

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

PROSPECTUS

I – GENERAL FEATURES

I.1. – Form of the UCITS

Name:	LAZARD RECOVERY EUROZONE
Legal form:	French open-end investment fund (<i>Fonds Commun de Placement</i>)
Inception date – term	This Fund was created on August 20 th , 2013 for a period of 99 years.

Fund overview:

Units	ISIN code	Allocation of distributable income	Base currency	Eligible investors	Minimum initial subscription	Initial NAV
I units	FR0011537646	Allocation of net income: accumulation and/or distribution and/or retained Allocation of net realised capital gains: accumulation and/or distribution and/or retained	EURO	All subscribers	€500 000	€100
IC units	FR0011744689	Allocation of net income: accumulation Allocation of net realised capital gains: accumulation	EURO	All subscribers	One unit	€100
R units	FR0011537653	Allocation of net income: accumulation and/or distribution and/or retained Allocation of net realised capital gains: accumulation and/or distribution and/or retained	EURO	All subscribers	One unit	€100

T units	FR0013305919	Allocation of net income: accumulation and/or distribution and/or retained Allocation of net realised capital gains: accumulation and/or distribution and/or retained	EURO	Authorised investors**	€500.000 or more*	€100
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* T units – Authorised investors and minimum subscription amount:

- No minimum subscription amount for (i) UCI managed by the management company or (ii) the management company in the context of proprietary investment;
- No minimum subscription amount for (i) investors subject to MiFID II (solely and exclusively in the context of their independent advisory activities or the provision of third-party investment management services) or (ii) investors that do not receive retrocession payments on their activities in foreign countries that are not subject to this directive, subject to the prior agreement of the management company;
- An initial minimum subscription amount of €500.000 for all other investors.

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

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

LAZARD FRÈRES GESTION SAS
25, rue de Courcelles, 75008 Paris, France
The prospectus is also available at www.lazardfreresgestion.fr

Designated contact:

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

I.2. - Service providers

Management company:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France Management company incorporated under French law authorised by the French financial markets regulator (<i>Autorité des Marchés Financiers</i> – AMF) on December 28 th , 2004, no. GP 04 0000 68
Administration:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France
Accounting management (by delegation):	CACEIS FUND ADMINISTRATION Registered office: 1-3, Place Valhubert – 75013 Paris, France
Custodian:	LAZARD FRÈRES BANQUE 121, Boulevard Haussmann, 75008 Paris, France Credit institution authorised by the French Credit Institutions and Investment Firms Committee (<i>Comité des Etablissements de Crédit et des Entreprises d'Investissement</i> – 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.
Agent delegated by the management company for the centralisation of subscription and redemption orders:	CACEIS BANK: 1-3, Place Valhubert – 75013 Paris, France The management company has delegated the management of the Fund's liabilities to CACEIS Bank, which is therefore responsible for centralising and processing subscription and redemption orders for the Fund's 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 of the management company:	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

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the units:	
- ISIN codes: I units: IC units: R units: T units	FR0011537646 FR0011744689 FR0011537653 FR0013305919
- 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 registered at the shareholder's discretion. The Fund is listed with Euroclear France.
- Fractional or whole units (I, IC, T and R 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 2014.
- Taxation:	<p>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.</p> <p>The Fund is an eligible investment for a French equity savings plan (<i>Plan d'Epargne en Actions – PEA</i>)</p>

II.2 – Other specifications

- Classification:	EUROZONE COUNTRY EQUITIES
- Investment objective:	The Fund aims to outperform, over a minimum recommended investment period of five years and net of expenses, the Eurozone equities included in the Euro Stoxx index with net dividends reinvested.
- Benchmark:	The Euro Stoxx index comprises more than 300 Eurozone equities. The indicator's performance includes the dividends of shares comprising the index. The index can be consulted at www.stoxx.com (Bloomberg code: SXXT Index).

1 – Strategies used

The strategy adopted for the Fund is to invest in shares of companies the value of which is most likely to increase in the event of an end to the Eurozone crisis.

Accordingly, the strategy applied within the Fund is based on the following:

- Identifying those countries, markets and companies offering the greatest upside potential in the case of an end of recession in the Eurozone;
- Rigorously selecting companies using a fundamental bottom-up approach;
- Performing fundamental proprietary analysis: assessing identified companies' economic performance: financial diagnosis, strategic basis, discounted-cash-flow model and meetings systematically held with selected companies' management;
- Selecting those companies' shares based on upside potential in the event of a favourable exit from the Eurozone crisis;
- Building a diversified portfolio of Eurozone equities with no other geographical or market constraints;
- Bottom-up screening together with macroeconomic scenario to identify individual stocks the values of which are most likely to increase in the event of an exit of the Eurozone crisis.

This strategy may lead to material differences between the Fund and the reference indicator concerning performance, sector composition and/or geographic composition.

The minimum level of exposure to Eurozone equity markets is 80% of the Fund's net assets. The Fund may invest up to a maximum of 10% of its net assets in European equities outside the Eurozone.

The minimum market capitalisation of companies the Fund invests in is €100 million.

The Fund may invest up to a maximum of 10% of its net assets in any certificates or rights acquired following transactions involving the portfolio securities.

The Fund may invest up to a maximum of 10% of its net assets in negotiable debt securities and money market instruments.

The manager may invest up to a maximum of 10% of the Fund's net assets in shares or units of French or non-French UCITS or French alternative investment funds that meet the four criteria of Article R 214-13 of the French Monetary and Financial Code, as well as French or non-French negotiable debt securities issued by companies, financial institutions and governments.

2 – Assets (excluding embedded derivatives)

The Fund is invested as follows:

- A minimum of 90% in equities traded on European Union markets, including at least 80% traded on Eurozone markets;
- A maximum of 10% in equities traded on markets outside the European Union;
- French or non-French negotiable debt securities;
- A maximum of 10% in French or non-French UCITS or French alternative investment funds that meet the four criteria of Article R 214-13 of the French Monetary and Financial Code.

Investment solely in UCI that invest no more than 10% of their assets in other UCI.

All of these UCIs may be managed by the management company.

3 – Derivatives

None.

4 – Securities with embedded derivatives

The acquisition of these securities is not part of the Fund's management strategy. Nevertheless, the manager may invest up to a maximum of 10% of the assets in any securities with embedded derivatives permitted under the management company's business plan, notably warrants, certificates or rights acquired following transactions involving the portfolio securities.

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

None.

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 does not provide any guarantees or capital protection. It is therefore possible that you may not recover the full amount of your initial investment.

▪ **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.

▪ **Foreign exchange risk:**

The Fund may invest on an ancillary basis in securities and UCI that are themselves permitted to purchase stocks denominated in currencies other than the euro. The value of such assets may fall if exchange rates fluctuate, which may lead to a fall in the net asset value of the Fund.

10 – Guarantee or protection

None.

11 – Eligible subscribers and typical investor profile

I, IC, and R units: All subscribers.

T units – Authorised investors:

- No minimum subscription amount for (i) UCI managed by the management company or (ii) the management company in the context of proprietary investment;
- No minimum subscription amount for (i) investors subject to MiFID II (solely and exclusively in the context of their independent advisory activities or the provision of third-party investment management services) or (ii) investors that do not receive retrocession payments on their activities in foreign countries that are not subject to this directive, subject to the prior agreement of the management company;
- An initial minimum subscription amount of €500.000 for all other investors.

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

The instruments and strategies used are that of an aggressive investment profile. This Fund is intended for investors seeking exposure to equity markets.

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

Information on US investors:

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

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

FATCA:

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

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

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

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

Recommended investment period: minimum five 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 accumulated and/or distributed and/or retained independently of each other, in whole or in part.

For I, T and R units: The management company decides each year on the allocation of distributable income. It may pay interim dividends.

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

13 – Frequency of distribution

I, T and R units: In the case of distribution of net income or realised net capital gains, the management company may decide during the course of the financial year to distribute one or more interim dividends up to the amount of distributable income recognised on the decision date.

IC units: None: accumulation unit.

14 - Features of I, IC, T and R units (base currency, division of units, etc.)

The units are denominated in euros. Subscriptions and/or redemptions may be made in thousandths of units.

15 - Terms and conditions of subscription and redemption

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

Calculation of net asset value (NAV):

Date and frequency of NAV calculation:

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

Where/how NAV is published or made available:

The net asset value is notified daily online at: www.lazardfreresgestion.fr and displayed in the management company's offices.

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

➤ **CACEIS BANK:** 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 11 a.m. 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.

IC and R units: initial subscriptions may not be for less than one unit.

I units: initial subscriptions may not be for less than €500 000.

T units – Authorised investors and minimum subscription amount:

- No minimum subscription amount for (i) UCI managed by the management company or (ii) the management company in the context of proprietary investment;
- No minimum subscription amount for (i) investors subject to MiFID II (solely and exclusively in the context of their independent advisory activities or the provision of third-party investment management services) or (ii) investors that do not receive retrocession payments on their activities in foreign countries that are not subject to this directive, subject to the prior agreement of the management company;
- An initial minimum subscription amount of €500.000 for all other investors.

Settlement and value date:

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 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 and/or 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 (I, IC, T and R units)	NAV x number of units	Maximum 4% incl. taxes
Subscription fees retained by the Fund (I, IC, T and R units)	n/a	None
Redemption fees not retained by the Fund (I, IC, T and R units)	n/a	None
Redemption fees retained by the Fund (I, IC, T and R units)	n/a	None

<i>Expenses charged to the Fund</i>	<i>Basis</i>	<i>Rate</i>	
Financial management fees	Net assets	I units: 1,38% incl. taxes Maximum rate IC units: 1,38% incl. taxes Maximum rate R units: 2,18% incl. taxes Maximum rate T units: 1,38% incl. taxes Maximum rate	
Administrative fees external to the management company	Net assets	I, IC, T and R units: 0,02% incl. taxes Maximum rate	
Transaction fees (incl. taxes): (0 to 100% received by the management company and 0 to 100% received by the custodian)	Maximum charge on each transaction	Equities, debt securities, foreign exchange	0% to 0,20%, incl. taxes
		Futures and other transactions	From €0 to €450 incl. taxes per contract
Performance fee	Net assets	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 four blocks of charges referred to above.

Repurchase agreements are executed at market prices.

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.

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's Broker Committee ratifies all decisions to authorise new intermediaries. In the case of small caps, a broker may be approved on an ad hoc basis when able to provide stock liquidity.

At least twice yearly, the equity investment team holds a Broker Committee meeting to evaluate the services of its intermediaries.

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).

III - SALES AND MARKETING INFORMATION

Publication of information about the Fund:	LAZARD FRÈRES GESTION SAS 25, rue de Courcelles, 75008 Paris, France Customer Relations ☎ +33 (0)1 44 13 01 79
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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 Fund's aggregate risk is calculated using the commitment method.

V – ASSET VALUATION AND ACCOUNTING RULES

1 – Asset valuation rules

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

- Marketable securities:
 - Shares and similar securities are valued on the basis of the last known price on their main market. If applicable, prices are translated into euros using the exchange rate prevailing in Paris on the valuation day (as published by WM Closing).

- Fixed-income securities

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

There may be a discrepancy between the carrying amounts, valued as indicated above, and the actual disposal prices that would be obtained if a portion of these portfolio assets were to be sold.

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

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

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

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

Benchmark rate	
Negotiable debt securities in euros	Negotiable debt securities in other currencies
Euribor, OIS swaps and French treasury bills - 3 – 6 – 9 – 12 months BTAN medium-term treasury notes - 18 months, 2 – 3 – 4 – 5 years	Main official rates of the countries concerned.

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

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

- **Temporary purchases and sales of securities**
 - Securities purchased under repurchase agreements are valued at their contract price using an actuarial method with a benchmark rate (overnight EONIA, one- or two-week interbank rates, one- to 12-month EURIBOR) corresponding to the term of the contract.

 - Securities sold under repurchase agreements continue to be valued at their market price. Liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased under repurchase agreements.

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

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

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

Financial instruments that are not traded on a regulated market are valued at their foreseeable sale price under the management company's responsibility.

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) using the following formula:

$$\begin{array}{l} \text{Gross assets} \\ \times \quad \text{operating and management fees rate} \\ \times \quad \frac{\text{no. of days between the calculated NAV and the previous NAV}}{365 \text{ (or 366 in a leap year)}} \end{array}$$

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

These fees do not include transaction charges.

- **Transaction charges**

Transactions are recorded excluding charges.

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

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

If the amount is significant, a provision is recognised in account 619.

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

FUND REGULATIONS

LAZARD RECOVERY EUROZONE

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 August 20th, 2013, except in the event that the Fund is dissolved before the end of the term or extended pursuant to these regulations.

Unit classes:

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

The different unit classes may:

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

Possibility of combining or splitting units.

The 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 AMF's general regulations (UCITS transfer).

Article 3 - ISSUE AND REDEMPTION OF UNITS

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

Redemptions and subscriptions shall be 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. His fees are included in the management fees.

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

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

For I, T and R units: The management company decides each year on the allocation of distributable income. It may pay interim dividends.

For IC units: 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 UCITS it manages, or split the Fund in two or more open-end funds.

These merger or split transactions may be undertaken only one month 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 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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