

MATRIX LAZARD  
OPPORTUNITIES FUND  
SUPPLEMENTAL PROSPECTUS

MATRIX



# MATRIX LAZARD OPPORTUNITIES FUND

Supplement to the Prospectus dated 11 February 2011 for Matrix UCITS Funds plc.

This Supplement contains specific information in relation to Matrix Lazard Opportunities Fund (the "Fund"), a Fund of Matrix UCITS Funds plc (the "Company") an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "Central Bank").

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the Prospectus of the Company dated 11 February 2011, (the "Prospectus")), and must be read in conjunction with, the Prospectus.**

The Directors of Matrix UCITS Funds plc, whose names appear in the Directors of the Company section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: 11 February 2011



## IMPORTANT INFORMATION

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

It is the intention of the Company to invest on behalf of the Fund in financial derivative instruments (“FDIs”) for investment and efficient portfolio management purposes (as detailed below under “Use of FDIs”) where applicable.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Certain risks attached to investments in FDIs are set out in the Prospectus under “Risk Factors”. The Directors of the Company expect that the Net Asset Value of the Fund will have medium to high volatility through investments in the FDIs.

### SUITABILITY OF INVESTMENT

**YOU SHOULD INFORM YOURSELF AS TO (A) THE POSSIBLE TAX CONSEQUENCES, (B) THE LEGAL AND REGULATORY REQUIREMENTS, (C) ANY FOREIGN EXCHANGE RESTRICTIONS OR EXCHANGE CONTROL REQUIREMENTS AND (D) ANY OTHER REQUISITE GOVERNMENTAL OR OTHER CONSENTS OR FORMALITIES WHICH YOU MIGHT ENCOUNTER UNDER THE LAWS OF THE COUNTRY OF YOUR CITIZENSHIP, RESIDENCE OR DOMICILE AND WHICH MIGHT BE RELEVANT TO YOUR PURCHASE, HOLDING OR DISPOSAL OF THE SHARES.**

The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed “Risk Factors” of the Prospectus of this Supplement for a discussion of certain risks that should be considered by you.

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### GENERAL

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

The Company is a recognised collective investment scheme (a “recognised scheme”) for the purposes of section 264 of the Financial Services and Markets Act 2000 (“FSMA”) of the United Kingdom.

### DISTRIBUTION OF THIS SUPPLEMENT AND SELLING RESTRICTIONS

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement. If you wish to apply for the opportunity to purchase any Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.



## DIRECTORY

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## INVESTMENT OBJECTIVE AND POLICIES

### INVESTMENT OBJECTIVE

The investment objective of the Fund is to achieve absolute returns for Shareholders through a combination of capital appreciation and income. Such absolute returns are generated through exposure to an investment strategy (the “Lazard Opportunities Strategy”) managed by Lazard Asset Management LLC (the “Lazard Sub-Investment Manager”) which consists of two relative value sub-strategies: convertible arbitrage and special situations/event driven investing. The Lazard Opportunities Strategy is selected and maintained by the Lazard Sub-Investment Manager. The Lazard Opportunities Strategy will typically seek to exploit anomalies across a company’s capital structure by investing indirectly through FDIs in a variety of securities and instruments that will provide the Fund with exposure to convertible arbitrage and special situations/event driven investments typically through exposure to global convertible securities (equity and debt), global equities, corporate and government bonds and debentures and corporate credit, securities, exchange traded funds (“ETFs”), exchange traded notes (“ETNs”), interest rates and global foreign currencies. Such exposure will typically be through FDIs but the Fund has the ability to invest directly in the above investments and other investments as more particularly described in the “Investment Policy” section.

An “absolute return” fund differs from a fund that pursues a “relative return” strategy, which typically seeks to outperform a particular benchmark, in that its objective is to generate returns uncorrelated to broad-based equity and credit benchmarks. The Fund aims to generate returns from exploiting anomalies across a company’s capital structure.

The purpose of this strategy is to seek to take advantage of situations where a security’s price diverges from its expected value. For example, in certain instances, the Lazard Opportunities Strategy will hold a security against another security (for the same company or a different company) with the goal of extracting valuation differentials between these securities. This can occur in the convertibles, credit and equity markets, and can result from factors such as the perceived effect of interest rates or credit quality or of a particular event (such as a merger or change to the capital structure of a company) on the value of securities. The Lazard Sub-Investment Manager undertakes sophisticated analysis in seeking to identify these anomalies as set out under the heading “General Description of the Lazard Opportunities Strategy”.

### INVESTMENT POLICY

In pursuing the investment objective and gaining

exposure to the Lazard Opportunities Strategy, the Company on behalf of the Fund intends to invest a portion of the net proceeds of the issue of Shares (whether on the Launch Date or subsequently) in some or all of the following investments:

- (i) FDIs in the form of unfunded swaps (the “Unfunded Swaps”) with Deutsche Bank Securities Inc (UK Branch) (the “Trading Counterparty”) (see section “Use of FDIs” below). The Fund may invest in the methods described below with the purpose of delivering an exposure to the Lazard Opportunities Strategy in the most efficient way depending on prevailing market conditions. Where the Fund enters into Unfunded Swaps, such Unfunded Swaps will provide the Fund with exposure to the Lazard Opportunities Strategy. The assets forming the underlying portfolio of the Unfunded Swap shall typically include global convertible securities (debt and equity), global equities, ETFs and ETNs, government and corporate bonds and debentures (issued at fixed or floating rates and may be investment grade or non investment grade), contracts for differences on equity securities and equity indices, 144 A Securities, Regulation S Securities and special purpose acquisition vehicles “SPACS”.

The Trading Counterparty to the Unfunded Swaps and the Company on behalf of the Fund have entered into a master agreement (and credit support deed) and will enter into a confirmation each dated as of a date on or before the closing of the Initial Offer Period which will govern the Unfunded Swaps including provisions relating to its termination. Following the Launch Date, additional confirmations may be entered into in relation to repurchases of and subscriptions for Shares to adjust the nominal value of the underlying exposure.

- (ii) The Fund may invest directly in futures as part of its portfolio management and hedging strategy. The Fund may invest in futures contracts on a variety of financial products including interest rates, foreign currencies, global equities, global equity indices, credit, credit indices, VIX futures and VIX indices.
- (iii) The Fund may invest directly into listed/exchange traded options as part of certain option trading strategies in line with convertible arbitrage and special situation/event driven investment and as part of its portfolio management and hedging strategy. The Fund may invest in option contracts on financial products including interest rates, foreign currencies, global equities, global equity



indices, government issued notes and treasury bills, government bonds, corporate bonds, (issued at fixed or floating rates and may be investment grade or non investment grade), credit indices, VIX indices and VIX futures. The Fund may also invest directly in unlisted/over the counter options, including options on global equities, global equity indices, ETFs, ETNs, interest rates, foreign exchange, credit instruments, credit indices and VIX indices.

- (iv) The Fund may invest directly in forward contracts to include forward foreign exchange contracts (which may include altering the currency exposure of securities held by the Fund, hedging against exchange risks, increasing exposure to a currency, shifting exposure to currency fluctuations from one currency to another and hedging classes denominated in a class currency to the Base Currency). Forwards may also be used on global equities.
- (v) The Fund may invest directly in swaps including equity swaps, swaptions, interest rate swaps, asset swaps, credit default swaps, total return swaps, variance swaps and currency swaps. Swaps are used in line with convertible arbitrage and special situation strategies to increase or decrease the Fund's exposure to global equity securities, interest rates, foreign currencies and credit spreads.
- (vi) The Fund may invest directly in warrants.
- (vii) The Fund may invest directly in private investments in public equities ("PIPES").

With the exception of permitted investments in unlisted securities and over-the-counter derivative instruments, the Fund will only acquire instruments which are listed and traded on any of the Recognised Markets which are set out in Appendix I of the Prospectus.

The Fund will only invest (indirectly) in ETFs which are UCITS funds.

The Fund's cash (not invested directly or through the Unfunded Swap) will be actively managed by the Prime Rate Cash Manager and will include fixed or floating rate instruments including but not limited to commercial paper, floating rate notes, overnight deposits, term deposits, medium term notes, call accounts, AAA rated CNAV (constant net asset value) liquidity funds (whose objective is to maintain the net asset value of the fund constant at par (net of earnings)). The investments shall be denominated in sterling and may be issued or guaranteed as to principal or interest by sovereign governments, their agencies and instrumentalities, supranational entities and EU and non-EU corporations

and financial institutions. All investments at the time of purchase shall have a long term credit rating of at least AA- from Standard & Poor's or the equivalent rating from Moodys or Fitch/BCA.

## USE OF DERIVATIVE CONTRACTS

The Unfunded Swaps expose the Fund to the performance of the Lazard Opportunities Strategy.

On a daily basis the Fund will ensure that margin is posted between the Fund's cash account and the Trading Counterparty to ensure that the Fund's risk exposure to the Trading Counterparty (caused by any profit and loss on the Unfunded Swap) is reduced to the extent required by the Central Bank.

The Unfunded Swaps may be terminated on the occurrence of certain events with respect to either the Fund or the Trading Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a tax event).

If the Unfunded Swaps are terminated, market quotations will be obtained with respect to the Unfunded Swaps. An amount equal to the relevant market quotation will be settled between the Trading Counterparty and the Fund in accordance with the terms of the Unfunded Swaps. The Fund may then enter into new FDIs in the form of unfunded swaps with other trading counterparties in order to gain exposure to the Lazard Opportunities Strategy. If the Directors resolve that it is inadvisable to enter into new FDIs, the Fund will be terminated in accordance with the provisions of the Prospectus.

## GENERAL DESCRIPTION OF THE LAZARD OPPORTUNITIES STRATEGY

The Lazard Opportunities Strategy consists of two sub-strategies: convertible arbitrage and special situations/event driven investing. Through gaining exposure to the Lazard Opportunities Strategy, the Fund aims to provide superior risk-adjusted returns when compared to broad equity and credit benchmarks. Essentially, the Fund seeks to generate higher returns for the amount of risk taken.

### CONVERTIBLE ARBITRAGE

A convertible arbitrage trade typically consists of a long position, generally a convertible security such as a convertible bond or convertible preferred stock, and a short position, generally in the underlying common shares.

Convertible securities are hybrid securities that have both fixed-income and equity characteristics. One component is the corporate bond that gives the holder the right to convert into a specified number of equity



shares and pays the holder a stated interest rate and stream of cash flows until the bond is redeemed at maturity. Consequently, its value will be impacted by factors that typically impact the value of a bond. In addition, because the holder has the right to convert the bond into the company's shares, the holder may be able to participate in the potential upside associated with increased share prices. The value of the convertible security may also therefore be impacted by factors that typically impact the value of common shares.

Specifically, the primary drivers of a convertible security's valuation are most often defined by the price of the underlying security into which the convertible security may convert and its credit (i.e., the financial strength of the issuer of the bond) and volatility characteristics, but may also include, its dividend policy, its issue terms and its structure covenants in the indentures (the legal documents that describe the key terms of the security), company fundamentals, sector fundamentals, currency or country fundamentals, global liquidity and the liquidity of the global convertible securities market. The market's perception of how the foregoing factors will affect the applicable security's value can cause pricing inefficiencies (i.e., undervalued credit or volatility) that the Lazard Sub-Investment Manager seeks to identify. The Lazard Sub-Investment Manager will then seek to establish optimal trade positioning to extract the investment opportunity, i.e., the long position in the convertible bond or preferred stock and a short position in the underlying equity, although occasionally the long and short positions may be reversed if the Lazard Sub-Investment Manager believes the credit or volatility of the position is overvalued. The goal of such investments is to minimize directional exposure from movements in securities' prices and capitalize on the volatility associated with such movements.

### SPECIAL SITUATIONS / EVENTS

The types of securities in which the Lazard Opportunities Strategy may be invested using this strategy include convertible securities, other forms of corporate debt, preferred stock and common stock. A special situations and event driven approach relies on rigorous fundamental financial analysis of a company designed to identify catalysts or corporate events that may impact the value of convertible securities or other securities issued by the company. This strategy seeks to take advantage of developments that may impact the value of corporate securities and, therefore present investment opportunities. The Lazard Sub-Investment Manager will seek to identify opportunities where it believes the price of the security or set of securities issued by a company

do not fully or accurately reflect the value of the potential special situation or event. Examples of special situations and events include, but are not limited to, the following:

- (i) Buybacks or Tenders. This involves a company purchasing its own debt or securities at or prior to maturity, and is usually designed to reduce leverage, strengthen the balance sheet or reduce interest risk to its balance sheet.
- (ii) Callable Paper. Certain securities are "callable", meaning that the company can "call", or force the redemption of, securities pursuant to certain established parameters. The timing and likelihood of a company calling its security for redemption can result in potentially attractive (or unattractive) impacts to the security's valuation.
- (iii) Exchange Offers. In an exchange offer, a company offers the security holder the opportunity to exchange their current holding for a comparable security. Such exchanges are typically done as companies look to manage near term liquidity and upcoming debt maturities but also for tax or accounting reasons. The company will often offer additional value to bondholders to encourage them to make the exchange.
- (iv) "Sweeteners". A "sweetener" involves a company offering an incentive to the security holder typically to enable the company to take advantage of certain tax or accounting benefits associated with the security. Usually, this may include delaying the maturity or early redemption of bonds or encouraging holders to convert their securities into common shares.
- (v) Defaults / Distress. A company may violate a covenant (i.e., the contractual requirements) in its bond indentures (the legal document that describes the key terms of the security) giving security holders the right to demand repayment of principal or par.
- (vi) M&A. Merger and acquisition activity can impact security valuations through protections afforded to security holders within indentures. In some cases, security holders can redeem their security for par or principal value if an ownership change occurs. Many convertible securities provide for adjustments to the issue terms (typically a conversion ratio adjustment or increase in the number of shares upon conversion) if a change of ownership occurs.

In seeking potential special situation and event driven opportunities, the Lazard Sub-Investment Manager



analyzes (i) the likelihood the event will occur; and (ii) the impact such event will have on the value of a company's financial instruments. The Lazard Sub-Investment Manager may utilise certain hedging techniques, including taking short positions or buying or selling options or other FDIs to either maintain exposure to certain aspects of the special situations or event driven opportunities or to decrease exposure to other potential outcomes.

## OTHER TYPES OF SECURITIES

In addition to the types of securities referenced above in the context of the sub-strategies, the Lazard Opportunities Strategy may from time to time reflect the performance of non-convertible securities including publicly traded equities, futures, equity related instruments, including but not limited to warrants, rights offerings and listed and OTC options, debt instruments (including high-yield and distressed corporate fixed income securities), credit default swaps and over-the-counter derivative instruments, including swaps, credit, volatility and interest rate derivatives and foreign exchange instruments. The Lazard Opportunities Strategy will be notionally exposed to both listed and unlisted securities or investment and non-investment grade.

## SELECTION PROCESS OF THE LAZARD SUB-INVESTMENT MANAGER

The Lazard Sub-Investment Manager generally follows certain guidelines for selecting investments and underlying instruments for the Lazard Opportunities Strategy. The process for security selection is systematised with the assistance of their proprietary database that allows for ongoing screening, investment analysis, fundamental indenture and covenant research and trading and monitoring of securities. The process incorporates five primary steps: (i) modelling, (ii) use of proprietary systems and screening systems, (iii) security analysis, (iv) portfolio construction and (v) risk management. The investment process is continuous and is designed to be flexible, to ensure that changes and enhancements in the portfolio construction process can be incorporated at the Lazard Sub-Investment Manager's discretion. The investment process includes the following steps:

**Modelling** – Each security in the Lazard Opportunities Strategy's investment universe is modelled. Inputs for modelling include all of the factors that can influence the valuation of such security as described above. Each security in the universe is modelled by employing a consistent valuation process to facilitate a relative valuation analysis. Modelling serves as the first step in formulating return expectations.

**Proprietary Systems and Analysis** – Once modelled, each security is primarily characterised by its volatility or credit profile, as appropriate. Secondary level analysis focuses on defining levels to buy, sell or sell short issues across the valuation variables, including volatility, credit spread, interest rates, dividend level, stock price and bond price.

**Security Analysis** – Real-time market information provides live updates to securities. As market movements trigger "flags" in the system, such flagged securities are analysed to determine whether there is a potential investment opportunity or if the parameter levels of the "flags" need to be updated. Comparable analysis of a flagged security with other securities serves as the basis for evaluating potential trades. Furthermore, scenario and sensitivity analyses are performed for all portfolio securities. In addition, in seeking alternative special situation and event driven opportunities, potential investments are screened for various characteristics against comparables. These characteristics include yield, duration, volatility, investment sector and other unique elements of a company's balance sheet or capital structure.

**Portfolio Construction** – An investment thesis is established for each notional trade or investment considered by the Lazard Sub-Investment Manager, which includes expectations for return, probability of outcome, and sources of attribution. Positions are sized based on risk-return expectations taking into account market and security liquidity, diversification by structure, term, sector, geography and other relevant factors.

## LAZARD SUB-INVESTMENT MANAGER AND THE INVESTMENT TEAM

The Lazard Sub-Investment Manager is a subsidiary of Lazard Frères & Co. LLC ("LF&Co.") and is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC"). The Lazard Sub-Investment Manager had assets under management of approximately U.S. \$128.1 billion as of 31 March 2010. The Lazard Sub-Investment Manager's clients are both individuals and institutions, some of whose accounts may have investment policies similar to those of the Lazard Opportunities Strategy.

The Lazard Sub-Investment Manager's Investment Team is comprised of the following investment professionals:

**Sean H. Reynolds**  
Managing Director, Portfolio Manager/Analyst, Lazard Asset Management LLC (New York)

Sean Reynolds is a senior Portfolio Manager/Analyst on the Rathmore team specialising in convertible arbitrage and relative value strategies. Prior to joining the Firm in 2007, Sean was a portfolio manager for convertible



arbitrage strategies at SAC Capital Management from April 2003 to August 2006 and, subsequent to this, senior portfolio manager at Sailfish Capital Partners' G2 Multistrategy Fund. Previously he was a convertible arbitrage portfolio manager at the Clinton Group, Inc. From 1997 to 2002, Sean was a managing director and Head of Convertibles Sales (U.S.) at Deutsche Bank Securities, including a period as an executive member of the North American Management Committee, Deutsche Bank Equities. Prior to 1997, Sean was responsible for global convertible securities sales at UBS Securities and domestic convertibles at Merrill Lynch. He has been in the investment industry since 1993. Sean has an MBA from the Wharton School of the University of Pennsylvania and a BA in Mathematics and BAI (BSc) in Engineering from Trinity College Dublin.

**Christopher Sferruzzo**

**Vice President, Portfolio Manager/Analyst, Lazard Asset Management LLC (New York)**

Chris Sferruzzo is a portfolio manager/analyst and trader on the Rathmore team. He began working in the investment field in 1998. Prior to joining Lazard in 2008, Chris was a senior portfolio manager in convertible arbitrage at Argent Funds Group LLC, where he oversaw a global convertible bond and equity derivative portfolio. Previously, Chris was a portfolio manager and sell-side trader at McMahan Securities, where he managed a proprietary convertible bond portfolio. Prior to that, he worked at Clinton Group as a buy-side trader. Chris started his career at Dreyfus Corporation as an analyst. He has an MBA from the University of Connecticut and a BS in Finance from St. John's University.

**Sritharan Nadesan**

**Senior Vice President, Portfolio Manager/Analyst, Lazard Asset Management LLC (New York)**

Sritharan Nadesan is a credit/convertible research analyst on the Rathmore team. He began working in the investment field in 1992. Prior to joining Lazard in 2008, Sri was a Director and Senior Convertibles Analyst at Wachovia Securities Inc., covering the U.S. Convertibles market with a specialty in the Consumer Cyclical, Financials and REITs sectors. Prior to Wachovia, Sri was a Director and Senior Convertibles Analyst at UBS Warburg LLC, focusing on the Broadcasting/Media and Consumer Cyclical sectors. Previously, Sri was a Convertibles Analyst at Lehman Brothers. Sri started his career at Tube Investments Ltd. in India as a Corporate Finance Analyst. He has a Joint Ph.D. and MBA in International Business and Finance from New York University, as well as a Bachelor of Commerce in Accounting from Loyola College in Madras, India.

Sri has FINRA (formerly NASD) Series 7, 16, 63 and 86

licenses.

**Frank Bianco, CFA**

**Vice President, Research Analyst, Lazard Asset Management LLC (New York)**

Frank Bianco is a credit and capital structure analyst on the Rathmore team. He began working in the investment field in 1991. Prior to joining Lazard in 2009, Frank was a Portfolio Manager and Head of Credit Research at Argent Funds Group LLC, where he oversaw domestic and international convertible bond, high yield and equity derivative portfolios. Prior to that, Frank was a senior research analyst at McMahan Securities Co. L.P., covering the Biotechnology and Healthcare sectors. Previously, he was a senior research analyst in the Credit Risk Management division of the Federal Reserve Bank of New York. Frank started his career as a credit analyst at American International Group. Frank has a BA in Economics from Ohio Wesleyan University. He is a member of the New York Society of Security Analysts (NYSSA) and holds NASD (now FINRA) Series 7, 86 and 87 licenses.

**Siddharth H. Panjwani**

**Quantitative Research Analyst, Lazard Asset Management LLC (New York)**

Siddharth Panjwani is a quantitative research analyst on the Rathmore team. Prior to joining Lazard in 2007, Sid conducted quantitative analysis and fundamental research as well as facilitated development of various indices, including hedge funds, private equity and commodities, at Standard & Poor's. He began his career in the investment field in 2004 at AIG Global Investment Group, where he assisted in establishing a convertible bond fund. He has an MBA (Hons) from Carnegie Mellon University and a BE (BSc) in Computer Science from the University of Bombay.

**Doug Workman, CFA**

**Portfolio Manager/Analyst, Lazard Asset Management LLC (New York)**

Doug Workman is a portfolio manager/analyst on the Rathmore team. He began working in the investment field in 1995. Prior to joining Lazard in 2009, Doug was a Senior Analyst and Trader at Argent Funds Group, LLC, where he worked on the convertible arbitrage and long/short equity strategies. Previously, he managed a currency derivatives portfolio at Bank of America Securities. Doug started his career on the options desk at Cantor Fitzgerald. He has an MBA from the Fuqua School of Business at Duke University and a BA in Political Science from Duke University.

**Sammy Ng**

**Associate, Lazard Asset Management LLC (New York)**

Sammy Ng is an Associate on the Rathmore team.



Prior to joining Lazard in 2009, Sammy was part of the Securities Lending Trading team at Credit Suisse where his primary responsibility was preventing fails for the US Domestic equities business. He has a BS in Finance from Carnegie Mellon University. Sammy is a candidate for Level I CFA.

## RISK MANAGEMENT

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to measure, monitor and manage the various risks associated with the use of FDIs. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

Risk management is a continuous and dynamic component of the portfolio construction process of the Lazard Opportunities Strategy and is implemented at such security and portfolio level by the investment team of The Lazard Sub-Investment Manager. They will ensure that each trade placed by the Lazard Sub-Investment Manager is a UCITS eligible security and is within the UCITS restrictions on spread and concentration of the Lazard Opportunities Strategy. The Investment Manager will also monitor the daily VaR to ensure that the Fund remains within the VaR limits to the extent required by the Central Bank and has oversight for the risk management of the Fund.

## VaR METHODOLOGY

Consistent with the absolute return objective of the fund, an Absolute VaR will be calculated on a daily basis.

The Absolute VaR is subject to a limit of 5% of the Fund's NAV for a 1-day holding period.

The VaR model will use the following quantitative standards:

- (i) The confidence level should be 99%;
- (ii) The holding period should be 1-day; and
- (iii) The historical observation period will not be less than 1 year, however a shorter observation period may be used if justified, for example as a result of significant recent changes in price volatility.

## INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading FUNDS – Investment Restrictions in the Prospectus shall apply. In addition, the following indicative investment guidelines shall apply specifically to the Fund:

The Fund shall not invest more than 10% of its net assets in other collective investment schemes.

## BORROWINGS

In accordance with the general provisions set out in the Prospectus under the heading FUNDS – Borrowing and Lending Powers, the Fund may borrow up to 10% of its net assets on a temporary basis.

## LEVERAGE

Insofar as the Fund may be leveraged for investment purposes the leverage used will be in accordance with the requirements of the Central Bank and market risk arising in the Fund shall be measured using the VaR approach.



## SHARE CLASS HEDGING

Institutional Class Shares and Retail Class Shares in the Fund are available denominated in GBP. It is the Directors' current intention to instruct the Investment Manager to seek to hedge the Euro currency exposure of Institutional Euro Class Shares and the Retail Euro Class Shares in the Fund and the USD currency exposure of Institutional USD Class Shares. The Company may utilise a variety of financial instruments such as derivatives, options, swaps, futures and forwards to seek to hedge against changes in currency values which may affect the value of the Euro and the USD Class Shares and such transactions will be clearly attributable to the relevant Class.

The adoption of this strategy may substantially limit holders of the Institutional Euro Class and the Institutional USD Class from benefiting if the Euro or USD falls against the Base Currency of the Fund. The hedged Euro and USD Class Shares must not be leveraged as a result

of these transactions. To the extent that the relevant Share classes exceed 100% hedged at any stage due to market movements or other circumstances beyond the control of the Investment Manager, the Investment Manager shall keep the situation under review and will ensure that over-hedged positions do not exceed 105% of the net assets of the relevant Share class. Positions materially in excess of 100% will not be carried forward from month to month. While not the intention of the Fund, over-hedged or under-hedged positions may arise due to factors outside the control of the Fund and the Investment Manager will seek to rectify the situation immediately taking due account of market conditions and the best interests of the relevant Shareholders.

The cost and any gains or losses associated with these hedging transactions will be allocated solely to the relevant Class.

## RISK FACTORS

Prospective investors should carefully consider the risks involved in an investment in the Fund, including but not limited to, the risk factors set forth in the Prospectus and as discussed below.

### INVESTMENT AND TRADING RISKS

**Convertible Arbitrage** - Convertible arbitrage strategies generally involve price spreads between the convertible security and the underlying equity security. To the extent the price relationships between such positions remain constant, no gain or loss on the position is likely to occur. Such positions do, however, entail a substantial risk that the price differential could change unfavourably, causing a loss to the spread position. Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks. Government policies, especially those of the Federal Reserve Board and foreign central banks, have profound effects on interest and exchange rates that, in turn, affect prices in areas of the investment and trading activities of convertible arbitrage strategies. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

**Event Driven Investing** - Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will

have on the value of a company's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Lazard Sub-Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganisation, the risk exists that the reorganisation will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of the Lazard Opportunities Strategy's operations may be expected to fluctuate from period to period.



Accordingly, Shareholders should understand that the results of a particular period would not necessarily be indicative of results that may be expected in future periods.

**Capital Structure Arbitrage** - The success of this strategy will depend on the ability of the Lazard Sub-Investment Manager to identify and exploit the relationships and discrepancies in price between movements in different securities and instruments within a company's capital structure (e.g., convertible and non-convertible senior and subordinated debt and preferred and common shares). Identification and exploitation of these opportunities involves uncertainty. In the event that the perceived pricing inefficiencies underlying a company's securities and instruments were to fail to materialise as expected by the Lazard Sub-Investment Manager, the Fund could incur a loss.

**Leverage and Financing Risk** - The Lazard Opportunities Strategy shall be leveraged to facilitate a higher rate of return. The amount of leverage which the Lazard Opportunities Strategy may utilise at any time shall not exceed that permitted by the Regulations.

While leverage presents opportunities for increasing the Lazard Opportunities Strategy's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Lazard Opportunities Strategy would be magnified to the extent the Lazard Opportunities Strategy is leveraged. The cumulative effect of the use of leverage by the Lazard Opportunities Strategy in a market that moves adversely to the Lazard Opportunities Strategy's investments could result in a substantial loss to the Lazard Opportunities Strategy and hence to the value of the Swap which would be greater than if the Lazard Opportunities Strategy were not leveraged.

**Interest Rate Risk** - The Lazard Opportunities Strategy is subject to the risk of a change in interest rates. A decline in interest rates could reduce the amount of current income the Lazard Opportunities Strategy is able to achieve from interest on convertible debt and the proceeds of short sales. An increase in interest rates could reduce the value of convertible securities. To the extent that the cash flow from a fixed-income security is known in advance, the present value (i.e., discounted value) of that cash flow decreases as interest rates increase; to the extent that the cash flow is contingent, the dollar value of the payment may be linked to then prevailing interest rates. Moreover, the value of many fixed-income securities depends on the shape of the yield curve, not just on a single interest rate. Thus, for example, a callable cash flow, the coupons

of which depend on a short rate such as three-month LIBOR, may shorten (i.e., be called away) if the long rate decreases. In this way, such securities are exposed to the difference between long rates and short rates. The Lazard Opportunities Strategy may also reflect the performance of floating rate securities. The value of these investments is closely tied to the absolute levels of such rates, or the market's perception of anticipated changes in those rates. This introduces additional risk factors related to the movements in specific interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with other factors including but not limited to corporate bond call risks.

**"Widening" Risk** - For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities to which the Lazard Opportunities Strategy may be exposed may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

**Convertible Securities** - Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different company within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common shares, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common shares due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common shares increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates



decline. The credit standing of the company and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common shares. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common shares approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the company at a price established in the convertible security's governing instrument. If a convertible security held by the Lazard Opportunities Strategy is called for redemption, the Lazard Opportunities Strategy will be required to permit the company to redeem the security, convert it into the underlying common shares or sell it to a third-party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

**Exchange Traded Funds** - ETFs are shares of publicly-traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders or those with exposure to ETFs are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades.

**Exchange Traded Notes** - ETNs are senior unsecured, unsubordinated debt securities issued by underwriting banks under the U.S. Securities Act of 1933, as amended. These financial instruments provide holders or those with exposure to ETNs with access or returns based on the performance of an underlying financial product, instrument, or index. ETNs are not equities or index funds but are exchange-traded products that provide exposure to an underlying instrument with certain transferability and are listed on an exchange. ETNs

do not make interest payments, do not have dividend distributions and do not have voting rights. In addition, the performance of these products is based solely on the return of the underlying instrument or index, less fees. Therefore, if the asset underlying the ETN decreases or does not sufficiently increase to offset fees (including redemption fees), the Lazard Opportunities Strategy may receive less than the original investment in the ETNs upon maturity or redemption. In addition to the market risk based on performance of asset underlying the ETN, the holder is also subject to the counterparty credit risk of the underwriter.

**Low Rated or Unrated Debt Obligations** - At any one time, a portion of the debt component of the Lazard Opportunities Strategy's portfolio may consist of instruments that have a low rating or are unrated. Debt obligations of the Lazard Opportunities Strategy may have a credit quality rated below investment grade by internationally recognised credit rating organisations. The issuers of such securities may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the company's ability to make timely payment of interest and principal. Non-investment grade securities are regarded as predominantly speculative with respect to the company's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher-grade issuers, but typically involve greater risk. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. In addition, a major economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Contracts for Differences** - The Lazard Opportunities Strategy may enter into contracts for differences. In these transactions, the Lazard Opportunities Strategy and another party assume price positions in reference to an underlying security or other financial instrument. The "difference" is determined by comparing each party's original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment.

Financial markets for the securities or instruments which form the subject of a contract for differences can fluctuate significantly. Parties to a contract for differences assume



the risk that the markets for the underlying securities will move in a direction unfavourable to their original positions. In addition, these contracts often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment.

**Distressed Obligations** - The Lazard Opportunities Strategy may invest in obligations of companies in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such companies. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterise debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Lazard Opportunities Strategy's investments in any financial instrument, and a portion of the obligations in which the Lazard Opportunities Strategy invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralising the Lazard Opportunities Strategy's investments will be sufficient or that prospects for a successful reorganisation or similar action will become available. In any reorganisation or liquidation proceeding relating to a company in which the Lazard Opportunities Strategy invests, the Lazard Opportunities Strategy may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Lazard Opportunities Strategy's investments may not

compensate the shareholders adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security in respect to which such distribution was made.

**Fixed Income Securities** - Fixed income securities pay fixed, variable or floating rates of interest. Fixed income securities are subject to the risk of the company's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the company and general market liquidity (i.e., market risk).

**Short Sales** - The Lazard Opportunities Strategy may notionally take short sale positions without maintaining an equivalent quantity of the underlying securities in its portfolio. Short selling can, in some circumstances, substantially increase the impact of adverse price movements on the Lazard Opportunities Strategy's portfolio. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Lazard Opportunities Strategy of buying securities to cover the short position. There can be no assurance that securities necessary to cover a short position will be available for purchase. The Lazard Sub-Investment Manager may utilise transactions which limit the potential liability of the Lazard Opportunities Strategy for unanticipated shifts in the market value of these securities.

**Call Options** - The Lazard Opportunities Strategy may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary



to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

**Put Options** - The Lazard Opportunities Strategy may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**Swap Agreements** - The Lazard Opportunities Strategy may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Lazard Opportunities Strategy, for instance, may enter into swap agreements including equity swaps, interest rate swaps, currency swaps, variance swaps, credit default swaps, total return swaps and asset swaps. Depending on their structure, swap agreements may increase or decrease the Lazard Opportunities Strategy's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Lazard Opportunities Strategy is not limited to any particular form of swap agreement if consistent with the Fund's investment objective.

Whether the Lazard Opportunities Strategy's use of swap agreements or swaptions will be successful will depend on the Lazard Sub-Investment Manager's ability to select appropriate transactions for the Lazard Opportunities Strategy. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Lazard Opportunities Strategy's portfolio. Moreover, the Lazard Opportunities Strategy bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Lazard Opportunities Strategy will also bear the risk of loss related to swap agreements,

for example, for breaches of such agreements or the failure of the Lazard Opportunities Strategy to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Lazard Opportunities Strategy's ability to terminate existing swap transactions or to realise amounts to be received under such transactions.

**Forward Trading** - Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Lazard Opportunities Strategy due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Lazard Sub-Investment Manager would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

**Futures** - Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The low margins normally required in futures trading permit a very high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as margin and may result in unquantifiable further loss exceeding any margin deposited. Futures trading in many contracts on futures exchanges (although generally not in currencies) is subject to daily price fluctuation restrictions, commonly referred to as "daily limits", which prohibit the execution of futures trades on any given day outside a prescribed price range based on the previous day's closing prices. Daily limits do not limit ultimate losses but may make it costly or impossible for the Investment Manager or Lazard Sub-Investment Manager in connection with the Lazard Opportunities Strategy to liquidate a futures



position against which the market is moving. A series of “limit moves”, in which the market price moves the “daily limit” with little or no trading taking place, could subject the Fund to major losses.

**Warrants** - Warrants are similar to options in that they give the holder the right but not the obligation to buy or sell stock at a set price in the future. A warrant guarantees the holder the right to buy (or sell) a specific number of shares at a specific price (the strike price) for a defined period of time. Unlike options on equity securities that are listed and trade on exchanges, warrants are usually issued by corporations through private transactions and typically trade over-the-counter. The general movement in the stock markets, prevailing and anticipated economic and general economic conditions, interest rate movements, strike level, time remaining to expiry could affect the value of a warrant. The buyer of a warrant assumes the risk of losing its entire investment in such warrant.

**Other Instruments** - The Lazard Opportunities Strategy may take advantage of opportunities with respect to certain other instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by the Lazard Opportunities Strategy in the future that cannot be determined at this time or until such instruments are developed or invested in by the Lazard Opportunities Strategy.

**Highly Volatile Markets / Instruments** - The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other FDIs in which the Lazard Opportunities Strategy's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Lazard Opportunities Strategy is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

## GENERAL RISK FACTORS

**Availability of Investment Strategies** - No assurance can be given that the Lazard Sub-Investment Manager

will be able to locate suitable opportunities for the Lazard Opportunities Strategy which in turn will affect the value of the swap held by the Fund or that Prime Rate, the Cash Manager will be able to locate suitable investment opportunities in which to deploy the Fund's liquid assets. No assurance can be given that the Lazard Sub-Investment Manager will be able to exploit discrepancies in the securities and derivatives markets. A reduction in the pricing inefficiency of the markets in which the Lazard Opportunities Strategy seeks to invest, as well as other market factors, will reduce the scope for the Lazard Opportunities Strategy.

The Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or changes in tax treatment.

**Lazard, Sub-Investment Manager to the Lazard Opportunities Strategy, and Prime Rate, the Cash Manager Risk** - The performance of the Fund is substantially dependent on the services of senior professionals of the Lazard Sub-Investment Manager who make the decisions about the Lazard Opportunities Strategy on which the returns of the swap held by the Fund are based and Prime Rate, the Cash Manager who advises upon the investment of the liquid assets of the Fund. In the event of the death, incapacity, departure, insolvency or withdrawal of such professionals the performance of the Fund may be adversely affected.

**Performance Fee** - The Investment Manager may receive a Performance Fee from the Fund which is largely dependent on the performance of Lazard Opportunities Strategy upon which the value of the swap is based. The Investment Manager may then allot a portion of this fee to the Lazard Sub-Investment Manager. The Performance Fee theoretically may create an incentive for Lazard Sub-Investment Manager to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, the Performance Fee is calculated on the basis of net realised and net unrealised gains and losses at the end of each Performance Period and as a result Performance Fees may be paid on unrealised gains which may subsequently never be realised.

**Currency of Denomination of Share Classes** - The Fund is offering Shares denominated in GBP, US Dollars and Euros and may offer shares denominated in other currencies in the future. The initial offering price of each class is determined by the Directors and, due amongst other things to differences in exchange rate. The initial offering price of one class will not necessarily be economically equivalent to the initial offering price of another class. Accordingly, investors investing the same economic amounts in different currency classes



may receive different numbers of shares and thus, on a poll, their voting rights will not necessarily reflect their economic interest in the Fund.

**Class of Shares is not a Separate Legal Entity** - As among the Shareholders, although the Fund maintains only one portfolio of assets, the appreciation and depreciation attributable to a Class will be allocated only to such Class. Similarly, expenses attributable solely to a particular Class will be allocated solely to that Class. However, a creditor of the Fund will generally not be bound to satisfy its claims from a particular Class. Rather, such creditor generally may seek to satisfy its claims from the assets of the Fund as a whole. Further, if the losses attributable to a Class exceed its value, then such losses could negatively impact the value of other Classes. At the date of this document, the Directors are not aware of any existing or contingent liabilities.

**Liquidity and Valuation of Investments** - The Lazard Opportunities Strategy may invest in instruments which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and the Lazard Opportunities Strategy may not be able to sell them when they desire to do so or to realise what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over the counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

**Market Disruptions** - The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Lazard Opportunities Strategy from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. In 1994, in 1998 and again in the so-called "credit crunch" of 2007-2008 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The "credit crunch" of 2007-2008 particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the "credit crunch" of

2007-2008 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

**Counterparty Risk** - The Fund will be subject to the risk of the inability of any counterparty (including the Trading Counterparty and the Custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. If there is a failure or default by the counterparty to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty).

The Investment Manager and/or the relevant sub-investment manager will seek to minimise the Fund's counterparty risk through the selection of financial and non-financial institutions and types of transactions employed. However, the Fund's operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

**Concentration of Investments** - Subject to the Investment Restrictions of the Fund, the Investment Manager and Prime Rate, the Cash Manager are not restricted as to the percentage to the Funds assets that may be invested in any particular industry, instrument, market or strategy. The Fund will not maintain any fixed guidelines for diversifying its portfolio among instruments, markets or strategies. In attempting to maximise the Fund's returns the Investment Manager and Prime Rate, the Cash Manager may concentrate the holdings of the Fund in those instruments, strategies or markets which, in sole judgement of the Investment Manager and Prime Rate, the Cash Manager, provide the best profit opportunities consistent with the Fund's investment objective.

**Net Asset Value Considerations** - The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share of the



relevant Class at the time of such redemption is less than the Subscription Price paid by such Shareholder. In addition, where there is any conflict between International Financial Reporting Standards (“IFRS”) and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value the latter principles shall take precedence (see also the section entitled “Net Asset Value” below).

**Legal Risk** - Some of the laws that govern private and foreign investment and contractual relationships in certain countries are new and largely untested. As a result, the Lazard Opportunities Strategy may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Lazard Opportunities Strategy are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Lazard Opportunities Strategy and its operations. In addition, the income and gains of the Lazard Opportunities Strategy may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full foreign tax credit.

**Tax Considerations** - Where the Fund invests in securities that are not subject to withholding tax at the time of the acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such withheld tax and so any change may have an adverse effect on the Net Asset Value. Although the Directors and the Investment Manager each intend that, so far as it is within their respective control, the affairs of the Fund and the Investment Manager are conducted so that the Fund does not become subject to UK corporation tax or income tax on their profits, there can be no guarantee that all of the requirements to ensure this will at all times be satisfied.

**Business and Regulatory Risks of Funds** - Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for funds is evolving, and changes in the regulation of funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might

otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future vary change on the Fund could be substantial and adverse.

**Systemic Risk** - Multiple counterparty risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

**Valuation Risk** - The Net Asset Value of the Fund will be calculated by the Administrator based, to the extent possible, on prices obtained from independent third-party sources including exchanges. The fair market value of those assets of the Fund for which a third-party price is not available will be valued based on other sources deemed reliable by the Directors, in consultation with Prime Rate, the Cash Manager and the Administrator. Investors should note that there is a risk that a Shareholder which redeems its Shares while the Fund holds particular assets may be paid an amount less or more than it would otherwise be paid if the actual value of such assets is higher or lower than the value provided to the Administrator. In addition, there is a risk that a subscription for Shares could dilute the underlying value of such assets for the other Shareholders if the actual value of such assets is higher than the value provided to the Administrator. There is also a risk that greater Investment Management Fees and Performance Fees may be paid by the Fund in respect of certain assets or liabilities of the Fund than would have been paid if the actual value of such assets or liabilities is lower or higher than the value determined for the purposes of calculating those fees and allocations. None of the Directors, the Investment Manager, the Prime Rate Cash Manager or the Administrator is under any liability (including any obligation to remit excess Investment Management Fees or Performance Fees to the Fund or any of the Shareholders) if a price reasonably believed to be an accurate valuation of a particular asset of the Fund is found not to be such.



**Misconduct of Employees and of Third Party Service Providers** - Misconduct by employees or by third party service providers could cause significant losses to the Fund. Employee misconduct may include binding the Fund to transactions that exceed authorised limits or present unacceptable risks and unauthorised trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognise trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Investment Manager and the Prime Rate Cash Manager will adopt measures to prevent and detect employee misconduct and to select reliable third

party providers, such measures may not be effective in all cases.

**Terrorist Action** - There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read this entire Supplement and the Prospectus and consult with their own legal, tax and financial advisers before deciding to invest in the Fund.**

## DIVIDEND POLICY

The Fund does not currently intend to make any dividend payments.

## THE INVESTMENT MANAGER AND SUB-INVESTMENT MANAGER

The Fund has appointed Matrix Money Management Limited as its Investment Manager. Matrix Money Management Limited, is a private limited company incorporated in the UK on 24 September 1998 and is regulated in the United Kingdom by the Financial Services Authority (FSA Ref No: 190673). It is a wholly owned subsidiary of Matrix Group Limited.

The Investment Manager is responsible for appointing any sub-investment managers and has pursuant to a Lazard Sub-Investment Management Agreement dated 7 June 2010, appointed Lazard Asset Management LLC to act as a sub-investment manager to the Fund (with regard to Lazard Opportunities Strategy component of the Fund). The Investment Manager has also pursuant to a Prime Rate Sub-Investment Management Agreement dated 7 June 2010, appointed Prime Rate Capital Management LLP to act as a sub-investment manager to the Fund (with regard to the cash component only of the Fund).

The Lazard Sub-Investment Manager is a subsidiary of Lazard Frères & Co. LLC ("LF&Co.") and is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC"). The Lazard Sub-Investment Manager had assets under management of approximately U.S. \$128.1 billion as of 31 March

2010. The Lazard Sub-Investment Manager's clients are both individuals and institutions, some of whose accounts may have investment policies similar to those of the Lazard Opportunities Strategy.

Prime Rate Capital Management LLP ("Prime Rate" or the "Prime Rate Cash Manager" as the context requires) is a limited liability partnership registered in England and Wales with registered number OC327292 on 30 March 2007. The registered office (and head office) of the Authorised Capital Directors is at One Vine Street, London W1J 0AH. Prime Rate is authorised and regulated by the Financial Services Authority in the United Kingdom. As at 31 January 2010, Prime Rate has approximately US\$2.3 billion under management.

The Members of the Prime Rate Capital Management LLP are as follows: Christopher Oulton, Judith Benson, Henry Buckmaster, Dennis Gepp and Matrix PRCM Limited. Prime Rate Capital Management LLP is a specialist provider of cash management solutions to institutional clients. Prime Rate provides independent, specialist cash management products on a wholesale, competitive basis for the full range of corporate and institutional investors.

Prime Rate has an experience executive team which has an average of over 25 years of treasury and asset management experience.



## KEY INFORMATION FOR BUYING AND SELLING

### BASE CURRENCY

The Base Currency of the Fund is Sterling.

### BUSINESS DAY

Any day on which banks are open for business in New York, London and Dublin and/or such other day or days, place or places as the Directors may, with the consent of the Custodian, determine (and notify to Shareholders).

### DEALING DAY

The first Business Day of each week and/or such other Business Days as the Directors may, with the consent of the Custodian, determine and notify in advance to Shareholders provided there should be at least one Dealing Day per fortnight.

### DEALING DEADLINE

In respect of a Dealing Day, the Dealing Deadline is 5.00pm (Irish time) on the Business Day that falls 3 Business Days prior to the relevant Dealing Day.

Share Class	Minimum Initial Investment Amount	Minimum Additional Investment Amount
Institutional GBP	£100,000	£10,000
Retail GBP	£25,000	£5,000
Institutional Euro	€100,000	€10,000
Retail Euro	€25,000	€5,000
Institutional US Dollar	\$150,000	\$15,000

(subject to the discretion of the Directors in each case to allow lesser amounts).

### INITIAL OFFER PERIOD

The Initial Offer Period in respect of the Institutional GBP Class Shares, Retail GBP Class Shares, Institutional Euro Class Shares and Institutional US Dollar Class Shares closed at 5pm (Dublin time) on 30 July 2010.

The Initial Offer Period in respect of the Retail Euro Class Shares will start at 9 am (Dublin time) on 14 February 2011 and will close at 5 pm (Dublin time) on 18 February 2011. The end date of the Initial Offer Period in respect of the Retail Euro Class Shares may be subject to such earlier or later date as the Directors may determine and notify to the Central Bank.

### INITIAL ISSUE PRICE

€1.00 per share in respect of the Retail Euro Class Shares

### SUBSCRIPTIONS

Applicants wishing to apply for the Share Classes of the Fund must send their completed Application Form and arrange a bank transfer so that cleared funds in the

currency of the relevant Share Class and the Application Form are received by the Administrator no later than 5.00pm (Dublin time) 3 Business Days preceding the relevant Dealing Day (the "Dealing Deadline").

Such applicants should send the completed bank transfer instruction letter to their bank.

Shares will be issued at the relevant Subscription Price on that Dealing Day. Applications or uncleared funds received after the date and time specified above will be held over until the following Dealing Day and Shares will be issued at the relevant Subscription Price on that Dealing Day. Applications to subscribe for Shares may be faxed to the Administrator (fax: + 353 1 790 0459) but the original document must be sent immediately to the Administrator by post. Shares will not be issued until a signed Application Form and cleared funds have been received by the Administrator. If this condition is not met, the Directors reserve the right to cancel the subscription.

Fractions of Shares will, if necessary, be issued to three decimal places.

Investors will normally receive a contract note within 5 Business Days of the Dealing Day.

### SETTLEMENT DATE FOR REDEMPTIONS

Redemption contract notes will be issued to Shareholders within 5 Business Days of the relevant Dealing Day. The amount due on the repurchase of Shares of any class in the Fund will be paid within 5 Business Days by electronic transfer to an account in the name of the Shareholder. Repurchase proceeds will only be paid on receipt by the Administrator of any relevant repurchase documentation.

### PRELIMINARY CHARGE

A Preliminary Charge of up to 5% of the Net Asset Value will be charged in respect of the Shares (subject to the Directors discretion to waive such fee). All or part of any such initial charge may, at the discretion of the Investment Manager, be retained by the Investment Manager/Distributor, paid to intermediaries or given to applicants in the form of extra Shares.

### REPURCHASE CHARGE

None.

### ANTI-DILUTION CHARGE

Cost of dealing (subject to the Director's discretion to waive such fees).

The Directors may, where there are large net subscriptions or large net repurchases, charge an Anti-Dilution Levy which will be calculated to cover the costs of acquiring or selling investments as a result of net subscriptions or



net repurchases on any Dealing Day, which will include any dealing spreads, commissions and will be charged in circumstances where the Directors believe it is necessary to prevent an adverse effect on the value of the assets of the Fund. The level of the Anti-Dilution Levy may vary

but at no time shall exceed a maximum of 5% of the Net Asset Value of the Fund.

### VALUATION POINT

5pm (Irish time) on the Business Day preceding the Dealing Day.

## FEES AND EXPENSES

### FEES OF THE INVESTMENT MANAGER

The annual investment management fees (the “Management Fee”) in respect of the Fund (exclusive of the performance fee) are as follows:

Share Class	Management Fee
Retail GBP Class Shares	2.25%
Institutional GBP Class Shares	1.5%
Retail Euro Class Shares	2.25%
Institutional Euro Class Shares	1.5%
Institutional US Dollar Class Shares	1.5%

The Investment Manager will be entitled to receive from the Company out of the assets of the Fund the Management Fee (as set out above of the net assets attributable to the relevant Class of Shares, plus VAT if any).

These fees will accrue and be calculated on each Dealing Day and be payable monthly in arrears.

The Investment Manager may, at its absolute discretion, pay any portion of the Management Fee to any third party in any manner whatsoever, whether by rebate or otherwise. The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for its reasonable out-of-pocket costs and expenses incurred by the Investment Manager in the performance of its duties. The Management Fee will be divided between the Investment Manager and the Lazard Sub-Investment Manager in such proportions as shall be agreed between the Investment Manager and the Lazard Sub-Investment Manager and notified to the Company by the Investment Manager from time to time.

### FEES OF THE PRIME RATE CASH MANAGER

The Prime Rate Cash Manager will be entitled to receive from the Company a monthly cash management fee in respect of the Shares of the Fund (exclusive of the Performance Fee) of up to 0.05% per annum calculated on the cash component of the Net Asset Value of each share class.

### PERFORMANCE FEE

The Investment Manager is entitled to receive a monthly

performance fee (the “Performance Fee”) equal to 20% of the Net Gain, if any, in excess of the Fund’s high water mark (as defined below) during the corresponding Performance Period. It will be calculated for each “Performance Period”, which will begin as of the date of the Fund’s commencement and end on the first following month end, and on each successive month end thereafter (or the date of the dissolution of the Fund). The “Net Gain” is the difference between the net asset value of the Fund for the relevant month end and the net asset value of the Fund recorded at the end of the previous month end (or the initial net asset value, in the case of the first Performance Period), adjusted for subscriptions and redemptions. The performance fee will be payable only to the extent that gains in the Fund’s net asset value exceed the highest previously achieved month end net asset value (commonly referred to as a “high water mark”). The performance fee will be accrued weekly and payable as of the end of the relevant Performance Period. The Performance Fee shall be calculated independently by the Administrator and verified by the Custodian.

The Performance Fee will be divided between the Investment Manager and the Lazard Sub-Investment Manager in such proportions as shall be agreed between the Investment Manager and the Lazard Sub-Investment Manager from time to time.

### HIGH WATER MARK

The High Water Mark is the greater of: (i) the highest Net Asset Value (after calculation of the Performance Fee) per Share on the Valuation Point for any Performance Period; and (ii) the relevant initial issue price of Shares.

### FEES OF THE CUSTODIAN, ANY SUB-CUSTODIAN AND THE ADMINISTRATOR

The Custodian shall receive an annual trustee fee of up to 0.03% of the Net Asset Value of the Fund accrued and calculated at each Valuation Point and payable monthly in arrears, subject to a total annual minimum fee of €24,000.

The Custodian is also entitled to agreed upon transaction charges and to recover properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).



Any fee payable to a sub-custodian and any related transaction charges in the relevant market will be charged to the Fund at normal commercial rates.

The Administrator shall be entitled to receive out of the net assets of the Fund an annual fee, accrued and calculated at each Valuation Point and payable monthly in arrears at an annual rate which will not exceed 0.08% of the net assets of the Fund (plus VAT, if any) subject to an annual minimum fee of €60,000. The

## LISTING

Application was made to the Irish Stock Exchange for the Institutional GBP Class Shares, Retail GBP Class Shares, Institutional Euro Class Shares and Institutional USD Class Shares of the Fund to be admitted to the Official List and trading on the main securities market of the Irish Stock Exchange and such admission became effective on 18 January 2011 for the Institutional GBP Class Shares, Institutional Euro Class Shares and Institutional USD Class Shares. The Retail GBP Class Shares have yet to list. Application has been made to the Irish Stock Exchange for the Retail Euro Class Shares to be admitted to the official list and trading on the main securities markets of the Irish Stock Exchange. It is expected that admission for the Retail Euro Class Shares will become effective on or about the end of the Initial Offer Period. The Prospectus and this Supplement together constitute listing particulars for the purpose of the application. No application has been made for these Share classes to be listed on any other stock exchange. The Directors do not anticipate that an active secondary market will develop in the Shares.

Neither the admission of the Retail Euro Class Shares of the Fund to the official list and trading on the main securities market nor the approval of the listing particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any other party connected with the Fund, the adequacy of information contained in the listing particulars or the suitability of the

## DISCLAIMERS

**THE DIRECTORS OF THE COMPANY AND THE INVESTMENT MANAGER, TOGETHER THE "RESPONSIBLE PARTIES", DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY DESCRIPTION RELATING TO THE LAZARD OPPORTUNITIES STRATEGY OR ANY RELATED DATA INCLUDED HEREIN AND THE RESPONSIBLE PARTIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS HEREIN. THE APPROVED RESPONSIBLE PARTIES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUND, ANY SHAREHOLDER IN THE FUND, OR TO ANY OTHER PERSON OR ENTITY IN RESPECT OF THE LAZARD OPPORTUNITIES STRATEGY DESCRIBED**

Administrator is also entitled to agree upon Shareholder transaction charges, a fee associated with risk reporting (for production of bespoke risk reports such fee will not exceed €2,000 per month) and to recover properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

This section should be read in conjunction with the section entitled Fees and Expenses in the Prospectus.

Fund for investment purposes.

The Institutional GBP Class Shares were initially issued on 1 October 2010 at an Initial Issue Price of £1.00. The Institutional Euro Class Shares were initially issued on 1 October 2010 at an Initial Issue Price of €1.00. The Institutional US Dollar Class Shares were initially issued on 1 October 2010 at an Initial Issue Price of \$1.00. As at 07 January 2011, (a) the unaudited Net Asset Value per Share for the Institutional GBP Class Shares was 1.0117; for the Institutional Euro Class Shares the unaudited Net Asset Value was 1.0112 and for the Institutional US Dollar Class Shares the unaudited Net Asset Value was 1.0120.

There has been no significant change in the financial or trading position of the Fund since the end of the period to which the most recent un-audited portfolio statements included in the listing particulars are prepared. The un-audited portfolio statements as at 07 January 2011 forms part of the listing particulars.

An English version of a term-sheet summarising the general terms of all FDIs, such as swap agreements, are available to investors upon request at the Company's registered office.

The Company currently has the following sub-funds approved at this date:

Matrix Asia UCITS Fund  
Matrix Lazard Opportunities Fund

HEREIN.

**THE RESPONSIBLE PARTIES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE LAZARD OPPORTUNITIES STRATEGY OR ANY RELATED DATA INCLUDED HEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE RESPONSIBLE PARTIES HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES OR FOR ANY LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.**





# APPLICATION FORM

# MATRIX UCITS FUNDS PLC (the "Company") MATRIX LAZARD OPPORTUNITIES FUND (the "Fund")

Return this form to: Matrix UCITS Funds Plc, c/o CACEIS Fastnet Ireland Limited, One Custom House Plaza, IFSC, DUBLIN 1, Ireland.  
Telephone +353 1 672 1653 Facsimile +353 1 790 0459 Email matrixta@eu.fastnetgroup.com

## APPLICANT DETAILS (please complete either Individual or Corporate details as appropriate)

### INDIVIDUAL

Title (Mr, Mrs, Miss, Ms, other):

Surname:

Forename(s):

(or) Company / Nominee Name:

Designation:

Address:

Postcode:

Telephone:

Fax:

Email:

Country of Tax Residency:

Tax Identification Number:

### JOINT (only complete this section if the holding is to be held in joint names)

Title (Mr, Mrs, Miss, Ms, other):

Surname:

Forename(s):

Address:

Postcode:

Telephone:

Fax:

Email:

Country of Tax Residency:

Tax Identification Number:

We request you to register our Shares in our joint names and we hereby authorise you from time to time until we or any/either party give you written notice to the contrary to honour all orders for subsequent subscriptions, redemptions or exchanges when signed by:

Any Joint Applicant

All Joint Applicants

## SHARE TYPES

I / We wish to invest in the following Shares in the Fund:

	SHARE CLASS	CURRENCY	AMOUNT (in figures)
Matrix Lazard Opportunities Fund	Retail	Sterling	£
Matrix Lazard Opportunities Fund	Institutional	Sterling	£
Matrix Lazard Opportunities Fund	Institutional	US Dollar	\$
Matrix Lazard Opportunities Fund	Institutional	Euro	€
Matrix Lazard Opportunities Fund	Retail	Euro	€

Minimum initial investment is £25,000 for Sterling Retail Shares, £100,000 for Sterling Institutional Shares, €100,000 for Euro Institutional Shares, \$150,000 for US Dollar Institutional Shares and €25,000 for Euro Retail Shares. Minimum subsequent investment is £5,000 for Sterling Retail Shares, £10,000 for Sterling Institutional Shares, €10,000 for Euro Institutional Shares, \$15,000 for US Dollar Institutional Shares and €5,000 for Euro Retail Shares.

Please pay in the currency of the Share Class for which you are subscribing. Cleared funds, net of any bank charges, in the currency of the relevant Share Class are to be received by the Administrator no later than 5.00pm (Dublin time) 3 Business Days preceeding the relevant Dealing Day.

## AGENT / INTRODUCER DETAILS (to be completed by the applicant's agent / introducer, if applicable. e.g. IFA, Bond Provider, SIPP Provider, Nominee Bank, etc.)

Contact Name:

Regulated By:

Company Name:

(To be taken by Agent)  
Commission required (%):

Address:

(To be applied to Client)  
Discount (%):

Agent Number:

Postcode:

Email:

Telephone:

Fax Number:

## FOR COMMISSION PAYMENTS

Name of Bank:

Account Number:

Name of Account Holder:

IBAN Number:

Bank Swift Code:

Branch Number / Sort Code:

## REDEMPTION DETAILS

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No redemption proceeds can be paid out until the original application form has been received by the Administrator, at the address provided in the APPLICANT DETAILS section above, and all anti-money laundering checks have been completed.

All payments will be paid in the currency of the Share Class in which you invested. All payments will be made by Direct Credit to the bank account provided below. Please note the bank account MUST be in the name of the Applicant.

Name of Bank / Building Society:

Address:

Name of Account Holder:

Account Number:

Bank Swift Code:

IBAN Number:

Branch Number / Sort Code:

## PAYMENT INSTRUCTIONS

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### FOR STERLING SHARES

<b>Correspondent Bank:</b>	HSBC Bank Plc International
<b>Correspondence Swift Code:</b>	MIDLGB22
<b>Correspondence Sort Code:</b>	40-05-15
<b>IBAN:</b>	GB94MIDL40051568446340
<b>Account No:</b>	68446340
<b>Beneficiary Bank:</b>	CACEIS Bank Luxembourg / Fastnet Ireland Client Account
<b>Beneficiary Swift Code:</b>	BSUILULL
<b>Retail Share Ref:</b>	Matrix Laz Opps (69792)/Investor Name
<b>Institutional Share Ref:</b>	Matrix Laz Opps (69793)/Investor Name

### FOR US DOLLAR SHARES

<b>Correspondent Bank:</b>	JP Morgan Chase NY
<b>Correspondence Swift Code:</b>	CHASUS33
<b>Account No:</b>	822839460
<b>CHIPS No:</b>	0002
<b>ABA No:</b>	021000021
<b>Beneficiary Bank:</b>	CACEIS Bank Luxembourg / Fastnet Ireland Client Account
<b>Beneficiary Swift Code:</b>	BSUILULL
<b>Institutional Share Ref:</b>	Matrix Laz Opps (69794)/Investor Name

### FOR EURO SHARES

<b>Correspondent Bank:</b>	Credit Agricole S.A., Paris
<b>Correspondence Swift Code:</b>	AGRIFRPP
<b>IBAN :</b>	FR76 3000 6000 0120 7800 6000 051
<b>Account No:</b>	20780060000
<b>Beneficiary Bank:</b>	CACEIS Bank Luxembourg / Fastnet Ireland Client Account
<b>Beneficiary Swift Code:</b>	BSUILULL
<b>Retail Share Ref:</b>	Matrix Laz Opps (78545)/Investor Name
<b>Institutional Share Ref:</b>	Matrix Laz Opps (69795)/Investor Name

## GENERAL DECLARATION AND SIGNATURE OF APPLICANT(S)

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I / We declare that I am / we are over 18 years of age (not relevant to company applications) and that I / we have all requisite power, authority and capacity to acquire and hold the Shares and to execute, deliver and comply with the terms of each of the instruments required to be executed and delivered by me / us in connection with my / our subscription for the Shares, including this Agreement, and such execution, delivery and compliance does not conflict with, or constitute a default under, any law, regulation or order, or any agreement to which I am / we are a party or by which I / we may be bound.

I / We hereby warrant that I / we have the knowledge, expertise and experience in financial matters to evaluate the risks in investing in the Fund, I / we are aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which the assets will be held and / or traded, and can bear the loss of my / our entire investment in the Fund.

I / We agree that the representations, warranties, acknowledgements and covenants included herein may be used as a defence in any actions relating to the Company or the offering of the Shares, and that it is only on the basis of such representations, warranties, acknowledgements and covenants that the Company may be willing to accept my / our subscription for Shares. The representations, warranties, acknowledgements and covenants given by me / us shall survive the execution hereof and the purchase of Shares.

I / We declare that the Shares are NOT being acquired directly or indirectly by a US person or in violation of any law applicable to such a person.

Should I / the company become resident or ordinarily resident in the US, I will bring this fact to the attention of the Company by written notice.

The Administrator and the Company are each hereby authorised and instructed to accept and execute any instructions in respect of the Shares to which this application relates given by the Applicant in written form or by facsimile. If the instructions are given by the Applicant by facsimile the Applicant undertakes to confirm them in writing immediately. The Applicant hereby agrees to indemnify each of the Administrator and the Company (on its own behalf and as agent of the Fund) and agree to keep each of them indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon facsimile instructions. The Administrator and the Company may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed in good faith to be genuine or to be signed by properly authorised persons.

I / We\* agree to notify the Fund immediately if I / we\* become aware that any of the representations is / are\* no longer accurate and complete in all respects.

I / We\* further agree that the Administrator be fully indemnified and held harmless by me / us\* from and against any and all claims, liabilities, losses, damages, costs and expenses (including with limitation, attorney's fees) for acting or omitting to act upon instructions or inquiries believed genuine and /or arising as a result of any of the declarations made herein being untrue or as a result of my/our\* failure to notify the Fund or Administrator of a change in status (relating to tax residency or otherwise) which would render any of the declarations contained herein untrue subsequent to the date of this application.

I / We\* hereby represent that I/we and any persons we represent as agent or nominees or our beneficial owners or persons who control us or are controlled by us is / are\* not a prohibited country, territory, individual or entity listed on an official Black list issued by the European Union, the United States (OFAC), a foreign shell bank or senior foreign political figure or an immediate family member or close associate of a senior political figure and that, to the best of my / our\* knowledge, subscription monies are not directly or indirectly derived from activities that may contravene Irish, European or international, laws and regulations, including anti money laundering laws and regulations.

#### MONEY LAUNDERING

I / We acknowledge that due to money laundering requirements operating within the EEA, the Distributor, Transfer Agent, Administrator or Company (Delegates) may require further identification of the applicant(s) before the application can be processed or subscription monies accepted. In this respect, I / we agree to complete the Administrator's Money Laundering Verification Form which will be sent to me / us at the time of my / our application for Shares. The Delegates shall be held harmless and indemnified against any loss arising as a result of the failure to process the application, if such information as has been required by the parties referred to has not been provided by me / us.

#### OTHER

I / We understand that any defined terms used in this Application are defined in the Prospectus.

I / We will not have the right under the United Kingdom Financial Services Conduct of Business Rules (Cancellation and Withdrawals) to cancel the investment agreement constituted by the sales of Shares.

#### DECLARATION FOR NON-US PERSON(S)

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I / We represent that I am / we are not a US Person and that I am / we are not purchasing the Shares on behalf of or for the account of a US Person or other restricted person, nor with a view to the offer, sale, delivery, directly or indirectly, of the Shares in the United States, its territories, possessions and other areas subject to its jurisdiction or any other restricted jurisdiction, nor in violation of any applicable law. I / We agree that I / we shall not, nor purport to, sell, transfer or deliver any Shares to any US Person or any other restricted person or otherwise in contravention of the Articles and accept that no communications or payments shall be made in respect of the Company to any person in the United States of America.

#### EUROPEAN UNION TAXATION OF SAVINGS DIRECTIVE DECLARATION

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I / We acknowledge that information relating to my / our holding of Shares in the Fund, and / or details of income arising from such holdings may be subject to disclosure to any relevant tax authority in accordance with the terms of the EU Taxation of Savings Directive (2003/48/EC) (the "ESD"). I / We hereby consent to such disclosure by the Administrator or any person deemed to be a paying agent for the purposes of the ESD (the "Paying Agent"). I / We confirm that I / we will promptly advise the Administrator of any amendments to information which may be relevant for the purposes of the ESD, including my / our name(s), address(es), tax identification number and country of residence for tax purposes. I / We hereby agree to indemnify the Paying Agent against any and all loss, liability, cost and expenses (including without limitation legal fees, taxes and penalties) which may arise directly or indirectly from my / our failure to provide the requisite information or where the information provided is incorrect or where I / we have failed to update information previously provided.

#### DATA PROTECTION

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I / We consent to personal information obtained in relation to me / us being handled by the Administrator, the Company, the Custodian, the Sub-Investment Manager, the Investment Manager and any of their delegates, agents or affiliates in accordance with the Data Protection Acts 1988 to 2003. Information in relation to me / us will be held, used, disclosed and processed for the purposes of; (a) managing and administering my / our holdings in the Fund and any related account on an ongoing basis; (b) for any other specific purposes where I / we have given specific consent to do so; (c) to carry out statistical analysis and market research; (d) to comply with any applicable legal or regulatory obligations including legal obligations under company law and anti-money laundering legislation; (e) for disclosure and transfer whether in Ireland or elsewhere (including companies situated in countries outside of the European Economic Area which may not have the same data protection laws as in Ireland) to third parties including my / our financial adviser (where appropriate), regulatory bodies, auditors, technology providers or to the Fund and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; (f) or for other legitimate business interests of the Company. I / We hereby acknowledge my / our right of access to and the right to amend and rectify my / our personal data, as provided herein. I / We understand that the Company is a data controller and will hold any personal information provided by me / us in confidence and in accordance with the Data Protection Acts 1988 to 2003. I / We consent to the recording of telephone calls that I / we make to and receive from the Administrator, the Company, the Custodian, the Investment Manager or any of their delegates or duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes. I / We consent to the Company and the Investment Manager sending information about other investment services to me / us by letter, telephone or other reasonable means of communication. I / We understand that I / we have a right not to receive such information.

## DECLARATION OF RESIDENCE OUTSIDE IRELAND

Applicants resident outside of Ireland are required by the Irish Revenue Commissioners to make the following declaration, which is in a format authorised by them, in order to receive payment without a deduction of tax. It is important to note that the declaration, if it is still correct, shall apply in respect of any subsequent acquisitions of shares/units. Terms used in this declaration are defined in the Prospectus.

### DECLARATION ON OWN BEHALF

I / We\* declare that I am / we are\* applying for the Shares on my own behalf / on behalf of a company\* and that I am / we are / the company is\* entitled to the Shares in respect of which this declaration is made and that:

- I am / we are / the company is\* not currently resident or ordinary resident in Ireland; and
- Should I / we the company\* become resident in Ireland I will / we will\* so inform you, in writing, accordingly.

\* Delete as appropriate.

### DECLARATION AS AN INTERMEDIARY

I / We\* declare that I am / we are\* applying for the Shares on behalf of persons:

- Who will be beneficially entitled to the Shares; and
- Who, to the best of my / our\* knowledge and belief, are neither resident nor ordinary resident in Ireland.

I / We\* also declare that:

- Unless I / We\* specifically notify you to the contrary at the time of application, all applications for Shares made by me / us\* from the date of this application will be made on behalf of such persons; and
- I / we\* will inform you, in writing, if I / we\* become aware that any person, on whose behalf I / we\* hold Shares, becomes resident in Ireland.

\* Delete as appropriate.

### INDIVIDUAL

Signatures of Applicant or Authorised Signatory (declarant):

JOINT (only complete this section if the holding is to be held in joint names)

Signatures of Joint Applicant or Authorised Signatory (declarant):

Date:

Date:

THIS SIGNATURE ONLY RELATES TO THE DECLARATION OF RESIDENCE OUTSIDE OF IRELAND. APPLICANTS MUST SIGN THE APPLICATION DECLARATION BELOW.

### IMPORTANT NOTES

1. Non-resident declarations are subject to inspection by the Irish Revenue Commissioners and it is a criminal offence to make a false declaration.
2. If the application form (incorporating the declaration required by the Irish Revenue Commissioners) is signed under power of attorney, a copy of the power of attorney must be furnished in support of the signature.
3. This declaration must be signed by the Intermediary. Where the Intermediary is a company, it must be signed by the company secretary or other authorised officer. It may also be signed by a person who holds the power of attorney from the company. A copy of the power of attorney must be furnished in support of the signature.
4. An "Intermediary" means a person who: (i) carries on a business which consists of, or includes the receipt of payments, from an investment undertaking resident in the State, on behalf of other persons; (ii) holds units in an investment undertaking on behalf of other persons.

## APPLICATION DECLARATION

I / We wish to apply for Shares in the Fund as indicated in the SHARE TYPES section.

I / We have received, carefully read and understood the Articles, the current Prospectus, any relevant Supplement(s) thereto and the most recent annual report of the Company and hereby confirm that this application is based solely on the information contained in such documentation and is made pursuant to the terms of this Application Form. I / We acknowledge that in making a decision to subscribe for the Shares, I / we have relied solely upon the Prospectus, the Supplement(s) and the Articles and independent investigations made by me / us. I / We have not relied upon any representation or other information (whether written or oral) provided or communicated by the Company, the Investment Manager, any sub-investment manager, any of their respective directors, employees, agents or representatives or any other person (except as set forth in the Prospectus), have not received from any such person any investment advice or recommendation to purchase and/or hold the Shares and understand that the Prospectus is not, and should not be construed as, investment advice. I / We are not relying on the Company, the Investment Manager, any sub-investment manager or any other person or entity with respect to the legal, tax, financial or other advice as to the economic considerations involved in this investment other than my / our own advisers. I / We have sought independent legal, investment and tax advice to the extent that I / we have deemed necessary or appropriate in connection with my / our decision to subscribe for the Shares.

PLEASE REMEMBER TO COMPLETE THE DECLARATION OF RESIDENCE IF YOUR TAX RESIDENCY IS OUTSIDE OF IRELAND.

Signatures (1st applicant):

Date:

Signatures (2nd applicant):

Date:

Signatures (3rd applicant):

Date:

Return this form to Matrix UCITS Funds Plc  
c/o CACEIS Fastnet Ireland Limited.  
One Custom House Plaza, IFSC, DUBLIN 1, Ireland  
Telephone +353 1 672 1653  
Facsimile +353 1 790 0459

Please ensure you have read and signed the Declarations





MATRIX