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

PROSPECTUS

I – GENERAL FEATURES

I.1. Form of the Fund

Name:	**LAZARD EURO CORP HIGH YIELD**
Legal form:	French open-end investment fund (*Fonds Commun de Placement*)
Inception date – term:	This Fund was launched on September 21st, 2007 for a term of 99 years.

Fund overview:

Units	ISIN code	Allocation of distributable income	Base currency	Eligible investors	Minimum initial subscription	Initial NAV
PC EUR	FR0010505313	Allocation of net income: Accumulation Allocation of net realised capital gains: Accumulation	EURO	Authorised investors*	One unit	€1 000
PD EUR	FR0010597138	Allocation of net income: Distribution Allocation of net realised capital gains: Accumulation and/or distribution and/or retention	EURO	Authorised investors*	One unit	€1 000
PC H-CHF	FR0013444056	Allocation of net income: Accumulation Allocation of net realised capital gains: Accumulation	CHF	Authorised investors*	One unit	CHF 1 000

RC H-CHF	FR0013444064	Allocation of net income: Accumulation Allocation of net realised capital gains: Accumulation	CHF	All subscribers	One unit	CHF 100
RC EUR	FR0013444072	Allocation of net income: Accumulation Allocation of net realised capital gains: Accumulation	EUR	All subscribers	One unit	€100
RD EUR	FR0013444080	Allocation of net income: Distribution Allocation of net realised capital gains: Accumulation and/or distribution and/or retention	EUR	All subscribers	One unit	€100

* (i) Investors subscribing through distributors or financial intermediaries who are subject to MIFID II or an equivalent regulation outside of the European Union, as part of:
- an independent advisory activity,
- a non-independent advisory activity or third-party portfolio management for which they sign an agreement with their clients stipulating that they do not receive retrocession payments.

(ii) Professional clients as set out in European Directive 2014/65/EU or an equivalent regulation outside of the European Union.

The Fund's prospectus, latest annual and periodic reports, the composition of assets and Lazard Frères Gestion SAS's standards regarding the exercise of voting rights, as well as the report on 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 (0)1 44 13 01 79
where further information may be obtained if necessary.

I.2. Service providers

Management company:	**LAZARD FRÈRES GESTION SAS** 25, rue de Courcelles, 75008 Paris, France Management company incorporated under French law approved by the AMF on December 28th, 2004, under No. GP 04 0000 68
Custodian:	**CACEIS BANK** Bank and investment services provider accredited by the CECEI on April 1st, 2005 Registered office: 1-3, place Valhubert, 75013 Paris, France 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 CACEIS Bank France, and information on conflicts of interest that may arise in relation to these agents are available on the CACEIS website: www.caceis.com (Regulatory watch – UCITS V – Sub Custodians List). Investors may obtain updated information on request. The custodian operates independently of the investment management company.
Agent delegated by the management company for the centralisation of subscription and redemption orders:	**CACEIS BANK** 1-3, Place Valhubert, 75013 Paris, France The management company has delegated the management of the Fund's liabilities to CACEIS Bank, which is therefore responsible for centralising and processing subscription and redemption orders for the Fund's shares. **LAZARD FRERES BANQUE,** 121, bld Haussmann, 75008 Paris, on behalf of clients for whom it provides custody account-keeping services.
Administration:	**LAZARD FRÈRES GESTION SAS** 25, rue de Courcelles, 75008 Paris, France
Accounting management (by delegation):	**CACEIS FUND ADMINISTRATION** Registered office: 1-3, place Valhubert, 75013 Paris, France
Regular Statutory Auditor:	**PRICEWATERHOUSECOOPERS AUDIT** Represented by Frédéric Sellam 63, Rue de Villiers 92200 Neuilly sur Seine, France

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 Fund's assets in proportion to the number of units owned.
- ISIN codes:	PC EUR units: FR0010505313
	PD EUR units: FR0010597138
	PC H-CHF units: FR0013444056
	RC H-CHF units: FR0013444064
	RC EUR units: FR0013444072
	RD EUR units: FR0013444080
- 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 or administered registered at the unitholder's discretion. The Fund is listed with Euroclear France.
- Fractional or whole units:	Subscriptions and/or redemptions may only be made in whole units.
- Financial year end:	Last valuation day in September (first financial year end: September 30th, 2008)
- Taxation:	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 investor 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:	**BONDS AND OTHER EURO-DENOMINATED DEBT SECURITIES.**
- Investment objective of the PC EUR, PD EUR, RC EUR and RD EUR units:	The investment objective is to outperform over the medium term the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index in euros, net of expenses.
- Investment objective of the PC H-CHF and RC H-CHF units:	The investment objective is to outperform over the medium term the ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index, expressed in Swiss francs, net of expenses and fully hedged.
- Benchmark:	The ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index represents a proportion of the European high yield investment universe. All issuance included in this index is rated speculative grade, i.e. between BB+ and B- for Standard & Poor's and between Ba1 and B3 for Moody's. • The data can be found on the following website: www.indices.theice.com • The Bloomberg code for the index is: HEAG Index.

1 – Strategies used

The Fund aims to outperform, net of expenses, the:
> ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index, expressed in euros, for the PC EUR, PD EUR, RC EUR and RD EUR units,
> ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index, expressed in Swiss francs and fully hedged, for the PC H-CHF and RC H-CHF units,
through dynamic management of interest rate risk, credit risk and the risk of fluctuation in the underlying assets of debt index-linked to one or more equities. Investment will essentially be in risky debt issued by governments, companies, financial institutions and financial structures that offer a higher return than risk-free debt.

The portfolio manager conducts his own credit assessment for selection purposes, both at the time of purchase and during the life of the securities. He does not rely solely on ratings issued by rating agencies and develops credit risk analysis and the necessary procedures to make purchase decisions or buy 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.

Outperformance in relation to the index is achieved in two ways: additional yield offered by risky debt, corporate and government debt in particular, and dynamic portfolio rotation when there is a decline in this surplus yield. The Fund may invest in the securities of any type of issuer whose registered office is located in an OECD member country and/or in euro-denominated securities listed on a stock exchange of an OECD member country, without any restriction in terms of credit quality. The Fund may not invest in bonds of issuers included on the FATF blacklist.

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

Interest rate sensitivity range within which the Fund is managed	Geographical area of issuers	Range of exposure to this zone
0 - 8	OECD zone	between 75% and a maximum of 100% of the net assets
	Other regions	between 0 and a maximum of 25% of the net assets

The Fund may not invest in bonds denominated in currencies other than the euro.

2 – Assets (excluding embedded derivatives)

Equities:

- A maximum of 10% in preference shares insofar as they may be considered deeply subordinated instruments with the following characteristics: rated investment grade by a ratings agency or an equivalent rating by the management company; a fixed dividend comparable to accrued interest; perpetual debt likely to be called in by the issuer under specified conditions; sensitive to interest rates.

- A maximum of 5% in ordinary shares. The Fund will not invest actively in equities but may hold equities if they derive from a debt restructuring, typically following an exchange of shares for debt. The fund manager will do his best to sell the shares received as soon as possible depending on market conditions with a view to optimising the exit price for the holders.

Debt securities and money market instruments:

- A maximum of 100% in euro-denominated bonds and negotiable debt securities issued by companies and financial institutions, without any credit restrictions.
- A maximum of 100% in euro-denominated debt issued by OECD member states.
- A maximum of 20% in convertible or similar bonds.
- Specific euro-denominated instruments:
    - A maximum of 20% in securities issued as part of a EMTN programme whose issuer is not the same as the issuer of the underlying security, insofar as the performance of these securities is index-linked to changes in interest rate or credit spread risk.
    - Up to 10% in securities issued by securitisation vehicles (special purpose vehicles, ABS, MBS, CDO, etc.) investing solely in physical assets as opposed to synthetic debt.

The Fund may not invest in subordinated debt issued by banks or insurance companies.

UCIs:

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

These UCIs may be managed by the management company.

3 – Derivatives

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

- **The manager intends to seek exposure to**:
  - ☐ equities
  - ☒ interest rates
  - ☐ currencies
  - ☒ credit
  - ☐ other

- **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
    - ☐ currency
  - ☒ **options:**
    - ☐ equity and equity index
    - ☒ interest rate
    - ☐ currency
  - ☒ **swaps:**
    - ☐ equity swaps
    - ☒ interest rate swaps
    - ☐ currency swaps
  - ☐ **currency forwards**
  - ☒ **credit derivatives** (CDS are limited to 40% of the assets)

- **Derivatives strategy 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 without leverage
  - ☐ maximum permitted and sought
  - ☐ other strategy

4 – Securities with embedded derivatives

The manager may invest in securities with embedded derivatives (convertible bonds, callable and puttable bonds, warrants, etc.) traded on regulated, organised or OTC markets.
Within this framework, the manager may take positions with a view to hedging the portfolio against and/or exposing it to particular business sectors, geographic regions, shares (all capitalisation types), stocks and similar securities in order to achieve the investment objective.

In all cases, total investments in securities with embedded derivatives may not exceed 100% of net assets.

5 – Deposits

Up to 10% of the Fund's assets may be held in 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 purchases and sales of securities

None.

8 – Information on financial guarantees

In connection with over-the-counter derivative 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 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.

The risks intrinsic to the Fund relate to credit, interest rate and currency risk.

- **Risk of capital loss:**

It is possible that the Fund may not achieve its performance objective. No capital guarantee or protection is attached to this Fund. Investors should therefore be aware that they may not recover their initial investment.

- **Credit risk:**

The issuer of a bond may default, and this could decrease the Fund's net asset value. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance. These risks will be even greater if the issuer’s credit quality is low.
The decrease in NAV may be even greater if the Fund is invested in debt that is not rated by a ratings agency or in 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 NAV.

- **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.

- **Derivatives risk:**

The Fund may be synthetically exposed by up to 100% of its net assets to fixed-income and/or index instruments. The use of derivatives on organised or OTC markets may expose investors to sharp rises and falls in NAV, via underlyings that react strongly to market fluctuations.

- **Counterparty risk:**

This is the risk associated with the Fund's use of forward financial instruments and OTC instruments. These transactions, entered into with one or more eligible counterparties, potentially expose the Fund to a risk of failure of any such counterparty, which may lead to default in payment.

- **Risk related to securitisation assets:**

Credit risk on these instruments mainly concerns the quality of the underlying assets, which may vary in type (bank debt, debt securities, etc.). Such instruments are the result of complex structuring that may often entail legal risks and specific risks related to the characteristics of the underlying assets. If these risks materialise, they may cause a decrease in the Fund's net asset value.

- **Emerging market risk**:

The main risks relating to investments in emerging countries may be due to the sharp movements in security and currency prices in these countries, potential political instability and accounting and financial practices that are less rigorous than in the developed countries. The Fund’s net asset value could fall in the event of a downward movement in these markets.

- **Equity risk:**

The Fund may be exposed to significant fluctuations in the underlying equities through possible investments in convertible bonds. Equity risk shall be an ancillary risk (less than 10%).

- **Risks linked to subordinated securities:**

The Fund may be exposed to subordinated securities. 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 issuing prospectus or applied arbitrarily by a supervisory authority. Holders of these securities are also exposed to potentially large price fluctuations in the event that the issuer has insufficient equity or experiences difficulties.

10 – Guarantee or protection

None.

11 – Eligible subscribers and typical investor profile

This Fund is aimed at investors who are aware of the risks associated with investing in the international credit markets.

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) any 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 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 Fund 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 Fund 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 period: 3 years

12 – Appropriation of distributable income

Distributable income consists of:

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 charges, minus realised capital losses, net of charges, 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 the PC EUR, PC H-CHF, RC EUR and RC H-CHF units, distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

For the PD EUR and RD EUR units, distributable income is equal to net income as defined above plus or minus the balance of the revenue adjustment account for D 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

PC EUR, PC H-CHF, RC EUR and RC H-CHF units: None.
PD EUR and RD EUR units: The dividend is paid out to holders of D units once a year.

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

The PC EUR, PD EUR, RC EUR and RD EUR units are denominated in euros.
The PC H-CHF and RC H-CHF units are denominated in Swiss francs.
There is no division of units.

15 - Terms and conditions of subscription and redemption

Subscription and redemption orders are accepted in amount and/or in units.

Calculation of net asset value (NAV):

Date and frequency of NAV calculation

- Valuation day (D) = the NAV is calculated every day except Saturdays and Sundays, public holidays in France and days on which the Paris stock exchange is closed for trading.
- NAV calculation and publication date = the 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 institutions designated to receive subscription and redemption orders:

CACEIS BANK
Bank and investment services provider accredited by the CECEI on April 1st, 2005
Registered office: 1-3, Place Valhubert – 75013 Paris, France

Investors are reminded that orders transmitted to distributors other than the institution referred to above must take into consideration the fact that the cut-off time for the processing of orders applies to the said distributors vis-à-vis CACEIS Bank.
Consequently, such distributors may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit orders to CACEIS Bank.

LAZARD FRÈRES BANQUE, 121 Bld Haussmann, 75008 Paris, on behalf of clients for whom it provides custody account-keeping services.

Processing, execution and settlement of orders:
Subscription and redemption orders processed before 12 noon on each NAV valuation day D will be executed on the basis of the NAV of valuation date D. This NAV is calculated on the business day following the valuation day, i.e. D+1.
Subscriptions may not be less than 1 unit.

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

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

Subscriptions preceded by a redemption received from the same unitholder on the same day for the same number of units at the same NAV may be executed.

16 – Fees and expenses

- **Subscription and redemption fees***:*

Subscription and redemption fees are respectively 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.

Charges payable by the investor during subscription and redemption	***Basis***	***Rate***
Subscription fees not retained by the Fund	NAV x number of units	4% incl. taxes Maximum rates
Subscription fees retained by the Fund	n/a	None
Redemption fees not retained by the Fund	NAV x number of units	4% incl. taxes Maximum rates
Redemption fees retained by the Fund	n/a	None

Exemption: No subscription and/or redemption fee will be charged in the case of a redemption followed by a subscription, on the same day, for the same amount, based on the same NAV.
The value date for the redemption will also be applied to the subscription.

<table>
<tr><th>Expenses charged to the Fund</th><th>Basis</th><th colspan="2">Rate</th></tr>
<tr><td>Financial management fees</td><td>Net assets excluding UCIs managed by Lazard Frères Gestion</td><td colspan="2">PC EUR and PD EUR units:
0,715% including tax
PC H-CHF units:
0,765% including tax
RC H-CHF units:
1,450% including tax
RC EUR and RD EUR units:
1,400% including tax

(Maximum rate)</td></tr>
<tr><td>Administrative fees external to the management company</td><td>Net assets</td><td colspan="2">0,035%
(Maximum rate)</td></tr>
<tr><td rowspan="2">Transaction fees (incl. taxes):
(0 to 100% received by the management company and 0 to 100% received by the custodian)</td><td rowspan="2">Maximum fee on each transaction</td><td>Bonds, debt securities, foreign exchange</td><td>0% to 0,1% incl. taxes</td></tr>
<tr><td>Futures and other transactions</td><td>From €0 to €450 incl. taxes per contract</td></tr>
<tr><td>Performance fee (PC EUR, PD EUR and PC H-CHF units):</td><td>NAV per unit
x
number of units</td><td colspan="2">If the NAV at the year-end is higher than the investment objective (ICE BofAML BB-B Euro High Yield Non-Financial Fixed & Floating Rate Constrained Index), a performance fee of 15% of this outperformance in relation to the objective will be applied.
The performance fee is capped at 2% of the net assets. *</td></tr>
</table>

* Calculation of the performance fee:

Performance fees are calculated by comparing changes in the Fund's assets over the financial year (net dividends reinvested and excluding variable management fees) with the assets of a benchmark fund:
- with a baseline value equal to the value of the Fund's assets at the close of the last financial year
- and with a daily performance equal to that of the benchmark index (net dividends reinvested) in euros and registering the same variations in subscriptions and redemptions as the Fund.

If, at the close of the financial year, the Fund's assets (excluding variable management fees) exceed those of the benchmark fund, a performance fee will be charged equal to 15% (including taxes) of the difference in value between the Fund's assets and the benchmark fund.
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.

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 three blocks of charges referred to above.

Repurchase agreements are executed at market prices.

With the exception of brokerage, accounting and custody fees, all of the charges referred to above are levied as part of the joint venture arrangement between Lazard Frères Banque and Lazard Frères Gestion SAS which since 1995 has enabled them to pool their financial control, administration, and execution resources.

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.

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

17 – 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 prices negotiated;
- 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 FRÈRES 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 Fund’s sales and marketing documentation shall be made available to unitholders at the registered office of Lazard Frères Gestion SAS, 25 rue de Courcelles, 75008 Paris, France.

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

The management company may send, directly or indirectly, information on the composition of the UCI’s assets to the UCI’s unitholders for purposes related solely to unitholders’ regulatory obligations. This information will be sent, where applicable, within a period not less than 48 hours after publication of the NAV.

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 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

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

- **Marketable securities:**

- **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 (as published by WM Closing).

- **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.

There may be a discrepancy 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.

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	Main official 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.

- **UCI:**
  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.

1.2. Financial instruments and securities not traded on a regulated market

All of the Fund's securities are traded on regulated markets.

1.3. 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

The Fund complies with the accounting rules prescribed by current regulations, in particular the accounting standards applicable to UCIs.

The financial statements are presented in accordance with the regulatory provisions governing the preparation and publication of financial statements of undertakings for collective investment in transferable securities.

- **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 day.

  - 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 using the following formula:

(Gross assets – UCIs managed by Lazard Frères Gestion SAS)
x operating and management fees rate
x $\frac{\text{no. of days between the calculated NAV and the previous NAV}}{\text{365 (or 366 in a leap year)}}$

- This amount is then recorded in the Fund's income statement and paid in full 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 charges.

- **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 617.

- The final amount is recognised upon settlement of invoices after reversal of any provisions.

3 – Accounting currency

The accounting currency is the euro.

4 – Allocation of distributable income

C units:
Allocation of net income: accumulation
Allocation of net realised capital gains: accumulation

D units:
Allocation of net income: distribution
Allocation of net realised capital gains: accumulation and/or distribution and/or retained

Method related to swing pricing adjustments to net asset value (NAV) with a trigger level:

To avoid disadvantaging unitholders that remain in the Fund, 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 unitholders entering and leaving the Fund that would otherwise have been allocated across all unitholders in the Fund. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of Fund units exceeds a threshold predetermined by the financial sub-manager 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 charges, bid/offer spreads and any taxes 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 swing pricing 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% 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.

FUND REGULATIONS

LAZARD CORPO EURO HIGH YIELD

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 assets of the Fund in proportion to the number of units owned.

The Fund's term is 99 years, commencing from September 21st, 2007, except in the event that the Fund is dissolved before the end of the term or extended pursuant to 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 hedging transactions on the UCITS' other unit classes;
- be reserved to one or more distribution networks.

Possibility of combining or splitting units.

The units may be sub-divided, upon the decision of the management company, into hundredths or thousandths of a unit, referred to as fractional units.

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 General Regulation of the French financial markets regulator (*Autorité des Marchés Financiers* – AMF) (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 made 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 set out in Article 4, and subscription is undertaken using the first net asset value 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 issuer account keeper 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 (*Code monétaire et financier*), 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.

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 5a - OPERATING RULES

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

Article 5b – ADMISSION FOR TRADING ON A REGULATED MARKET AND/OR MULTILATERAL TRADING FACILITY

The units may be admitted to trading on a regulated market and/or a multilateral trading facility, in accordance with applicable regulations. If the Fund whose units are admitted for trading on 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 units does not deviate significantly from its net asset value.

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 AMF.

Article 7 - STATUTORY AUDITOR

A statutory auditor is appointed by the management company's governance body for a term of six financial years, following AMF approval.

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 *Autorité des Marchés Financiers* (French financial market authority) any fact or decision concerning the UCI 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 refusal to certify the accounts.

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 their own responsibility.

They 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. Their 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 UCI's assets at least every six months and under the control of the Custodian.

The management company shall make these documents available to unitholders within four months of 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 – ALLOCATION OF DISTRIBUTABLE INCOME

Distributable income consists of:

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 charges, minus realised capital losses, net of charges, 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.

Details of the relevant process are provided in the prospectus under the section entitled "Allocation of distributable income".

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 managed by it, or split the Fund into two or more open-end funds.

These merger or split transactions may only be undertaken 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 applications 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 appointed liquidator 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.

***

Document last updated: November 4th, 2019