have been informed. They shall give rise to a new certificate specifying the number of units held by each unitholder.

Article 11 - WINDING-UP - EXTENSION

If the assets of the Fund remain less than the amount set forth in Article 2 above for 30 days, the management company shall inform the AMF thereof and either merge the Fund with another open-end investment fund (FCP) or dissolve the Fund.

The management company may dissolve the Fund prior to its termination date; in this case, it shall inform unitholders of its decision and from then on subscriptions and redemptions shall no longer be accepted.

The management company shall also dissolve the Fund if it receives redemption requests for all units, if the Custodian ceases to discharge its responsibilities and no other custodian is designated or if at the end of the Fund's duration, its termination date has not been extended.

The management company shall inform the AMF by letter of the chosen date and dissolution procedure. It shall then send the statutory auditors' report to the AMF.

A Fund's extension may be decided by the management company with the custodian's agreement. Its decision must be taken at least three months before the Fund's planned duration and communicated to the unitholders and the AMF.

Article 12 - LIQUIDATION

In the event that the Fund is dissolved, the management company or the custodian shall be responsible for liquidation transactions; otherwise, the liquidator shall be appointed by the court at the request of any interested party. In this regard, they shall be granted the widest possible powers to sell assets, pay creditors, if any, and divide the remaining balance among unitholders in cash or in securities.

The statutory auditor and custodian shall continue to perform their duties until the end of the liquidation transactions.

TITLE V

SETTLEMENT OF DISPUTES

Article 13 - JURISDICTION - ADDRESS FOR SERVICE

All disputes relative to the Fund that may arise during its lifetime or at the time of liquidation, be they disputes between unitholders, or between unitholders and the management company or the custodian shall be submitted to the courts of competent jurisdiction.

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