

French open-end investment company with Sub-funds (Société d'Investissement  
à Capital Variable à Compartiments)

# LAZARD MULTI ASSETS (LMA)

## **Prospectus**

*UCITS compliant with European Directive 2009/65/EC*

*Date of publication: 15/09/2020*



## PROSPECTUS

### I – GENERAL FEATURES

#### I-1 – Form of the UCITS

**French open-end investment company (Société d'Investissement à Capital Variable - SICAV)**

**Name:** LAZARD MULTI ASSETS

**Head office:** 121, boulevard Haussmann – 75008 Paris, France

**Legal form and Member State in which the UCITS was incorporated:**

Société d'investissement à capital variable (SICAV) incorporated under French law in the form of a Société Anonyme

**Inception date — projected duration:** the SICAV was created on November 13<sup>th</sup>, 2019 for a period of 99 years. It was approved on September 10<sup>th</sup>, 2019.

**Summary of the management offer: the SICAV comprises 2 sub-funds**

Sub-fund no. 1 LAZARD PATRIMOINE						
Equities	ISIN	Allocation of distributable income	Base currency	Eligible subscribers	Minimum initial subscription	Initial NAV
<b>RC EUR</b>	FR0012355139	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	All subscribers	One share	115,64 euros
<b>PD EUR</b>	FR0013135472	Allocation of net income: distribution Allocation of net realised capital gains: accumulation and/or distribution and/or retention	EURO	Authorised investors*	One share	1140,39 euros
<b>PC EUR</b>	FR0012355113	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	Authorised investors*	One share	1170,78 euros
<b>PC H-USD</b>	FR0013477213	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	USD	Authorised investors*	One share	1000 USD

\* (i) Investors subscribing via distributors or financial intermediaries subject to the MIFID II Directive or equivalent regulations outside the European Union, within the framework of:

- their independent advisory activity,
- non-independent investment advice or portfolio management on behalf of third parties where they have concluded agreements with their clients stating that they may do not receive retrocessions.

(ii) Professional customers within the meaning of Directive (EU) 2014/65/EU or any equivalent regulation outside the European Union.

**Sub-fund no. 2**  
**LAZARD PATRIMOINE OPPORTUNITIES**

<b>Equities</b>	<b>ISIN codes</b>	<b>Allocation of distributable income</b>	<b>Base currency</b>	<b>Eligible subscribers</b>	<b>Minimum initial subscription</b>	<b>Initial NAV</b>
<b>RC EUR</b>	FR0007028543	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	All subscribers	1 share minimum	NAV of the RC share of the Lazard Patrimoine mutual fund on the day of the Merger
<b>PD EUR</b>	FR0012620342	Allocation of net income: distribution Allocation of net realised capital gains: accumulation and/or distribution and/or retained	EURO	Authorised investors*	1 share minimum	NAV of the ID share of the Lazard Patrimoine Opportunities mutual fund on the day of the Merger
<b>PC EUR</b>	FR0013409463	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	Authorised investors*	1 share minimum	NAV of the IC share of the Lazard Patrimoine Opportunities mutual fund on the day of the Merger

\* (i) Investors subscribing via distributors or financial intermediaries subject to the MIFID II Directive or equivalent regulations outside the European Union, within the framework of:

- their independent advisory activity,
- non-independent investment advice or portfolio management on behalf of third parties where they have concluded agreements with their clients stating that they may do not receive retrocessions.

(ii) Professional customers within the meaning of Directive (EU) 2014/65/EU or any equivalent regulation outside the European Union.

The SICAV'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 FRERES GESTION SAS**  
25, rue de Courcelles, 75008 Paris, France

The prospectus is also available at [www.lazardfreresgestion.fr](http://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

<b>Delegated management company:</b>	<b>LAZARD FRERES GESTION SAS</b> 25, Rue de Courcelles – 75008 Paris, France Management company incorporated under French law authorised by the French financial markets regulator (Autorité des Marchés Financiers – AMF) on December 28 <sup>th</sup> , 2004, no. GP 04 0000 68
<b>Custodian:</b>	<b>CACEIS BANK</b> Bank and investment services provider accredited by the CECEI on April 1 <sup>st</sup> , 2005 Registered offices: 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.  <u>Sub-delegation:</u> A description of the functions of delegated custody agents, a list of the custody and sub-custody agents of CACEIS Bank, and information on conflicts of interest that may arise in relation to these agents are available on the CACEIS website: <a href="http://www.caceis.com">www.caceis.com</a> (Regulatory watch – UCITS V – Sub Custodians List). Investors may obtain updated information on request. The custodian operates independently of the investment management company.
<b>Delegated agent for the centralisation of subscription and redemption orders:</b>	<b>CACEIS BANK:</b> 1-3, Place Valhubert – 75013 Paris, France The management company has delegated the management of the UCI's liabilities to CACEIS Bank, which is therefore responsible for centralising and processing subscription and redemption orders for the UCI's shares.  <b>LAZARD FRÈRES BANQUE</b> , on behalf of clients for whom it provides custody account-keeping services 121, bld Haussmann – 75008 Paris, France
<b>Registrar of units or shares (by delegation):</b>	<b>CACEIS BANK:</b> 1-3, Place Valhubert – 75013 Paris, France
<b>Statutory auditor:</b>	<b>ERNST &amp; YOUNG ET AUTRES</b> Represented by Bernard Charrue 1-2, Place des Saisons Paris La Défense 1 92400 Courbevoie, France
<b>Other delegated service providers</b>	
<b>Administrative sub-manager</b>	<b>LAZARD FRERES GESTION SAS</b> 25, rue de Courcelles, 75008 Paris, France
<b>Accounting sub-manager</b>	<b>CACEIS FUND ADMINISTRATION</b> Registered offices: 1-3 Place Valhubert – 75013 Paris, France
<b>Management and Board of Directors</b>	
<b>Administration, management and supervisory bodies:</b>	The names and functions of the Chairman and members of the Board of Directors are available in the SICAV's annual report.

## II – OPERATION AND MANAGEMENT

### Segregation of sub-funds

The SICAV gives investors the choice between several sub-funds, each with a different investment objective. Each sub-fund constitutes a separate pool of assets. The assets of a given sub-fund are liable only for the debts, commitments and obligations relating to that sub-fund.

#### 1. LAZARD PATRIMOINE SUB-FUND

##### II.1 – General features

Share characteristics:	
- ISIN codes	RC EUR: FR0012355139 PC EUR: FR0012355113 PD EUR: FR0013135472 PC H-USD : FR0013477213
- Nature of the rights attached to the shares	Each shareholder has a co-ownership right in and to the assets of the Sub-fund in proportion to the number of shares owned.
- Voting rights attached to the shares	Voting rights are attached to each Sub-fund's shares; the articles of association specify how these rights are exercised.
- Form of the shares	Bearer or administered registered at the shareholder's discretion. The Sub-funds' shares are admitted to Euroclear France.
- Fractional or whole shares	In thousandths of shares
- Financial year end	Last valuation date in December.
- First financial year end	Last valuation day in December 2020.
- Taxation	<p>The Sub-fund is not subject to corporate income tax, but its shareholders are liable for tax on any distributions and/or capital gains or losses.</p> <p>We advise investors to obtain information on their personal tax status from their usual advisers.</p> <p>The Sub-fund may be used with life insurance and savings policies.</p>

## II.2 – Other specifications

<b>- Investment objective for PC EUR, PD EUR and RC EUR shares:</b>	The Sub-fund aims to outperform, net of management expenses, the following composite benchmark index over the recommended three-year investment period: 20% MSCI World All Countries + 80% ICE BofAML Euro Broad Market Index (Bloomberg ticker: EMU0). The index is rebalanced on a monthly basis and its components are expressed in euros, assuming reinvestment of net dividends or coupons.
<b>- Investment objective for PC H-USD shares:</b>	The Sub-fund aims to outperform, net of management expenses, the following composite benchmark index over the recommended three-year investment period: 20% MSCI World All Countries + 80% ICE BofAML Euro Broad Market Index (Bloomberg ticker: EMU0). The index is rebalanced every month and its components are expressed in US dollars and hedged against currency risk, with the US dollar as the reference currency. Net dividends and coupons are reinvested.
<b>- Benchmark for PC EUR, PD EUR and RC EUR shares:</b>	The <b>MSCI World All Countries</b> , expressed in euros, is representative of the world's top companies by market capitalisation in developed and developing countries. The data are available at <a href="http://www.msci.com">www.msci.com</a> .  <b>ICE BofAML Euro Broad Market Index (Bloomberg ticker EMU0)</b> is an index consisting of bonds issued by public and private entities rated investment grade and <b>denominated in euros</b> . The data are available on the website: <a href="http://www.indices.theice.com">www.indices.theice.com</a>
<b>- Benchmark for PC H-USD shares:</b>	The <b>MSCI World All Countries</b> , expressed in US dollars and hedged against currency risk with the US dollar as the reference currency, represents the world's largest companies by capitalisation in both developed and developing countries. Data is available on <a href="http://www.msci.com">www.msci.com</a> <b>The ICE BofAML Euro Broad Market index (Bloomberg code EMU0)</b> , expressed in US dollars and hedged against currency risk with the US dollar as the reference currency, is made up of euro-denominated bonds issued by investment grade government and corporate entities. Data is available on <a href="http://www.indices.theice.com">www.indices.theice.com</a>

### 1 – Strategies used

The Sub-fund's assets are allocated on a discretionary basis, by applying SRI management, and two strategies are used to optimise the portfolio's balance between risk and return:

- dynamic portfolio allocation as part of a tactical approach taking into account changes over the short and medium-term (horizon of a few weeks and a few months respectively);
- "Socially Responsible Investment" (SRI) type management for analysing and taking into account environmental, social and governance (ESG) criteria;
- the implementation of a risk reduction mechanism if the allocation's performance falls below a predefined risk threshold.

## Dynamic asset allocation

The Sub-fund's asset allocation is managed dynamically, involving tactical adjustments over the medium (a few months) and short (a few weeks) term.

Medium-term tactical adjustments are based on our fundamental analysis of the global economic cycle, growth in the main geographical regions, and the valuation of the different asset classes and markets. The aim is to generate returns by taking advantage of relative changes in situation in the different asset classes (equities, fixed-income, credit, forex).

Short-term tactical adjustments are based on an analysis of the different risks that can impact the behaviour of the assets in the short term.

These two tactical management approaches, involving a short- and medium-term horizon, are complementary and decorrelated.

## SRI management

The Sub-Fund is managed in accordance with the principles of the SRI label defined by the French Ministry of the Economy and Finance. The inclusion of environmental, social and governance (ESG) criteria influences the analysis of portfolio companies, stock selection and weighting.

ESG analysis is based on a proprietary model shared by the teams in charge of financial management in the form of an internal ESG grid. Based on the various data provided by our ESG partners (non-financial analysis agencies, external service providers, etc.), annual reports and reports on the social responsibility (CSR) of each company and direct exchanges with them, the analysts responsible for monitoring each stock draw up an internal ESG rating based on a quantitative and qualitative approach.

Each E, S and G pillar is rated from 1 to 5 (5 being the best rating) based on at least ten relevant key indicators per dimension. The company's overall ESG rating summarises the scores for each pillar according to the following weighting: 30% for Environment and Social and 40% for Governance. ESG ratings are directly integrated into the valuation models used by the equity teams.

The internal ESG analysis covers at least 90% of the Sub-fund's investments.

As part of SRI management, the following impact indicators are reported at least once a year:

- Environmental criterion:
  - **Carbon intensity of the portfolio**, expressed in CO2 equivalent tonnes per million euros of revenue
- Social criterion:
  - **Risk management note relating to Vigeo-Eiris' human resources management controversies**
- Human rights criterion:
  - **% of companies that are signatories to the United Nations Global Compact**
- Governance criterion:
  - **average % of independent directors**

## Systematic risk reduction mechanism

In order to limit the risk of a decrease in the net asset value, a reduction in the various exposures (equities, credit, sensitivity, currencies) from the level justified by the fundamentals may be required under specific market conditions.

Hedging is triggered systematically by the level of risk and is not based on any expectations. This risk level is measured by daily monitoring of the allocation's rolling performance over four time horizons.

For each of these horizons, if the historical rolling performance falls below a pre-defined threshold, a signal is obtained to trigger hedging.

Each signal triggers a hedge of up to 25% of the target allocation of equity, credit, sensitivity and currency exposures. When all four hedging signals are triggered, these exposures are fully covered.

For each horizon, hedging may be discontinued if the historical rolling performance has moved above a pre-defined threshold over a shorter horizon.



The hedging strategy, which constitutes neither a guarantee nor protection of capital, does not aim to generate additional performance over the medium term but rather to maintain the portfolio's volatility below an annual level of 7% and consequently the risk of capital losses. Tactical hedging is triggered by the risk level and is not based on any expectations; it aims to protect the portfolio in the event of sharp market declines. Due to this hedging, the unitholders may not benefit from the upside potential related to the underlying assets.

If hedging is triggered, the Sub-fund may not resume exposure in the immediate term.

### **Composition of the Sub-fund**

The strategic allocation is mainly comprised of bonds and money market instruments, with added impetus through exposure to the equity markets.

The portfolio may be invested in investment grade government and corporate bonds or bonds with an equivalent rating based on the management company's analysis, speculative/high yield bonds or bonds with an equivalent rating based on the management company's analysis, or in unrated bonds, convertible bonds, equities of companies of any market capitalisation located in the Eurozone and/or internationally, debt securities, money market instruments, and UCI invested in these asset classes, within the following limits:

- between 0 and a maximum of 100% of the net assets will be invested in debt securities and money market instruments;
- between 0 and a maximum of 100% of the net assets will be invested in government debt;
- between 0 and a maximum of 100% of the net assets will be invested in corporate debt;
- a maximum of 50% of the net assets will be invested in speculative/high yield bonds or bonds with an equivalent rating based on the management company's analysis or unrated bonds;
- a maximum of 25% of net assets will be invested in convertible bonds (excluding CoCos);
- a maximum of 20% of net assets will be invested in contingent convertible bonds (CoCos);
- a maximum of 10% of the net assets will be invested in UCIs that in turn invest no more than 10% of their assets in other UCIs; these UCIs may be managed by the management company.

The overall exposure to equity risk will be maintained between 0 and a maximum of 40% of the net assets (including via derivatives). Exposures to emerging equities and small cap equities are limited to 10% respectively.

The overall exposure to interest rate risk will be maintained within a sensitivity range of -5 to +10.

Exposure to foreign exchange risk will be limited to 50% of the assets.

The Sub-fund may use futures, options, swaps and forward foreign-exchange contracts on regulated, organised and/or OTC markets to hedge and/or expose the portfolio and thus bring the Sub-fund's exposure above the level of its net assets. The portfolio is exposed to equity, interest rate, credit and foreign exchange risk, calculated based on the absolute VaR. The VaR corresponds to the potential loss in 99% of cases over a horizon of 20 working days under normal market conditions. The VaR level must remain lower than 15% and leverage must not exceed 400% gross.

Up to 100% of the Sub-fund's assets may be invested in securities with embedded derivatives.

The fund manager will perform his/her analysis and selection in the following manner:

#### **For directly held shares:**

Identification of French and foreign companies of all market capitalisations, from within and outside the Eurozone, that show the best economic performance profile based on our analysis. Validation of this performance through financial diagnosis and assessment of strategic fundamentals. The selection of these companies' shares is also based on the market's undervaluation of their performance at a given time.

As part of the integration of environmental, social and governance criteria, ESG ratings are factored into the valuation models through the Beta used to set the average cost of capital (WACC). The Beta consists of the following factors:

- the cyclical activity of the company's activity (30%);
- compliance with ESG criteria (20%) quantified by the internal ESG rating;
- financial leverage (20%);
- the product mix (10%);
- the geographical mix (10%);
- operating leverage (10%).

To meet SRI management criteria, the analysts-managers in charge of the equities compartment ensure, for this compartment, that an external ESG rating higher than the average rating of the top 80% of the MSCI World Developed index is maintained.

The risk control department ensures compliance with this criterion on a monthly basis.

The external ESG ratings of the Sub-fund and the index correspond to the weighted average of the absolute E, S and G ratings provided by Vigeo-Eiris assigned the following weights: 50% for Environment, 25% for Social and 25% for Governance.

Vigeo's rating method is based on a model with 17 years of historical experience, 330 indicators grouped into **38 criteria** in 6 areas. These 38 criteria are weighted from 0 to 3 depending on their materiality (relevance) for the sector.

Vigeo's ESG analysis is broken down into **6 areas**:

**1. Human Resources: 7 criteria**

Promotion of social dialogue / Promotion of employee profit-sharing / Promotion of individual career choices and employability / Controlled management of restructuring / Quality of remuneration systems / Improvement of health and safety conditions / Respect and organisation of working hours

**2. Environment: 11 criteria**

Definition of the environmental and eco-design strategy / Consideration of pollution risks (soil, accidents) / Offer of green products and services / Prevention of risks of damage to biodiversity / Control of impacts on water / Control of energy consumption and reduction of polluting emissions / Control of impacts on air / Control and improvement of waste management / Control of local pollution levels / Control of impacts related to distribution-transport / Control of impacts related to the use and disposal of the product or service.

**3. Customer/supplier relationships: 9 criteria**

Product safety / Customer information / Contract guidance / Sustainable cooperation with suppliers / Integration of environmental factors in the supply chain / Integration of social factors in the supply chain / Prevention of corruption / Prevention of anti-competitive practices / Transparency and integrity of strategies and influencing practices

**4. Human rights: 4 criteria**

Respect for fundamental rights and prevention of violations of these rights / Respect for the freedom to join trade unions and the right to collective bargaining / Non-discrimination and promotion of equal opportunities / Elimination of prohibited forms of work

**5. Community involvement: 3 criteria**

Commitments in favour of the economic and social development of the area in which the company operates / Consideration of the societal impact of the products and services developed by the company / Contributions by the company to causes of general interest

**6. Governance: 4 criteria**

Balance of powers and efficiency of the board of directors / Audit of control mechanisms / Shareholders' rights / Remuneration of executives

The issuer's overall ESG score is equal to the weighted average of the Criteria scores

An issuer's ESG rating is based on an absolute rating scale of 0 to 100, with 100 being the highest rating.

**For directly held bonds:**

To build the bond portion of the portfolio, the fund manager will carry out his own analysis. He may also refer to agency ratings but does not rely on them solely and mechanically.

Bonds are selected after financial analysis of the companies issuing bonds and analysis of the technical features of issuance contracts.

The manager may invest in all types of bonds and negotiable debt instruments issued by companies, financial institutions and sovereign states without determining in advance the breakdown between public and private debt.

The manager may also invest in contingent convertible bonds (CoCos) up to a maximum of 20% of the net assets.

As part of SRI management, the analysts-managers in charge of the bond compartment ensure, for the corporate part (financial and non-financial), that an external ESG rating higher than that of a composite index made up of 90% of the ICE ER00 (financial and non-financial) and 10% of the ICE HEAE (non-financial exclusively) after elimination of the worst 20%.

The risk control department ensures compliance with this criterion on a monthly basis.

The external ESG ratings of the Sub-Fund and the index correspond to the weighted average of the absolute ratings E, S and G provided by Vigeo-Eiris assigned the same weights and derived from monitoring the same areas and criteria as those described for directly held equities.

#### **For investments in UCI securities:**

Investments in UCI involve instruments to diversify the Sub-fund's asset classes and geographical areas.

The UCI are selected from the Lazard group range or from those offered by other management companies. The selection methodology involves quantitative (performance, risk, volatility, etc.) and qualitative (management process, composition of the portfolio, management team, etc.) analysis of the UCI.

All UCI classifications are authorised.

Investment is solely in UCIs that in turn invest less than 10% of their assets in other UCIs. All of these UCIs may be managed by the management company.

## **2 – Assets (excluding embedded derivatives)**

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The Sub-fund's portfolio comprises:

- equities,
- French and foreign bonds issued by governments, public, semi-public and private enterprises,
- investment grade or speculative/high yield bonds,
- unrated bonds,
- convertible bonds,
- contingent convertible bonds (CoCos),
- fixed, variable and adjustable rate French or foreign negotiable debt securities of all maturities and any credit rating; the breakdown between private and public debt is not set in advance but will be decided based on market opportunities.
- units or shares in UCIs of all classifications.

## **3 – Derivatives**

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- **Types of markets:**
  - ☒ regulated
  - ☒ organised
  - ☒ OTC
- **The manager intends to seek exposure to:**
  - ☒ equities
  - ☒ interest rates
  - ☒ foreign exchange
  - ☒ credit
  - ☐ other risks

- **Types of transactions – all transactions must be limited to achieving the investment objective:**
  - ☒ hedging
  - ☒ exposure
  - ☐ arbitrage
  - ☐ other
- **Type of instruments used:**
  - ☒ **futures and/or options:**
    - ☒ equity and equity index
    - ☒ interest rate
    - ☒ currency
  - ☒ **swaps:**
    - ☒ equity swaps
    - ☒ interest rate swaps
    - ☒ currency swaps
    - ☒ performance swaps
  - ☒ **forward foreign exchange contracts**
  - ☒ **credit derivatives**
  - ☐ **other**
- **Derivatives strategy to achieve the investment objective:**
  - ☒ partial or general portfolio hedging,
  - ☒ creating synthetic exposure to assets and risks,
  - ☒ increasing exposure to the market,
  - ☐ maximum permitted and sought,
  - ☐ other strategy.

#### 4 – Securities with embedded derivatives

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The manager may invest in all securities with embedded derivatives permitted under the management company's business plan, notably convertible bonds, callable and puttable bonds, and subscription rights and warrants.

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.

The amount of investments in securities with embedded derivatives may not exceed 100% of the net assets including an investment of a maximum of 25% of the net assets in convertible bonds excluding CoCos and a maximum of 20% of the net assets in contingent convertible bonds (CoCos).

#### 5 – Deposits

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Up to 10% of the Sub-fund's assets may be held in deposits.

#### 6 – Cash borrowings

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The Sub-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

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None.

## 8 – Information on financial guarantees

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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 Sub-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

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

### **Risk of capital loss:**

The Sub-fund provides no guarantee or protection. As such, the investor may not get back the full amount of the initial investment during redemption.

### **Risk associated with discretionary management:**

Discretionary management is based on anticipation of market trends. The Sub-fund's performance is dependent both on the selection of securities and UCI picked by the manager and the manager's asset allocation. There is therefore a risk that the manager will not select the best performing securities and that the asset allocation is not optimal.

### **Equity risk:**

Fluctuations in share prices may have a negative impact on the Sub-fund's net asset value. The net asset value may decrease during periods in which equity markets are falling.

### **Market capitalisation risk:**

The volume of small- and mid-cap stocks traded on the stock market is lower than that of large caps, which means they can be more significantly impacted by market movements than large caps. The Sub-fund's NAV may therefore decline rapidly and significantly.

### **Emerging country risk:**

The operational and supervisory standards applicable to emerging markets may differ from those on international markets, as a result there is a risk that this may affect the UCI's net asset value.

### **Credit risk:**

Credit risk is the risk that the issuer of a bond may default, which 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.

The decrease in NAV may be even greater if the Fund is invested in non-rated or speculative/high-yield debt.

**Interest rate risk:**

There is a risk of a fall in the value of bonds and other fixed-income securities and instruments, and hence in the portfolio, resulting from a change in interest rates. Because of its sensitivity range, the value of this component of the portfolio may decrease, either in the case of a rise in interest rates if the portfolio's sensitivity is positive, or in the case of a fall in interest rates if the portfolio's sensitivity is negative.

**Foreign exchange risk (not applicable to PC H-USD units):**

The Sub-fund may invest in securities and other UCI that in turn are authorised to acquire instruments denominated in currencies other than the fund's base currency. The value of these instruments may fall if the exchange rates vary, which may lead to a decrease in the Sub-fund's net asset value.

**Liquidity risk:**

The risk that a financial market cannot absorb transaction volumes due to trading volumes being too low or pressure on the markets. Such a situation may impact the pricing or timing when the Sub-fund liquidates, initiates or modifies positions and thus cause a decline in the Sub-fund's net asset value.

**Derivative financial instrument risk:**

The risk arising from the Sub-fund's use of forward financial instruments (derivatives), which may lead to a bigger decrease in the net asset value than on the markets or in the underlying assets in which the Sub-fund has invested.

**Counterparty risk:**

The risk linked to the use of forward financial instruments traded over the counter. These transactions, entered into with one or more counterparties, potentially expose the Sub-fund to a risk of failure of any such counterparty, which may lead to default in payment and cause the Sub-fund's NAV to fall.

**Risk related to overexposure:**

The Sub-fund may use forward financial instruments (derivatives) to generate overexposure and thus bring the Sub-fund's exposure above its net asset value.

Depending on the transactions, the impact of a decrease (purchase of exposure) or increase (sale of exposure) in the derivative's underlying instrument may be amplified and thus amplify any decrease in the Sub-fund's net asset value.

Because of the hedging strategy applied, shareholders may not benefit from potential upside on certain markets.

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**10 – Guarantee or protection**

None

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**11 – Eligible subscribers and typical investor profile**

The RC EUR unit is aimed at all subscribers.

PD EUR, PC EUR and PC H-USD shares – Authorised investors:

(i) Investors subscribing via distributors or financial intermediaries subject to the MIFID II Directive or equivalent regulations outside the European Union, within the framework of:

- their independent advisory activity,
- non-independent investment advice or portfolio management on behalf of third parties where they have concluded agreements with their clients stating that they may do not receive retrocessions.

(ii) Professional customers within the meaning of Directive (EU) 2014/65/EU or any equivalent regulation outside the European Union.

It is intended for persons who accept that the Sub-fund's allocation is left to the manager's discretion.

Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Sub-fund.

The Fund may be used with life insurance and savings policies.

#### **Information on US investors:**

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

A Restricted Person is (i) any person or entity located in the United States (including US residents), (ii) any corporation or any other entity subject to the laws of the United States or any state thereof, (iii) 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 1<sup>st</sup>, 2014, if the Sub-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 Sub-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 Sub-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**

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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 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 distributed independently of each other, in whole or in part.



**For the “PC EUR”, “RC EUR” and “PC H-USD” shares,** distributable income shall be fully accumulated.

**For the “PD EUR” shares:** Net income is distributed in full and the allocation of net realised capital gains is decided each year at the shareholders’ meeting.

### 13 – Frequency of distribution

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**“PC EUR”, “RC EUR” and “PC H-USD” shares:** None, accumulation shares.

**“PD EUR” share,** the dividend is distributed to shareholders once a year by decision of the General Meeting with the possibility of interim payments.

### 14 – Characteristics of the shares (base currency, division of shares, etc.)

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ISIN codes	Base currency	Splitting	NAV at inception
<b>RC EUR:</b> FR0012355139	EURO	In thousandths	115,64 €
<b>PD EUR:</b> FR0013135472		In thousandths	1140,39 €
<b>PC EUR:</b> FR0012355113		In thousandths	1170,78 €
<b>PC H-USD:</b> FR0013477213	USD	In thousandths	1000 USD

### 15 – Terms and conditions of subscription and redemption of shares

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

#### **Procedures for switching from one share category to another or from one sub-fund to another:**

Requests to switch from one share category to another or from one sub-fund to another will systematically give rise to redemption and subscription in accordance with the valuation schedule applicable to each sub-fund or share category, as the case may be.



**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 = 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](http://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 approved by the French Banking and Investment Committee (Comité des établissements de crédit et des entreprises d'investissement - CECEI) on April 1<sup>st</sup>, 2005.

Registered office: 1-3 Place Valhubert – 75013 Paris, France

Shareholders 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 Boulevard Haussmann, 75008 Paris, France on behalf of clients for whom it provides custody account-keeping services.

**Settlement and value date:**

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).

**Processing, execution and settlement of orders:**

Orders are executed at the NAV dated D in accordance with the table below:

<b>Valuation day (D)</b>	<b>Next business day following the valuation day (D+1)</b>	<b>Two business days following the valuation day (D+2)</b>
Valuation of the Sub-fund Centralisation of subscription and redemption orders before 12am	Calculation and communication of the NAV	Settlement of subscriptions and redemptions

**16 – Fees and expenses**

**Fees and expenses applicable to “PC EUR”, “PD EUR”, “RC EUR” and “PC H-USD” shares**

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▪ **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 Sub-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 and/or the distributor, etc.

<i>Charges payable by the investor during subscription and redemption</i>	<i>Basis</i>	<i>Rate</i>
<b>Subscription fees not earned by the Sub-fund</b>	NAV x number of shares	Maximum 2,5% □ incl. taxes
<b>Subscription fees earned by the Sub-fund</b>	n/a	None
<b>Redemption fees not earned by the Sub-fund</b>	n/a	None
<b>Redemption fees earned by the Sub-fund</b>	n/a	None

<i>Costs charged to the Sub-fund</i>	<i>Basis</i>	<i>Rate</i>	
<b>Financial management fees</b>	Net assets excluding UCIs managed by Lazard Frères Gestion SAS	<b>PC EUR shares:</b> Maximum 0,73% incl. taxes  <b>PD EUR shares:</b> Maximum 0,73% incl. taxes  <b>RC EUR shares:</b> Maximum 1,38% incl. taxes  <b>PC H-USD shares:</b> Maximum 0,78% incl. taxes	
<b>Administrative fees external to the management company</b>	Net assets	<b>PC EUR, PD EUR, RC EUR and PC H-USD shares:</b> Maximum 0,035% incl. taxes	
<b>Transaction fees (incl. taxes):</b> (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum fee on each transaction	<b>Equities, foreign exchange</b>	0% to 0,20% incl. taxes
		<b>Futures and other transactions</b>	€0 to €450 incl. taxes per contract
<b>Performance fee</b>	n/a	None	

Only the contributions payable for the management of the Sub-fund 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 Sub-fund. All costs and expenses related to these management techniques are assumed by the Sub-fund.

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

## **17 – Outline of the intermediary selection procedure**

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The selection of intermediaries used in equity fund management is a result of:

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

These intermediaries are used exclusively in terms of inflows relating to equities. Lazard Frères Gestion SAS' Broker Committee ratifies all decisions to authorise new intermediaries.

At least twice yearly, the equity investment team holds a Broker Committee meeting to evaluate the services of its intermediaries, by reviewing four key criteria:

- research
- services offered
- quality of execution
- level of commissions

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.

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](http://www.lazardfreresgestion.fr))

## **2. LAZARD PATRIMOINE OPPORTUNITIES SUB-FUND**

### **II.1 – General features**

<b>Share characteristics:</b>	
<b>- ISIN codes</b>	RC EUR: FR0007028543 PD EUR: FR0012620342 PC EUR: FR0013409463
<b>- Nature of the rights attached to the shares</b>	Each shareholder has a co-ownership right in and to the assets of the Sub-fund in proportion to the number of shares owned.
<b>- Voting rights attached to the shares</b>	Voting rights are attached to the Sub-fund's shares; the articles of association specify how these rights are exercised.
<b>- Form of the shares</b>	Bearer or administered registered at the shareholder's discretion. The Sub-fund's shares are admitted to Euroclear France.
<b>- Fractional or whole shares</b>	In thousandths of shares
<b>- Financial year end</b>	Last valuation date in December.
<b>- First financial year end</b>	Last valuation day in December 2020.
<b>- Taxation</b>	<p>The Sub-fund is not subject to corporate income tax, but its shareholders are liable for tax on any distributions and/or capital gains or losses.</p> <p>We advise investors to obtain information on their personal tax status from their usual advisers.</p> <p>The Sub-fund may be used with life insurance and savings policies.</p>

## II.2 – Other specifications

- <b>Investment objective:</b>	The Sub-fund aims to outperform, net of expenses, the following composite index over the recommended investment period: 50% ICE BofAML Euro Broad Market + 50% MSCI World All Countries The index is rebalanced on a monthly basis and its components are expressed in euros, assuming reinvestment of net dividends or coupons.
- <b>Benchmark:</b>	The <b>MSCI World All Countries</b> , expressed in euros, is representative of the world's top companies by market capitalisation in developed and developing countries. The data are available at <a href="http://www.msci.com">www.msci.com</a> .  <b>ICE BofAML Euro Broad Market Index (Bloomberg ticker EMU0)</b> is an index consisting of bonds issued by public and private entities rated investment grade and <b>denominated in euros</b> . The data are available on the website: <a href="http://www.indices.theice.com">www.indices.theice.com</a>

### 1 – Strategies used

#### Dynamic asset allocation

The Sub-fund's assets are allocated on a discretionary basis to optimise the portfolio's balance between risk and return, with a dynamic portfolio allocation as part of a tactical approach taking into account changes over the short and medium-term (horizon of a few weeks and a few months respectively).

Medium-term tactical adjustments are based on our fundamental analysis of the global economic cycle, growth in the main geographical regions, and the valuation of the different asset classes and markets. The aim is to generate returns by taking advantage of relative changes in situation in the different asset classes (equities, fixed-income, credit, forex).

Short-term tactical adjustments are based on an analysis of the different risks that can impact the behaviour of the assets in the short term.

These two tactical management approaches, involving a short- and medium-term horizon, are complementary and decorrelated.

#### SRI management

The Sub-Fund is managed in accordance with the principles of the SRI label defined by the French Ministry of the Economy and Finance. The inclusion of environmental, social and governance (ESG) criteria influences the analysis of portfolio companies, stock selection and weighting.

ESG analysis is based on a proprietary model shared by the teams in charge of financial management in the form of an internal ESG grid. Based on the various data provided by our ESG partners (non-financial analysis agencies, external service providers, etc.), annual reports and reports on the social responsibility (CSR) of each company and direct exchanges with them, the analysts responsible for monitoring each stock draw up an internal ESG rating based on a quantitative and qualitative approach.

Each E, S and G pillar is rated from 1 to 5 (5 being the best rating) based on at least ten relevant key indicators per dimension. The company's overall ESG rating summarises the scores for each pillar according to the following weighting: 30% for Environment and Social and 40% for Governance. ESG ratings are directly integrated into the valuation models used by the equity teams.

The internal ESG analysis covers at least 90% of the Sub-fund's investments.

As part of SRI management, the following impact indicators are reported at least once a year:

- Environmental criterion:
  - **Carbon intensity of the portfolio**, expressed in CO2 equivalent tonnes per million euros of revenue

- Social criterion:
  - **Risk management note relating to Vigeo-Eiris' human resources management controversies**
- Human rights criterion:
  - **% of companies that are signatories to the United Nations Global Compact**
- Governance criterion:
  - **average % of independent directors**

### **Composition of the Sub-fund**

The strategic allocation is mainly comprised of bonds and money market instruments, with added impetus through exposure to the equity markets.

The portfolio may be invested in investment grade government and corporate bonds or bonds with an equivalent rating based on the management company's analysis, speculative/high yield bonds or bonds with an equivalent rating based on the management company's analysis, or in unrated bonds, convertible bonds, equities of companies of any market capitalisation located in the Eurozone and/or internationally, debt securities, money market instruments, and UCI invested in these asset classes, within the following limits:

- between 0 and a maximum of 100% of the net assets will be invested in debt securities and money market instruments;
- between 0 and a maximum of 100% of the net assets will be invested in government debt;
- between 0 and a maximum of 100% of the net assets will be invested in corporate debt;
- a maximum of 50% of the net assets will be invested in speculative/high yield bonds or bonds with an equivalent rating based on the management company's analysis or unrated bonds;
- a maximum of 25% of net assets will be invested in convertible bonds (excluding CoCos);
- a maximum of 20% of net assets will be invested in contingent convertible bonds (CoCos);
- a maximum of 10% of the net assets will be invested in UCIs that in turn invest no more than 10% of their assets in other UCIs; these UCIs may be managed by the management company.

The overall exposure to equity risk will be maintained between 20 and a maximum of 80% of the net assets (including via derivatives). Exposures to emerging equities and small cap equities are limited to 20% respectively.

The overall exposure to interest rate risk will be maintained within a sensitivity range of -5 to +10.

Exposure to foreign exchange risk will be limited to 70% of the assets.

The Sub-fund may use futures, options, swaps and forward foreign-exchange contracts on regulated, organised and/or OTC markets to hedge and/or expose the portfolio and thus bring the Sub-fund's exposure above the level of its net assets. The portfolio is exposed to equity, interest rate, credit and foreign exchange risk, calculated based on the absolute VaR. The VaR corresponds to the potential loss in 99% of cases over a horizon of 20 working days under normal market conditions. The VaR level must remain lower than 15% and leverage must not exceed 400% gross.

Up to 100% of the Sub-fund's assets may be invested in securities with embedded derivatives.

The fund manager will perform his/her analysis and selection in the following manner:

#### **For directly held shares:**

Identification of French and foreign companies of all market capitalisations, from within and outside the Eurozone, that show the best economic performance profile based on our analysis. Validation of this performance through financial diagnosis and assessment of strategic fundamentals. The selection of these companies' shares is also based on the market's undervaluation of their performance at a given time.

As part of the integration of environmental, social and governance criteria, ESG ratings are factored into the valuation models through the Beta used to set the average cost of capital (WACC). The Beta consists of the following factors:

- the cyclicity of the company's activity (30%);
- compliance with ESG criteria (20%) quantified by the internal ESG rating;

- financial leverage (20%);
- the product mix (10%);
- the geographical mix (10%);
- operating leverage (10%).

To meet SRI management criteria, the analysts-managers in charge of the equities compartment ensure, for this compartment, that an external ESG rating higher than the average rating of the top 80% of the MSCI World Developed index is maintained.

The risk control department ensures compliance with this criterion on a monthly basis.

The external ESG ratings of the Sub-fund and the index correspond to the weighted average of the absolute E, S and G ratings provided by Vigeo-Eiris assigned the following weights: 50% for Environment, 25% for Social and 25% for Governance.

Vigeo's rating method is based on a model with 17 years of historical experience, 330 indicators grouped into **38 criteria** in 6 areas. These 38 criteria are weighted from 0 to 3 depending on their materiality (relevance) for the sector.

Vigeo's ESG analysis is broken down into **6 areas**:

**1. Human Resources: 7 criteria**

Promotion of social dialogue / Promotion of employee profit-sharing / Promotion of individual career choices and employability / Controlled management of restructuring / Quality of remuneration systems / Improvement of health and safety conditions / Respect and organisation of working hours

**2. Environment: 11 criteria**

Definition of the environmental and eco-design strategy / Consideration of pollution risks (soil, accidents) / Offer of green products and services / Prevention of risks of damage to biodiversity / Control of impacts on water / Control of energy consumption and reduction of polluting emissions / Control of impacts on air / Control and improvement of waste management / Control of local pollution levels / Control of impacts related to distribution-transport / Control of impacts related to the use and disposal of the product or service.

**3. Customer/supplier relationships: 9 criteria**

Product safety / Customer information / Contract guidance / Sustainable cooperation with suppliers / Integration of environmental factors in the supply chain / Integration of social factors in the supply chain / Prevention of corruption / Prevention of anti-competitive practices / Transparency and integrity of strategies and influencing practices

**4. Human rights: 4 criteria**

Respect for fundamental rights and prevention of violations of these rights / Respect for the freedom to join trade unions and the right to collective bargaining / Non-discrimination and promotion of equal opportunities / Elimination of prohibited forms of work

**5. Community involvement: 3 criteria**

Commitments in favour of the economic and social development of the area in which the company operates / Consideration of the societal impact of the products and services developed by the company / Contributions by the company to causes of general interest

**6. Governance: 4 criteria**

Balance of powers and efficiency of the board of directors / Audit of control mechanisms / Shareholders' rights / Remuneration of executives

The issuer's overall ESG score is equal to the weighted average of the Criteria scores

An issuer's ESG rating is based on an absolute rating scale of 0 to 100, with 100 being the highest rating.

**For directly held bonds:**

To build the bond portion of the portfolio, the fund manager will carry out his own analysis. He may also refer to agency ratings but does not rely on them solely and mechanically.

Bonds are selected after financial analysis of the companies issuing bonds and analysis of the technical features of issuance contracts.

The manager may invest in all types of bonds and negotiable debt instruments issued by companies, financial institutions and sovereign states without determining in advance the breakdown between public and private debt. The manager may also invest in contingent convertible bonds (CoCos) up to a maximum of 20% of the net assets.

As part of SRI management, the analysts-managers in charge of the bond compartment ensure, for the corporate part (financial and non-financial), that an external ESG rating higher than that of a composite index made up of 90% of the ICE ER00 (financial and non-financial) and 10% of the ICE HEAE (non-financial exclusively) after elimination of the worst 20%.

The risk control department ensures compliance with this criterion on a monthly basis.

The external ESG ratings of the Sub-Fund and the index correspond to the weighted average of the absolute ratings E, S and G provided by Vigeo-Eiris assigned the same weights and derived from monitoring the same areas and criteria as those described for directly held equities.

#### For investments in UCI securities:

Investments in UCI involve instruments to diversify the Sub-fund's asset classes and geographical areas.

The UCI are selected from the Lazard group range or from those offered by other management companies. The selection methodology involves quantitative (performance, risk, volatility, etc.) and qualitative (management process, composition of the portfolio, management team, etc.) analysis of the UCI.

All UCI classifications are authorised.

Investment is solely in UCIs that in turn invest less than 10% of their assets in other UCIs. All of these UCIs may be managed by the management company.

## **2 – Assets (excluding embedded derivatives)**

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The Sub-fund's portfolio comprises:

- French and foreign bonds issued by governments, public, semi-public and private enterprises,
- investment grade or speculative/high yield bonds, unrated bonds,
  - convertible bonds,
  - contingent convertible bonds (CoCos),
  - fixed, variable and adjustable rate French or foreign negotiable debt securities of all maturities and any credit rating; the breakdown between private and public debt is not set in advance but will be decided based on market opportunities.
- units or shares in UCIs of all classifications.

## **3 – Derivatives**

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### **▪ Types of markets:**

- ☒ regulated
- ☒ organised
- ☒ OTC

### **▪ The manager intends to seek exposure to:**

- ☒ equities
- ☒ interest rates
- ☒ foreign exchange
- ☒ credit
- ☐ other risks



- **Types of transactions – all transactions must be limited to achieving the investment objective:**
  - ☒ hedging
  - ☒ exposure
  - ☐ arbitrage
  - ☐ other
- **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
    - ☒ performance swaps
  - ☒ **currency forwards**
  - ☒ **credit derivatives**
- **Derivatives strategy to achieve the investment objective:**
  - ☒ partial or general portfolio hedging
  - ☒ creating synthetic exposure to assets and risks
  - ☒ increasing exposure to the market,
  - ☐ maximum permitted and sought
  - ☐ other strategy

#### 4 – Securities with embedded derivatives

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The manager may invest in all securities with embedded derivatives permitted under the management company's business plan, notably puttable and callable bonds.

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), securities and similar rights in order to achieve the investment objective.

Total investments in securities with embedded derivatives may not exceed 100% of net assets  
a maximum of 25% of net assets will be invested in convertible bonds excluding CoCos  
a maximum of 20% of net assets will be invested in contingent convertible bonds (CoCos);

#### 5 – Deposits

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Up to 10% of the Sub-fund's assets may be held in deposits.

#### 6 – Cash borrowings

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The Sub-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

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None

## 8 – Information on financial guarantees

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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 Sub-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

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

### **Risk of capital loss:**

The Sub-fund provides no guarantee or protection. As such, the investor may not get back the full amount of the initial investment during redemption.

### **Risk associated with discretionary management:**

Discretionary management is based on anticipation of market trends. The Sub-fund's performance is dependent both on the selection of securities and UCI picked by the manager and the manager's asset allocation. There is therefore a risk that the manager will not select the best performing securities and that the asset allocation is not optimal.

### **Equity risk:**

Fluctuations in share prices may have a negative impact on the Sub-fund's net asset value. The net asset value may decrease during periods in which equity markets are falling.

### **Market capitalisation risk:**

The volume of small- and mid-cap stocks traded on the stock market is lower than that of large caps, which means they can be more significantly impacted by market movements than large caps. The Sub-fund's NAV may therefore decline rapidly and significantly.

### **Emerging country risk:**

The operational and supervisory standards applicable to emerging markets may differ from those on international markets, as a result there is a risk that this may affect the UCI's net asset value.

### **Foreign exchange risk:**

The Sub-fund may invest in securities and other UCI that in turn are authorised to acquire instruments denominated in currencies other than the fund's base currency. The value of these instruments may fall if the exchange rates vary, which may lead to a decrease in the Sub-fund's net asset value.

**Liquidity risk:**

The risk that a financial market cannot absorb transaction volumes due to trading volumes being too low or pressure on the markets. Such a situation may impact the pricing or timing when the Sub-fund liquidates, initiates or modifies positions and thus cause a decline in the Sub-fund's net asset value.

**Derivative financial instrument risk:**

The risk arising from the Sub-fund's use of forward financial instruments (derivatives), which may lead to a bigger decrease in the net asset value than on the markets or in the underlying assets in which the Sub-fund has invested.

**Counterparty risk:**

The risk linked to the use of forward financial instruments traded over the counter. These transactions, entered into with one or more counterparties, potentially expose the Sub-fund to a risk of failure of any such counterparty, which may lead to default in payment and cause the Sub-fund's NAV to fall.

**Risk related to overexposure:**

The Sub-fund may use forward financial instruments (derivatives) to generate overexposure and thus bring the Sub-fund's exposure above its net asset value.

Depending on the transactions, the impact of a decrease (purchase of exposure) or increase (sale of exposure) in the derivative's underlying instrument may be amplified and thus amplify any decrease in the Sub-fund's net asset value.

Because of the hedging strategy applied, shareholders may not benefit from potential upside on certain markets.

## 10 – Guarantee or protection

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None.

## 11 – Eligible subscribers and typical investor profile

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This Sub-fund is aimed at all subscribers

This Sub-fund is intended for persons who accept that the Sub-fund's allocation is left to the manager's discretion.

Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Sub-fund.

**Information on US investors:**

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

A Restricted Person is (i) any person or entity located in the United States (including US residents), (ii) any corporation or any other entity subject to the laws of the United States or any state thereof, (iii) 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 Sub-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 Sub-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 Sub-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: more than five years.**

## **12 – Appropriation of distributable income**

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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 distributed independently of each other, in whole or in part.

**For the “PC EUR” and “RC EUR” shares,** distributable income shall be fully accumulated.

**For the “PD EUR” shares:** Net income is distributed in full and the allocation of net realised capital gains is decided each year at the shareholders' meeting.

## **13 – Frequency of distribution**

---

**“PC EUR” and “RC EUR” shares:** None, accumulation shares.

**“PD EUR” share,** the dividend is distributed to shareholders once a year by decision of the General Meeting with the possibility of interim payments.

## 14 – Characteristics of the Shares (base currency, division of shares, etc.)

ISIN codes	Base currency	Splitting	Initial NAV
<b>RC EUR:</b> FR0007028543	EURO	In thousandths	Equal to the net asset value of the R EUR share on the day of the merger
<b>PD EUR:</b> FR0012620342		In thousandths	Equal to the net asset value of the ID EUR share on the day of the merger
<b>PC EUR:</b> FR0013409463		In thousandths	Equal to the net asset value of the IC EUR share on the day of the merger

## 15 – Terms and conditions of subscription and redemption of shares

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

### Procedures for switching from one share category to another or from one sub-fund to another:

Requests to switch from one share category to another or from one sub-fund to another will systematically give rise to redemption and subscription in accordance with the valuation schedule applicable to each sub-fund or share category, as the case may be.

### Calculation of net asset value (NAV):

Date and frequency of NAV calculation

Date and frequency of NAV calculation:

- Subscription and redemption orders are received on each working day.
- NAV applied for all orders made the previous day (D-1) before 12 noon: next NAV calculated.
- Valuation day (D) = any day that is not a public holiday in France and on which the Paris stock exchange is open
- NAV calculation and publication date = business day following the valuation day, i.e. (D+1)
- Initial subscriptions may not be less than one share.

### Where/how NAV is published or made available:

The net asset value is notified daily online at:

[www.lazardfreresgestion.fr](http://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 approved by the French Banking and Investment Committee (Comité des établissements de crédit et des entreprises d'investissement - CECEI) on April 1<sup>st</sup>, 2005.

Registered office: 1-3 Place Valhubert – 75013 Paris, France

Shareholders 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, France on behalf of clients for whom it provides custody account-keeping services.

**Settlement and value date:**

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).

**Processing, execution and settlement of orders:**

Orders are executed at the NAV dated D in accordance with the table below:

Valuation day (D)	Next business day following the valuation day (D+1)	Two business days following the valuation day (D+2)
Valuation of the Sub-fund. Centralisation of subscription and redemption orders before 12am	Calculation and communication of the NAV	Settlement of subscriptions and redemptions

**16 – Fees and expenses**


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**▪ Subscription and redemption fees:**

Subscription and redemption fees are added to the subscription price paid by the investor or deducted from the redemption price paid. The fees earned by the Sub-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.

<i>Charges payable by the investor during subscription and redemption</i>	<i>Basis</i>	<i>Rate</i>
<b>Subscription fees not earned by the Sub-fund</b>	NAV x number of shares	Maximum 4% incl. taxes
<b>Subscription fees earned by the Sub-fund</b>	n/a	None
<b>Redemption fees not earned by the Sub-fund</b>	n/a	None
<b>Redemption fees earned by the Sub-fund</b>	n/a	None

<i>Costs charged to the Sub-fund</i>	<i>Basis</i>	<i>Rate</i>	
<b>Financial management fees:</b>	Net assets excluding UCIs managed by Lazard Frères Gestion	<b>RC EUR shares:</b> Maximum 1,58% incl. taxes  <b>PD EUR shares:</b> Maximum 0,78% incl. taxes  <b>PC EUR shares:</b> Maximum 0,78% incl. taxes	
<b>Administrative fees external to the management company</b>	Net assets	<b>RC EUR, PC EUR and PD EUR shares:</b> 0,035% incl. taxes incl. taxes	
<b>Maximum indirect charges</b> (management fees and expenses)	Net assets	Maximum 3,00% incl. taxes	
<b>Turnover commission (incl. taxes) collected by the custodian:</b> (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum fee on each transaction	<b>Equities, foreign exchange</b>	From 0% to 0,20%
		<b>Futures and other transactions</b>	From €0 to €450 incl. taxes per contract
<b>Performance fee</b>	n/a	None	

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

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

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.

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

## 17 – Outline of the intermediary selection procedure

The brokers used by the management company are selected on the basis of various evaluation criteria, covering research, quality of order execution and processing and the range of services offered. The Broker Committee approves any updates to the list of authorised brokers. Each investment division (fixed income and equities) reports to the Broker Committee at least twice a year on the evaluation of the services provided by the various brokers and the breakdown of the volume of transactions handled.

### III - SALES AND MARKETING INFORMATION

<b>Publication of information on the SICAV:</b>	<b>LAZARD FRERES GESTION SAS</b> 25, rue de Courcelles, 75008 Paris, France <b>Customer Relations</b> ☎ +33 (0)1 44 13 01 79
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#### **Availability of commercial documentation on the SICAV:**

The commercial documentation related to the SICAV shall be made available to the shareholders at the registered office of Lazard Frères Gestion SAS, 25 rue de Courcelles, 75008 Paris, France.

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

The management company may send, directly or indirectly, information on the composition of the Sub-fund's assets to the Sub-fund's shareholders for purposes related solely to shareholders' 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 SICAV:**

The shareholders shall be informed of any changes in the operation of the SICAV 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](http://www.lazardfreresgestion.fr)).

### IV – INVESTMENT RULES

The SICAV's investment rules are laid down in the regulatory section of the French Monetary and Financial Code (Code Monétaire et Financier).

### V – AGGREGATE RISK

The overall risk of the two Sub-funds is calculated as the absolute VaR, as defined in Article 411-77 et seq. of the General Regulation of the French financial markets authority (Autorité des Marchés Financiers - AMF). The absolute VaR corresponds to the potential loss in 99% of cases over a horizon of 20 working days under normal market conditions. The VaR level must remain lower than 15% and leverage must not exceed 400% gross.



## 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.

#### ▪ UCIs:

Units or shares of UCIs are valued at the last known NAV.

Units or shares of UCIs for which NAVs are published monthly may be valued on the basis of interim NAVs 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 SICAV's financial 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 SICAV's currency) multiplied by the number of contracts multiplied by the face value.
- The commitment value for options is equal to the price of the underlying security (in the SICAV's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.
- The commitment value for swaps is equal to the face value of the contract (in the SICAV's currency).

## 2 – Accounting policies

- **Income from fixed-income securities**
  - Income from fixed-income securities is recorded on the basis of accrued interest.
- **Management fees**
  - Management fees are calculated on each valuation 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:

$$\begin{array}{lcl}
 & \text{Net assets excluding UCIs managed by Lazard Frères Gestion SAS} & \\
 \times & \text{operating and management fees rate} & \\
 \times & \frac{\text{no. of days between the calculated NAV and the previous NAV}}{365 \text{ (or 366 in a leap year)}} & 
 \end{array}$$

- 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 619.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

# THE FUND'S ARTICLES OF ASSOCIATION

## LAZARD MULTI ASSETS

*Head office: 121, Boulevard Haussmann, 75008 Paris, France*  
882 094 428 R.C.S. Paris

### TITLE I

#### FORM – PURPOSE – NAME – REGISTERED OFFICES – TERM OF THE COMPANY

##### Article 1 FORM

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

The SICAV has several sub-funds. Each sub-fund gives rise to the issue of one or more categories of shares representing the assets of the SICAV allocated to it.

##### Article 2 PURPOSE

The purpose of this company is to set up and manage a portfolio of financial instruments and deposits.

##### Article 3 NAME

The company's name is: “**LAZARD MULTI ASSETS**” followed by the notation “Société d'investissement à Capital Variable”, with or without the term “SICAV”.

##### Article 4 REGISTERED OFFICE

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

##### Article 5 TERM

The company's term is 99 years, commencing from its registration with the Trade and Companies Register, except in the event that the SICAV is dissolved before the end of the term or extended pursuant to these regulations.

### TITLE II

#### CAPITAL – CHANGES IN CAPITAL – FEATURES OF THE SHARES

##### Article 6 Share capital

The initial capital totals € 512,035,285.61 fully paid up.

For the Lazard Patrimoine sub-fund:

The Lazard Patrimoine sub-fund is made up of the assets of the Lazard Patrimoine mutual fund (€ 413,244,814.30).

For the Lazard Patrimoine Opportunities sub-fund:

The Lazard Patrimoine Opportunities sub-fund is made up of the assets of the Lazard Patrimoine Opportunities mutual fund (€ 98,790,471.31 euros).

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

The different share classes may:

- benefit from 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 Sub-fund's other unit classes;
- be reserved for one or more distribution networks.

The shares may be combined or split upon the decision of the extraordinary shareholders' meeting.

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

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

## **Article 7 CHANGES IN CAPITAL**

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

## **Article 8 ISSUE AND REDEMPTION OF SHARES**

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

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

Redemptions may be made in cash and/or in kind. If the redemption in kind corresponds to a representative proportion of the assets in the portfolio, then only the written agreement signed by the outgoing shareholder must be obtained by the UCI or the management company. Where the redemption in kind does not correspond to a representative share of the assets in the portfolio, all shareholders must signify their written agreement authorising the outgoing shareholder to obtain the redemption of his shares against certain specific assets, as explicitly defined in the agreement.

Notwithstanding the foregoing, where the UCI is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company and with due regard to the interests of shareholders, be made in kind under the conditions defined in

the UCI's prospectus. The assets are then delivered by the issuer account holder under the conditions defined in the UCI's prospectus.

In general, the assets redeemed are valued according to the rules set out in Article 9, and the redemption in kind is undertaken using the first net asset value following acceptance of the instruments in question.

All subscriptions to new shares must, under pain of being declared void, be fully paid up and the shares issued shall have the same dividend date as that of the existing shares on the issuance date.

Pursuant to Article L. 214-7-4 of the French Monetary and Financial Code, redemption by the company of its shares, and the issue of new shares, may be temporarily suspended by the board of directors in exceptional circumstances and if required in the interests of shareholders.

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

Pursuant to Articles L. 214-7-4 of the Monetary and Financial Code and 411-20-1 of the AMF General Regulation, the management company may decide to cap redemptions when exceptional circumstances so require and if the interests of shareholders or the public so require.

The operating procedures of the cap and shareholder information mechanism must be precisely described.

Minimum subscription conditions may apply, in accordance with the terms of the prospectus.

The UCI may cease to issue shares pursuant to the provisions set out in the third paragraph of Article L. 214-7-4 of the French Monetary and Financial Code, temporarily or definitively, in objective situations that warrant the closure of subscription such as cases where the maximum number of issued shares has been reached, the maximum amount of assets has been reached, or the subscription period has expired. The activation of this tool will be the subject of information by any means available to existing shareholders concerning its activation, as well as the threshold and objective situation that led to the decision to partially or totally close the UCI. In the event of a partial closure, such information by any means shall explicitly specify the terms and conditions under which existing shareholders may continue to subscribe during the period of such partial closure. Shareholders are also informed by any means of the decision of the UCI or the management company either to terminate the total or partial closure of subscriptions (when the trigger threshold is reached) or not to terminate it (in the event of a change in the threshold or a change in the objective situation that led to the implementation of this tool). A change in the objective situation invoked or in the trigger threshold of the tool must always be made in the interest of shareholders. Information by any means shall specify the exact reasons for such changes.

## **Article 9      CALCULATION OF THE NET ASSET VALUE**

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

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

Contributions in kind may consist only of securities, stocks or contracts that are eligible to form the assets of the sub-funds; they are valued according to the valuation rules used to calculate the NAV.

## **Article 10 FORM OF THE SHARES**

The shares may have the form of bearer or registered shares, as selected by the subscriber.

Pursuant to Article L. 211-4 of the French Monetary and Financial Code, the securities must be registered in accounts kept by the issuer or an authorised intermediary, as the case may be.

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

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

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

## **Article 11 ADMISSION FOR TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM**

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

If the SICAV whose shares 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 share does not deviate significantly from its net asset value.

## **Article 12 RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES**

Each share confers the right, in proportion to the fraction of the share capital represented, to a share in the ownership of the company's assets and of the company's profits.

The rights and duties attached to a share shall be transferred to any owner thereof.

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

## **Article 13 INDIVISIBILITY OF SHARES**

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

In cases involving fractional shares:

Holders of fractional shares may consolidate their holdings. In this case, they must be represented as set out above, by a single person who shall perform, for each group, all of the rights attached to the ownership of the entire share.

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

**ADMINISTRATION AND MANAGEMENT OF THE COMPANY****Article 14 ADMINISTRATION**

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

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

The directors of the company may be natural persons or legal entities. In the case of a legal entity, on appointment, they must designate a permanent representative who is subject to the same conditions and obligations and bears the same civil and criminal liability as if they themselves were a member of the board of directors, without prejudice to the liability of the legal entity they represent.

This permanent mandate is given for the duration of the legal entity's own mandate. If the legal entity terminates the appointment of its representative, it must notify the SICAV immediately by registered mail and also inform the SICAV of the identity of its new permanent representative. The same shall apply in the event of the death, resignation or extended impediment of the permanent representative.

The age limit for members of the board of directors is set at 80. Nevertheless, directors older than this age limit may in exceptional cases have their mandate renewed for a period of six years; no more than three directors may be renewed under these conditions.

**Article 15 TERM OF OFFICE OF DIRECTORS - REPLACEMENT OF THE BOARD**

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

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

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

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

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

All directors may be appointed for a term of less than six years where necessary to ensure that changes are made as regularly as possible and that all members have changed by the end of each six-year period. This is notably the case if the number of directors is increased or decreased and the renewal frequency has been affected.

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



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

#### **Article 16 BUREAU OF THE BOARD**

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

The chairman of the board of directors shall organise and direct the board's activities, and shall report on these to the shareholders' meeting. The chairman shall oversee the smooth operation of the company's management bodies and in particular shall ensure that the directors are capable of fulfilling their duties.

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

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

#### **Article 17 BOARD MEETINGS AND RESOLUTIONS**

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

Whenever the board has not met for more than two months, at least one-third of its members may ask the chairman to convene a meeting based on a specific agenda. The chief executive officer may also ask the chairman to convene a board of directors' meeting to deal with a specific agenda. The chairman is bound by such a request.

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

Invitations may be sent to the directors by post or verbally.

A quorum of at least half the members is required in order for decisions to be valid. Decisions are adopted by a majority vote of members present or represented. Each director holds one vote. In the case of a split-vote, the chairman has the casting vote.

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

## **Article 18 MINUTES**

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

## **Article 19 POWERS OF THE BOARD OF DIRECTORS**

The board of directors steers the company's activity and oversees correct execution. Within the limits of the corporate object and subject to the powers expressly granted by law to shareholders' meetings, the board shall consider any issue that affects the proper operation of the company and settle any matters concerning the company through its decisions.

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

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

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

Each director shall have only one such power of attorney during a single session.

The provisions set out above shall apply to permanent representatives of directors who are legal entities.

## **Article 20 EXECUTIVE MANAGEMENT – NON-VOTING BOARD MEMBERS**

The executive management of the company shall be the responsibility of the chairman of the board of directors or of another natural person appointed by the board of directors and holding the title of chief executive officer.

The choice of these two methods shall be made in accordance with the terms of these articles of association by the board of directors for a term that shall run until the expiry of the functions of the current chairman of the board of directors. Shareholders and third parties shall be informed of this choice under the conditions defined by the applicable legislative and regulatory provisions.

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

When the board of directors decides to separate the functions of chairman and chief executive officer, it shall appoint a chief executive officer and shall decide on his/her term of office.

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

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

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

The chief executive officer may have his/her appointment revoked at any time by the board of directors.

At the request of the chief executive officer, the board of directors may appoint up to five deputy chief executive officers to assist the chief executive officer.

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

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

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

Deputy chief executive officers shall have the same powers vis-à-vis third parties as the chief executive officer and, like the latter, shall exercise, under their own responsibility, the executive management of the company. However, they shall remain subordinate to the chief executive officer, and, in the event of conflict, the decision of the latter shall prevail and shall alone be enforceable against third parties.

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

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

Their term of office shall be set by the board of directors. It shall expire at the close of the ordinary shareholders' meeting called to approve the financial statements for the past financial year and held in the year during which the non-voting board members' term of office expires.

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

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

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

## **Article 21 BOARD ALLOCATIONS AND REMUNERATION**

Directors' fees may be paid to voting and non-voting board members.

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

No other permanent or other type of remuneration may be allocated to the directors unless they hold an employment contract with the company under the conditions set out by law.

## **Article 22 CUSTODIAN**

The custodian is appointed by the board of directors.

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 market authority (AMF).

## **Article 23 THE PROSPECTUS**

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

## ***TITLE IV***

## **STATUTORY AUDITORS**

### **Article 24 APPOINTMENT - POWERS REMUNERATION**

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

The statutory auditor shall certify that the financial statements 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 markets authority) any fact or decision concerning the AIF 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 his own responsibility.

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

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

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

## ***TITLE V***

### **SHAREHOLDERS' MEETINGS**

#### **Article 25 SHAREHOLDERS' MEETINGS**

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

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

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

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

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

A shareholder may also vote by correspondence under the conditions set out in the regulations in force.

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

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

## ***TITLE VI***

### **ANNUAL FINANCIAL STATEMENTS**

#### **Article 26 FINANCIAL YEAR**

The company's financial year begins on the day after the last trading day in Paris in December and ends on the last trading day in Paris in March of the following year.

However, by way of exception, the first financial year shall include all operations carried out between the inception date and the last trading day of December 2020.

#### **Article 27 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 Sub-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 distributed 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 VII***

### **EXTENSION - DISSOLUTION – LIQUIDATION**

#### **Article 28 EXTENSION OR EARLY DISSOLUTION**

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

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

#### **Article 29 LIQUIDATION**

Liquidation procedures are established in accordance with Article L. 214-12 of the French Monetary and Financial Code.

At the end of the term set by the articles of association or in the case of a resolution for early dissolution, the shareholders’ meeting shall decide, on the recommendation of the board of directors, the method of liquidation and shall appoint one or more liquidators.

The liquidator shall represent the company. The liquidator is authorised to pay the creditors and divide out the available balance. The appointment of the liquidator shall terminate the powers held by the directors, but not those held by the statutory auditor.

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

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

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

**Article 30 JURISDICTION - ADDRESS FOR SERVICE**

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

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*Latest version of the document: September 15<sup>th</sup>, 2020*