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

PROSPECTUS

I – GENERAL FEATURES

I-1 – Form of the Fund

Name: **LAZARD PATRIMOINE**

Legal form: French open-end investment fund (*Fonds Commun de Placement*)

Inception date – term This Fund was created on December 31st, 2014 for a period of 99 years.

Fund overview:

Units	ISIN code	Allocation of distributable income	Base currency	Eligible investors	NAV at inception	Minimum initial subscription
IC units	FR0012355113	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	Euro	Authorised investors*	€1 000	One unit
RC units	FR0012355139	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	Euro	All subscribers	€100	One unit
ID units	FR0013135472	Allocation of net income: distribution Allocation of net realised capital gains: Accumulation and/or distribution and/or retention	Euro	Authorised investors*	€1 000	One unit

* (i) Investors subscribing via distributors or financial intermediaries subject to MiFID II or an equivalent non-EU regulation, within the context of:

- their independent advisory activity;
- non-independent investment advice or discretionary portfolio management provided they have entered into agreements with their clients stipulating that they will not receive retrocessions.

(ii) Professional clients within the meaning of Directive 2014/65/EU or any equivalent non-EU regulation.

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

LAZARD FRERES GESTION SAS
25, rue de Courcelles - 75008 Paris

The prospectus is also available at www.lazardfreresgestion.fr

Designated contact: Client Services – Monday to Friday, 9 a.m. to 5 p.m.
Tel: + 33 (0)1.44.13.01.79 where further information may be obtained if necessary.

I-2 - Service providers

Management company	**LAZARD FRERES GESTION SAS** 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 28th, 2004, no. GP 04 0000 68
Custodian:	**LAZARD FRÈRES BANQUE** 121, Boulevard Haussmann, 75008 Paris, France Credit institution authorised by the French Credit Institutions and Investment Firms Committee (*Comité des Etablissements de Crédit et des Entreprises d'Investissement* – CECEI) under no. 30748 The custodian's functions, as set out in the applicable regulations, include safeguarding of the assets, ensuring the legality of decisions taken by the management company and monitoring of cash flow related to the Funds. Sub-delegation: A description of the functions of delegated custody agents, a list of the custody and sub-custody agents of Lazard Frères Banque, and information on conflicts of interest that may arise in relation to these agents are available on the Lazard Frères Banque website: http://lazardfreresbanque.fr Investors may obtain updated information on request. The custodian operates independently of the investment management company.
Administration:	**LAZARD FRERES GESTION SAS** 25, rue de Courcelles - 75008 Paris, France
Accounting management (by delegation):	**CACEIS FUND ADMINISTRATION** Registered office: 1-3, Place Valhubert – 75013 Paris, France
Delegated agent for the centralisation of subscription and redemption orders:	**CACEIS BANK:** 1-3, Place Valhubert – 75013 Paris, France The management company has delegated management of the Fund's liabilities to CACEIS Bank, which is therefore responsible for centralising and processing subscription and redemption orders for the Fund's units **LAZARD FRÈRES BANQUE,** on behalf of clients for whom it provides custody account-keeping services 121, Bld Haussmann – 75008 Paris, France
Registrar of units or shares (by delegation):	**CACEIS BANK:** 1-3, Place Valhubert – 75013 Paris, France
Statutory auditor:	**ERNST & YOUNG ET AUTRES** 1-2, Place des Saisons Paris La Défense 1 92400 Courbevoie, France Authorised signatory: Bernard Charrue
Adviser:	**NONE**

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the units:	
- ISIN codes **IC units:** **RC units:** **ID units:**	 FR0012355113 FR0012355139 FR0013135472
- Rights attached to the Fund's units:	Each unitholder has an ownership right in the Fund's assets in proportion to the number of units owned.
- Voting rights:	No voting rights are attached to the units since decisions are taken by the management company.
- Form of the units:	Bearer or administered registered at the unitholder's discretion. The Fund will be listed with Euroclear France.
- Fractional or whole units:	Subscriptions to and redemptions of I, D and R units may be in tenths, hundredths or thousandths of a unit.
- Financial year end:	Last valuation date in December. (First financial year end: the last trading day in December 2015)
- Taxation	The tax treatment of the Fund's unrealised or realised capital gains or losses depends on the tax rules applicable to the particular circumstances of each investor and/or the Fund's investment jurisdiction.

II.2 – Other specifications

- Investment objective:	The 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% ICEBofAML Euro Broad Market Index (Bloomberg code EMU0). The index is rebalanced on a monthly basis and its components are expressed in euros, assuming reinvestment of net dividends or coupons.
- Benchmark:	The **MSCI World All Countries**, expressed in euros, is representative of the world's top companies by market capitalisation in developed and developing countries. The data is available at www.msci.com. The **ICEBofAML Euro Broad Market Index (Bloomberg code EMU0),** expressed in euros, consists of bonds denominated in Euro issued by public and private entities rated in the Investment Grade category. The data is available at www.indices.theice.com

1 – Strategies used

The Fund's assets are allocated on a discretionary basis 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);

- the implementation of hedges if the allocation's performance falls below a predefined risk threshold.

Dynamic asset allocation

The fund's asset allocation is dynamically managed, 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.

Hedging

Hedging may be used to limit the risk of a decrease in the net asset value.
It is triggered automatically 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 rolling performance falls below a pre-defined threshold, a signal is obtained to trigger hedging.
Each signal triggers hedging of 25% of exposures. When all four hedging signals are triggered, then exposures are fully covered.

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

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 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 Fund may not resume exposure in the immediate term.

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;

- 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 Fund's overall exposure to equity risk will be maintained between 0 and a maximum of 40% of the net assets (including via derivatives).

The Fund's overall exposure to interest rate risk will be maintained within a sensitivity range of -5 to +8.

Exposure to foreign exchange risk will be limited to 100% of the assets.

The 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 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 level must remain lower than 15% and leverage must not exceed 400% gross.

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

2 – Assets (excluding embedded derivatives)

The 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,
- 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.

The fund manager will perform his 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.

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.

For investments in UCI securities:

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

The UCI are selected from the Lazard Frères Gestion 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.

3 – Derivatives

- **Types of markets:**
  - ☒ regulated
  - ☒ organised
  - ☒ OTC
- **Risks to which the manager intends to seek exposure:**
  - ☒ equity
  - ☒ interest rate
  - ☒ 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 indices
    - ☒ interest rates
    - ☒ currency
  - ☒ **swaps:**
    - ☒ equity swaps
    - ☒ interest rate swaps
    - ☒ currency swaps
    - ☒ performance swaps
  - ☒ **forward foreign exchange contracts**
  - ☒ **credit derivatives**
  - ☐ **other**
- **Strategy of use of derivatives 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

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.

Total investments in securities with embedded derivatives may not exceed 100% of net assets.

5 – Deposits

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

6 – Cash borrowings

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

7 – Temporary purchases and sales of securities

None.

8 – Information on financial guarantees

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

Any cash collateral received is reinvested in accordance with the applicable rules.
All such assets must be from high-quality issuers that are not an entity of the counterparty or its group, and must be liquid and diversified with low volatility.
Discounts may be applied to the collateral received; they take into account the quality of credit and the price volatility of the securities.

9 – Risk profile

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.

- **Capital risk:**

The Fund is not guaranteed or protected, and therefore, there is a possibility that you may not get back the full amount of your initial investment.

- **Risk associated with managing and allocating discretionary assets:**

The Fund's performance depends on both the securities and UCIs that the portfolio manager chooses and on the portfolio manager's allocation of assets. There is a risk that the manager may not select the best-performing securities and UCIs or choose the optimal asset allocation between markets.

- **Equity risk:**

Investors are exposed to equity risk. Fluctuations in share prices may have a negative impact on the Fund's net asset value. The Fund's NAV may decrease during periods in which equity markets are falling.
In addition, the volume of small- and mid-cap stocks listed on the stock exchange is relatively small and downward market movements tend to be more pronounced and faster than for large caps. The Fund's NAV may therefore decline rapidly and significantly.
Subscribers should be aware of operating and oversight conditions in emerging markets to which the Fund may be exposed. These may differ from the standards prevailing in the international markets.

- **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.

- **Credit risk:**

The issuer of a bond may default, and this could decrease the Fund's net asset value. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance.
The decrease in NAV may be even greater if the Fund is invested in unrated or speculative/high-yield debt.

- **Counterparty risk:**

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

- **Risk associated with holding convertible bonds:**

The value of convertible bonds depends on several factors: the level of interest rates, changes in the price of the underlying shares and changes in the price of the derivative incorporated in the convertible bond. These factors may lead to a decline in the Fund's NAV.

- **Foreign exchange risk:**

The Fund may invest in securities and UCIs that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of the assets of such UCIs may fall if exchange rates fluctuate, which may lead to a fall in the Fund's NAV.

- **Risks linked to intervention on the emerging markets:**

Equities listed on markets located in emerging countries offer less liquidity than the equities of companies listed on markets in developed countries. Certain securities of these countries may be difficult to trade or undergo a cessation of trading for a time due notably to a lack of trades on the market or regulatory restrictions. Moreover, downward movements on emerging markets may be more substantial and more rapid than on the markets of developed countries. Consequently, the net asset value may decrease more sharply and more rapidly if the Fund invests in the securities of companies listed on emerging markets.

- **Risk related to overexposure:**

The Fund may use forward financial instruments (derivatives) to generate overexposure and thus bring the Fund's exposure above its net asset value.
Depending on the operation, 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 Fund's net asset value.

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

10 – Guarantee or protection

None

11- Eligible subscribers and typical investor profile

This Fund is aimed at all subscribers.

It is intended for persons who accept that the 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 Fund.

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

Information on US investors:

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

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

FATCA:

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

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

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

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

Recommended investment period: 3 years

12 – Allocation of distributable income

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account;
Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the Fund's portfolio, plus income generated by temporary cash holdings, minus management fees and borrowing costs.

2) realised capital gains, net of 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 "IC" and "RC" units, distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

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

13 – Frequency of distribution

"IC" and "RC" units: None: accumulation units.
For the "ID" units, dividends may be paid out to holders annually, as appropriate, upon the decision of the management company.

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

The units are denominated in euros. They may be divided into tenths, hundredths or thousandths of a unit.

15 - Terms and conditions of subscription and redemption

Calculation of net asset value (NAV):
Date and frequency of NAV calculation

- Valuation day (D) = the NAV is calculated every day except Saturdays and Sundays, public holidays in France and days on which the Paris stock exchange is closed for trading.
- NAV calculation and publication date = the business day following the valuation day, i.e. (D+1).

Where/how NAV is published or made available:
The net asset value is notified daily online at:
www.lazardfreresgestion.fr.
and displayed in the management company's offices.

Address of the institutions designated to receive subscription and redemption orders:
CACEIS BANK: 1-3, Place Valhubert – 75013 Paris, France
Investors are reminded that orders transmitted to distributors other than the institution referred to above must take into consideration the fact that the cut-off time for the processing of orders applies to the said distributors vis-à-vis CACEIS Bank.
Consequently, such distributors may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit orders to CACEIS Bank.

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

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

Subscription settlement date: two business days following the valuation day (D+2 business days)
Redemption settlement date: two business days following the valuation day (D+2 business days)

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

16 – Fees and expenses

- **Subscription and redemption fees:**

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

Charges payable by the investor during subscription and redemption	***Basis***	***Rate***
Subscription fees not retained by the Fund (IC, ID and RC units)	NAV x number of units	Maximum 2,5% incl. taxes
Subscription fees retained by the Fund	n/a	None
Redemption fee not retained by the Fund (IC, ID and RC units)	n/a	None
Redemption fees retained by the Fund	n/a	None

<table>
<tr><th>Expenses charged to the Fund</th><th>Basis</th><th colspan="2">Rate</th></tr>
<tr><td>Financial management fees</td><td>Net assets excluding UCIs managed by Lazard Frères Gestion SAS</td><td colspan="2">IC units:
Maximum 0,73% incl. taxes

ID units:
Maximum 0,73% incl. taxes

RC units:
Maximum 1,38% incl. taxes</td></tr>
<tr><td>Administrative fees external to the management company</td><td>Net assets</td><td colspan="2">IC, ID and RC units:
Maximum 0,02% incl. taxes</td></tr>
<tr><td rowspan="2">Transaction fees (incl. taxes):
(0 to 100% received by the management company and 0 to 100% received by the custodian)</td><td rowspan="2">Maximum charge on each transaction</td><td>Equities, foreign exchange</td><td>0% to 0,20%, incl. taxes</td></tr>
<tr><td>Futures and other transactions</td><td>from €0 to €450 incl. taxes per contract</td></tr>
<tr><td>Performance fees</td><td>n/a</td><td colspan="2">None</td></tr>
</table>

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

With the exception of brokerage and accounting 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, securities custody and execution resources.

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

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

17 – Outline of the intermediary selection procedure

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

III - SALES AND MARKETING INFORMATION

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

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

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

IV - INVESTMENT RULES

The Fund's investment rules are laid down in the regulatory section of the French Monetary and Financial Code.

V – AGGREGATE RISK

The UCI's overall risk is calculated as the absolute VaR, as defined in Article 411-77 et seq. of the General Regulation of the French financial markets regulator (*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.

VI - ASSET VALUATION AND ACCOUNTING RULES

1 – Asset valuation rules

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

- **Marketable securities:**

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

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

- **Fixed-income securities**

Fixed-income securities are for the most part marked to market based on either Bloomberg prices (BGN)® derived from averages of contributed prices, or on those of direct contributors.
There may be a discrepancy between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

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

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company. These estimates and their supporting documentation will be provided to the statutory auditor during audits.

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

- **Negotiable debt securities:**

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

Benchmark rate	
Negotiable debt securities in euros	**Negotiable debt securities in other currencies**
Euribor, OIS swaps and BTFs - 3 – 6 – 9 – 12 months BTAN medium-term treasury notes - 18 months, 2 – 3 –4 – 5 years	Official key rates in the relevant countries

- **Negotiable debt securities with a residual maturity of three months or less:**
  Negotiable debt securities with a residual maturity of three months or less are valued using the straight-line method. However, this method would not be applied if any of these securities were particularly sensitive to market movements.

- **UCI:**
  Units or shares of UCIs are valued at the last known net asset value.
  Units or shares of UCIs for which net asset values are published monthly may be valued on the basis of interim net asset values calculated from estimated prices.

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

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

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

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

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

1.3. Valuation methods for off-balance sheet commitments

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

2 – Accounting policies

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

The financial statements are presented in accordance with statutory provisions on the preparation and publication of financial statements of undertaking in collective investments in transferable securities.

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

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

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

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

These fees do not include transaction charges.

- **Transaction charges**

Transactions are recorded excluding charges.

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

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

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

FUND REGULATIONS

LAZARD PATRIMOINE

TITLE I

ASSETS AND UNITS

Article 1 - CO-OWNERSHIP UNITS

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

The Fund's term is 99 years, commencing from December 31st, 2014, except in the event that the Fund is dissolved before the end of the term or extended pursuant to these regulations.

Unit classes:

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

The different unit classes may:
- 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 hedging transactions on the UCITS' other unit classes;
- be reserved for one or more distribution networks.

Possibility of combining or splitting units.

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

The provisions hereof governing the issue and redemption of units shall apply to fractional units, the value of which shall always be proportional to the value of the unit they represent. Unless otherwise stipulated, all other provisions hereof relating to units shall automatically apply to fractional units. At the sole discretion of the management company, the units may be split by creating new units to be allocated to unitholders in exchange for existing units.

Article 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the assets are less than €300.000 (three hundred thousand). When the assets remain under this level for thirty days, the portfolio management company shall take all necessary measures to dissolve the Fund concerned or to undertake one of the operations mentioned in Article 411-16 of the General Regulation of the French financial markets regulator (*Autorité des Marchés Financiers* – AMF) (UCITS transfer).

Article 3 - ISSUE AND REDEMPTION OF UNITS

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

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

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

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

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

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

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

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

Article 4 - CALCULATION OF NET ASSET VALUE

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

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

TITLE II

FUND OPERATION

Article 5 - MANAGEMENT COMPANY

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

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

Article 5a - OPERATING RULES

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

Article 5b - Admission for trading on a regulated market and/or a multilateral trading facility

The units may be admitted to trading on a regulated market and/or a multilateral trading facility, in accordance with applicable regulations. If the Fund whose units are admitted for trading on a regulated market has an investment objective based on an index, it must have set up a system to ensure that the price of its units does not deviate significantly from its net asset value.

Article 6 - CUSTODIAN

The custodian performs the tasks for which it is responsible under the legal and regulatory provisions in force as well as those entrusted to it contractually by the management company. In particular, the custodian must ensure that the decisions of the management company are lawful. It shall take any protective measures it considers appropriate.

In the event of a dispute with the management company, it shall inform the AMF.

Article 7 - STATUTORY AUDITOR

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

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

The statutory auditor’s term may be renewed.

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

1° Constitute a breach of the laws or regulations that apply to that fund and that is likely to have significant effects on its financial situation, profits or assets;

2° Affect the conditions or the continuity of its operations;

3° Lead to the expression of reservations or 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 management company’s board of directors or executive board on the basis of a work schedule setting out the procedures deemed necessary.

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

His fees are included in the management fees.

Article 8 - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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

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

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

TITLE III

Article 9 – ALLOCATION OF DISTRIBUTABLE INCOME

Distributable income consists of:

1) net income plus retained earnings, plus or minus the balance of the revenue adjustment account;

   Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the Fund's portfolio, plus income generated by temporary cash holdings, minus management fees and borrowing costs.

2) realised capital gains, net of charges, minus realised capital losses, net of charges, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

The amounts referred to in 1) and 2) may be distributed independently of each other, in whole or in part.

For the "IC" and "RC" units, distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

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

TITLE IV

MERGER - SPLIT - WINDING-UP - LIQUIDATION

Article 10 - MERGER - SPLIT

The management company may either contribute the assets of the Fund, in whole or in part, to another UCI it manages, or split the Fund into two or more open-end funds.
These merger or split transactions may only be undertaken after the unitholders have been informed. They shall give rise to a new certificate specifying the number of units held by each unitholder.

Article 11 - WINDING-UP - EXTENSION

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

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

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

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

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

Article 12 - LIQUIDATION

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

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

TITLE V

SETTLEMENT OF DISPUTES

Article 13 - JURISDICTION - ADDRESS FOR SERVICE

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

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Latest version of the document: August 14th, 2019