

**French UCITS-compliant Fund subject to European Directive 2014/91/EU amending
Directive 2009/65/EC**

PROSPECTUS

I – GENERAL FEATURES

I.1. Form of the Fund

Name:	LAZARD CONVERTIBLE EUROPE
Legal form:	FRENCH OPEN-END INVESTMENT FUND (Fonds Commun de Placement)
Inception date – term	This Fund was created on September 10th, 2008 for a period of 99 years. It was accredited by the AMF (Autorité des Marchés Financiers) on July 15th, 2008.

Fund overview:

ISIN	Allocation of distributable income	Base currency	Eligible subscribers	Minimum for first subscription	NAV at inception
RC EUR units: FR0010637900	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	All subscribers	1 unit	€100
RC H-EUR units: FR0010642595	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	All subscribers	1 unit	€100
PC EUR units: FR0010642603	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	Authorised investors*	10 units	€10.000
PC H-EUR units: FR0010642611	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	Authorised investors*	10 units	€10.000

* (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, France

The prospectus is also available at www.lazardfreresgestion.fr

Designated contact:

Client Services – Monday to Friday
9 a.m. to 5 p.m. – Tel.: +33 (0)1 44 13 01 79
where further information may be obtained if necessary.

I.2. Service providers

Management company:	LAZARD FRERES GESTION SAS 25, rue de Courcelles, 75008 Paris, France Management company incorporated under French law approved by the AMF on December 28 TH , 2004, under No. GP 04 0000 68
Custodian:	CACEIS BANK Bank and investment services provider approved by the French Credit Institutions and Investment Firms Committee (Comité des établissements de crédit et des entreprises d'investissement - CECEI) on April 1st, 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 France, and information on conflicts of interest that may arise in relation to these agents are available on the CACEIS website: www.caceis.com (Regulatory watch – UCITS V – Sub Custodians List). Investors may obtain updated information on request. The custodian operates independently of the investment management company.
Centralisation of subscription and redemption orders as delegated by the management company:	CACEIS BANK 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 Fund's shares. LAZARD FRÈRES BANQUE , on behalf of clients for whom it provides custody account-keeping services 121, bld Haussmann – 75008 Paris, France
Administration:	LAZARD FRERES GESTION SAS 25, rue de Courcelles, 75008 Paris, France
Accounting management (by delegation):	CACEIS FUND ADMINISTRATION Registered offices: 1-3 Place Valhubert – 75013 Paris, France
Sub-investment manager:	LAZARD ASSET MANAGEMENT 30 Rockefeller Plaza New York NY 10020
Statutory auditor:	PRICEWATERHOUSECOOPERS AUDIT 63, Rue de Villiers

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the units:	
- ISIN codes	<p>RC EUR units: FR0010637900</p> <p>RC H-EUR units: FR0010642595</p> <p>PC EUR units: FR0010642603</p> <p>PC H-EUR units: FR0010642611</p>
- 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 shareholder's discretion. The Fund is listed with Euroclear France.
- Fractional or whole units:	Subscriptions and/or redemptions may be made in thousandths of units.
- Financial year end:	Last valuation day in September.
- First financial year end:	Last valuation day in September 2009.
- Taxation	<p>Unitholders are liable for tax on any dividends that the management company pays as well as on capital gains or losses.</p> <p>The tax treatment of sums distributed by the management company or 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.</p> <p>➤ For non-French residents: withholding tax is payable by the subscriber.</p>

II.2 – Other specifications

- Investment objective:	<p>For RC EUR and PC EUR units: The Fund aims to outperform, net of expenses, the Thomson Reuters Europe Focus Convertible Bond Index (EUR), expressed in euros, with net interest reinvested, over a recommended investment horizon of five years.</p> <p>For RC H-EUR and PC H-EUR units: The Fund aims to outperform (net of expenses) the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR) (net interest reinvested), expressed in euros, hedged against foreign exchange risk with the euro as the base currency, over a recommended investment horizon of five years.</p>
- Benchmark:	<p>For RC EUR and PC EUR units: The Thomson Reuters Europe Focus Convertible Bond Index (EUR), expressed in euros, with net interest reinvested. It reflects the performance of European convertible bonds and can be accessed on the Bloomberg Terminal (UUCBFOEE) and the UBS website (with access code, ref. UCBINDEXW0206).</p> <p>For RC H-EUR and PC H-EUR units: The Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR) (net interest reinvested), expressed in euros, hedged against foreign exchange risk with the euro as the base currency. It reflects the performance of European convertible bonds, hedged against foreign exchange risk with the euro as the base currency and can be accessed on the Bloomberg terminal (UCBIFX21) and the UBS website (with access code, ref. UCBINDEXW1046)</p>

1 – Strategies used

The Fund aims to outperform (net of expenses) the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR) (net interest reinvested), expressed in euros, over a recommended investment horizon of five years for RC EUR and PC EUR units, and the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR) (net interest reinvested), expressed in euros, hedged against foreign exchange risk with the euro as the base currency for RC H-EUR and PC H-EUR units.

The Fund is actively managed using a fundamental approach comprising several analysis phases: study of the economic environment with market expectations produced by the Economic Strategy department, financial analysis of companies issuing bonds and analysis of the technical features of issue contracts.

To this end, we will manage the Fund's overall exposure to interest rates and equity markets. In addition to the portfolio assets' features (exposure, equities and modified duration), we will use interest-rate and equity futures to increase or decrease the Fund's sensitivity or exposure to the equity market.

The Fund may also actively manage interest rates through the active management of the modified duration (use of bobl or bund futures, for instance).

The Fund's modified duration is between 0 and 7.

Overall residual exchange rate risk will not exceed 5% of the net assets for RC H-EUR and PC H-EUR units.

Concerning fixed-income securities, the portfolio management company conducts its own credit assessment for selection purposes, both at the time of purchase and during the life of the securities. It does not rely solely on ratings issued by rating agencies and develops credit risk analysis and the necessary procedures to make purchase decisions or sell or hold decisions in the event of a downgrade. The portfolio management company does not automatically use agency ratings but gives precedence to its own credit analysis in assessing the credit quality of said assets and in deciding on possible downgrades.

2 – Assets (excluding embedded derivatives)

Equities:

Equities resulting from the conversion of one of the types of instrument listed below, to a maximum of 10% of net assets.

Debt securities and money market instruments:

- Up to a maximum of 110% of the Fund's net assets may be invested in convertible bonds and similar instruments issued in Europe by companies and financial institutions. These securities will be expressed in all currencies.
- Up to a maximum of 110% of the Fund's net assets may be invested in bonds exchangeable for equities issued in Europe by companies and financial institutions. These securities will be expressed in all currencies.
- Bonds with warrants issued by companies and financial institutions. These securities comprising up to 110% of the net assets will be expressed in all currencies.
- Up to a maximum of 110% of the Fund's net assets may be invested in perpetual subordinated notes (TSDI) issued in and outside Europe by companies and financial institutions. These securities will be expressed in all currencies.
- Investment-grade bonds (AAA to BBB- according to Standard & Poor's and Aaa to Baa3 according to Moody's) or equivalent rating based on the management company's analysis, speculative/high-yield bonds (BB+ to D/SD according to Standard & Poor's and from Ba1 to C according to Moody's) or equivalent rating based on the management company's analysis, and bonds that are not rated by a ratings agency.
- The fund manager will not invest in contingent convertible bonds (cocos).

UCIs:

UCITS or AIF that meet the four criteria of Article R.214-13 of the French Monetary and Financial Code (Code Monétaire et Financier): French-governed money market, short-term money market, bond or mixed funds up to a maximum of 10% of the net assets.

These UCIs may be managed by Lazard Frères Gestion.

3 – Derivatives

- **Types of markets:**
 - ☒regulated
 - ☒organised
 - ☒OTC
- **The manager intends to seek exposure to:**
 - ☒equities
 - ☒interest rates

- ☒foreign exchange
- ☒credit
- ☒other: volatility
- **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 indices
 - ☒interest rate
 - ☒currency
 - ☒volatility index
 - ☒**swaps:**
 - ☒equity swaps
 - ☒interest rate swaps
 - ☒currency swaps
 - ☒**currency forwards**
 - ☒**credit derivatives**
 - ☐other
- **Derivatives strategy to achieve the investment objective:**
 - ☒general hedging of the portfolio
 - ☒creating synthetic exposure to assets and risks
 - ☐increasing exposure to the market without leverage
 - ☐maximum permitted and sought
 - ☐other strategy

4 – Securities with embedded derivatives

The manager may invest in all securities with embedded derivatives permitted under the management company's business plan, including warrants, convertible bond subscription rights, etc.

The manager may take positions so as to hedge and/or expose the Fund in order to achieve its investment objective.

5 – Deposits

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

6 – Cash borrowings

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

7 – Temporary purchases and sales of securities

None

8 – Information on financial guarantees

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

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

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

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

9 – Risk profile

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

Risk of capital loss:

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 holding convertible bonds:

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

Interest rate risk:

There is a risk of a fall in the value of bonds and other fixed-income securities and instruments, and hence in the portfolio, resulting from a change in interest rates. 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:

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.

Foreign exchange risk: (more specifically for RC EUR and PC EUR units)

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.

Volatility risk:

Given the options attached to securities, changes in volatility, which is the main component of the option price, could give rise to a decrease in the Fund's net asset value for an indefinite period.

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 net asset value 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.

Risk associated with investment in the futures markets:

The Fund may invest up to 100% of its assets in forward financial instruments. Such exposure to markets, assets or indices through forward financial instruments may lead to falls in the NAV that are significantly more pronounced or faster than the change in the underlying assets.

Counterparty risk:

This is the risk associated with the Fund's use of OTC forward financial 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 and cause the Fund's NAV to fall.

10 – Guarantee or protection

None.

11 – Eligible subscribers and typical investor profile

RC EUR units (not hedged): intended for all investors.

RC H-EUR units (hedged): intended for all investors seeking hedging against exchange rate risk.

PC EUR units (not hedged): intended for all investors, in particular institutional investors and UCIs.

PC H-EUR units (hedged): intended for all investors, in particular institutional investors and UCIs.

This Fund is intended for investors seeking to optimise their investments in fixed-income instruments. Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Fund.

Information on US investors:

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

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

12 – Appropriation of distributable income

Distributable income consists of:

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

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

Distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

13 – Frequency of distribution

None: Accumulation fund.

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

The units are denominated in euros. They may be split into thousandths of shares.

15 – Terms and conditions of subscription and redemption

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

- **Calculation of net asset value (NAV):**

Date and frequency of NAV calculation:

- Subscription and redemption requests are received and centralised by the centralising agent every working day before 12 a.m. They are executed based on the net asset value on the date of receipt (day D). Subscription and redemption orders are settled on D+2 working days following the NAV date
- The net asset value is calculated every day that the Paris stock exchange is open for trading, with the exception of public holidays.
- The first subscription of PC EUR and PC H-EUR units may not be less than 10 units;
- Initial subscriptions of RC EUR and RC H-EUR units may not be less than 1 unit;
- In the case of subscription undertaken by a unitholder who has placed a redemption order recorded on the NAV of the same day and concerning the same number of units, no entry charge will be charged.

- **Where/how NAV is published or made available:**

The net asset value is notified daily online at:

www.lazardfreresgestion.fr

and displayed in the management company's offices.

- **Address of the institutions designated to receive subscription and redemption orders:**

- **CACEIS BANK**

Bank and investment services provider approved by the French Banking and Investment Committee (Comité des établissements de crédit et des entreprises d'investissement - CECEI) on April 1st, 2005.

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

Investors are reminded that orders transmitted to distributors other than the institution referred to above must take into consideration the fact that the cut-off time for the processing of orders applies to the said distributors vis-à-vis CACEIS Bank.

Consequently, such distributors may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit orders to CACEIS Bank.

- **LAZARD FRÈRES BANQUE**, on behalf of clients for whom it provides custody account-keeping services

121, bld Haussmann – 75008 Paris, France

- **Settlement and value date:**

- For subscriptions: D (NAV date) + 2 business days;
- For redemptions: D (NAV date) + 2 business days.

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

16 – Fees and expenses

▪ Subscription and redemption fees:

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

<i>Charges payable by the investor during subscription and redemption</i>	<i>Basis</i>	<i>Rate</i>
Subscription fees not retained by the Fund	NAV x number of units	4% incl. taxes 1% incl. taxes
Subscription fees retained by the Fund	n/a	None
Redemption fees not retained by the Fund	NAV x number of units	1% incl. taxes 1% incl. taxes
Redemption fees retained by the Fund	n/a	None

<i>Expenses charged to the Fund</i>	<i>Basis</i>	<i>Rate</i>
Financial management fees	Net assets excluding funds managed by Lazard Frères Gestion SAS	RC EUR units: 1,465% incl. taxes RC H-EUR units: 1,515% incl. taxes PC EUR units: 0,815% incl. taxes PC H-EUR units: 0,865% incl. taxes incl. taxes
Administrative fees external to the management company	Net assets	RC EUR, RC H-EUR, PC EUR and PC H EUR units: 0,035% incl. taxes
Transaction fees (incl. taxes): (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum fee on each transaction	Equities, convertible bonds and similar instruments and foreign exchange: From 0% to 0,25 %
		Futures None
Performance fee	n/a	None

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

Repurchase agreements are executed at market prices.

With the exception of brokerage fees, accounting management costs and custodians' 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 portfolio 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 any further information, unitholders may refer to the annual report.

17 – Outline of the intermediary selection procedure

Lazard Asset Management selects brokers from a list of around 175 approved brokers covering all products and markets.

Acceptance of new brokers is subject to an assessment and approval process, including a review of the broker's solvency, financial strength and reputation within the financial community. Its financial statements and regulatory documents are also examined in the selection process. A recommendation is then submitted to the Operating Officer and the Compliance Officer for a final review.


Lazard Asset Management Broker Committee:

The Lazard Asset Management Broker Committee ratifies all decisions to authorise new intermediaries. It examines the brokers' performance and reviews the key service expectation criteria.

Brokers are rated according to the quality of their research and the trading services that they provide. At the end of the vote, recommendations are made on the allocation of commissions.

Twice a year, the Broker Committee oversees the broker voting process, which analysts, managers and traders take part in.

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
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Availability of commercial documentation on the Fund:

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

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

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

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

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

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

IV – INVESTMENT RULES

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

V – AGGREGATE RISK

The Fund's aggregate risk is calculated using the commitment method.

VI – ASSET VALUATION AND ACCOUNTING RULES

1 – Asset valuation rules

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

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

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

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

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

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

Off-balance sheet transactions are valued at the commitment value.

The commitment value for futures contracts is equal to the price (in the Fund's currency) multiplied by the number of contracts multiplied by the face value.

The commitment value for options is equal to the price of the underlying security (in the Fund's currency) multiplied by the number of contracts multiplied by the delta multiplied by the face value of the underlying security.

The commitment value for swaps is equal to the face value of the contract (in the Fund's currency).

2 – Accounting policies

- **Income from fixed-income securities**

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

- **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):

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

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 617.
- The final amount is recognised upon settlement of invoices after reversal of any provisions.

▪ **Swing pricing adjustments to the net asset value (NAV) as of September 5th, 2016:**

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

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

FUND REGULATIONS

LAZARD CONVERTIBLE EUROPE

TITLE I

ASSETS AND UNITS

Article 1 - CO-OWNERSHIP UNITS

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

The Fund's term is 99 years, commencing from September 10th, 2008, except in the event that the Fund is dissolved before the end of the term or extended pursuant to these regulations.

Unit classes:

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

The different unit classes may:

- apply different dividend policies (distribution or accumulation);
- be denominated in different currencies;
- be subject to different management fees;
- be subject to different subscription and redemption fees;
- have a different par value;
- be systematically hedged, in full or in part, against risk as set out in the prospectus. This hedging is achieved through financial instruments that reduce to a minimum the impact of hedging transactions on the UCITS' other share classes;
- be reserved to one or more distribution networks.

Possibility of combining or splitting units.

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

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) euros. When the assets remain under this level for thirty days, the management company shall take all necessary measures to dissolve the Fund concerned or to undertake one of the operations mentioned in Article 411-16 of the General Regulation of the French financial markets regulator (Autorité des Marchés Financiers – AMF) (UCITS transfer).

Article 3 - ISSUE AND REDEMPTION OF UNITS

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

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

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

Subscriptions must be fully paid-up as of the date of the calculation of the net asset value. They may be undertaken in cash and/or by contribution of financial instruments. The management company is entitled to refuse the instruments proposed and, to that end, has seven days in which to give its decision. In the event that the instruments are accepted, they are valued according to the rules set out in Article 4, and subscription is undertaken using the first net asset value following acceptance of the instruments in question.

Redemptions are undertaken entirely in cash, unless the Fund is dissolved and unitholders have agreed to be paid in securities. They are paid by the issuer account keeper within at most five days of the unit's valuation day.

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

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

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

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

Article 4 - CALCULATION OF NET ASSET VALUE

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

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

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 French financial market authority (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 the assets and other information prior to publication.

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

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

His fees are included in the management fees.

Article 8 - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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

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

The management company shall make these documents available to unitholders 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.

Distributable income shall be fully accumulated, with the exception of those amounts subject to compulsory distribution by law.

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 - DISSOLUTION - EXTENSION

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

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

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

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

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

Article 12 - LIQUIDATION

In the event that the Fund is dissolved, the management company or the custodian, with the management company's agreement, 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: March 9th, 2020