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

# PROSPECTUS

## I – GENERAL FEATURES

### I.1. Form of the Fund

**Name:** **Objectif Crédit Fi.**

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

**Inception date – term** This Fund was created on March 7th, 2008 for a period of 99 years.

**Fund overview:**

| | ISIN code | Allocation of distributable income | Base currency | Eligible investors | Minimum initial subscription |
|---|---|---|---|---|---|
| **C units** | FR0010590950 | Allocation of net income: accumulation<br><br>Allocation of net realised capital gains: accumulation | Euro | All investors – the units are intended to be distributed directly to private investors by the management company | One unit. (Initial NAV: €10 000) |
| **R units** | FR0010752543 | Allocation of net income: accumulation<br><br>Allocation of net realised capital gains: accumulation | Euro | All investors – the units are intended to be distributed directly to private investors by the management company's partners or by third-party management companies. | One unit (Initial NAV: €200) |
| **I units** | FR0011844034 | Allocation of net income: accumulation<br><br>Allocation of net realised capital gains: accumulation | Euro | Reserved for institutional investors | One unit (Initial NAV: €1 000) |
| **DH units** | FR0013076932 | Allocation of net income: accumulation<br><br>Allocation of net realised capital gains: accumulation | USD | All investors | One unit (Initial NAV: USD 1,000) |
| **G units** | FR0012074151 | Allocation of net income: distribution<br><br>Allocation of net realised capital gains: accumulation and/or distribution and/or retained | Euro | All investors. | One unit (Initial NAV: €100) |

The Fund's prospectus, latest annual and periodic reports, as well as the composition of assets and Lazard Frères Gestion SAS's standards regarding 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.pt.lazardfreresgestion.com

**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.

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## I.2. Service providers

| | |
|---|---|
| **Management company:** | **Lazard Frères Gestion SAS**<br>25, Rue de Courcelles – 75008 Paris, France<br>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:** | **CACEIS BANK FRANCE S.A.**<br>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<br>Registered offices: 1-3 place Valhubert – 75013 Paris, France<br>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.<br><br>Custody agents:<br>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)<br>Investors may obtain updated information on request.<br>The custodian operates independently of the investment management company. |
| **Administration:** | **LAZARD FRERES GESTION SAS**<br>25, Rue de Courcelles – 75008 Paris, France |
| **Accounting management (by delegation):** | **CACEIS FUND ADMINISTRATION**<br>Registered offices: 1-3 place Valhubert – 75013 Paris, France |
| **Subscriptions and redemption processing (by delegation by the management company):** | **CACEIS BANK FRANCE S.A.**<br>Bank and investment services provider approved by the CECEI on April 1st, 2005<br>Registered offices: 1-3 place Valhubert – 75013 Paris, France |
| **Regular Statutory Auditor:** | **DELOITTE & ASSOCIES**<br>185, Avenue Charles de Gaulle<br>92524 Neuilly sur Seine Cedex, France<br>Authorised signatory: Olivier Galienne |

# II – OPERATION AND MANAGEMENT

## II.1 – General features

| **Features of the units:** | |
|---|---|
| - Rights attached to the Fund's units: | Each unitholder has an ownership right in the Fund's assets in proportion to the number of units owned. |
| - Voting rights: | No voting rights are attached to the Fund's units since decisions are taken by the management company. |
| - Form of the units: | Bearer or administered registered. The Fund is listed with Euroclear France. |
| Fractional or whole units: (C, I, R and G units) | Subscriptions and/or redemptions may be made in thousandths of units. |
| - Financial year end: | Last valuation day in March (First financial year end: March 31st, 2009) |
| - Taxation: | The tax treatment of the Fund's unrealised or realised capital gains or losses depends on the tax rules applicable to the particular circumstances of each investor and/or the Fund's investment jurisdiction. If you are unsure of the tax rules applying to your particular circumstances, you should consult a professional adviser. |

## II.2 – Other specifications

| | |
|---|---|
| **- Classification:** | **INTERNATIONAL BONDS AND OTHER DEBT SECURITIES** |
| **- ISIN Code C units:** | FR0010590950 |
| **- ISIN Code R units:** | FR0010752543 |
| **- ISIN Code I units:** | FR0011844034 |
| **- ISIN code DH units:** | FR0013076932 |
| **- ISIN Code G units:** | FR0012074151 |
| **- Fund of funds:** | Up to 10% of net assets |
| **- Investment objective:** | The investment objective is to achieve a return (net of fees) above Eonia +2.70% for the C and G units, Eonia +2.30% for the I units, Eonia +2% for the R units and Eonia +2.25% for the DH units over a minimum period of three years. |
| **- Benchmark:** | The capitalised Eonia (European Overnight Index Average) is the average rate for overnight transactions in the Eurozone. It is calculated by the European Central Bank (ECB) and represents the Eurozone risk-free rate. |

## 1 – Strategies used

The investment objective is to achieve a return (net of fees) above Eonia +2.70% for the C and G units, Eonia +2.30% for the I units, Eonia +2% for the R units and Eonia +2.25% for the DH units over the recommended minimum investment period of three years.
To achieve this investment objective, the portfolio will be actively managed, mainly invested in subordinated debt (which is of higher risk than senior or secured debt) or any securities not deemed to be ordinary shares, issued by financial institutions. The Fund is managed by combining a top-down approach (involving strategic and geographical asset allocation taking into account the macroeconomic and sector environment) and a bottom-up approach (asset selection on a fundamental basis after analysis of the issuers' creditworthiness and the quality of individual securities), thus incorporating the regulatory conditions applying to this asset class.
The Fund's modified duration is between 0 and 8. The Fund is invested only in bonds or securities of issuers the registered offices of which are established in OECD-member countries and/or in securities listed on a stock market of one of these countries. The Fund is invested only in bonds that are traded in euros, US dollars or pounds sterling.
To build his portfolio, the manager conducts his own assessment of bonds or securities not deemed to be ordinary shares. He also refers to agency ratings but does not rely on them solely or automatically.

The Fund will be able to invest in the securities of any type of issuer whose registered office is located in an OECD-member country and/or in securities listed on a stock exchange of an OECD country. The Fund may not invest in bonds of issuers included on the FATF blacklist.

The Financial Action Task Force (FATF) is an intergovernmental organisation that draws up and promotes policies to combat money laundering and terrorist financing both at national and international level.

Information on the Fund's sensitivity range is shown in the table below:

| Interest rate sensitivity range within which the Fund is managed | Geographic zones of issuers of securities or underlying securities of securitisation products | Range of exposure to this zone |
|---|---|---|
| 0 - 8 | OECD zone | 100% |

The Fund may only invest in bonds that are traded in euros, US dollars or pounds sterling.

## 2 - Assets (<u>excluding embedded derivatives</u>)

**<u>Equities:</u>**

Ordinary shares (maximum 10% of net assets) arising from the conversion of debt or an offer by the issuer to exchange debt for shares. The Fund will not actively invest in equities but may hold them to enable the manager to sell the equities received in the best market conditions and to maximise the exit price for unitholders.

**<u>Debt securities and money-market instruments:</u>**

To build his portfolio, the manager conducts his own assessment of bonds or securities not deemed to be ordinary shares. He also refers to agency ratings but does not rely on them solely and mechanically.

Up to 100% of the net assets in bonds or securities, not deemed to be ordinary shares, issued by investment grade or equivalent issuers based on the management company's analysis and rated at least BBB- by Standard & Poor's or equivalent based on the management company's analysis, and up to 20% of the net assets in bonds or securities issued by speculative/high-yield issuers based on the management company's analysis, or rated below BBB- by Standard & Poor's or equivalent based on the management company's analysis, or not rated by a rating agency. Speculative/high yield bonds or securities may not exceed 50% of the Fund's net assets.
Up to 30% of the net assets in convertible bonds and contingent convertible bonds.

Up to 75% in bonds or securities not deemed to be ordinary shares, traded in US dollars or pounds sterling. Exchange rate risk will be hedged so that exposure thereto shall not exceed 10% of the Fund's assets.

**UCITS:**

European money market, short-term money market or bond funds to a maximum of 10% provided that less than 10% of these funds' assets are invested in other UCIs.
These funds may be managed by the management company.

### 3 – Derivatives

- **Types of markets**:
  - ☒ regulated
  - ☒ organised
  - ☒ OTC
- **The manager intends to seek exposure to**:
  - ☐ equities
  - ☒ interest rates
  - ☒ currencies
  - ☒ credit
  - ☐ other
- **Types of transactions – all transactions must be limited to achieving the investment objective**:
  - ☒ hedging
  - ☒ exposure
  - ☐ arbitrage
  - ☐ other
- **Type of instruments used**:
  - ☒ **futures:**
    - ☐ equity and equity index
    - ☒ interest rate: interest rate risk
    - ☒ currency
  - ☒ **options:**
    - ☐ equity and equity index
    - ☒ interest rate: interest rate and interest rate volatility risk
    - ☒ currency: only on organised markets
  - ☒ **swaps:**
    - ☐ equity swaps
    - ☒ interest rate swaps: transformation of fixed-rate income to variable-rate income and vice versa
    - ☒ currency swaps
  - ☒ **currency forwards**
  - ☒ **credit derivatives** (CDS are limited to 20% of the assets)

- **Strategy of use of derivatives to achieve the investment objective**:
  - ☒ partial or general hedging of the portfolio, some risks and securities
  - ☒ creating synthetic exposure to assets and risks
  - ☐ increasing exposure to the market without leverage
  - ☐ maximum permitted and sought
  - ☐ other strategy

### 4 – Securities with embedded derivatives

The manager may invest in the following securities with embedded derivatives: structured products, subordinated debt, convertible bonds and contingent convertible bonds (a maximum of 30% of the net assets for the latter).

### 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

Temporary purchases and sales of securities: 10% limit.

- **Type of transactions used:**
  - ☒ repurchase and reverse repurchase agreements in accordance with the French Monetary and Financial Code (*Code monétaire et financier*);
  - ☐ securities lending and borrowing in accordance with the French Monetary and Financial Code;
  - ☐ other (to be specified).

- **Types of transactions – all transactions must be limited to achieving the investment objective**:
  - ☒ managing cash flow
  - ☐ optimising Fund income
  - ☐ possibly contributing to the Fund's leverage
  - ☐ other

Additional information about fees is included in the fees and expenses section.

### 8 – Information on financial guarantees

In connection with transactions involving temporary purchases and sales of securities and over-the-counter derivatives 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 high quality 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 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:**

It is possible that the Fund may not achieve its performance objective. Not capital guarantee or protection is attached to this Fund. Investors should therefore be aware that they may not recover their initial investment.

- **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.

- **Credit risk:**

The issuer of a bond may default, and this could decrease the Fund's NAV. Even in cases where the issuer has not defaulted, changes in credit spreads could give rise to a negative performance. These risks will be even greater if the issuer's credit quality is low.

The decrease in NAV may be all the greater if the Fund is invested in speculative/high-yield debt. This Fund must, in part, be considered speculative because of investments in securities with low ratings. Consequently, the use of speculative/high-yield securities may give rise to a risk of a material decrease in NAV.

- **Risks linked to contingent or subordinated securities:**

The Fund may be exposed to contingent or subordinated securities. Subordinated debt and contingent convertible bonds are subject to specific risks of non-payment of coupons and capital loss in certain circumstances. At a certain solvency threshold, referred to as the "trigger" threshold, the issuer may or must suspend the payment of coupons and/or reduce the nominal value of the security or convert such bonds into shares. Notwithstanding the thresholds specified in the issuing prospectuses, the supervisory authorities may apply these rules preventively if the circumstances require, based on a subjective threshold known as the "point of non-viability". These securities expose holders to either a total or partial loss of their investment following their conversion into shares at a predetermined price or because of the application of a discount provided for contractually in the issuing prospectus or applied arbitrarily by a supervisory authority. Holders of these securities are also exposed to potentially large price fluctuations in the event that the issuer has insufficient equity or experiences difficulties.

- **Liquidity risk**:

This relates to the difficulty or impossibility of selling the securities held in the portfolio at the appropriate time and at the portfolio's valuation price, on account of the reduced size of the market or the lack of volume on the market on which these securities are usually traded.

- **Equity risk:**

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

- **Currency risk:**

Besides euro-denominated securities, the Fund may invest up to 75% of its assets in securities denominated in US dollars and/or pounds sterling. The resulting exchange rate risk (unhedged) may not exceed 10% of the Fund's assets.

- **Counterparty risk:**

This is the risk associated with the Fund's use of forward financial instruments, OTC instruments and/or transactions involving temporary purchases and sales of securities.
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.

- **Derivatives risk:**

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

## 10 – Guarantee or protection

None.

## 11 – Eligible subscribers and typical investor profile

**C units:** All investors – the units are intended to be distributed directly to private investors by the management company
**R units:** All investors – the units are intended to be distributed directly to private investors by the management company's partners or by third-party management companies.
**I units:** Reserved for institutional investors
**DH units:** All investors
**G units:** All investors.

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

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

**Information relating to 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) all 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 three 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 C, I, DH and R units:** Distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

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

## 13 – Frequency of distribution

C, R, I and DH units: None: accumulation units.
G units: dividends are paid out annually to holders of G units. Interim dividends may be paid.

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

C, I, R and G units are denominated in euros. DH units are denominated in US dollars.
All units may be divided into 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) = NAV is calculated every day except Saturdays and Sundays, public holidays in France and days on which the Paris stock exchange is closed for trading.
- NAV calculation and publication date = business day following the valuation day, i.e. (D+1).

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

NAV is notified daily online at:

www.pt.lazardfreresgestion.com

and displayed in the management company's offices.

**Address of the institution designated to receive subscription and redemption orders:**
**CACEIS BANK FRANCE SA**
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 France.
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 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 1 unit.

Subscription settlement date: Two business days following the valuation date (D+2 business days).
Redemption settlement date: Three business days following the valuation date (D+3 business days).

## 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.

| *Charges payable by the investor at the time of subscriptions and redemptions* | *Basis* | *Rate* |
|---|---|---|
| **Subscription fee not retained by the Fund (C, I, R, DH and G units)** | NAV x number of units | Maximum 4% incl. taxes |
| **Subscription fee retained by the Fund (C, I R, DH and G units)** | n/a | None |
| **Redemption fee not retained by the Fund (C, I, DH and G units)** | n/a | None |
| **Redemption fee not retained by the Fund (R units)** | NAV x number of units | Maximum 2% incl. taxes |
| **Redemption fee retained by the Fund (C, I, R, DH and G units)** | n/a | None |

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

| *Expenses charged to the Fund* | *Basis* | *Rate* |
|---|---|---|
| **Management fees both internal and external to the management company** (including statutory auditors', custodians', distribution and lawyers' fees, and excluding transaction charges, performance fees and charges related to investments in UCIs). | Net assets excluding UCIs managed by Lazard Frères Gestion | **C units:** 0,30% incl. taxes (Maximum rate)<br>**R units:** 1% incl. taxes (Maximum rate)<br>**I units:** 0,70% incl. taxes (Maximum rate)<br>**DH units:** 0.75% incl. taxes (Maximum rate)<br>**G units:** 0,30% incl. taxes (Maximum rate) |
| **Turnover commission (incl. taxes):** | n/a | None |
| **Performance fees (C, R and G units)** | NAV per unit x number of units | 30% of the Fund's outperformance relative to Eonia +3%. This fee will be capped at 2%.* |

* Calculation of outperformance:

Performance is calculated by comparing changes in the Fund's assets with those of the assets of a benchmark fund with a performance exactly equal to Eonia +3%, taking assets as of March 28th 2013 as the baseline, and with the same changes in subscriptions and redemptions as the actual Fund. This fee will be capped at 2%.

A high water mark system is used whereby the management company only qualifies for performance fees if the Fund outperforms the indexed portfolio over the reference period.

The reference period begins on the last closing date on which variable management fees were collected by the management period and ends on the next closing date on which management fees will be calculated.

If the Fund has outperformed the benchmark assets at the end of the financial year, a performance fee will be charged. The variable portion of management fees will be 30% of the difference between the Fund's performance and that of the benchmark fund. This performance is calculated on each NAV calculation date.

If the Fund underperforms the benchmark assets, the variable portion of management fees is adjusted by a reversal of provisions up to the level of the existing charge to provisions.

In the case of redemptions, the proportion of the provision for variable management fees corresponding to the number of units redeemed is permanently retained by the management company. These fees will be collected at the close of the financial year.

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 in the above table.

Repurchase agreements are executed at market prices.

- **Operating and management fees:**

These include the costs of financial, administrative and accounting management, statutory auditors' and custodians' fees and audit, legal, registration and distribution fees.

- **The following may be charged in addition to the operating and management fees:**

- performance fees. These reward the management company when the Fund exceeds its objectives. They are therefore charged to the Fund;
- transaction charges made up of:
    - brokerage fees comprising commission paid to intermediaries and other levies.
    - turnover commission charged to the Fund, if applicable.

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

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

## 17 – Outline of the intermediary selection procedure

The intermediaries used in fixed-income management are selected using a range of evaluation criteria:
- Quality of order execution and prices negotiated;
- Quality of operational service in processing orders;
- Coverage of information when monitoring markets;

- Quality of macroeconomic and financial research.

The fixed-income managers report at least once a year to the management company's Broker Committee, with an assessment of the services provided by the various brokers and a breakdown of transaction volumes. The Broker Committee approves any updates to the list of authorised brokers.

## III - SALES AND MARKETING INFORMATION

| | |
|---|---|
| **Publication of information about the Fund:** | **Lazard Frères Gestion SAS**<br>25, Rue de Courcelles – 75008 Paris, France<br>**Customer Relations**<br>☎ +33 (0)1 44 13 01 79 |

**Availability of the Fund's sales and marketing literature:**
The Fund's sales and marketing literature is available to investors at Lazard Frères Gestion SAS's registered offices at 25, Rue de Courcelles – 75008 Paris, France.

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

**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 financial intermediaries affiliated with it.

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

## IV – INVESTMENT RULES

The Fund's investment rules are defined by the French Monetary and Financial Code.

## V – AGGREGATE RISK

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

# VI – ASSET VALUATION AND ACCOUNTING RULES

## Asset valuation rules

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

- **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).

- **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.
  Similarly, valuations based partly on Bloomberg prices derived from averages of contributed prices may not reflect the reality of the market when the transactions are carried out.

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<br>- 3 – 6 – 9 – 12 months<br>fixed-rate treasury bills with annual interest<br>- 18 months, 2 – 3 –4 – 5 years | Official key rates<br>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.

- **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.

### 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

▪ **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 date.

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

(Gross assets – UCIs managed by Lazard Frères Gestion SAS)
x operating and management fees rate
x no. of days until next NAV / 365 (or 366 in leap years)

- 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.

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

To avoid disadvantaging unitholders that remain in the Fund, a swing factor will be applied to subscriptions and redemptions that have a significant impact on the Fund's outstandings, which may generate costs for unitholders entering and leaving the Fund that would otherwise have been allocated across all unitholders in the Fund. Therefore, if, on a particular NAV calculation date, the total net subscription/redemption orders of investors across all categories of Fund units exceeds a threshold predetermined by the 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 manager 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

# OBJECTIF CREDIT FI

## TITLE I

## ASSETS AND UNITS

### Article 1 - CO-OWNERSHIP UNITS

Co-ownership rights are expressed in units, with each unit corresponding to an equal share 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 March 7th, 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 Fund's other unit classes;
- be reserved for one or more marketing 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 units, referred to as fractional units.
The provisions hereof governing the issue and redemption of units shall apply to fractional shares, 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 shares. 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 at the request of unitholders on the basis of the NAV 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 NAV calculation date. 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 laid down in Article 4, and the subscription is undertaken using the first NAV 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 NAV**

The NAV 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 TO 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. In cases where the Fund, whose units are admitted to trading on a regulated market, has an index-based investment objective, the Fund must have established a mechanism to ensure that its unit price does not deviate significantly from its NAV.

### 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 are accurate and in order.

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 that is likely to have a significant impact 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 the 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 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 C, I, DH and R units:** Distributable income is accumulated in full, with the exception of those amounts subject to compulsory distribution by law.

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

# 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 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 expiry of the Fund's scheduled duration and brought to the notice of 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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