

UCITS-compliant fund

PROSPECTUS

I – GENERAL FEATURES

I.1. – Form of the Fund

Name:	OBJECTIF SMALL CAPS EURO
Registered office:	121, Boulevard Haussmann 75008 Paris, France
Legal form:	French open-end investment company (<i>Société d'Investissement à Capital Variable</i> - SICAV) with a board of directors
Inception date – term	This Fund was created on 5 August 2003 for a period of 99 years.

Fund overview:

Share	ISIN code	Distribution of income	Base currency	Eligible investors	Minimum initial subscription
A shares	FR0000174310	Accumulation and/or distribution	Euro	All investors	One share
R shares	FR0010689141	Accumulation and/or distribution	Euro	All investors	One share

The difference between the two shares is that the A shares are mainly intended to be distributed directly by the management company to private clients, while the R shares are mainly intended to be distributed by partners of the management company or by third-party management companies.

The Fund's prospectus and most recent annual and periodic reports and LFG's standards regarding the exercise of voting rights will be sent out within one week 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 (1) 44 13 01 79
where further information may be obtained if necessary.

I.2. – Service providers

Delegated management company:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France Management company incorporated under French law authorised by the French securities regulator (<i>Autorité des Marchés Financiers</i> – AMF) on 28 December 2004, no. GP 04 0000 68
Custodian:	LAZARD FRÈRES BANQUE 121, Boulevard Haussmann – 75008 Paris, France Credit institution incorporated under French law 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
Transfer agent:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France
Registrar:	LAZARD FRÈRES BANQUE 121, Boulevard Haussmann – 75008 Paris, France
Principal Statutory Auditor:	MAZARS Exaltis – 61, Rue Henri Regnault 92075 Paris La Défense Cedex, France
Distributor:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France
Sub-delegation:	
Sub-investment manager:	Lazard Frères Gestion SAS 25, Rue de Courcelles – 75008 Paris, France
Administrative and accounting sub-manager	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France
Sub-registrar:	LAZARD FRÈRES BANQUE 121, Boulevard Haussmann – 75008 Paris, France
Administrative, management and supervisory bodies:	The names and functions of the Chairman and members of the Board of Directors are available in the SICAV's annual report.

II – OPERATION AND MANAGEMENT

II.1 – General features

Features of the shares:	
ISIN codes:	
A share:	FR0000174310
R share:	FR0010689141
- Nature of the rights attached to the SICAV's shares:	Each shareholder has an ownership right in and to the assets of the Fund in proportion to the number of shares owned.
- Voting rights attached to the SICAV's shares:	Each shareholder has real voting rights on the basis of one vote for every share held.
- Form of the shares:	Bearer or registered at the holder's discretion.
- Fractional or whole shares:	Subscriptions and/or redemptions may be made in thousandths of shares.
- Financial year end:	Last valuation date in September
- Taxation:	<p>The SICAV is not subject to corporate income tax. However, its shareholders are liable for taxation on dividends that the SICAV distributes and on realised capital gains or losses. The tax treatment of sums distributed by the SICAV or the Fund's unrealised or realised capital gains or losses depends on the tax rules applicable to the particular circumstances of each subscriber 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 advisor.</p> <p>➤ For non-French residents: withholding tax is payable by the subscriber.</p> <p>➤ For French residents: the SICAV is an eligible investment for an equity savings plan (<i>Plan d'Epargne en Actions</i>).</p>

II.2 – Other specifications

- Classification:	EUROZONE COUNTRY EQUITIES
- Sub-investment manager:	LAZARD FRÈRES GESTION SAS
- Investment objective:	The Fund seeks to achieve capital growth at the end of the recommended investment period through exposure to small and mid cap markets.
- Benchmark:	<p>The Fund does not have a benchmark. Performance may be compared against the HSBC Smaller Euroland index (net dividends reinvested) over the recommended investment horizon.</p> <p>The HSBC Smaller Euroland is a capitalisation-weighted, free-float adjusted index comprising several hundred eurozone companies.</p>

1 – Strategies used

A company's rate of return on invested capital above the cost of capital reflects its economic performance, as shown in its long-term stock market performance. Accordingly, the strategy applied within the Fund is based on the following:

- Identifying companies with the best economic performance profiles.
- Verifying that performance through financial analysis and by examining the strategic underpinnings of performance.
- Selecting stocks from such companies according to the market's undervaluation of that performance at a given time.
- Building a portfolio within the eurozone but with no other geographical or sector restrictions.

The focus on achieving the optimum ratio between the company's economic performance and valuation may result in wide divergences between the Fund's performance and its sector and/or country mix and those of the underlying asset class, i.e. small and mid caps from the eurozone.

The minimum degree of exposure to the eurozone equity markets is 75% of the SICAV's net assets.

2 - Assets (excluding embedded derivatives)

Equities:

Small and mid cap eurozone equities and unlisted securities to a maximum of 5%.

Debt securities and instruments:

French and foreign negotiable debt securities (mainly French treasury bills and BTAN medium-term treasury notes).

UCITS:

The manager may invest up to 10% in French UCITS-compliant or non-UCITS compliant investment funds.

These funds may be managed by the management company.

3 – Derivatives

• **Types of markets:**

- ☒ regulated:
- ☒ organised,
- ☒ OTC.

• **The manager intends to seek exposure to the following:**

- ☒ equities,
- ☐ interest rates,
- ☐ currencies,
- ☐ credit,
- ☐ other.

- **Types of operations (all operations must be limited to achieving the investment objective):**
 - ☒ hedging,
 - ☒ exposure,
 - ☐ arbitrage.
- **Type of instruments used:**
 - ☒ **futures:**
 - ☒ equities and equity index;
 - ☐ interest rate: N/A;
 - ☐ currency: N/A.
 - ☒ **options:**
 - ☒ equities and equity index;
 - ☐ interest rate: N/A;
 - ☐ currency: N/A.
 - ☐ **swaps:**
 - ☐ equity swaps: N/A;
 - ☐ interest rate swaps: N/A;
 - ☐ currency swaps: N/A.
 - ☐ **currency forwards**
 - ☐ **credit derivatives:**
 - ☐ credit default swaps: issuer default risk hedging.
 - ☐ **currency risk hedging.**
- **Strategy for using derivatives to achieve the investment objective:**
 - ☒ partial or general portfolio hedging;
 - ☐ 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 SICAV may hold any warrants, certificates or rights acquired following transactions involving the portfolio securities. The SICAV is not intended to purchase these types of assets directly.

5 – Deposits

Up to 10% of the Fund's assets may be held in interest-bearing 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 sales and purchases of securities

Up to 100% of assets may be used in transactions involving temporary sales and purchases of securities.

- **Type of operations (all operations must be limited to achieving the investment objective):**

- ☒ managing cash flow;
- ☐ optimising Fund income;
- ☐ possibly contributing to the Fund's leverage;
- ☐ other.

8 – 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.

- **Equity market risk:**

Fluctuations in equity markets may result in significant changes in net asset value, which may have a significant negative impact on performance. Accordingly, if the equity markets fall, the Fund's net asset value is likely to decrease.

Investors are reminded that the small caps markets are intended for companies that may pose risks for investors due to their specific characteristics.

- **Market liquidity risk:**

Small- and mid-cap investments tend to be less liquid than other investments which means that they may take longer to buy or sell.

- **Risk of capital loss:**

More generally, it is possible that the Fund may not achieve its objectives and that investors will not recover their initial investment.

- **Derivatives risk:**

The Fund may be synthetically exposed to equity markets to up to 100% of its net assets. The use of derivatives on organised and OTC markets may expose the NAV to variations due to fluctuations in the underlying markets.

- **Sector/Country risk:**

This risk is linked to changes in the valuation of a particular market segment (economic sector, eurozone area).

- **Risk associated with individual shares:**

This risk relates to variations in the share price of a particular company.

- **Subscription/redemption risk:**

This is the risk associated with major flows of client funds into or out of the Fund. This may lead the manager to rapidly change the structure of the portfolio, which could result in the temporary distortion of the portfolio.

- **Risk related to external factors:**

Liquidity crises or closure of markets, tax-related, legal and other events that concern the Fund and could affect its performance.

▪ **Counterparty risk:**

This is the risk associated with the Fund's use of over-the-counter financial forwards 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 on payment.

▪ **Interest rate risk:**

Interest rate risk is the risk of a change in interest rates, which has an impact on the bond markets, such as the tendency for bond prices to move in the opposite direction to interest rates.

The Fund is mainly invested in equities and therefore interest rate risk is insignificant. However, investors should note that share prices may be indirectly impacted by interest rate movements.

9 – Eligible subscribers and typical investor profile

Any subscriber.

The instruments used and the strategies applied equate to an aggressive investment profile. The Fund is intended for investors seeking exposure to the small and mid caps market. Subscribers are strongly advised to diversify their investments sufficiently to avoid exposure solely to the risks of this Fund.

The shares of this Fund are not and will not be registered in the United States under the US Securities Act of 1933, as amended ("Securities Act 1933"), or eligible for investment under any law of the United States. These shares may not be offered, sold or transferred in or to the United States (including its territories and possessions) or benefit, directly or indirectly, any US Person within the meaning of Regulation S of the Securities Act of 1933.

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.

10 – Determination and allocation of income

The board of directors determines the year's net income, which, as stipulated by law, is equal to the amount of interest, arrears, bonuses and prizes, dividends, directors' fees and all other income generated by the securities that make up the SICAV's portfolio plus income generated by temporary cash holdings and minus management fees, borrowing costs and allocations to amortisation and depreciation, if any. Distributable income is equal to net income plus retained earnings (except for accumulation SICAVs), plus or minus the balance of the revenue adjustment account for the past financial year.

The shareholders' meeting decides each year on the allocation of income.

11 – Frequency of distribution

Dividends may be distributed annually to shareholders, as appropriate, upon the decision of the shareholders' meeting called to approve the financial statement for the past financial year.

12 – Features of the shares (base currency, division of shares, etc)

The shares are denominated in euros. Shares may be divided, into thousandths of a share at the smallest.

13 – Terms and conditions of subscription and redemption

Calculation of net asset value:

Date and frequency of net asset value calculation:

- Valuation date (D) = any day that is not a public holiday in France and on which the Paris stock exchange is open.
- Net asset value calculation and publication date = business day following the valuation date, i.e. (D+1).

Where/how NAV is published or made available:

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

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

LAZARD FRERES GESTION SAS – 25, Rue de Courcelles – 75008 Paris, France.

Processing, execution and settlement of orders:

Subscription and redemption orders processed before 11 a.m. on each NAV valuation date D will be executed on the basis of the NAV of valuation date D^(*). This NAV is calculated at D+1 business day. Initial subscriptions may not be for less than one share.

Subscription settlement date: maximum of one business day following the valuation date (D+1 business day).

Redemption settlement date: maximum of three business days following the valuation date (D+3 business days).

^(*)The net asset value is dated the day on which it is valued, except where the valuation date falls on the day before a non-working day in France (weekends or public holidays), in which case, the net asset value is dated on the last day of that period (e.g. if the valuation date is a Friday, the net asset value is dated Sunday).

14 – Fees and charges

▪ **Subscription and redemption fees:**

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

<i>Charges payable by the investor at the time of subscriptions and redemptions</i>	<i>Basis</i>	<i>Rate</i>
Subscription fee not retained by the Fund (A shares and R shares)	Net asset value x number of shares	Maximum 4% incl. taxes
Subscription fee retained by the Fund	N/A	None
Redemption fee not retained by the Fund (A shares and R shares)	Net asset value x number of shares	Maximum 1% incl. taxes
Redemption fee retained by the Fund (A shares and R shares)	Net asset value x number of shares	1% in the case of redemption resulting in a 10% decrease in net assets

▪ **Operating and management fees:**

These include all costs charged directly to the Fund, with the exception of transaction charges. Transaction charges include brokerage charges and turnover commission that may be paid to the custodian and the management company in particular.

▪ **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, and are therefore charged to the Fund;
- turnover commission charged to the Fund;
- a share of the income from temporary purchases and sales of securities.

These operating and management fees and the transaction charges 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, accounting, securities custody and execution resources.

<i>Costs charged to the Fund (incl. taxes)</i>	<i>Basis</i>	<i>Rate (incl. taxes)</i>	
Operating and management fees (include all charges other than transaction charges, performance fees and charges related to investments in UCITS or investment funds, and statutory auditors', custodians', distribution and lawyers' fees)	Net assets excluding funds managed by Lazard Frères Gestion	A shares: 1.85% incl. taxes Maximum rate R shares: 2.20% incl. taxes Maximum rate	
Turnover commission (incl. taxes):	Charged on each transaction	Equities	As a % of the transaction amount
		French equities	Up to €100,000 0.48%
			From €100,001 to €200,000 0.31%
			From €200,001 to €300,000 0.24%
			Over €300,000 0.17%
		Eurozone equities excluding France	Up to €100,000 0.72%
			From €100,001 to €200,000 0.47%
			From €200,001 to €300,000 0.36%
			Over €300,000 0.25%
		Fixed-income instruments	None
		Futures	25% of brokerage fees
		OTHER TRANSACTIONS (securities transactions, dividends)	None
Performance fees	N/A	None	

Exceptional legal costs related to debt recovery are outside the scope of the three blocks of charges referred to above.

Repurchase agreements are executed at market prices.

For any further information, shareholders may refer to the annual report.

Operating and management fees include the costs of financial, administrative and accounting management, custodians' fees and audit, legal, registration and distribution fees. Transaction charges include brokerage fees and turnover commission.

15 – Outline of the intermediary selection procedure

The intermediaries used by the equity investment team are chosen based on:

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

Such intermediaries are involved solely in connection with equity trading. 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.

III - SALES AND MARKETING INFORMATION

Distribution and redemption of shares: The shares may be subscribed and redeemed through:	LAZARD FRÈRES GESTION SAS 25, Rue de Courcelles – 75008 Paris, France Subscriptions and redemption processing ☎ + 33 (0)1 44 13 02 43 ☎ + 33 (0)1 44 13 02 35
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 70

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.

IV – INVESTMENT RULES

The Fund's investment rules are defined by the regulatory section of the French Monetary and Financial Code (*Code Monétaire et Financier*).

Global risk information:

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

V – ASSET VALUATION AND ACCOUNTING RULES

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

The annual financial statements are prepared in accordance with the rules laid down in French Accounting Regulatory Committee (*Comité de la Réglementation Comptable*) regulation no. 2003-02, as amended, on accounting standards applicable to UCITS.

1 – Asset valuation rules

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

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

Where applicable, prices are translated into euros using the exchange rates prevailing in Paris on the valuation date (as published by the European Central Bank).

- **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.

Given the current situation of the markets, there may be a significant difference 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.

Securities for which no price is available on the valuation date or whose price has been adjusted are valued at their probable trading price under the responsibility of the SICAV's board of directors.

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 - 18 months, 2 – 3 – 4 – 5 years	Official key 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.

- **UCITS**

UCITS units or shares are valued at the last known net asset value.

Units or shares of UCITS 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. The liabilities on securities sold under repurchase agreements are calculated using the same method as that used for securities purchased.

- **Futures and options**

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

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

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

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

2 – Accounting policies

- **Income from fixed-income securities**

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

- **Income and expenses**

- Accrued income and ongoing charges are recognised during the year based on the scheduled settlement date, i.e. the NAV date. + one business day.
This method provides a closer match between the subscription or redemption price and the value of the share, thus calculated.
- At the balance sheet date, these items are calculated on the basis of the last trading day in Paris + one business day.

- **Management fees**

- Management fees are calculated at a flat rate 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 UCITS held using the following formula:

$$\begin{array}{rcl} & (\text{Gross assets - Lazard Frères Gestion SAS UCITS held}) & \\ \times & \text{operating and management fees rate:} & \\ \times & \frac{\text{no. of days until next NAV}}{365} & \end{array}$$

- This amount is then recognised in the SICAV's income statement.
- The SICAV pays the 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 charges do not include transaction charges.

- **Transaction charges**

Transactions are recorded excluding fees.

- **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.

ARTICLES OF ASSOCIATION OF THE SICAV

“OBJECTIF SMALL CAPS EURO”

Registered office: 121, Boulevard Haussmann, 75008 – Paris, France

Paris Trade and Companies Register 449 972 835

TITLE I

FORM – OBJECT – NAME – REGISTERED OFFICE – TERM OF THE COMPANY

Article 1 FORM

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

Article 2 OBJECT

The object of this company is to set up and manage a portfolio of securities.

Subject to the limits prescribed by applicable regulations and the supervisory authorities, the SICAV may engage in transactions on the regulated futures or options markets (French or foreign) or over the counter for hedging and/or exposure purposes in order to achieve its investment objective.

Article 3 NAME

The name of the company is: “**OBJECTIF SMALL CAPS EURO**” followed by the notation “Société d'investissement à Capital Variable”, with or without the term “SICAV”.

Article 4 REGISTERED OFFICE

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

Article 5 TERM

The term of the company is 99 years from the date of its registration in the Trade and Companies Register, unless it is dissolved prior to this or extended as provided for herein.

TITLE II

CAPITAL – CHANGES IN CAPITAL – FEATURES OF THE SHARES

Article 6 SHARE CAPITAL

The initial capital totals EUR 21,000,000 divided into 105,000 fully paid up shares of EUR 200 each.

It was created from cash payments.

The shares may be combined or split upon the decision of the Extraordinary Shareholders' Meeting.

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

Share classes:

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

The different share 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.

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

Article 7 CHANGES IN CAPITAL

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

Article 8 ISSUE AND REDEMPTION OF SHARES

Fund shares and units may be issued at any time at the request of shareholders and 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 and the detailed memorandum.

Any subscription for new shares must be fully paid up or shall otherwise be cancelled, and the shares issued shall have the same dividend date as the shares existing on the date of issue.

Pursuant to Article L. 214-19 of the French Monetary and Financial Code, redemption by the company of its shares, and the issue of new units, may be temporarily suspended by the board of directors in exceptional circumstances and if required in the interests of shareholders.

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

Article 9 CALCULATION OF NET ASSET VALUE

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

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

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

Article 10 FORM OF THE SHARES

Shares may be in bearer or registered form, at the subscriber's discretion.

Pursuant to Article L. 214-4 of the French Monetary and Financial Code and decree no. 83-359 of 2 May 1983 on the regulatory framework for transferable securities, the securities must be registered in accounts kept by the issuer or an authorised intermediary, as the case may be.

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

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

The company may, at any time and at its own expense, ask Euroclear France for the name, nationality and address of the SICAV's shareholders, as well as the number of securities held by each of them.

Article 11 LISTING

Shares may be listed for trading, in accordance with applicable regulations.

In this case, the SICAV must have established a mechanism to ensure that its share price does not deviate significantly from its net asset value.

Article 12 RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share entitles the holder to a portion of the company's assets and a share of the profits in proportion to the fraction of the capital that the share represents.

The rights and obligations attached to the share follow the security, regardless of ownership.

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

Article 13 INDIVISIBILITY OF SHARES

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

If the shares are split, holders of fractional shares may consolidate their holdings. In this case, they shall be represented under the conditions stipulated in the preceding paragraph by a single person, who shall exercise, for each group, the rights attached to ownership of a full share.

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

TITLE III

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

Article 14 ADMINISTRATION

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

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

Directors may be individuals or legal entities. When elected, legal entities must appoint a permanent representative who shall be subject to the same conditions and obligations as well as the same civil and criminal liabilities as a member of the board of directors acting in a personal capacity, without prejudice to the liability of the legal entity that he represents.

The permanent representative shall have the same term of office as the legal entity represented. If the legal entity terminates the appointment of its representative, it must notify the SICAV immediately by registered mail and also inform the SICAV of its new permanent representative. The same applies in the event of the permanent representative's death, resignation or extended incapacity.

The age limit for members of the board of directors is set at 80. However, directors over this age limit may, under exceptional circumstances, be reappointed for a further period of six years; the total number of directors reappointed under these conditions may not exceed three.

Article 15 TERM OF OFFICE OF DIRECTORS – REPLACEMENT OF THE BOARD

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

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

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

All directors may be re-elected. They may be dismissed at any time by the ordinary shareholders' meeting.

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

All directors may be appointed for a term of less than six years where necessary to ensure that changes are made as regularly as possible and that all members have changed by the end of each six-year period. This will be the case in particular if the number of directors is increased or decreased, affecting the regular replacement of the board.

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

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

Article 16 BOARD OFFICERS

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

The chairman of the board of directors shall represent the board. He shall organise and direct the board's activities, and shall report on these to the shareholders' meeting. He shall supervise the operation of the company's corporate bodies, and ensure in particular that the directors are able to perform their duties.

The chairman is subject to the same age limits as the other directors as indicated in Article 14.

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

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

Article 17 BOARD MEETINGS AND DELIBERATIONS

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

Whenever the board has not met for more than two months, at least one-third of its members may ask the chairman to convene a meeting based on a specific agenda. The chief executive officer may also ask the chairman to convene a board meeting based on a specific agenda. The chairman must honour such requests.

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

Notices of meetings are sent to directors by ordinary letter post or given verbally.

A quorum of at least half the members is required in order for decisions to be valid. Decisions are adopted by a majority vote of members present or represented. Each director has one vote. In the event of a tie, the chairman shall cast the deciding vote.

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

Article 18 MINUTES

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

Article 19 POWERS OF THE BOARD OF DIRECTORS

The board of directors shall determine guidelines for the company's activities and oversee their implementation. Within the limits of the corporate object and subject to the powers expressly granted by law to shareholders' meetings, the board shall consider any issue that affects the proper operation of the company and settle any matters concerning the company through its decisions.

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

Each director shall be provided with the information need to perform his duties and may obtain all documents that he considers necessary from executive management.

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

Each director may hold only one proxy pursuant to the preceding paragraph per meeting.

The provisions of the preceding paragraphs shall apply to the permanent representative of a director that is a legal entity.

Article 20 EXECUTIVE MANAGEMENT – NON-VOTING BOARD MEMBERS

The company is managed under the responsibility of the chairman of the board of directors or by another individual appointed by the board with the title of chief executive officer.

The choice between the two forms of executive management shall be made under the conditions established herein by the board of directors for a period expiring at the end of the current chairman's term of office. Shareholders and third parties shall be informed of this choice under the conditions defined by the applicable legislative and regulatory provisions.

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

If the board of directors decides to separate the offices of chairman and chief executive officer, it shall appoint the chief executive officer and set the term of his appointment.

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

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

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

The chief executive officer may be removed from office at any time by the board of directors.

On the recommendation of the chief executive officer, the board of directors may appoint up to five individuals, with the title of deputy chief executive officer, to assist the chief executive officer.

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

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

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

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

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

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

The term of office for non-voting board members is six years. It shall expire at the close of the ordinary shareholders' meeting called to approve the financial statements for the past financial year and held in the year during which the non-voting board members' term of office expires.

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

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

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

Article 21 BOARD ALLOCATIONS AND REMUNERATION

Directors and non-voting board members may be allocated an annual lump sum for attendance at board meetings, the amount of which shall be determined by the ordinary shareholders' meeting. This amount, which shall be charged to overheads, shall remain unchanged until further decision.

The board shall divide this remuneration among its members as it sees fit.

The chairman's and the chief executive(s)' remuneration shall be set by the board of directors and may be fixed or both fixed and variable.

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

Directors may not be granted any other remuneration, permanent or otherwise, other than pursuant to an employment agreement with the company under the conditions provided for by law.

Article 22 CUSTODIAN

The custodian, as appointed by the board of directors, is:

- LAZARD FRERES BANQUE
121, Boulevard Haussmann 75008 - Paris, France

The custodian shall be responsible for custody of the SICAV's assets and for processing orders from the management company for the purchase and sale of securities as well as for the exercise of subscription and allotment rights attached to the securities held by the SICAV. It shall be responsible for all collections and payments.

The custodian shall ensure that the decisions made by the management company or SICAV are lawful. It shall take any protective measures it considers appropriate. In the event of a dispute with the management company, it shall inform the French financial markets regulator (*Autorité des Marchés Financiers* – AMF).

Article 23 SIMPLIFIED PROSPECTUS AND DETAILED MEMORANDUM

The board of directors has all necessary powers to make, as needed, any amendments to the prospectus and detailed memorandum to ensure the proper management of the company, pursuant to the legislative and regulatory provisions relating to SICAVs.

TITLE IV

STATUTORY AUDITORS

Article 24 APPOINTMENT - POWERS - REMUNERATION

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

The statutory auditor's term may be renewed.

He shall inform the AMF and the SICAV's shareholder's meeting of any irregularities or inaccuracies observed in the performance of his duties.

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 auditor shall assess all in-kind contributions and shall be responsible for drawing up a report on the valuation and remuneration of such contributions.

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

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

If the Fund is put into liquidation, the auditor shall calculate the value of the assets and prepare a liquidation report.

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

TITLE V

SHAREHOLDERS' MEETINGS

Article 25 SHAREHOLDERS' MEETINGS

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

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

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

Any shareholder may participate in shareholders' meetings, in person or through an agent, upon proof of identity, at the locations indicated in the notice of meeting. A shareholding certificate may be issued three business days prior to the date of the shareholders' meeting.

A shareholder may be represented by another shareholder or by his or her spouse.

A shareholder may also vote by post under the conditions provided for in the applicable regulations.

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

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

TITLE VI

ANNUAL FINANCIAL STATEMENTS

Article 26 FINANCIAL YEAR

The company's financial year begins on the day after the last trading day in Paris in September and ends on the last trading day in Paris in September of the following year. However, by way of exception, the first financial year shall include all operations carried out since the inception date until 30 September 2004.

Article 27 APPROPRIATION AND DISTRIBUTION OF INCOME

The board of directors shall determine the year's net income, which, as stipulated by law, shall be equal to the amount of interest, arrears, bonuses and prizes, dividends, directors' fees and all other income generated by the securities that make up the SICAV's portfolio plus income generated by temporary cash holdings and minus management fees, borrowing costs and allocations to amortisation and depreciation, if any. Distributable

income is equal to net income plus retained earnings (except for accumulation SICAVs), plus or minus the balance of the revenue adjustment account for the past financial year.

The shareholders' meeting shall decide on the allocation of income each year.

TITLE VII

EXTENSION – DISSOLUTION - LIQUIDATION

Article 28 EXTENSION OR EARLY DISSOLUTION

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

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

Article 29 LIQUIDATION

At the end of the term set by the articles of association or in the case of a resolution for early dissolution, the shareholders' meeting shall decide, on the recommendation of the board of directors, the method of liquidation and shall appoint one or more liquidators. The liquidator shall represent the company and shall be authorised to pay creditors and distribute the remaining balance. The appointment of the liquidator shall terminate the powers held by the directors, but not those held by the statutory auditor.

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

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

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

TITLE VIII

DISPUTES

Article 30 JURISDICTION – ADDRESS FOR SERVICE

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