

**LAZARD INVESTMENT FUNDS**  
**an Investment Company with Variable Capital**

**PROSPECTUS**  
**17 FEBRUARY 2017**

**PROSPECTUS  
OF  
LAZARD INVESTMENT FUNDS**

This document constitutes the Prospectus for Lazard Investment Funds (the “Company”) which has been prepared in accordance with the rules contained in that part of the Handbook of rules published by the FCA under the Financial Services and Markets Act 2000 which deals with regulated collective investment schemes (the “FCA Rules”).

The Prospectus is dated and is valid as at 17 February 2017.

Copies of this Prospectus have been sent to the FCA and the Depositary.

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser. This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

In particular, the shares are not available for distribution to or investment by US persons. The shares will not be registered under the US Securities Act of 1933, as amended and, except in a transaction which does not violate the said Act or any other applicable US Securities laws (including, without limitation, any applicable law of any of the States of the USA), may not be directly or indirectly offered or sold in the USA or any of its territories or possessions or areas subject to its jurisdiction or to the benefit of a US person.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

## DEFINITIONS

“Accumulation Shares”	shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules and which include ‘Acc’ in the name of such share class;
“ACD”	Lazard Fund Managers Limited, the Authorised Corporate Director of the Company;
“approved security”	a transferable security that is admitted to official listing in an EEA State or is traded on or under the rules of an eligible securities market (otherwise than by the specific permission of the market authority);
“Company”	Lazard Investment Funds;
“Currency Administrator”	The Bank of New York Mellon, or such other person as may be appointed to provide non-discretionary currency hedging services in respect of certain share classes of the Company;
“Dealing Day”	Monday to Friday except for bank holidays in England and Wales and other days at the ACD’s discretion;
“Depositary”	BNY Mellon Trust & Depositary (UK) Limited, the depositary of the Company;
“EPM”	efficient portfolio management;
“FCA”	the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS;
“FCA Rules”	the rules contained in that part of the Handbook of the FCA which deals with regulated collective investment schemes;
“HMRC”	H.M. Revenue & Customs;
“Income Shares”	shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules and which include ‘Inc’ in the name of such share class;
“Investment Manager”	Lazard Asset Management Limited, the Investment Manager to the ACD in respect of all the Sub-Funds;
“KIID”	Key Investor Information Document;
“Net Asset Value” or “NAV”	the value of the scheme property of the Company (or of any Sub-Fund as the context requires) less the liabilities of the Company (or of the Sub-Fund concerned) as calculated in accordance with the Company’s Instrument of Incorporation;
“PRN”	the product reference number assigned by the FCA to identify each authorised fund;

“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001;
“scheme property”	the property of the Company to be given to the Depositary for safe-keeping, as required by the FCA Rules;
“Sub-Fund” or “Sub-Funds”	a sub-fund of the Company (bearing part of the scheme property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that sub-fund; and
“US person”	means a natural person, partnership, limited liability company or corporation all as more fully defined in Regulation S of the US Securities Act of 1933, as amended.

## 1      **The Company**

- 1.1      Lazard Investment Funds is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC42 with PRN 189877 and is authorised by the FCA.
- 1.2      The Head Office of the Company is at 50 Stratton Street, London W1J 8LL and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it. The Company does not have any interest in immovable or tangible movable property.
- 1.3      The base currency of the Company is pounds sterling.
- 1.4      The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current net asset value.
- 1.5      Shareholders in the Company are not liable for the debts of the Company.
- 1.6      The Company has been established as an “Undertaking for Collective Investment in Transferable Securities” (“UCITS”) within the meaning of Directive 2009/65/EC on that subject, as amended from time to time. It is also an “umbrella company” (under the OEIC Regulations) and therefore different Sub-Funds may be formed by the ACD, subject to approval from the FCA. On the establishment of a new Sub-Fund or share class an updated Prospectus will be prepared setting out the relevant information concerning the new Sub-Fund. Each Sub-Fund would be a UCITS if it were itself an investment company with variable capital authorised by the FCA.

## 2      **Company Structure**

- 2.1      As explained above the Company is a UCITS scheme and also an umbrella company for the purposes of the OEIC Regulations. The assets of each Sub-Fund are treated as separate from those of every other Sub-Fund and will be invested in accordance with that Sub-Fund's own investment objective and policy.
- 2.2      At present, the Sub-Funds available for investment are:
  - Lazard Developing Markets Fund
  - Lazard Emerging Markets Fund
  - Lazard European Alpha Fund
  - Lazard European Smaller Companies Fund
  - Lazard Global Equity Income Fund
  - Lazard Managed Balanced Fund

Lazard Managed Equity Fund  
Lazard Multicap UK Income Fund  
Lazard UK Omega Fund  
Lazard UK Smaller Companies Fund

- 2.3 Details of the Sub-Funds, including their investment objectives and policies are set out in appendix A.
- 2.4 Each Sub-Fund has a specific portfolio of assets and investments to which the Sub-Fund's assets and liabilities are attributable and investors should view each Sub-Fund as a separate investment entity.
- 2.5 The assets of a Sub-Fund belong exclusively to that Sub-Fund and cannot be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other Sub-Fund, and shall not be available for any such purpose. While the OEIC Regulations provide for this "segregated liability" between Sub-Funds, the concept is relatively new and so where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the OEIC Regulations.
- 2.6 Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund and within the Sub-Funds charges will be allocated between share classes in accordance with the FCA Rules.
- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all Sub-Funds pro rata to the value of the net assets of the relevant Sub-Funds.
- 2.8 The assets and liabilities attributable to a share class are not "ring-fenced" from the liabilities attributable to other share classes within the same Sub-Fund.

### **3 Shares**

#### **3.1 Classes of Share within the Sub-Funds**

- 3.1.1 Several share classes may be issued in respect of each Sub-Fund details of which are set out in appendix A.
- 3.1.2 In addition, each Sub-Fund may make available such further classes of share as the ACD may decide.
- 3.1.3 Shares issued by each Sub-Fund will be Income Shares or Accumulation Shares. The minimum initial investment and minimum holding in relation to any particular Sub-Fund(s) or class(es) of shares in the Company is set out in appendix A.
- 3.1.4 Holders of Income Shares are entitled to be paid the income attributed to such shares on the relevant interim and annual allocation dates.
- 3.1.5 Holders of Accumulation Shares are not entitled to be paid the income attributable to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-Fund on the relevant interim and /or annual accounting dates. The price of an Accumulation Share increases to reflect this.
- 3.1.6 The Company may issue hedged share classes, details of which are also set out in appendix A.
- 3.1.7 Where a Sub-Fund has different classes of share available, each class may attract different charges and expenses and so monies may be deducted from

classes in unequal proportions. For this reason the proportionate interests of the classes within a Sub-Fund will vary from time to time.

- 3.1.8 When different classes of share and/or different Sub-Funds are available, shareholders will be entitled (subject to certain restrictions) to switch all or part of their shares in a class of a Sub-Fund for shares in another class within the same Sub-Fund or for shares of the same or another class within a different Sub-Fund. Details of this switching facility and the restrictions are set out in Section 14.

## 3.2 Hedged Share Classes

The Currency Administrator has been appointed to provide non-discretionary currency hedging services in respect of hedged share classes. The Company may engage in currency hedging transactions in order to provide protection against movements of the currency in which a share class is denominated relative to the Company's base currency, where different. To the extent that such hedging transactions are successful, the performance of the relevant share class is likely to move in line with the performance of the investments of the relevant Sub-Fund and the hedging strategy will limit the extent to which investors in the hedged share class may benefit as a result of a decline in the value of the currency in which the class is denominated relative to the base currency of the Company. To the extent that the Company employs strategies aimed at hedging certain share classes, there can be no assurance that such strategies will be effective. The costs and related liabilities/benefits arising from instruments entered into for the purposes of hedging currency exposure for the benefit of any particular share class shall be attributable exclusively to the relevant share class. Currency exposure will not exceed 105% of the Net Asset Value of the relevant hedged share class. The Company has procedures in place to monitor hedged positions and to ensure that over-hedged positions do not exceed 105% of the Net Asset Value of the relevant hedged share class. As part of this procedure, the Company will review hedged positions in excess of 100% of the Net Asset Value of the relevant share class on at least a monthly basis to ensure they are not carried forward from month to month. While not the intention of the Company, overhedged or underhedged positions may arise due to factors outside the control of the Company. It is intended to carry out such hedging through the utilisation of over the counter currency forward contracts. Investors should refer to the risk warnings in Section 27 for a description of some of the risks associated with currency transactions and hedging.

## 4 Management and Administration

### 4.1 Authorised Corporate Director

- 4.1.1 The Authorised Corporate Director of the Company is Lazard Fund Managers Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985 on 13 December 1985. The holding company of the ACD is Lazard Asset Management Limited, which is incorporated in England and Wales.

- 4.1.2 Registered Office and Head Office:

50 Stratton Street  
London W1J 8LL

Share Capital:	Authorised	£5,000,000
	Issued	£1,950,000
	Paid up	£1,950,000

- 4.1.3 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Rules. Functions delegated by the ACD are set out in 6 and 7 below.

## 4.2 Terms of Appointment

- 4.2.1 The ACD Agreement provides that the appointment of the ACD may be terminated upon twelve months' written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another director in place of the retiring ACD.
- 4.2.2 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.
- 4.2.3 The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Section 29.
- 4.2.4 The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) discretionary investment management services; and (iii) fund administration.
- 4.2.5 The directors of the ACD are listed in appendix G. None of them have any significant business activities not connected with the business of the ACD other than Lazard Asset Management's investment business.
- 4.2.6 Copies of the ACD Agreement will be provided to shareholders on request.

## 5 The Depositary

The Depositary of the Company is BNY Mellon Trust & Depositary (UK) Limited, a private company limited by shares incorporated in England and Wales on 25 June 1998. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States. The Depositary is responsible for the safekeeping of all the scheme property of the Company, monitoring the cash flows and must ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, shares and relating to the income and the investment and borrowing powers of the Company. The ACD and the Company have appointed the Depositary to act as depositary for purposes of Directive 2009/65/EC of the European Parliament and European Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 (the "UCITS V Directive"), as supplemented by the Level 2 Regulations adopted as delegated acts by the European Commission pursuant to Article 112a of the UCITS V Directive, following their entry into full legal force and effect in the European Union (and for the avoidance of doubt, following the expiration of any implementation period applicable to such regulations) (the "UCITS V Regulations"), and as incorporated into English law by any Statutory Instrument as may be issued from time to time to implement the UCITS V Directive in the UK (the "UK Implementing Legislation"). References hereinafter to the "Directive" shall include the UCITS V Directive as supplemented by the UCITS V Regulations and as incorporated into English law by the UK Implementing Legislation, and any other implementing legislation on an EU or UK level. Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to shareholders on request.

**5.1 Registered Office:**

The registered office of the Depositary is The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA and its principal place of business is One Canada Square, London, E14 5AL.

**5.2 Principal Business Activity:**

The principal business activity of the Depositary is acting as a trustee and depositary of collective investment schemes. The Depositary is authorised and regulated by the FCA.

**5.3 Terms of Appointment:**

5.3.1 The appointment of the Depositary has been made under a written agreement between the Company, the ACD and the Depositary, as amended from time to time (the “Depositary Agreement”) pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Directive.

5.3.2 The Depositary Agreement may be terminated by not less than six months’ prior written notice provided that no such notice will take effect until the appointment of a successor to the Depositary.

5.3.3 The Depositary is entitled to receive remuneration out of the scheme property for its services, as set out in Section 31.

5.3.4 The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Company or the shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings of shares of the Company, any transaction in scheme property or the supply of services to the Company.

5.3.5 The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of scheme property. The Depositary has delegated safekeeping of the scheme property to The Bank of New York Mellon SA/NV, London Branch (the “Custodian”). In turn, the Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (“Sub-Custodians”). A list of Sub-Custodians is given in Appendix H. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review. An updated list of Sub-Custodians is maintained by the ACD at [www.lazardassetmanagement.co.uk](http://www.lazardassetmanagement.co.uk).

**5.4 Conflicts of Interest:**

5.4.1 For the purposes of this section, the following definitions shall apply:

5.4.1.1 “Link” means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

5.4.1.2 “Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.



5.4.2 The following conflicts of interests may arise between the Depositary, the Company and the ACD:

5.4.2.1 A Group Link where the ACD has delegated certain administrative functions to an entity within the same corporate group as the Depositary.

5.4.2.2 A Group Link where the ACD has delegated certain administrative functions to an entity within the same corporate group as the Custodian.

5.4.3 The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders. To the extent that a Link exists between the Depositary and any shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with Article 23 of the UCITS V Regulations as applicable.

5.4.4 The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined above:

5.4.4.1 A Group Link where the Depositary has delegated the safekeeping of the scheme property to an entity within the same corporate group as the Depositary.

5.4.4.2 A Group Link where the Custodian has sub-delegated the safekeeping of the scheme property to an entity within the same corporate group as the Custodian and the Depositary.

5.4.5 The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the Custodian will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

## **6 The Investment Manager**

The ACD has appointed Lazard Asset Management Limited to provide investment management and advisory services to the ACD in respect of all the Sub-Funds.

### **6.1 Terms of Appointment:**

6.1.1 The Investment Manager was appointed by an agreement between the ACD and the Investment Manager, as amended from time to time (the "Investment Management Agreement"). The Investment Manager provides discretionary management services to the ACD.

6.1.2 The Investment Management Agreement may be terminated on seven days' written notice by the Investment Manager or the ACD. The Investment Manager has the power to delegate its duties and obligations under the Investment Management Agreement to a third party.

- 6.1.3 The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.
- 6.1.4 Lazard Asset Management Limited is a member of the same group of companies as the ACD. Its registered office is at 50 Stratton Street, London W1J 8LL. The principal activity of the Investment Manager is acting as an investment manager.
- 6.1.5 The Investment Manager has delegated investment management of certain Sub-Funds to Lazard Asset Management LLC (regulated by the Securities and Exchange Commission) (the “LLC”) and may delegate investment management responsibilities in respect of additional Sub-Funds. The LLC is a member of the same group of companies as the ACD.
- 6.1.6 The Investment Manager has delegated investment management of a portfolio of the assets of the Lazard Managed Balanced Fund to Lazard Asset Management (Deutschland) GmbH (regulated by the German regulator, Bundesanstalt für Finanzdienstleistungsaufsicht) (“LAM”) and may delegate investment management responsibilities in respect of additional Sub-Funds. LAM is a member of the same group of companies as the ACD.
- 6.1.7 The Investment Manager, the LLC and LAM have discretion to make investment decisions regarding the content of the Company’s assets on behalf of the Company and the ACD.
- 6.2 The drawing up and distribution of marketing literature is carried out by Lazard Asset Management Limited.
- 7 **Administrator/Registrar**  
  
The ACD has appointed The Bank of New York Mellon (International) Limited to provide administration services to the ACD and to act as registrar to the Company.
- 7.1 **Terms of Appointment:**
  - 7.1.1 The Administrator was appointed by an agreement between the ACD and the Administrator, as amended from time to time (the “Administration Agreement”).
  - 7.1.2 The Administration Agreement has an initial term of three years and thereafter may be terminated on twelve months’ written notice by the Administrator or the ACD.
  - 7.1.3 Its main UK office is at Capital House, 2 Festival Square, Edinburgh, EH3 9SU. The principal activity of the Administrator is the provision of administration services.
- 8 **The Auditor**  
  
The Auditors of the Company are PricewaterhouseCoopers, whose address is 1 Embankment Place, London EC2N 6NN.
- 9 **Currency Administrator**  
  
The ACD has appointed the Currency Administrator to provide non-discretionary currency hedging services to the ACD in respect of the Company.

The Currency Administrator is incorporated in the United States of America and is authorised and regulated by the Securities and Exchange Commission in the conduct of its business.

## **10 Register of Shareholders**

The Register of shareholders is maintained by The Bank of New York Mellon (International) Limited at its office at Capital House, 2 Festival Square, Edinburgh, EH3 9SU and may be inspected at that address during normal business hours by any shareholder or any shareholder's duly authorised agent.

## **11 Buying, Selling And Switching Shares**

The dealing office of the ACD is open from 9.00 am until 5.30 pm on each Dealing Day to receive requests for the issue, redemption and switching of shares. Shares may not be transferred on the authority of an electronic communication.

## **12 Buying Shares**

### **12.1 Procedure:**

12.1.1 Shares can be bought either by sending a completed application form to the ACD, care of the Administrator, or by telephoning the ACD on 0370 606 6408. Telephone dealing is not permitted in relation to initial investments however any subsequent investments may be carried out by telephone. Application forms may be obtained from the ACD. Shares can also be purchased via a regular savings scheme which has a minimum subscription level of £75 per month. Details of the savings scheme may be obtained from the ACD. The savings scheme does not include any of the A Shares, EA Shares or S Shares.

12.1.2 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

12.1.3 Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances. A smaller denomination share is equivalent to one ten-thousandth of a larger denomination share.

12.1.4 When an applicant applies for shares in a Sub-Fund there is a window of time between the ACD receiving subscription money from the applicant and the ACD transferring the subscription money to the Depositary to be used to settle the creation of the applicant's shares. If the ACD transfers the subscription money to the Depositary by the close of business on the business day following receipt, the ACD is permitted to use an exemption to the FCA's client money rules which means that the ACD is not required to ensure that money is protected in a ring-fenced bank account. If the ACD transfers the subscription money to the Depositary outside of this window then the ACD is required to protect the money in a ring-fenced bank account in accordance with the FCA's client money rules.

### **12.2 Documentation**

12.2.1 A contract note giving details of the shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase shares or the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

- 12.2.2 Settlement is due on receipt by the purchaser of the contract note and will, in any event, be due within three Dealing Days.
- 12.2.3 Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of shareholders. Statements in respect of periodic distributions on shares will show the number of shares held by the recipient. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.
- 12.3 **Minimum subscriptions and holdings:**
  - 12.3.1 The minimum initial and subsequent subscription for shares in each Sub-Fund and share class is set out in appendix A together with the details of the minimum holding in each Sub-Fund. The ACD may at its discretion accept subscriptions lower than the minimum amount.
  - 12.3.2 If a holding is below the minimum holding the ACD has a discretion to require redemption of the entire holding.
  - 12.3.3 From time to time the ACD may hold shares in the Sub-Funds as principal. However, such shares are held by the ACD to facilitate the efficient management of the Sub-Funds and the ACD does not actively seek to make profit from holding shares as principal.
- 13 **Selling Shares**
  - 13.1 **Procedure:**
    - 13.1.1 Every shareholder has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required minimum holding for the Sub-Fund concerned, in which case the shareholder may be required to redeem his entire holding.
    - 13.1.2 Requests to redeem shares may be made to the ACD by telephone on 0370 606 6408 or in writing to the ACD, care of the Administrator.
    - 13.1.3 When a shareholder makes a redemption request for shares in a Sub-Fund there is a window of time between the ACD receiving redemption money from the Depositary and the ACD transferring the redemption money to the shareholder. If the ACD transfers the redemption money to the shareholder by the close of business on the business day following receipt, the ACD is permitted to use an exemption to the FCA's client money rules which means that the ACD is not required to ensure money is protected in a ring-fenced bank account. If the ACD transfers the redemption money to a shareholder outside of this window then the ACD is required to protect the money in a ring-fenced bank account in accordance with the FCA's client money rules until such time as it is paid to the shareholder. No interest will be paid on money held within the client money account.
  - 13.2 **Documents the Seller will receive:**
    - 13.2.1 A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the Dealing Day following the later of the request to redeem shares or the valuation point by reference to which the redemption

price is determined. Cheques and electronic payments in satisfaction of the redemption monies will be issued within three Dealing Days of the later of;

13.2.2 receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and

13.2.3 the valuation point following receipt by the ACD of the request to redeem.

### 13.3 **Minimum redemption:**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares of any Sub-Fund to be redeemed is less than the figures stated in appendix A in respect of each Sub-Fund.

### 13.4 **Deferred redemption:**

In times of high redemptions, where requested redemptions exceed 10% of a Sub-Fund's value, to protect the interests of continuing shareholders, the ACD may defer redemptions at a particular valuation point on a Dealing Day, to the valuation point on the next Dealing Day. This will allow the ACD to match the sale of scheme property to the level of redemptions, and should reduce the impact of dilution on a Sub-Fund. Requests for redemption in these circumstances will be treated on a pro rata basis to ensure the consistent treatment of all shareholders. Subject to sufficient liquidity being raised at the next valuation point all deals relating to the earlier valuation point will be completed before those relating to the later valuation point are considered.

### 13.5 **Redemption proceeds**

Where cash is held by the ACD as client money under the rules of the FCA, interest will not be paid unless otherwise stated in this Prospectus.

## 14 **Switching**

14.1 If applicable, a holder of shares in a Sub-Fund may at any time switch all or some of his shares of one class or Sub-Fund ("Old Shares") for shares of another class or Sub-Fund ("New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

14.2 Switching may be effected either by telephone on 0370 606 6408 or in writing to the ACD, care of the Administrator and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD.

14.3 The ACD may at its discretion charge a fee on the switching of shares between funds. These fees are set out in Section 16.3. Where applicable, there is no fee on a switch between classes of the same Sub-Fund.

14.4 If the switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Sub-Fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. Switching instructions must be received by the ACD before the valuation point on a Dealing Day in the Sub-Fund or Sub-Funds concerned to be dealt with at the prices at those valuation points on that Dealing Day, or at such other date as may be approved by the ACD. Switching requests received after a valuation point will be

held over until the next day which is a Dealing Day in the relevant Sub-Fund or Sub-Funds.

- 14.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Rules.
- 14.6 Please note that, under current tax law, a switch of shares in one Sub-Fund for shares in any other Sub-Fund is treated as a disposal for the purposes of capital gains taxation. As a result shareholders may incur a liability to capital gains tax depending on their personal circumstances. A switch of shares between different share classes in the same Sub-Fund will generally not be deemed to be a realisation for the purposes of capital gains taxation, except for switches from an unhedged share class to a hedged share class (or vice versa).
- 14.7 A shareholder who switches shares in one Sub-Fund for shares in any other Sub-Fund has no right by law to withdraw from or cancel the transaction.

## 15 **Share Class Conversions**

- 15.1 If applicable, a holder of shares in a share class ("Old Class Shares") of a Sub-Fund may exchange all or some of his shares for shares of a different share class within the same Sub-Fund ("New Share Class"). An exchange of Old Class Shares for New Class Shares will be processed as a conversion ("Share Class Conversion"). Unlike a switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. This transaction will not be included in the calculations for Stamp Duty Reserve Tax pursuant to Section 36, and for the purposes of income equalisation the New Class Shares will receive the same treatment as the Old Class Shares.
- 15.2 The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Class Shares are converted to New Class Shares.
- 15.3 Switching may be effected either by telephone on 0370 606 6408 or in writing to the ACD (which, in the case of joint shareholders must be signed by all the joint holders). A converting shareholder must be eligible to hold the shares into which the conversion is to be made. It is the ACD's intention that share class conversions will be processed at the next valuation point following receipt of the instruction, however the ACD reserves the right to defer a share class conversion until no later than after the next annual accounting date if it is in the interests of other shareholders.
- 15.4 If the conversion would result in the shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the share class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Class Shares to New Class Shares or refuse to effect any conversion of the Old Shares.
- 15.5 Please note that, under current tax law, a conversion of shares between different share classes in the same Sub-Fund should not be deemed to be a realisation for the purposes of capital gains taxation.
- 15.6 A shareholder who converts their shares in one share class to shares in a different share class in the same Sub-Fund will not be given a right by law to withdraw from or cancel the transaction.

## **16 Dealing Charges**

### **16.1 Initial Charge**

The ACD may impose a charge on the sale of shares. The initial charge is payable to the ACD, which may in its discretion reduce the amount of the charge generally or in particular cases. Full details of the initial charge in relation to any particular Sub-Fund(s) or class(es) of shares in the Company are set out in appendix A.

### **16.2 Redemption Charge**

16.2.1 The ACD may in its absolute discretion charge a redemption fee of up to 2% of the redemption price of shares in respect of any class of shares in any Sub-Fund. This fee may only be charged if the ACD in its absolute discretion believes that any shareholder is engaged in short term trading in a manner which is considered inappropriate or which is not in the best interests of the shareholders or if the ACD in its absolute discretion believe that any shareholder seeking redemption is attempting any form of arbitrage on the yield of the shares.

16.2.2 The ACD may not amend any redemption charge on shares except in accordance with the FCA Rules and after it has given notice in writing of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.

16.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### **16.3 Switching Fee**

On the switching of shares of a Sub-Fund for shares of another fund the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing initial charge for the class into which shares are being switched. The switching fee is payable to the ACD.

## **17 Other Dealing Information**

### **17.1 Dilution Levy and Large Deals**

17.1.1 The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Rules and the Instrument of Incorporation is summarised in Section 22. The actual cost of purchasing or selling a Sub-Fund's investments may be higher or lower than the mid market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest in a Sub-Fund. In order to mitigate this effect, which is called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of shares. If charged, the dilution levy will be paid into the relevant Sub-Fund and will become part of the relevant Sub-Fund thus mitigating the effects of dilution which would otherwise constrain the future growth of the relevant Sub-Fund. It should be noted that it is not possible to predict accurately whether dilution will occur at any particular point in time, but based on past experience the ACD does not expect to charge a dilution levy very frequently. If a dilution levy is required then, based on historic frequency, the estimated rate or amount of such levy would be as set out in appendix E.

- 17.1.2 The dilution levy for each Sub-Fund will be calculated by reference to the costs of dealing in the underlying investments of that Sub-Fund, including any dealing spreads, commission and transfer taxes.
- 17.1.3 The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances:
  - 17.1.4 where a Sub-Fund is in continual decline;
  - 17.1.5 on a Sub-Fund experiencing large levels of net sales relative to its size;
  - 17.1.6 on “large deals”. For these purposes, a large deal will be one representing 5% or more of the net asset value of existing shares; and
  - 17.1.7 in any other case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

Except in relation to “large deals” the ACD has no plans at present to introduce a dilution levy on the purchase or sale of shares. The ACD may alter its dilution policy in accordance with the FCA Rules.

## 17.2 **In specie redemptions and creation**

- 17.2.1 If a shareholder requests the redemption or cancellation of shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Sub-Fund concerned, arrange that in place of payment of the price of the shares in cash, the Company cancels the shares and transfers scheme property or, if required by the shareholder, the net proceeds of sale of relevant scheme property, to the shareholder.

Before the proceeds of the cancellation of shares become payable, the ACD must give written notice to the shareholder that the scheme property or the proceeds of sale of scheme property will be transferred to that shareholder.

The ACD will select the scheme property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the shareholder requesting cancellation or redemption than to the continuing shareholders.

- 17.2.2 In certain circumstances the ACD may, at its discretion, and subject to the FCA Rules, accept securities in settlement of a purchase of shares in the Sub-Funds.

## 18 **Money Laundering and Tax Evasion**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors or potential investors may be asked to provide proof of identity when buying or selling shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to sell shares to investors or potential investors, or to pay out the proceeds of shares bought from investors.

It is also anticipated that a new corporate criminal offence will come into force in the United Kingdom in 2017. This will target the failure by a ‘relevant body’ to prevent facilitation of tax evasion. If it can be demonstrated that reasonable prevention procedures were in place which were designed to prevent such facilitation occurring, the relevant



body will not be guilty of a criminal offence. The ACD reserves the right to adopt such practices and procedures as it deems necessary to avoid committing an offence on the basis of the enacted form of the legislation.

## **19 Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection the ACD may, inter alia, reject in its discretion any application for the purchase, sale or switching of shares.

If the ACD reasonably believes that any shares are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

it may give notice to the holder of such shares requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the shares by the Company. If the holder does not either transfer the shares to a qualified person or establish to the ACD's satisfaction that he or she and any person on whose behalf he or she holds the shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

## **20 Suspension of Dealings in the Company**

- 20.1 The ACD may with the prior agreement of the Depositary, or shall if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of shares where due to exceptional circumstances this is in the interest of all of the shareholders.
- 20.2 On suspension the ACD (or the Depositary if it has required the ACD to suspend dealings in shares) must immediately inform the FCA stating the reason for its action and as soon as practicable give written confirmation to the FCA of the suspension and the reasons for it.
- 20.3 The ACD must ensure that a notification of the suspension is made to shareholders as soon as practicable after suspension commences. The ACD must ensure that it draws shareholders' particular attention to the exceptional circumstances which resulted in the suspension; that it is clear, fair and not misleading; and that it informs shareholders how to obtain sufficient details about the suspension including, if known, its likely duration.
- 20.4 The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.
- 20.5 Recalculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension

## **21 Governing Law**

All deals in shares are governed by English law.

## 22      **Valuation of the Company**

22.1      The price of a share in the Company is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates. The Net Asset Value per share of a Sub-Fund is currently calculated at 12.00 noon on each Dealing Day.

22.2      The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

## 23      **Calculation of the Net Asset Value**

23.1      The value of the scheme property of the Company or of a Sub-Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

23.2      All the scheme property (including receivables) of the Company (or the Sub-Fund) is to be included, subject to the following provisions.

23.3      Property which is not cash (or other assets dealt with in Section 23.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain.

23.3.1      units or shares in a collective investment scheme:

23.3.1.1      if a single price for buying and selling units or shares is quoted, at that price; or

23.3.1.2      if separate buying or selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

23.3.1.3      if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or, the most recent price available does not reflect the ACD's best estimate of the value of the units or shares at a value which in the opinion of the ACD is fair and reasonable;

23.3.2      any other transferable security:

23.3.2.1      if a single price for buying and selling the security is quoted, at that price; or

23.3.2.2      if separate buying and selling prices are quoted, the average of those two prices; or

23.3.2.3      if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD is fair and reasonable;

23.3.3      property other than that described in 23.3.1 and 23.3.2 above:

23.3.3.1      at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

23.4      Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

- 23.5 Property which is a contingent liability transaction shall be treated as follows:
- 23.5.1 if it is a written option (and the premium for writing the option has become part of the scheme property), the amount of the net valuation of premium receivable shall be deducted. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and the Depositary;
  - 23.5.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 23.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - 23.5.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 23.6 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 23.7 Subject to Sections 23.8 and 23.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 23.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under Section 23.7.
- 23.9 All agreements are to be included under Section 23.7 which are, or ought reasonably to have been, known to the ACD valuing the property.
- 23.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and value added tax, stamp duty and stamp duty reserve tax will be deducted.
- 23.11 An estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 23.12 The principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings will be deducted.
- 23.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 23.14 Any other credits or amounts due to be paid into the scheme property will be added.
- 23.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 23.16 Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a Sub-Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

## 24 **Price per Share in each Sub-Fund and each Class**

The price per share at which shares are sold is the sum of the Net Asset Value of a share and any initial charge. The price per share at which shares are redeemed is the Net Asset Value per share less any applicable redemption charge. There must be only a single price for any share as determined from time to time by reference to a particular valuation point. In addition, there may, for both purchases and sales, be a dilution levy, as described in Section 17 above.

## 25 **Pricing basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

## 26 **Publication of Prices**

The most recent price of shares will be published daily at [www.lazardassetmanagement.co.uk](http://www.lazardassetmanagement.co.uk). Share prices may also be published in the Financial Times, or such other publication, at the discretion of the ACD.

## 27 **Risk factors**

Potential investors should consider the following risk factors before investing in the Company.

### 27.1 **General**

Investors should appreciate that there are inherent risks in all types of investments. Stock market prices can move erratically and be unpredictably affected by many diverse factors, including political and economic events but also rumours and sentiment. The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Company. Variations in the rates of exchange may also cause the value of investments to fall or rise. There is no assurance that the investment objectives of any Sub-Fund will actually be achieved.

### 27.2 **Effect of Initial Charge**

Where any initial charge is imposed, an investor who realises his shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the shares should be viewed as a long term investment.

### 27.3 **Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem shares may be suspended (see "Suspension of dealings in the Company" in Section 20).

### 27.4 **Currency Exchange Rates**

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment.

### 27.5 **Past performance**

It must be emphasised that past performance is not a guide to future growth or rates of return.

## 27.6 Taxation

Exemptions, thresholds, regimes and rates of tax may change in future tax years.

## 27.7 Derivatives

27.7.1 Investors should be aware that each of the Sub-Funds may employ a strategy involving derivatives, in pursuance of its investment objectives. Although such a strategy is designed to gain access to a sector or asset type or reduce exposure to equity markets within a Sub-Fund, if the value of the underlying asset moves against the Sub-Fund, this will cause loss to the Sub-Fund.

27.7.2 The Sub-Funds may undertake contracts in OTC derivatives as well as those which are traded on a recognised exchange. This may expose investors to additional risk as such OTC derivatives may be more difficult to value or close.

27.7.3 **The use of derivatives for the purposes of pursuing the investment objectives may increase the volatility or risk profile of the Sub-Funds, although this is not the ACD's intention.**

## 27.8 Counterparty risk

The Sub-Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, investors should be aware that the use of contracts for difference or other OTC derivatives by the Sub-Funds exposes the relevant Sub-Fund to credit risk. The risk is that the provider of the contracts for difference becomes insolvent while it owes money to the Sub-Fund. While measures such as receiving collateral may be taken by a Sub-Fund to reduce counterparty credit risk, there can be no assurance that a counterparty will not default resulting in losses, or the increase of costs, to the Sub-Fund.

## 27.9 Exchange traded funds

Investors should note that the Sub-Funds may invest in exchange traded funds. Exchange traded funds represent a basket of securities that are traded on an exchange and may not necessarily trade at the net asset value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio.

## 27.10 OTC derivatives

Each Sub-Fund may use both exchange-traded and OTC derivatives, including futures, forwards, swaps and contracts for difference, as part of its investment policy. These instruments can be highly volatile and expose investors to a high risk of loss. Transactions in OTC derivatives may involve additional risk as there is no exchange market on which to close out an open position in such derivatives. It may therefore be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of a position, incorrect collateral calls or delays in collateral recovery. Each Sub-Fund may invest in derivatives and forward contracts as long as the exposure of the Sub-Fund resulting from such transactions is suitably covered by its property. Exposure will include any initial outlay in respect of a transaction.

## 27.11 Derivatives for hedging exposure

For each Sub-Fund, derivatives may be used to hedge against various risks as permitted by the OEIC Regulations and the Sourcebook. The use of derivatives for hedging in a rising market may restrict potential gains.

## 27.12 **Liquidity**

Each Sub-Fund may also invest in underlying collective investment schemes that may not offer liquidity on a daily basis. This may affect the ability of shareholders to realise their investment when they choose and under certain circumstances the ACD has the ability to defer redemptions (see Section 13.4).

## 27.13 **Fixed interest securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall and vice versa. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent. The value of investments will fall in the event of the default or perceived increased credit risk of an issuer.

## 27.14 **Inflation**

A rising rate of inflation will have the effect of reducing the relative value of any gain by an equivalent amount.

## 27.15 **Cancellation rights**

Where cancellation rights are applicable, if shareholders choose to exercise their cancellation rights and the value of their investment falls before notice of cancellation is received by the ACD in writing, a full refund of the original investment may not be provided; rather the original investment less the fall in value.

## 27.16 **Segregated liability**

Under the OEIC Regulations, each Sub-Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between funds, the concept segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Company in every circumstance.

## 27.17 **Smaller Companies**

Investing in smaller companies can be more risky than investing in larger companies, because there is a more limited market for the shares, and the share prices may rise or fall more sharply.

## 27.18 **Fraud**

It is possible that companies in which investments are made may be found to be conducting fraudulent activities. As a result, it is possible that losses may be suffered.

## 27.19 **Lower diversification (spread of risk)**

Some Sub-Funds may have a portfolio of assets which is concentrated in individual countries, companies or market sectors. If one of these factors underperformed, it would have a greater effect than would be the case in a more diversified portfolio where the risk is more widely spread.

## 27.20 **Emerging Markets**

- 27.20.1 Where Sub-Funds invest in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.
- 27.20.2 Investment in emerging markets may involve a higher than average risk.
- 27.20.3 Each Investor should consider whether or not investment in such Sub-Funds is either suitable for or should constitute a substantial part of that investor's portfolio.
- 27.20.4 Companies in emerging markets may not be subject:
  - 27.20.4.1 to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
  - 27.20.4.2 to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.
- 27.20.5 Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.
  - 27.20.5.1 There may be restrictions on foreign investment in certain securities by certain Sub-Funds and, as a result, limited investment opportunities for the Sub-Funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.
  - 27.20.5.2 The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.
  - 27.20.5.3 Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

## 27.21 **Charges to Capital**

Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This may constrain capital growth. At present, the ACD's fee in respect of the Lazard Multicap UK Income Fund and Lazard Global Equity Income Fund and 50% of the ACD's fee in respect of the Lazard Managed Balanced Fund is charged to capital.

## 27.22 **Liabilities of the Company**

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the shares.

## 27.23 **Risk Management**

Upon request to the ACD a shareholder can receive information relating to:

- 27.23.1 the quantitative limits applying in the risk management of the Company;
- 27.23.2 the methods used in relation to Section 23.5.1; and
- 27.23.3 any recent developments of the risk and yields of the main categories of investment in the Company.

## 27.24 **Hedged Share Class**

The Currency Administrator has been appointed to provide non-discretionary currency hedging services in respect of the hedged share classes of the Company. The Company may engage in currency hedging transactions for the purposes of reducing risk by limiting the effect of movements in exchange rates on the value of the relevant hedged share classes.

Currency hedged transactions in respect of hedged share classes, intended to mitigate the effects of exchange rate fluctuations between the currency of the hedged share class and the base currency of the relevant Sub-Fund, may not be able to completely eliminate the effects of adverse changes in exchange rates. There can be no guarantee even when the Currency Administrator undertakes hedging on 100% of the total value of the hedged share class that this will be a perfect hedge, and remove currency risk for holders of the hedged share class.

It is intended that the gains/losses on and the costs of the relevant financial instruments entered into for hedging purposes will accrue to the holders of shares in that hedged share class. Any currency exposure of a hedged share class (or other share class) will not be combined with or offset with that of any other share class of the Sub-Fund. The accounting methodology used by the Company is also designed to eliminate accounting contagion, so that unrealised gains and losses of a hedged share class will be limited to only the hedged share class. Although currency hedging may be implemented differently for different hedged share classes within a Sub-Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Sub-Fund as a whole. This means that assets attributable to other share classes might have to be used to meet liabilities of a hedged share class.

Where there is more than one hedged share class in a Sub-Fund denominated in the same currency and it is intended to hedge the foreign currency exposure of such share classes against the base currency of the relevant Sub-Fund, the Currency Administrator may aggregate the foreign exchange transactions entered into on behalf of such hedged share classes and apportion the gains/loss on and the costs of the relevant financial instruments pro rata to each such hedged share class in the relevant Sub-Fund.

On a liquidation of the Company (or Sub-Fund), hedging instruments will be liquidated along with other property of the Company (or Sub-Fund) and will form part of the property out of which liabilities of the Company (or Sub-Fund as the case may be) are settled.

Currency hedging transactions, while potentially reducing the currency risks to which a share class would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. In addition, where a Sub-Fund enters into "cross-hedging" transactions (e.g., utilising a currency different from the currency in which the security being hedged is denominated), the Sub-Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Sub-Fund's securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, the possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that an active forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial



quantity of securities are being held for the Sub-Fund and are unrelated to the qualitative rating that may be assigned to any particular security.

Where a hedged share class engages in foreign exchange transactions which alter the currency exposure characteristics of its investments, the performance of such hedged share class will be strongly influenced by movements in exchange rates, as currency positions held by the hedged share class may not fully correspond with securities positions held.

## 27.25 Collateral Policy

27.25.1 All assets received by the Company, on behalf of a Sub-Fund, in the context of EPM techniques and/or OTC derivative transactions should be considered as collateral and should comply with the collateral policy set out below:

27.25.1.1 Liquidity: collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.

27.25.1.2 Valuation: collateral received should be valued on at least every Dealing Day and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

27.25.1.3 Issuer credit quality: collateral received should be of high quality. The Company (or its delegate) shall ensure that:

- (i) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the ACD (or its delegate) in the credit assessment process; and
- (ii) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in subparagraph (i) immediately above this shall result in a new credit assessment being conducted of the issuer by the ACD (or its delegate) without delay;

27.25.1.4 Correlation: collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the ACD to expect that it would not display a high correlation with the performance of the counterparty; and

27.25.1.5 Diversification (asset concentration):

- (i) subject to subparagraph (ii) immediately below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the relevant Sub-Fund's Net Asset Value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer;
- (ii) a Sub-Fund may be fully collateralised in different transferable securities and money market

instruments issued or guaranteed by a Member State, its local authorities, non-Member States or public international bodies of which one or more Member States are members provided such Sub-Fund receives securities from at least 6 different issues and securities from any single issue do not account for more than 30% of the relevant Sub-Fund's Net Asset Value. The Member States, local authorities, non-Member States or public international bodies issuing or guaranteeing securities that may be accepted as collateral for more than 20% of a Sub-Fund's Net Asset Value are identified in appendix D.

27.25.1.6 Immediately available: collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

27.25.2 Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

27.25.3 Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral may be held by a third party depositary/custodian provided that this depositary/custodian is subject to prudential supervision and is unrelated and unconnected to the provider of the collateral.

27.25.4 Non-cash collateral cannot be sold, pledged or re-invested.

27.25.5 Cash collateral received by a Sub-Fund may not be invested other than in the following:

27.25.5.1 deposits with relevant credit institutions;

27.25.5.2 high-quality government bonds;

27.25.5.3 reverse repurchase agreements provided the transactions are with relevant credit institutions and the Company on behalf of a Sub-Fund is able to recall at any time the full amount of cash on an accrued basis; or

27.25.5.4 short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or with an entity that is related or connected to the counterparty. Exposures created through the reinvestment of collateral must be taken into account when calculating a Sub-Fund's compliance with UCITS restrictions on issuer concentration.

27.25.6 Permitted types of collateral

Where the Company, on behalf of a Sub-Fund, receives collateral as a result of trading in OTC derivatives or as a result of engaging in efficient portfolio management techniques, the Company intends, subject to the criteria set out at 27.25.1.1 to 27.25.1.6 above, to accept collateral in the following form:

- 27.25.6.1 cash; or
- 27.25.6.2 government and government agency bonds with fixed interest rate payments with a minimum rating of Aaa/AAA by Moody's, Fitch and Standard & Poor's and a maximum maturity, or remaining maturity, of 30 years.
- 27.25.7 Level of collateral required
 

The value of any collateral received by the Company, adjusted in light of the haircut policy, must be marked to market daily and must equal or exceed, in value, at all times, the value of the amount invested or securities loaned.
- 27.25.8 Haircut Policy
 

Non-cash collateral received by the Company, on behalf of a Sub-Fund, will be subject to a valuation percentage of between 90% to 99% of the value of such collateral in accordance with market standards and depending on the credit quality of the issuer, with the exception of US Treasury STRIPS which will be subject to a valuation percentage of 84%. No haircut will be applied to cash collateral.

Each decision to apply a specific haircut or to refrain from applying a haircut to any specific class of assets will be justified and documented.
- 27.25.9 A Sub-Fund receiving collateral for at least 30% of its Net Asset Value should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Manager, on behalf of the Sub-Fund, to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
  - 27.25.9.1 design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - 27.25.9.2 (empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - 27.25.9.3 reporting frequency and limit/loss tolerance threshold(s); and
  - 27.25.9.4 (mitigation actions to reduce loss including haircut policy and gap risk protection.
- 27.25.10 Reinvested Cash Collateral Risks
 

Where the Company, on behalf of a Sub-Fund, reinvests cash collateral this will generate market exposure in the expectation of generating capital gain. Where the reinvestment does not achieve this aim, and, instead the reinvestment generates a loss, the Fund will bear this loss and will be obliged to return to the counterparty the full value of the cash collateral originally invested (rather than the then current value market value of the cash collateral post reinvestment).

## 28 Fees and Expenses

- 28.1 The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

- 28.2 Each Sub-Fund formed after this Prospectus is superseded may bear its own direct establishment costs.
- 28.3 The Company may also pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:
- 28.3.1 the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager and to the Administrator) and to the Depositary;
  - 28.3.2 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Sub-Funds and are normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - 28.3.3 fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register (such fees to be charged at the Sub-Fund level);
  - 28.3.4 any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
  - 28.3.5 any costs incurred by the Company in publishing the price of the shares in a national or other newspaper or making the prices available by telephone or on the internet;
  - 28.3.6 any costs incurred in producing (i) any payments made by the Company, (ii) the yearly and half-yearly reports of the Company and (iii) KIIDs;
  - 28.3.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
  - 28.3.8 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
  - 28.3.9 any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
  - 28.3.10 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-Funds in consideration for the issue of shares as more fully detailed in the FCA Rules;
  - 28.3.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
  - 28.3.12 taxation and duties payable in respect of the property of the Sub-Funds or of the issue or redemption of shares;
  - 28.3.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
  - 28.3.14 the fees of the FCA, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
  - 28.3.15 the Depositary will also be reimbursed out of the property of the Company for expenses incurred in relation to the following activities and duties:
    - Delivery of stock to the Depositary or custodian;
    - Custody of assets;

- Collection of income and capital;
  - Submission of tax returns;
  - Handling tax claims;
  - Preparation of the Depositary's annual report;
  - Arranging insurance;
  - Calling shareholder meetings and otherwise communicating with shareholders;
  - Dealing with distribution warrants;
  - Taking professional advice;
  - Conducting legal proceedings;
  - Such other duties as the Depositary is permitted or required by law to perform.
- 28.3.16 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 28.3.17 any payments otherwise due by virtue of the FCA Rules; and
- 28.3.18 any value added or similar tax relating to any change or expense set out herein.
- 28.4 Value added tax is payable on these charges where appropriate.
- 28.5 Expenses are allocated between capital and income in accordance with the FCA Rules.
- 28.6 In respect of the Lazard Developing Markets Fund and the Lazard UK Omega Fund only, any fees and expenses allocable to these Sub-Funds (which for the avoidance of doubt, shall include the Depositary fee and the Administrator and Registrar fee), excluding the ACD's annual management charge, shall, for Lazard Developing Markets Fund be capped at 0.30% per annum of the net asset value of the Lazard Developing Markets Fund and, for Lazard UK Omega Fund, be capped at 0.30% per annum of the net asset value of the Lazard UK Omega Fund. These rates have been arrived at after reviewing the historic pattern of costs incurred in relation to each of these Sub-Funds and will be reviewed annually. The ACD will provide 60 days' notice prior to making any changes to these caps. In some periods the fees and expenses may exceed the cap. In these circumstances the ACD will pay the excess from its own resources.
- 28.7 In respect of any hedged share class, any costs related to such hedging shall be borne separately by the relevant share class.
- 29 **Charges payable to the ACD**
- 29.1 In payment for carrying out its duties and responsibilities the ACD is entitled to deduct an annual fee from each of the Sub-Funds based on the Net Asset Value of the Sub-Fund, calculated on a mid-market basis.
- 29.2 The annual management charge is calculated and accrues daily and is payable monthly. The current management charges for the Sub-Funds are set out in appendix A.
- 29.3 The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses (including, but not restricted to, all postage and communication costs incurred in the proper performance of its duties under the ACD Agreement) incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in shares.
- 29.4 Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income available for distribution to

shareholders in the relevant Sub-Fund concerned, but may constrain capital growth. At present, the ACD's fee in respect of the Lazard Multicap UK Income Fund and the Lazard Global Equity Income Fund, and 50% of the ACD's fee in respect of the Lazard Managed Balanced Fund, is charged to capital.

29.5 If a share class' expenses in any period exceed the income the ACD may take that excess from the capital property attributable to that share class.

29.6 The ACD may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the scheme property of the Company or the initial charge except in accordance with the FCA Rules and after the ACD has made available a revised Prospectus reflecting the introduction or new rate and the date of its commencement. The ACD has approved and adopted a remuneration policy (the "Remuneration Policy") which reflects the remuneration practices of the Lazard Asset Management Group of companies. The Remuneration Policy aligns the interests of staff with the long-term interests of clients, the business, shareholders, and other stakeholders. It focuses on performance-related pay, together with an emphasis on ensuring that performance is not achieved by taking risks which fall outside the ACD's risk appetite. In the ACD's opinion, the Remuneration Policy is proportionate and consistent with sound and effective risk management in accordance with applicable UCITS requirements. Details of the ACD's up-to-date Remuneration Policy, including a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding such remuneration/benefits, can be accessed from the following website: [www.lazardassetmanagement.co.uk](http://www.lazardassetmanagement.co.uk). A paper copy of these policy details is also available free of charge from the ACD upon request.

### 30 **Investment Manager's fee**

The Investment Manager's fees and expenses (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement. The fees of the LLC and LAMD will be met by the Investment Manager.

### 31 **Depositary's fee**

31.1 The Depositary is entitled to receive out of the property of each Sub-Fund, by way of remuneration, a periodic charge which will accrue daily (commencing with the day on which the first valuation point of the scheme property occurs) and will be paid monthly at such rate or rates on agreement between the Company and Depositary from time to time and subject to the FCA Rules. The rate of the Depositary's periodic charge in respect of the Company is, until otherwise agreed between the Company and Depositary and changed in accordance with the FCA Rules, 0.0225% of the value of the scheme property of the Company up to £1,500,000,000, 0.0175% of the value of the scheme property of the Company between £1,500,000,000 and £2,000,000,000, 0.015% of the value of the scheme property of the Company between £2,000,000,000 and £3,000,000,000 and 0.01% of the scheme property of the Company in excess of £3,000,000,000. The valuation used for each day which is not a Dealing Day will be the Net Asset Value calculated in accordance with the Instrument of Incorporation at the first or only valuation point applicable to each Sub-Fund occurring on that day or the previous business day. Value added tax on the amount of the periodic charge will be paid out in addition.

31.2 In the event of the termination of a Sub-Fund, the Depositary shall continue to be entitled to a periodic charge in respect of that Sub-Fund for the period up to and including the day on which the final distribution in the termination of the Sub-Fund shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safekeeping of the scheme property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Sub-Fund commences, the value of the

scheme property shall be its Net Asset Value determined at the beginning of each such day.

31.3 The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Depositary does not itself act as Custodian.

31.4 In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Company and each Sub-Fund, as agreed with the ACD. Such expenses may include, but are not restricted to:

31.4.1 the charges and expenses payable to The Bank of New York Mellon SA/NV London Branch ("BNYM SA/NV") to whom the Depositary has delegated the function of custody of the scheme property, such charges being the subject of agreement between the ACD, the Depositary and the Company (subject to the FCA Rules) from time to time. As custodian of the scheme property BNYM SA/NV will be paid custody and other charges including transaction charges plus VAT (if any) together with out of pocket expenses. Transaction and custody charges vary from country to country. The current range of transaction charges is between £4.50 and £90. The cost of custody generally depends upon the market value of the stock involved and currently ranges between 0.0050% per annum and 0.45% per annum of such market value. This may also be subject to a minimum monthly charge of £4,000;

31.4.2 collection of income and capital;

31.4.3 handling tax claims;

31.4.4 calling shareholder meetings and otherwise communicating with Shareholders;

31.4.5 taking professional advice; and

31.4.6 such other duties as the Depositary is permitted or required by law to perform.

31.4.7 VAT (if any) in connection with any of the above is payable in addition.

## 32 **Administrator's and Registrar's Fee**

The fees and expenses of Bank of New York Mellon (International) Limited, in acting as administrator and registrar, will either be paid by the Company or by the ACD out of the fees it receives from the Company. Registrar fees and expenses will be accrued and payable at the Sub-Fund level.

## 33 **Currency Administrator's Fee**

The Company shall pay the Currency Administrator an annual fee, calculated and accrued monthly and payable monthly in arrears, not in excess of 6 basis points per annum of the Net Asset Value of each hedged share class in issue, such fee to accrue solely to the hedged share class in respect of which it is incurred.

## 34 **Allocation of Fees and Expenses between Sub-Funds**

All the above fees, duties and charges which are borne by the Company will be charged to the Sub-Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro-rata to the value of the Net Assets of the Funds, although the ACD

has discretion to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

## **35 Shareholder Meetings and Voting Rights**

### **35.1 Annual General Meeting**

35.1.1 The directors have elected not to hold annual general meetings. Other meetings, whether general or otherwise, may be held.

### **35.2 Requisitions of Meetings**

35.2.1 The ACD may requisition a general meeting at any time.

35.2.2 Shareholders may also requisition a general meeting of the Company. A requisition by shareholders must state the objects of the meeting, be dated, be signed by shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

### **35.3 Notice and Quorum**

Shareholders will receive at least 14 days' notice of a shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is one shareholder present in person or by proxy. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

### **35.4 Voting Rights**

35.4.1 At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

35.4.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is sent out.

35.4.3 A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

35.4.4 Except where the FCA Rules or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required will be passed by a simple majority of the votes validly cast for and against the resolution.

35.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every shareholder within a Sub-Fund is prohibited from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written



consent of shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the shares of the Sub-Fund in issue.

- 35.4.6 “Shareholders” in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

## **35.5 Class and Sub-Fund Meetings**

The above provisions, unless the context otherwise requires, apply to Class meetings and meetings of Sub-Funds as they apply to general meetings of shareholders.

## **35.6 Variation of Class Rights**

The rights attached to a class or Sub-Fund may not be varied without the sanction of a resolution passed at a meeting of shareholders of that class or Sub-Fund by a 75% majority of those votes validly cast for and against such resolution.

## **35.7 Changes to the Company**

Changes to the Company’s operation fall within one of the following three categories:

- 35.7.1 Fundamental events which change the nature of the Company, or a Sub-Fund, or the basis on which the investor invested. For example changes to an investment objective of a Sub-Fund, its risk profile or something that would cause material prejudice to the investors would require investor approval.
- 35.7.2 Significant events which would materially affect an investor’s investment, result in increased payments out of the Company, or a Sub-Fund, or could reasonably be expected to cause investors to reconsider their participation in the Company. Those should be notified pre-event to investors and in sufficient time to enable them to leave the Company, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.
- 35.7.3 Notifiable events for which the ACD would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event.

## **36 Taxation**

### **36.1 General**

The information given under this heading does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdiction in which they may be subject to tax.

### **36.2 Taxation of the Company/Sub-Funds**

As the Sub-Funds are Sub-Funds of an open-ended investment company to which the Authorised Investment Funds (Tax) Regulations 2006 apply, each Sub-Fund, and not the Company, is deemed to be a separate taxable entity.

The Sub-Funds are exempt from UK taxation in respect of capital gains realised on the disposal of investments held within them.

Each Sub-Fund, however, is liable to UK corporation tax on most sources of income (other than, inter alia, dividends treated as being exempt under Part 9A of the Corporation Tax Act 2009 (the “CTA 2009”) and the franked portion of dividend distributions from UK

authorised unit trusts and other UK open-ended investment companies) net of allowable expenses. The applicable rate of corporation tax for the 2016/2017 tax year is 20% (but reducing to 17% by 2020). Where foreign tax has been deducted from income from overseas sources, that tax can in some instances be offset against corporation tax payable by the Sub-Fund by way of double tax relief.

### 36.3 Tax reporting regimes

The Sub-Funds and the ACD are subject to obligations which require them to provide certain information to relevant tax authorities about the Sub-Funds, investors and payments made to them.

From 1 January 2016, certain obligations have applied under the International Tax Compliance Regulations, SI 2015/878 (which give effect in the UK to amendments made to the EU Directive on Administrative Cooperation, Directive 2011/16/EU, which replace the reporting obligations under the Taxation of Savings Income Directive).

The International Tax Compliance Regulations 2015 give effect to reporting obligations under the OECD's Common Reporting Standard, which replaced the reporting regime for investors from the UK's overseas territories with effect from 1 January 2016 and extended it to investors from other jurisdictions.

The International Tax Compliance Regulations 2015 also give effect to an intergovernmental agreement between the US and the United Kingdom in relation to the US Foreign Account Tax Compliance Act ("**FATCA**"). FATCA is designed to help the Internal Revenue Service (the "**IRS**") combat US tax evasion. It requires financial institutions, such as the Sub-Funds, to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject a Sub-Fund to US withholding taxes on certain US-sourced income and gains.

Provided the Sub-Fund complies with its obligations under the International Tax Compliance Regulations 2015 to identify and report US taxpayer information directly to HMRC, it should be deemed compliant with FATCA. HMRC will share such information with the IRS.

Investors may be asked to provide additional information to the ACD to enable each Sub-Fund to satisfy these obligations. Failure to provide requested information may subject an investor to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the investor's interest in the Sub-Fund.

### 36.4 Stamp Duty Reserve Tax

Stamp Duty Reserve Tax ("SDRT") is generally charged on any agreements to transfer shares of a Sub-Fund of the Company (other than transactions handled by the ACD) to third parties at a rate of 0.5% of the consideration.

No SDRT charge arises on the issue or surrender of shares of a Sub-Fund. However, investors may be subject to an SDRT charge where Shares in a Sub-Fund are surrendered and the investors receive assets from the Sub-Fund (rather than cash) which are not in proportion to the investor's share of the total assets held by the Company.

### 36.5 Taxation of the Investor

#### 36.5.1 Income distribution and accumulation

For the purposes of UK taxation on income, the same consequences will arise whether a Sub-Fund's income is distributed to a shareholder or accumulated on his behalf. The tax consequences set out in the following paragraphs apply equally to accumulations of income by a Sub-Fund as they

apply to the distributions made by a Sub-Fund. Distributions or accumulations of a Sub-Fund will be classified as dividend distributions or interest distributions for tax purposes. The Sub-Funds do not expect to pay any interest distributions.

### 36.5.2 **Dividend distributions**

#### Individual shareholders

Since April 2016, individual shareholders who are resident in the UK for tax purposes have no longer received a dividend tax credit. Instead, a new allowance of £5,000, taxed at 0% has been introduced. Any dividend income above £5,000 is now taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

Individual shareholders not resident in the UK will not normally be liable to UK tax on dividends. No withholding tax is currently levied in the UK on a dividend distribution made by a Sub-Fund.. Non-UK resident shareholders should consult their own advisors as to the tax consequences of a receipt of distributions under the law of their own jurisdiction of residence.

#### Corporate shareholders

A UK resident corporate shareholder receiving a dividend distribution is treated as receiving a payment which may consist of two parts; a “franked” portion and an “unfranked” portion. In broad terms, the portion treated as franked will be equal to the proportion of the total income of the Sub-Fund for the period in question which consists of dividend income received which is treated as exempt under Chapter 9A CTA 2009. The “franked” portion of the payment is treated as dividend income, on which the UK resident corporate shareholder is not chargeable to corporation tax (unless the shareholder is deemed to be a dealer in securities under regulation 52E of the AIF Regulations by HMRC). The “unfranked” portion of the distribution (broadly, the part of the distribution paid out of income which has been subject to tax in the Sub-Fund) is treated as an annual payment from which income tax at 20% has been deducted; it is chargeable to corporation tax (at the rate of 20% for the 2016/2017 tax year) but with credit for the income tax treated as deducted. Any repayment of the income tax credit is limited to the corporate shareholder’s share of the Sub-Fund’s liability to corporation tax for the distribution period in question.

With effect from April 2017, there will no longer be a requirement to deduct UK income tax at source from interest distributions from open-ended investment companies (although, as stated above, the Sub-Funds do not expect to pay any interest distributions). Legislation may be introduced in Finance Bill 2017 which also changes the rules relating to unfranked dividend income. In addition, as announced at the 2016 Autumn Statement, the government will modernise the rules on the taxation of dividend distributions to corporate investors in alternative investment funds (“AIFs”, including the Sub-Funds) in a way which allows exempt investors, such as pension funds, to obtain credit for tax paid by the AIF. It is anticipated that the government’s proposals will be published in draft secondary legislation in early 2017.

Corporate shareholders not resident in the UK will usually not be entitled to claim payment of a tax credit from HMRC in respect of dividend distributions, subject to the provisions of any applicable double tax agreement. Non-UK resident shareholders should consult their own advisors as to the tax consequences of a receipt of distributions under the law of their own jurisdiction of residence.

## 36.6 **Capital gains**

### Individual shareholders

Any capital gains arising to individual shareholders who are resident in the UK on the sale, exchange or other disposal of their shares are, depending on their personal circumstances, subject to capital gains tax.

For 2016/2017, the first £11,100 of chargeable gains realised by a UK resident individual from all sources will be exempt from tax. Thereafter, for gains above the annual exempt amount, the capital gains tax rate for 2016/2017 is 10% or 20% depending of the tax rate applicable to the individual taxpayer.

However, a UK resident individual shareholder who holds his shares in an ISA will be exempt from capital gains tax on any gain accruing to him on the disposal or deemed disposal of such shares.

A shareholder who is not resident in the UK will not normally be liable to UK tax on capital gains accruing to him on the disposal or deemed disposal of his holding in any fund, except where the holding is connected with a trade, profession or vocation carried on by him in the UK through a branch or agency or he falls within certain anti-avoidance provisions relating to temporary non-UK residence.

Where income equalisation applies, the part of the issue price of shares which reflects accrued income and is returned to the shareholder with the first allocation of income following the issue is deducted from the shareholder's capital gains tax base cost in the shares.

## 36.7 **Corporate shareholders**

Any chargeable gains (after taking account of indexation relief) arising to UK resident corporate shareholders on the sale, exchange or other disposal of their shares will be subject to corporation tax.

The 'bond fund' rules may apply if the Sub-Fund holds more than 60% by value of its investments in debt-like assets at any time during a corporate investor's accounting period such that the corporate investor's holding of shares in the Sub-Fund is treated as if it is a creditor loan relationship of the corporate investor.

### **Switches between Sub-Funds**

A switch from shares in one Sub-Fund for shares in any other Sub-Fund is treated as a redemption and sale and will be a disposal for the purposes of UK capital gains taxation.

### **Switches between share classes of the same Sub-Fund**

A switch of one class of shares in one Sub-Fund for another class of shares in the same Sub-Fund (for example, an exchange of Income Shares for Accumulation Shares in the same Sub-Fund and vice versa) will generally not constitute a disposal for the purposes of UK capital gains taxation except for switches from an unhedged share class to a hedged share class (or vice versa).

## 36.8 **Inheritance tax**

A gift by an investor of his holding in any of the Sub-Funds or the death of an investor may give rise to a liability to inheritance tax, even if the investor is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a holding at less than the full market value may be treated as a gift.

## 36.9 General

All Sub-Funds of the Company are eligible to be held within the stocks and shares component of an ISA. Income and capital gains within an ISA are tax free. Withdrawals can be made at any time without any loss of tax relief.

In the case of Accumulation Shares, reinvested income is deemed to have been distributed to the shareholder for the purposes of taxation and a tax voucher will be issued to the shareholder to provide the appropriate details for their returns.

**The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are the absolute beneficial owners of a holding in the Company and their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities). Any investor who is in any doubt as to his UK tax position in relation to the Company should consult his UK professional adviser.**

## 37 Income equalisation

- 37.1 Income equalisation applies in relation to all the current Sub-Funds of the Company.
- 37.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during the relevant accounting period.
- 37.3 The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

## 38 Winding up of the Company or a Sub-Fund of the Company

- 38.1.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules. A Sub-Fund may only be wound up under the FCA Rules.
- 38.1.2 Where the Company or a Sub-Fund are to be wound up under the FCA Rules, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Rules if there is a vacancy in the position of the ACD at the relevant time.
- 38.1.3 The Company or a Sub-Fund may be wound up under the FCA Rules if:
  - 38.1.3.1 an extraordinary resolution to that effect is passed by shareholders; or
  - 38.1.3.2 the period (if any) fixed for the duration of the Company or a particular Sub-Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-Fund is to be or may be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Sub-

- Fund) the Net Asset Value of the Sub-Fund is less than £5,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-Fund); or
- 38.1.3.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the winding-up of the Company or a request for the termination of a Sub-Fund;
- 38.1.4 On the occurrence of any of the above:
- 38.1.4.1 the parts of the FCA Rules and the Instrument of Incorporation relating to Valuation and Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or the Sub-Fund;
- 38.1.4.2 the Company will cease to issue and cancel shares in the Company or the Sub-Fund and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company or the Sub-Fund;
- 38.1.4.3 no transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- 38.1.4.4 where the Company is being wound-up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 38.1.4.5 the corporate status and powers of the Company and, subject to the provisions of Sections 35.1.4.1 and 35.1.4.2 above, the powers of the ACD shall remain until the Company is dissolved.
- 38.1.5 The ACD shall, as soon as practicable after the Company or the Sub-Fund falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to shareholders proportionately to their rights to participate in the scheme property of the Company or the Sub-Fund. When the ACD has caused all of the scheme property to be realised and all of the liabilities of the Company or the Sub-Fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders as at the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company or the Sub-Fund.
- 38.1.6 As soon as reasonably practicable after completion of the winding up of the Company or the Sub-Fund, the Depositary shall notify the FCA that the winding-up has been completed.
- 38.1.7 On completion of a winding up of the Company, the Company will be dissolved and any money which is legitimately the property of the Company (including unclaimed distributions) and standing to the account of the Company, will be paid into court within one month of dissolution.
- 38.1.8 Following the completion of a winding up of either the Company or a Sub-Fund, the ACD must prepare a final account showing how the winding up took place and how the scheme property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This

final account and the auditors' report must be sent to the FCA and to each shareholder (or the first named of joint shareholders) within two months of the termination of the winding up.

38.1.9 As the Company is an umbrella company, any liabilities attributable or allocated to a Sub-Fund under the FCA Rules shall be met first out of the scheme property attributable or allocated to that Sub-Fund.

38.1.10 If the liabilities of a Sub-Fund are greater than the proceeds of the realisation of the scheme property attributable or allocated to the Sub-Fund, the deficit shall be met out of the scheme property attributable or allocated to the solvent Sub-Funds in respect of which the proceeds of realisation exceed liabilities and will be divided between the Sub-Funds in a manner which is fair to shareholders in those solvent Sub-Funds.

## 39 General Information

### 39.1 Accounting Periods

The annual accounting period of the Company ends each year on 30 September (the accounting reference date). The interim accounting period ends each year on 31 March.

### 39.2 Income Allocations

39.2.1 Allocations of income are made in respect of the income available for allocation in each accounting period.

39.2.2 Distributions of income for each Sub-Fund are paid on or before the annual income allocation date of 30 November and on or before the interim allocation date of 31 May in each year. Details of these are shown in appendix A. In addition, the Lazard Multicap UK Income Fund and the Lazard Global Equity Income Fund will make quarterly distributions on 28 February and 31 August in each year. Distributions will be made by both cheques and BACs. Smoothing of distributions within an accounting period will not take place.

39.2.3 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-Fund of the Company.

39.2.4 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period, and deducting the charges and expenses of the relevant Sub-Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments (including for set up costs) which the ACD considers appropriate after consulting the auditors.

### 39.3 Annual Reports

Annual reports of the Company will be published within four months of each annual accounting period and half-yearly reports will be published within two months of each interim accounting period, but no half-yearly report will be published in the Company's first accounting period.

Copies of the most recent annual and half-yearly reports of the Company can be obtained free of charge from the ACD or are available on [www.lazardassetmanagement.co.uk](http://www.lazardassetmanagement.co.uk).

#### **39.4 Documents relating to the Company**

39.4.1 The following documents may be inspected free of charge between 9.00 am and 5.00 pm every business day at the offices of the ACD at 50 Stratton Street, London W1J 8LL;

39.4.1.1 the most recent annual and half-yearly reports of the Company;

39.4.1.2 the Instrument of Incorporation (and any amendment to the instrument of incorporation); and

39.4.1.3 the current Prospectus, Supplementary Information Document (SID) and KIIDs.

39.4.2 Notices of meetings and adjourned meetings will be sent to shareholders at their registered addresses.

#### **39.5 Past Performance**

Past performance figures for each Sub-Fund are set out at appendix F.

#### **39.6 Typical Investors**

Each of the Sub-Funds are available for investment by retail investors.

#### **39.7 Exercise of voting rights**

The ACD maintains a policy on the exercise of voting rights attaching to the scheme property. A summary of this is available on request, along with details of how the policy has been operated in practice.

#### **39.8 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the compliance officer of the ACD at 50 Stratton Street, London W1J 8LL or, if preferred, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR.

#### **39.9 Execution policy**

In executing purchases and sales of assets comprised in the scheme property, the ACD will comply with the FCA's rules on best execution and it is the ACD's policy to comply with those rules. A copy of the ACD's execution policy is available on request.



## **APPENDIX A**

### Investment objectives, policies and other details of the Sub-Funds

Investment of the assets of each of the Sub-Funds must comply with the FCA Rules and with the Sub-Fund's own investment objective and policy. Details of each Sub-Fund's investment objective and policy and other Sub-Fund specific information are set out in this appendix A. The eligible securities and derivatives markets on which the Sub-Funds may invest are contained in Appendices 3 and 4. A detailed statement of the investment and borrowing restrictions applicable to the Company is set out in appendix B.

## LAZARD DEVELOPING MARKETS FUND (PRN: 645322)

### Investment Objective and Policy

The investment objective of the Sub-Fund is to seek long-term capital growth through a diversified portfolio primarily of equity and equity related shares and securities including warrants, depositary receipts, preference shares and other transferable securities.

The Sub-Fund will invest, with a growth bias, primarily in issuers that are domiciled, incorporated or listed in, or which have significant business activities in emerging market countries. It is likely to focus on, but not be limited to Latin America, the Pacific Basin and Europe. The Sub-Fund may also invest in eligible collective investment schemes including eligible exchange traded funds and in listed closed ended vehicles. On an occasional basis the Sub-Fund may invest in investment grade government and corporate fixed income securities including convertible debt securities.

Classes of shares available	A Acc A Inc B Acc B Inc C Acc C Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Acc 0% – A Inc 3.75% – B Acc 3.75% – B Inc 0% – C Acc 0% – C Inc
Annual management charge	1.00% - A Acc

	1.00% – A Acc 1.50% – B Acc 1.50% – B Inc 0.85% – C Acc 0.85% – C Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD EMERGING MARKETS FUND (PRN: 645309)

### Investment Objective and Policy

The investment objective of the Sub-Fund is to seek long term capital growth.

The Sub-Fund will invest primarily in issues located, or doing significant business, in emerging market countries. It is likely to focus on, but not be limited to, Latin America, the Pacific Basin and Europe.

Classes of shares available	A Acc A Inc B Acc B Inc S Acc S Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £25,000,000 – S Acc £25,000,000 – S Inc
Minimum subsequent investment	£500 – A Acc £500 – A Inc £500 – B Acc £500 – B Inc £100,000 – S Acc £100,000 – S Inc
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £25,000,000 – S Acc £25,000,000 – S Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	3.00% – A Acc 3.00% – A Inc 3.75% – B Acc 3.75% – B Inc 3.00% – S Acc

	3.00% - S Inc
Annual management charge	1.00% – A Acc 1.00% – A Inc 1.50% – B Acc 1.50% – B Inc 0.85% - S Acc 0.85% - S Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD EUROPEAN ALPHA FUND (PRN: 645314)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth at a rate greater than that of the FTSE World Europe ex. UK Index, measured in sterling.

The portfolio will consist of actively managed investments in equity, equity-related and debt-related issues of continental European markets. The ACD will select investments by a combination of identifying attractive markets and selecting individual stock in all the markets of Continental Europe.

Classes of shares available	A Inc B Acc B Inc C Acc C Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Inc 3.75% – B Acc 3.75% – B Inc 0% – C Acc 0% – C Inc
Annual management charge	1.00% – A Inc 1.50% – B Acc 1.50% – B Inc 0.75% – C Acc 0.75% – C Inc
Annual accounting date	30 September
Interim accounting date	31 March

Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD EUROPEAN SMALLER COMPANIES FUND (PRN: 645317)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve long term capital growth by investing in European smaller companies, being generally the smallest 10% of European listed companies, measured by market capitalisation. At the discretion of the ACD, the Fund may retain its investments in companies which were within that bracket at the time of acquisition but which grow beyond it in the course of time.

Classes of shares available	A Acc A Acc USD Hedged B Acc C Acc
Currency of denomination	UK sterling except for the A Acc USD Hedged which are denominated in US Dollars
Minimum initial investment*	£200,000 – A Acc £200,000 (USD equivalent ) – A Acc USD Hedged £1,000 – B Acc £500,000 – C Acc
Minimum subsequent investment	£500 for all share classes (USD equivalent for A Acc USD Hedged)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 (USD equivalent ) – A Acc USD Hedged £1,000 – B Acc £500,000 – C Acc
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Acc 0% – A Acc USD Hedged 3.75% – B Acc 0% – C Acc
Annual management charge	1.00% – A Acc 1.00% – A Acc USD Hedged 1.50% – B Acc 0.75% – C Acc



Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in Appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD GLOBAL EQUITY INCOME FUND (PRN: 645321)

### Investment Objective and Policy

The investment objective of the Sub-Fund is to seek to generate substantial income as well as long term capital growth.

The Sub-Fund will invest in global securities, seeking to diversify income stream through exposure to a portfolio of high-yielding securities, comprising primarily of equities, a proportion of which may be in emerging markets.

Classes of shares available	A Acc A Inc B Acc B Inc C Acc C Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Acc 0% – A Inc 3.75% – B Acc 3.75% – B Inc 0% – C Acc 0% – C Inc
Annual management charge	1.00% – A Acc 1.00% – A Inc 1.50% – B Acc

	1.50% – B Inc 0.75% – C Acc 0.75% – C Inc
Annual accounting date	30 September
Interim accounting dates	31 March, 30 June, 31 December
Annual income allocation date	30 November
Interim income allocation dates	28 February, 31 May, 31 August
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD MANAGED BALANCED FUND (PRN: 645315)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth whilst maintaining a reasonable yield through diversified investments largely in equity markets with a bias towards UK and international equities, fixed income securities issued by governments, corporations and bank deposits.

Classes of shares available	A Acc A Inc B Inc
Currency of denomination	UK Sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Inc
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's initial charge	0% – A Acc 0% – A Inc 3.75% – B Inc
Annual management charge	0.75% – A Acc 0.75% – A Inc 1.25% – B Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in Appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD MANAGED EQUITY FUND (PRN: 645318)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth by investing in a diversified portfolio of global equities, with a minimum of 50% exposure to the UK market.

Classes of shares available	A Acc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000
Minimum subsequent investment	£500
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's initial charge	0%
Annual management charge	1.0%
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation dates	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD MULTICAP UK INCOME FUND (PRN: 645310)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve a reasonable level of income combined with capital growth from a portfolio of securities primarily made up of equity investments listed in the United Kingdom. The Sub-Fund will not be restricted in respect of choice of investments by company size or industry, and up to a maximum of 20% of the Sub-Fund may be invested in equities listed outside the United Kingdom and in other securities, either listed in the United Kingdom or listed on other exchanges outside the United Kingdom, including but not limited to preference shares, convertibles, fixed income or shares in listed open and closed ended funds.

Classes of shares available	A Acc A Inc B Acc B Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc
Regular Savings Plan Available	Yes
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Acc 0% – A Inc 3.75% – B Acc 3.75% – B Inc
Annual management charge	0.75% – A Acc 0.75% – A Inc 1.25% – B Acc 1.25% – B Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	28 February, 31 May, 31 August

Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in Appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

## LAZARD UK OMEGA FUND (PRN: 645319)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve long-term capital growth through a portfolio of listed equity securities (including securities subject to an initial public offering) ("**Securities**") primarily in the UK. Investment may also be made in Securities of companies with significant sources of profit from or close economic links with the UK. The fund will normally hold a concentrated portfolio of between 25 and 35 Securities. While the Sub-Fund investments will have no direct connection to any specific index or to any sector or industry weights, for performance reporting purposes, a comparison will be made against the FTSE All Share.

Classes of shares available	A Acc A Inc B Acc B Inc C Acc C Inc EA Acc EA Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc £250,000 – EA Acc £250,000 – EA Inc
Minimum subsequent investment	£1,000 for EA Acc and EA Inc £500 for all other share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Acc £200,000 – A Inc £1,000 – B Acc £1,000 – B Inc £500,000 – C Acc £500,000 – C Inc £100,000 – EA Acc £100,000 – EA Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75



ACD's initial charge	0% – A Acc 0% – A Inc 3.00% – B Acc 3.00% – B Inc 0% – C Acc 0% – C Inc 3.00% – EA Acc 3.00% – EA Inc
Annual management charge	1.00% – A Acc 1.00% – A Inc 1.50% – B Acc 1.50% – B Inc 0.75% – C Acc 0.75% – C Inc 0.50% – EA Acc 0.50% – EA Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

***\*Investment minima for all share classes may be waived at the discretion of the ACD.***

**\*\***Please note that the EA share class is limited issue and will close to new investment (subject to the limited ability to make subsequent investments noted below) when the Sub-fund reaches £200 million NAV (the “Closure Threshold”). The ACD will notify shareholders when the Sub-fund is approaching the Closure Threshold or if it intends to increase the Closure Threshold. The ACD may cease issuing shares prior to reaching the Closure Threshold should the issue of shares which would otherwise be issued cause the total value of shares in issue to exceed the Closure Threshold.

In addition, eligibility for investment (including subsequent investment) in the EA share class is restricted to investors that, whether investing in their own name or on behalf of underlying investors:

- 1) have aggregate investments of over £250,000 in the Company as at the date of investment and £2,500,000 as at the date the class reaches the Closure Threshold;
- 2) have arrangements for this share class with the ACD or its associates;

The ACD may waive these criteria at its discretion.

## LAZARD UK SMALLER COMPANIES FUND (PRN: 645316)

### Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth at a rate greater than that of the Numis Smaller Companies Index.

The fund will invest at least 80% of its assets in UK securities of companies which form part of the Numis Smaller Companies Index or have an equivalent or lower market capitalisation.

Classes of shares available	A Inc B inc C Inc
Currency of denomination	UK sterling
Minimum initial investment*	£200,000 – A Inc £1,000 – B Inc £500,000 – C Inc
Minimum subsequent investment	£500 for all share classes
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£200,000 – A Inc £1,000 – B Inc £500,000 – C Inc
Regular Savings Plan Available	Yes (Income Shares)
Regular Savings Plan Minimum Monthly Investment	£75
ACD's initial charge	0% – A Inc 3.75% – B Inc 0% – C Inc
Annual management charge	1.00% – A Inc 1.50% – B Inc 0.75% – C Inc
Annual accounting date	30 September
Interim accounting date	31 March
Annual income allocation date	30 November
Interim income allocation date	31 May
Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets in appendix C	All listed
Invest in Eligible Derivatives Markets in appendix D	All listed

**\* Investment minima for all share classes may be waived at the discretion of the ACD.**

## **APPENDIX B**

### **Investment Management and Borrowing Powers of the Company**

#### **1 Investment restrictions**

1.1 The property of each Sub-Fund will be invested with the aim of achieving the investment objective of that Sub-Fund but subject to the limits on investment set out in the FCA Rules. These limits apply to each Sub-Fund as summarised below:

1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or on a market in an EEA State which is regulated, operates regularly and is open to the public, including recently issued transferable securities provided that (a) the terms of issue include an undertaking that application will be made to be admitted to an eligible market, and (b) such admission is secured within a year of issue.

1.3 Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Rules and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities markets for each Sub-Fund are set out in Appendices 3 and 4.

New eligible securities markets may be added to the existing list in accordance with the FCA Rules

1.4 Up to 10% of the value of a Sub-Fund may be invested in transferable securities which are not approved securities.

1.5 The investment policy of a Sub-Fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash. This will only occur when the ACD reasonably regards it as necessary to enable shares to be redeemed or for the efficient management of a Sub-Fund or a purpose which may reasonably be regarded as ancillary to the investment objectives of the Fund.

1.6 Up to 5% of a Sub-Fund may be invested in transferable securities issued by any single body other than Government and public securities. However, up to 10% in value of a Sub-Fund may be invested in securities issued by a single body if the value of all such holdings combined does not exceed 40% of the value of the property of a Sub-Fund.

1.7 Up to 35% of the property of a Sub-Fund may be invested in Government and public securities issued by any one body. Subject to this restriction, there is no limit on the amount of the scheme property of a Sub-Fund which may be invested in such securities or in any one issue.

1.8 Up to 5% (the limit may be increased to 10% with 60 day's notice to the shareholders) in value of the property of a Sub-Fund may be invested in units in other collective investment schemes. Any scheme in which a Sub-Fund invests need to (i) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or (ii) be recognised under the provision of Section 272 of the Financial Services and Markets Act 2000 (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or (iii) or be authorised as a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or (iv) be authorised in another EEA state (provided the requirements of article 50(1)(e) of the UCITS Directive are met), or (v) be authorised by the competent authority of an OECD member country (other than another EEA State) which has (a) signed the IOSCO Multilateral Memorandum of Understanding; and (b)

approved the scheme's management company, rules and depositary/custody arrangements (provided the requirements of article 50(1)(e) of the UCITS Directive are met). Investee schemes must also have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD or another Sub-Fund of the Company provided that the FCA Rules are complied with.

- 1.9 Up to 5% in value of the scheme property of a Sub-Fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the FCA Rules.
- 1.10 Transferable securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing or potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the FCA Rules.
- 1.11 The Company must not hold more than:
  - 1.11.1 10% of the transferable securities (other than debt securities) issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
  - 1.11.2 10% of the debt securities issued by any single body; or
  - 1.11.3 10% of the money market instruments issued by any single body (although, for the avoidance of doubt, the Company is not currently able to invest in money market instruments in any event); or
  - 1.11.4 10 % the units of a collective investment scheme.
- 1.12 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not, on substantially all matters) at a general meeting of that body corporate if:
  - 1.12.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to influence significantly the conduct of business of that body corporate; or
  - 1.12.2 the acquisition gives the Company that power.
- 1.13 For the purpose of 1.11, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).
- 1.14 Where explicitly permitted by that Sub-Fund's investment objective, such Sub-Fund may invest up to 5% of scheme property in covered bonds issued by a single body, provided that the 5% limit is raised to 25% in value of scheme property in respect of covered bonds, and further provided that when a UCITS scheme invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the scheme property.

At present, none of the Sub-Funds invest in covered bonds.
- 1.15 No Sub-Fund may invest in the shares of another Sub-Fund.

## 2 Derivatives and forward transactions

**Derivative transactions may be used for the purposes of efficient portfolio management and share class hedging<sup>1</sup>.** In pursuing a Sub-Fund's objective the ACD may make use of a variety of derivative instruments in accordance with the FCA Rules. **Where derivatives are used for efficient portfolio management then this will not compromise the risk profile of a Sub-Fund. Use of derivatives will not contravene any relevant investment objectives or limits.**

- 2.1 Except as set out in 2.5 below there is no upper limit on the use of transactions in derivatives or forward transaction for the Sub-Fund but they must fall under 2.2 and 2.3.
- 2.2 A transaction in a derivative must be in a future, an option or a contract for differences and must be either:
  - 2.2.1 traded or dealt in on an eligible derivatives market; or
  - 2.2.2 an "Over The Counter" transaction satisfying the conditions set out in the FCA Rules
- 2.3 Use of derivatives must be supported by a risk management process maintained by the ACD which should take account of the investment objective and policy of the Sub-Fund.
- 2.4 The ACD must ensure that a Sub-Fund's global exposure relating to derivatives and forward transactions does not exceed the net value of the Sub-Fund's scheme property and the ACD must calculate its global exposure on at least a daily basis taking into account the current value of the scheme property, the counterparty risk, future market movements and the time available to liquidate the positions. The ACD has adopted a "commitment approach" in the calculation of global exposure. This is calculated by converting the position into an equivalent position in the underlying assets based on the market value of the underlying assets.
- 2.5 The global exposure relating to derivatives held in the Sub-Fund must not exceed the net value of its scheme property. Exposure is covered globally if, after taking account of all the cover required for other positions already in existence, adequate cover from within the scheme property is available to enable a fresh transaction to be entered into.
- 2.6 Not more than 5% of the value of the scheme property is to be directed to initial outlay in respect of over the counter transactions with any one counterparty. That percentage is increased to 10% where the counterparty is an approved bank.

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<sup>1</sup> Efficient Portfolio Management ("EPM") transactions may involve options, futures or contracts for differences or forward transactions in accordance with the FCA Rules. There is no limit on the amount of the property of a scheme which may be used for these purposes, but there are various requirements which must be satisfied. The specific aims of EPM are:

- (a) the reduction of risk - to hedge against either price or currency fluctuation to avoid volatility in the market and limit the down side of the risk. This aim also permits the use of tactical asset allocation;
- (b) the reduction of cost - the aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through sale and purchase of the scheme property; and
- (c) the generation of additional capital or income for a Sub-Fund with a risk level which is consistent with the risk profile of the Sub-Fund and the risk diversification rules laid down in the FCA Rules.

The transaction must be economically appropriate for the purposes of EPM and any exposure must be fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise

To the extent that derivative transactions are used for the purposes of efficient portfolio management, the ACD shall ensure that any such use complies with the FCA Rules and any other applicable regulatory guidelines.

### **3 Combinations of Investments**

In applying the above limits not more than 20% in value of the scheme property is to consist of any combination of transferable securities or money market instruments issued by; deposits with; or exposures to Over The Counter derivatives transactions entered into with; a single body.

### **4 Stocklending**

As an extension of EPM explained above, the Company or the Depositary, at the request of the Company, may enter into certain stocklending transactions in respect of the Company. Briefly, such transactions are those where the Company or the Depositary delivers securities which are the subject of the EPM transaction in return for which it is agreed that securities of the same kind and amount should be redelivered to the Company or the Depositary at a later date. The Company or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of the property of the Company which may be the subject of stocklending transactions.

Such transactions must always comply with the requirements of the Section 263B of the Taxation of Chargeable Gains Act 1992. The transactions must also comply with the requirements of the FCA Rules and the Guidance on Stocklending issued by the FCA as amended from time to time.

To the extent that stocklending is undertaken, the ACD shall ensure that any such transactions comply with the FCA Rules and any other applicable regulatory guidelines.

Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of the Company.

### **5 Borrowing powers**

The ACD may, on the instructions of the Company and subject to the FCA Rules, borrow money from an eligible institution for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property.

Borrowing must be on a temporary basis and in any event must not exceed 3 months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the scheme property.

These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (ie borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **APPENDIX C**

### **Eligible Securities and Derivatives Markets**

All Sub-Funds may deal through securities markets established in member states of the European Union and the European Economic Area on which transferable securities admitted to official listing in the member state are dealt in or traded. In addition, up to 10% in value of any Sub-Fund may be invested in transferable securities which are not approved securities.

Each Sub-Fund may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix D.

Australia	Australian Securities Exchange Limited (ASX)
Bahrain	Bahrain Bourse
Brazil	BM&F BOVESPA
Canada	The Montreal Exchange (MX)
	The Toronto Stock Exchange (TSX)
	TSX Venture Exchange
Chile	Santiago Stock Exchange
	Chilean Electronic Stock Exchange
	Bolsa de Corredores de Valparaíso SA
China	Shanghai Stock Exchange
	Shenzhen Stock Exchange
Columbia	Bolsa de Valores de Colombia (BVC)
Ecuador	The Quito Stock Exchange
	The Guayaquil Stock Exchange
Egypt	The Egyptian Exchange (EGX)
Hong Kong	Stock Exchange of Hong Kong Ltd
India	The Bombay Stock Exchange (BSE)
	The National Stock Exchange of India (NSE)
Indonesia	The Indonesia Stock Exchange
Israel	The Tel Aviv Stock Exchange (TASE)
Japan	The Tokyo Stock Exchange
	The Osaka Securities Exchange
	The Fukuoka Stock Exchange
	The Nagoya Stock Exchange
Jordan	Amman Stock Exchange
Kuwait	Kuwait Stock Exchange
Malaysia	Bursa Malaysia
Mexico	Bolsa Mexicana de Valores
Morocco	Bourse de Casablanca
New Zealand	New Zealand Exchange Ltd
Pakistan	Pakistan Stock Exchange Limited
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Qatar	Qatar Stock Exchange
Russia	Moscow Exchange
Saudi Arabia	Saudi Stock Exchange (Tadawul)
Singapore	Singapore Exchange (SGX)
South Africa	Johannesburg Stock Exchange (JSE)
South Korea	Korea Stock Exchange
Sri Lanka	Colombo Stock Exchange
Switzerland	SIX Swiss Exchange
	BX Berne Exchange
Taiwan	The Taiwan Stock Exchange Corporation
Thailand	Stock Exchange of Thailand (SET)



Turkey	Borsa Istanbul
United Arab Emirates	Abu Dhabi Securities Exchange (ACDX)
	Dubai Financial Market (DFM)
	NASDAQ Dubai Ltd
United States of America	NYSE MKT
	NYSE Euronext
	NYSE Arca Equities
	NASDAQ OMX PHLX
	NASDAQ
Vietnam	Ho Chi Minh Stock Exchange
Zambia	Lusaka Stock Exchange

## APPENDIX D

### Eligible Derivatives Markets

Australia	Australian Securities Exchange AQUA Markets
	Finance and Energy Exchange
Austria	Energy Exchange Austria
Belgium	Euronext Brussels
Brazil	BM&F Bovespa
Canada	Montreal Exchange
Czech Republic	OTE
France	Euronext Paris
Greece	Athens Stock Exchange, Derivatives Market
Hong Kong	Hong Kong Stock Exchange (HKSE)
Hungary	Budapest Stock Exchange (BSE)
India	Bombay Stock Exchange (BSE)
	Metropolitan Stock Exchange of India
	National Commodity and Derivatives Exchange (NCDEX)
	National Stock Exchange of India (NSE)
Indonesia	Indonesia Stock Exchange
Japan	Osaka Securities Exchange (OSE)
	Tokyo Financial Exchange (TFX)
	Tokyo Stock Exchange (TSE)
Malaysia	Bursa Malaysia
Mexico	Mexican Derivatives Exchange (MexDer)
New Zealand	New Zealand Exchange
Pakistan	Pakistan Stock Exchange Limited
Philippines	Philippine Stock Exchange
Poland	Warsaw Stock Exchange
Ukraine	Ukrainian Exchange (UX)
United Arab Emirates	NASDAQ Dubai
United Kingdom	ICE Futures Europe
	Euronext
United States of America	Chicago Board Options Exchange
	NYSE Euronext
	Nadex
	OneChicago
Romania	Bucharest Stock Exchange
Russia	Moscow Exchange
Serbia	Belgrade Stock Exchange (BELEX)
Singapore	Singapore Commodity Exchange (SICOM)
	Singapore Exchange (SGX)
South Africa	South African Futures Exchange (SAFEX)
South Korea	Korea Exchange (KRX)
Spain	Mercado Español de Futuros Financieros (MEFF)

Switzerland	Eurex Exchange
Taiwan	Taiwan Futures Exchange (TAIFEX)
Thailand	Thailand Futures Exchange Public Company Limited (TFEX)
	Bond Electronic Exchange (BEX)
Turkey	Borsa Istambul

## APPENDIX E

### Dilution Levy

Historic Frequency (from 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2016)

Name of Sub-Fund	Average Dilution Levy Applicable During the Period
Lazard European Alpha Fund	0.22%
Lazard European Smaller Companies Fund	0.30%
Lazard Managed Equity Fund	0.28%
Lazard Developing Markets Fund	0.36%
Lazard Emerging Markets Fund	0.32%
Lazard Global Equity Income Fund	0.20%
Lazard Managed Balanced Fund	0.28%
Lazard UK Omega Fund	0.38%
Lazard Multi Cap UK Income Fund	0.48%
Lazard UK Smaller Companies Fund	0.77%

## APPENDIX F

### Past Performance of Retail Share Class

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard European Smaller Companies Fund</b>	<b>1 Oct 2007</b>	<b>22.66</b>	<b>21.23</b>	<b>17.00</b>	<b>19.41</b>
MSCI Europe Small Cap Index		23.97	17.39	13.10	17.78

As at 30 September 2016. Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Funds which invest in smaller companies may be more volatile in the short term. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard European Alpha Fund</b>	<b>27 Aug 1986</b>	<b>14.90</b>	<b>10.00</b>	<b>8.78</b>	<b>13.12</b>
FTSE World Europe ex UK Index		21.13	9.39	8.32	12.92

As at 30 September 2016. Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard UK Omega Fund</b>	<b>25 Feb 2005</b>	<b>12.19</b>	<b>7.10</b>	<b>7.51</b>	<b>14.60</b>
FTSE All-Share Index		16.82	6.83	6.59	11.05

As at 30 September 2016. Past performance is not a reliable indicator of future results. In view of the concentrated nature of the portfolio the level of risk is expected to be higher than a broader based fund. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Multi Cap UK Income Fund</b>	<b>31 Mar 1971</b>	<b>10.00</b>	<b>5.75</b>	<b>6.70</b>	<b>12.26</b>
FTSE All-Share Index		16.82	6.83	6.59	11.05

As at 30 September 2016. Past performance is not a reliable indicator of future results. In view of the concentrated nature of the portfolio the level of risk is expected to be higher than a broader based fund. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Managed Equity Fund*</b>	<b>16 Sep 2002</b>	<b>21.22</b>	<b>11.47</b>	<b>10.19</b>	<b>13.82</b>
Managed Equity Custom Index**		24.35	11.26	10.60	13.63

\*Institutional Share Class. \*\* FTSE All-Share Index 50%, FTSE World ex UK Index 50%

As at 30 September 2016. Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, A Acc Shares, net of fees with net income reinvested.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard UK Smaller Companies Fund</b>	<b>8 Feb 1963</b>	<b>4.22</b>	<b>7.46</b>	<b>7.68</b>	<b>14.60</b>
NSCI ex-Investment Companies Index		8.63	9.26	7.71	15.73

As at 30 September 2016. Past performance is not a reliable indicator of future results. Funds which invest in smaller companies may be more volatile in the short term. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information. Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Managed Balanced Fund</b>	<b>1 Jun 1999</b>	<b>17.95</b>	<b>8.57</b>	<b>8.02</b>	<b>10.83</b>
Managed Balanced Custom Index*		19.63	10.04	9.14	11.11

\* FTSE All-Share Index 50%, MSCI AC World Index 25%, FTSE UK Govt. All Stocks Index 25%

As at 30 September 2016. Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. 50% of the annual management charge is deducted from capital. This will have the effect of constraining capital growth.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Developing Markets Fund</b>	<b>30 Sep 2010</b>	<b>45.60</b>	<b>9.69</b>	<b>6.14</b>	<b>4.61</b>
MSCI Emerging Markets Index		36.18	8.46	7.02	6.84

As at 30 September 2016. Past performance is not a reliable indicator of future results. Funds that invest in the emerging markets carry an above average degree of risk. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Emerging Markets Fund</b>	<b>26 May 1997</b>	<b>45.86</b>	<b>6.87</b>	<b>5.61</b>	<b>6.67</b>
MSCI Emerging Markets Index		36.18	8.46	7.02	6.84

As at 30 September 2016. Past performance is not a reliable indicator of future results. Funds that invest in the emerging markets carry an above average degree of risk. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

	Inception date	Annualised			
		1 Year	2 Years	3 Years	5 Years
<b>Lazard Global Equity Income Fund</b>	<b>29 Oct 2007</b>	<b>25.65</b>	<b>4.52</b>	<b>5.53</b>	<b>9.58</b>
MSCI All Country World Index		30.55	14.20	13.19	14.72

As at 30 September 2016. Past performance is not a reliable indicator of future results. Fluctuations in the rate of exchange between the currency in which shares are denominated and the currency of investment may have the effect of causing the value of your investment to diminish or increase. Investors are reminded that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested. Please refer to Risk Factors for further information. The annual management charge is deducted from capital. This will have the effect of constraining capital growth.

Source: Morningstar, all data illustrated in GBP, % p.a., bid to bid price, B Inc Shares, net of fees.

## **APPENDIX G**

### **Lazard Fund Managers Limited**

#### **Directors**

B Smith (Chief Executive)  
M Allen  
G Mazzari  
J Reinsberg



## Appendix H

### Sub-Custodians

Country/Market	Sub - Custodian	Location
<b>Argentina</b>	Citibank N.A., Argentina	Buenos Aires
<b>Australia</b>	HSBC Limited, Australia Branch	Parramatta, NSW
<b>Austria</b>	UniCredit Bank Austria AG	Vienna
<b>Bahrain</b>	HSBC Bank Middle East Limited	Bahrain
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited	Dhaka
<b>Belgium</b>	Citibank Europe Plc	London, United Kingdom
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Hamilton
<b>Botswana</b>	Stanbic Bank Botswana Limited	Gaborone
<b>Brazil</b>	Citibank N.A., Brazil	Sao Paulo
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	Sofia
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
<b>Cayman Islands</b>	The Bank of New York Mellon	New York, United States
<b>Chile</b>	Banco de Chile	Santiago
<b>China</b>	HSBC Bank (China) Company Limited	Shanghai
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
<b>Costa Rica</b>	Banco Nacional de Costa Rica	San José
<b>Croatia</b>	Privredna banka Zagreb d.d.	Zagreb
<b>Cyprus</b>	BNP Paribas Securities Services S.C.A., Athens	Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Prague
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	Cairo
<b>Estonia</b>	SEB Pank AS	Tallinn
<b>Euromarket</b>	Clearstream Banking SA/NV	Luxembourg
<b>Euromarket</b>	Euroclear Bank SA/NV	Belgium
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
<b>France</b>	BNP Paribas Securities Services S.C.A.	Paris
<b>Germany</b>	The Bank of New York Mellon SA/NV	Frankfurt am Main
<b>Ghana</b>	Stanbic Bank Ghana Limited	Accra
<b>Greece</b>	BNP Paribas Securities Services S.C.A., Athens	Athens
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Budapest
<b>Iceland</b>	Landsbankinn hf.	Reykjavik
<b>India</b>	Deutsche Bank AG	Mumbai
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	Mumbai
<b>Indonesia</b>	Deutsche Bank AG	Jakarta
<b>Ireland</b>	The Bank of New York Mellon	New York, United States

Country/Market	Sub - Custodian	Location
<b>Israel</b>	Bank Hapoalim B.M.	Tel Aviv
<b>Italy</b>	Citibank N.A. Milan	Milan
<b>Italy</b>	Monte Titoli	Milan
<b>Italy</b>	Intesa Sanpaolo S.p.A	Torino
<b>Japan</b>	Mizuho Bank, Ltd.	Tokyo
<b>Japan</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Tokyo
<b>Jordan</b>	Standard Chartered Bank	London, United Kingdom
<b>Kazakhstan</b>	Joint-Stock Company Citibank Kazakhstan	Almaty
<b>Kenya</b>	Stanbic Bank Kenya Limited	Nairobi
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Kuwait
<b>Latvia</b>	AS SEB banka	Kekavas novads
<b>Lebanon</b>	HSBC Bank Middle East Limited – Beirut Branch	Beirut
<b>Lithuania</b>	AB SEB bankas	Vilnius
<b>Luxembourg</b>	Euroclear Bank	Brussels, Belgium
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad	Kuala Lumpur
<b>Malta</b>	The Bank of New York Mellon SA/NV	Frankfurt am Main, Germany
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Ebene
<b>Mexico</b>	Banco Nacional de México S.A.	Colonia Centro, Mexico
<b>Morocco</b>	Citibank Maghreb	Casablanca
<b>Namibia</b>	Standard Bank Namibia Limited	Windhoek
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Brussels, Belgium
<b>New Zealand</b>	National Australia Bank Limited	Melbourne, Australia
<b>Nigeria</b>	Stanic IBTC Bank Plc.	Victoria Island Lagos
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
<b>Oman</b>	HSBC Bank Oman S.A.O.G.	Sultanate of Oman
<b>Pakistan</b>	Deutsche Bank AG	Karachi
<b>Peru</b>	Citibank del Peru S.A.	Lima
<b>Philippines</b>	Deutsche Bank AG	Makati City
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	Taguig City
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	Warszawa
<b>Portugal</b>	Citibank Europe Plc, Sucursal em Portugal	Lisbon
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha	Doha
<b>Romania</b>	Citibank Europe plc, Romania Branch	Bucharest
<b>Russia</b>	PJSC ROSBANK	Moscow
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited	Riyadh
<b>Serbia</b>	UniCredit Bank Serbia JSC	Belgrade
<b>Singapore</b>	DBS Bank Ltd	Singapore
<b>Singapore</b>	United Overseas Bank Limited	Singapore
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky	Bratislava
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.	Ljubljana
<b>South Africa</b>	The Standard Bank of South Africa Limited	Johannesburg

Country/Market	Sub - Custodian	Location
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	Seoul
<b>South Korea</b>	Deutsche Bank AG	Seoul
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
<b>Spain</b>	Santander Securities Services, S.A.U.	Madrid
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	Colombo
<b>Swaziland</b>	Standard Bank Swaziland Limited	Mbabane
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Switzerland</b>	Credit Suisse AG	Zurich
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	Taipei
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie	Tunis
<b>Turkey</b>	Deutsche Bank A.S.	Istanbul
<b>Uganda</b>	Stanbic Bank Uganda Limited	Kampala
<b>Ukraine</b>	Public Joint Stock Company "Citibank"	Kiev
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai	Dubai, United Arab Emirates
<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	London
<b>U.K.</b>	The Bank of New York Mellon	New York, United States
<b>U.S.A.</b>	The Bank of New York Mellon	New York
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Montevideo
<b>Venezuela</b>	Citibank N.A., Sucursal Venezuela	Caracas
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
<b>Zambia</b>	Stanbic Bank Zambia Limited	Lusaka
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	Harare

## **DIRECTORY**

### **The Company and Head Office:**

Lazard Investment Funds  
50 Stratton Street  
London W1J 8LL

### **Authorised Corporate Director:**

Lazard Fund Managers Limited  
50 Stratton Street  
London W1J 8LL

### **Administrator and Registrar:**

Bank of New York Mellon (International) Limited  
c/o Lazard Fund Managers Limited  
PO Box 364  
Darlington DL1 9RD

### **Depository:**

BNY Mellon Trust & Depository (UK) Limited

Registered Office:  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA

Principal place of business:  
One Canada Square  
London E14 5AL