

H2O MULTISTRATEGIES FCP

PROSPECTUS

DATED 11 JULY 2023

I GENERAL FEATURES

□ **NAME: H2O MULTISTRATEGIES FCP**

Hereinafter referred to in this document as “the FCP”, “the Fund” or “the UCITS”.

□ **LEGAL FORM AND COUNTRY IN WHICH THE UCITS WAS ESTABLISHED:**

French mutual fund (FCP).

□ **INCEPTION DATE AND EXPECTED TERM:**

The Fund was created on 8 October 2020 for 99 years under the framework of a demerger operation provided for in Article L.214-8-7 of the French Monetary and Financial Code.

□ **DATE OF APPROVAL BY AMF:**

The Fund was approved by the *Autorité des marchés financiers* (AMF), the French financial markets authority, on 15 September 2020.

□ **SUMMARY OF THE MANAGEMENT OFFERING:**

Unit classes	Target subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
REUR (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0010923383	Accumulation	Euro	Estimated value on the day of the demerger
RUSD (C) unit	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011978238	Accumulation	USD	Estimated value on the day of the demerger
HCHF-R (C)* units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011061803	Accumulation	CHF	Estimated value on the day of the demerger
HSGD-R (C)** units	All subscribers, although private individuals in particular	SGD 100	One ten-thousandth of a unit	FR0012517241	Accumulation	SGD	Estimated value on the day of the demerger
IEUR (C) units	All subscribers, although institutional investors in particular	EUR 100,000	One ten-thousandth of a unit	FR0010930446	Accumulation	Euro	Estimated value on the day of the demerger
IUSD (C) units	All subscribers, although	USD 100,000	One ten-	FR0011978253	Accumulation	USD	Estimated

	institutional investors in particular		thousandth of a unit				value on the day of the demerger
HCHF-I (C)* units	All subscribers, although institutional investors in particular	CHF 100,000	One ten-thousandth of a unit	FR0011978261	Accumulation	CHF	Estimated value on the day of the demerger
NEUR (C) units	Subscriptions in this unit are reserved to investors specifically subscribing via distributors or intermediaries: - subject to national legislation prohibiting all retrocessions to distributors Or - that provide an independent advisory service as defined by the MiFiD II European regulation or individual management under mandate intermediary	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013186749	Accumulation	Euro	Estimated value on the day of the demerger

* Unit systematically hedged against the EUR/CHF foreign exchange risk

** Unit systematically hedged against the EUR/SGD foreign exchange risk

ADDRESS FROM WHICH THE LATEST ANNUAL AND INTERIM REPORTS AND ASSET COMPOSITION CAN BE OBTAINED:

- The latest annual report and asset composition details will be sent to the unitholder within eight working days of receipt of a written request addressed to:

H2O AM EUROPE
39 Avenue Pierre 1er de Serbie
75008 Paris, France
Email: info@h2o-am.com

Any further information may be obtained from H2O AM EUROPE at the above address, or from your usual adviser.

1 Parties involved

MANAGEMENT COMPANY:

Company name: H2O AM EUROPE
Legal form: Société anonyme par actions simplifiée [simplified joint stock company]
Authorised by the Autorité des Marchés Financiers (AMF), the French Financial Markets Authority, under number GP-19000011
39 Avenue Pierre 1er de Serbie
75008 Paris, France

DEPOSITARY AND CUSTODIAN:

COMPANY NAME: CACEIS BANK

Legal form: credit institution approved by the ACPR (former CECEI)
Registered office: 89-91 Rue Gabriel Péri, 92120 Montrouge, France
Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France
The functions of depositary and custodian of the UCITS assets are performed by CACEIS Bank.

□ **CLEARING HOUSE:**

Company name: CACEIS BANK

Legal form: credit institution approved by the ACPR (former CECEI)

Registered office: 89-91 Rue Gabriel Péri, 92120 Montrouge, France

Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France

Under the authority of the Management Company, CACEIS Bank has been entrusted with the liability accounting for the UCITS and, to this end, is responsible for clearing and processing subscription and redemption requests relating to the units of the UCITS.

□ **PRIME BROKER:**

None

□ **STATUTORY AUDITOR:**

KPMG AUDIT

Represented by Ms Isabelle Bousquié

Registered office: Tour EQHO 2 avenue Gambetta CS60055, 92066 PARIS LA DEFENSE CEDEX 1

□ **MARKETING AGENT:**

H2O AM EUROPE

39 Avenue Pierre 1er de Serbie

75008 Paris, France

The marketing agent is the entity that markets the Fund. This list of marketing agents is not exhaustive, insofar as the Fund is listed on Euroclear.

The Fund's Management Company would like to remind subscribers that not all marketing agents are appointed by or known to the company.

□ **REPRESENTATIVES:**

Delegation of accounting functions:

Company name: CACEIS FUND ADMINISTRATION, which provides the Fund's management and valuation on behalf of H2O AM EUROPE

Registered office: 89-91 Rue Gabriel Péri, 92120 Montrouge, France

Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France

Nationality: French

Delegation of financial management:

Company name: H2O MONACO S.A.M.

Legal form: a *société anonyme* (public limited company) under Monegasque law, authorised by the *Commission de contrôle des activités financières* (Commission for the Control of Financial Activities – Monaco) under number SAF 2017-04

Registered office: 24, boulevard Princesse Charlotte Monte Carlo, 98000 Monaco

The financial management delegate will partially contribute to the financial management alongside the Management Company. The Management Company has not identified any conflicts of interest that may arise from such arrangements.

II OPERATING AND MANAGEMENT CONDITIONS

1 General features:

□ **RIGHTS ASSOCIATED WITH THE CLASS OF UNITS:**

Each unitholder has co-ownership rights proportional to the number of units held.

Information on changes affecting the Fund is communicated to unitholders by any means in line with the instructions of the *Autorité des Marchés Financiers*, the French financial markets authority, hereinafter “the AMF”. The management of the Fund, which has no corporate personality and for which the rules concerning undivided ownership and companies have been waived, is carried out by the Management Company acting on behalf of the unitholders and in their exclusive interest.

□ **ENTRY IN A REGISTER OR ESTABLISHMENT OF PROCEDURES FOR LIABILITY ACCOUNTING:**

Liability accounting is handled by CACEIS Bank.
The units are administered by Euroclear France.

□ **VOTING RIGHTS:**

The units do not carry any voting rights. Management of the Fund is carried out by the Management Company, which acts on behalf of the unitholders and in their exclusive interest.

The Management Company’s voting policy may be consulted at the Management Company’s registered office or at www.h2o-am.com.

Type of units: bearer.

□ **DIVISION OF UNITS:**

REUR, RUSD, HCHF-R, HSGD-R, IEUR, IUSD, HCHF-I, and NEUR units are split into ten-thousandths of a unit.

□ **FINANCIAL YEAR-END:**

Last trading day in March.
The end of the first financial year was the last trading day of March 2021.

□ **INFORMATION ON THE TAXATION SYSTEM:**

The Fund is not subject to taxation in and of itself. Depending on your tax system, any capital gains and income related to the holding of any UCI shares or units may be subject to taxation. The applicable tax system therefore depends on the tax provisions pertaining to the unitholder’s individual situation and place of residence. Investors are advised to consult their usual financial adviser for information on the procedures that apply to their personal circumstances. We recommend that you seek advice on this matter.

2 Specific provisions

□ **ISIN CODES:**

Units	ISIN code
REUR (C) units	FR0010923383
RUSD (C) units	FR0011978238
HCHF-R (C) units	FR0011061803
HSGD-R (C) units	FR0012517241
IEUR (C) units	FR0010930446
IUSD (C) units	FR0011978253
HCHF-I (C) units	FR0011978261
NEUR (C) units	FR0013186749

□ **HOLDING OF UNITS OR SHARES OF OTHER UCIs (UCITS OR AIFs) OR INVESTMENT FUNDS:**

The Fund invests up to 10% of its net assets in units or shares of other UCIs (UCITS or AIFs) or investment funds.

□ **MANAGEMENT OBJECTIVE:**

For REUR, NEUR and IEUR units

The management objective is to outperform the daily capitalised €STR by 1.95% per annum for REUR units, by 2.9% per annum for NEUR units and by 3% per annum for IEUR units over the recommended minimum investment period, after deducting operational and management charges.

For HCHF-R and HCHF-I units

The management objective is to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 1.95% per annum for HCHF-R units and to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 3% per annum for HCHF-I units over the recommended minimum investment period, after deducting operational and management charges.

For RUSD and IUSD units

The management objective is to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 1.95% per annum for RUSD units and to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 3% per annum for IUSD units over the recommended minimum investment period, after deducting operational and management charges.

For HSGD-R units

The management objective is to outperform the 1-month SGD SIBOR (Singapore Interbank Offered Rate) by 1.95% per annum for HSDG-R units over the recommended minimum investment period after deducting operational and management charges.

For indicative purposes only, the Fund's performance may be compared ex-post with that of the composite index made up of 50% of the JP Morgan Government Bond Index Broad and 50% of the MSCI World Developed Markets index (net dividends reinvested), over the recommended minimum investment term.

The MSCI World Developed Markets Index is denominated in euro for the IEUR, REUR and NEUR units, and in US dollar for the IUSD and RUSD units.

The JP Morgan Government Bond Index Broad is denominated in euro for the IEUR, REUR and NEUR units, and in US dollar for IUSD and RUSD units.

The HCHF-R and HCHF-I units are hedged against the EUR/CHF foreign exchange risk, taking into account the differential between the Swiss interest rate (SARON) and the Eurozone rate (1-month EURIBOR), after deducting operational and management charges.

The HSGD-R units are hedged against the EUR/SGD foreign exchange risk, taking into account the differential between the Singapore interest rate (1-month SGD SIBOR) and the Eurozone (1-month EURIBOR) rate, after deducting operational and management charges.

Potential subscribers are reminded that the various performance objectives listed in this "Management objective" section are based on performance assumptions agreed by the Management Company and under no circumstances guarantee the Fund's return or performance.

□ **BENCHMARK:**

For REUR, NEUR and IEUR units

The daily capitalised €STR (Overnight Indexed Swap or OIS method) is the benchmark.

The €STR (Euro Short-Term Rate) corresponds to the interbank market reference rate in the Eurozone. It is calculated by the European Central Bank.

Further information on the benchmark is available on its administrator's website: www.ecb.europa.eu

The benchmark index administrator is not listed in the register of administrators and benchmark indices held by ESMA (the ECB is exempted).

For HCHF-R and HCHF-I units

The daily capitalised SARON rate (Swiss Average Rate Overnight) (Overnight Indexed Swap or OIS method) corresponds to the reference rate of the Swiss franc (CHF) interbank market and is calculated by SIX Financial Information AG.

The benchmark is available on the website:

<https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/indices/swiss-reference-rates.html>

The benchmark index administrator is listed in the register of administrators and benchmark indices held by ESMA.

For RUSD and IUSD units

The daily capitalised SOFR rate (Secured Overnight Financing Rate) (Overnight Indexed Swap or OIS method) corresponds to the reference rate of the US dollar (USD) interbank market and is calculated by the New York Federal Reserve.

The benchmark administrator is the New York Federal Reserve. The benchmark is available on the website: <https://www.newyorkfed.org/markets/reference-rates/sofr>.

The benchmark index administrator is not listed in the register of administrators and benchmark indices held by ESMA (central banks being exempted).

For HSGD-R units

The 1-month SIBOR (Singapore Interbank Offered Rate) interest rate is the average rate at which a selection of large Singapore-based banks agree to lend to one another loans in Singapore dollars for a term of one month. It is calculated every working day by Refinitiv and published by ABS Benchmarks Administration Co Pte Ltd. Information is available at: <https://www.abs.org.sg/rates-sibor>.

As at the date of this prospectus, the administrator of the ABS Benchmarks Administration Co Pte Ltd benchmark index is listed in the register of administrators and benchmark indices held by ESMA.

For indicative purposes only, the Fund's performance may be compared ex-post with that of the composite index made up of 50% of the JP Morgan Government Bond Index Broad and 50% of the MSCI World Developed Markets index (net dividends reinvested) for IEUR, IUSD, REUR, RUSD and NEUR units.

The MSCI World Developed Markets index is denominated in euros for IEUR, REUR and NEUR units, denominated in US dollars for IUSD and RUSD units.

The JP Morgan Government Bond Index Broad is denominated in euros for IEUR, REUR and NEUR units, denominated in US dollars for IUSD and RUSD units.

MSCI World Developed Markets is an equity index representing the main worldwide capitalisations in developed countries. Expressed in euros, the index is not hedged against the foreign exchange risk and is calculated with dividends reinvested. It is published by Morgan Stanley Capital International and is available at www.msci.com.

JP Morgan Government Bond Index Broad is made up of global government bond securities with a minimum rating of BBB- on Standard & Poor's scale and Baa3 on Moody's (investment grade category). Issues must be fixed-rate only and must have a residual maturity in excess of one year. Expressed in euros or US dollars, the index is not hedged against the foreign exchange risk.

Calculation method: this ex-post comparison reference index is rebalanced on the last working day of the month.

□ **INVESTMENT STRATEGY:**

A) Description of the strategies employed

The investment policy shall consist in implementing strategic and tactical positions and arbitrages on all equity, interest rate and currency markets, through flexible and dynamic management. It will thereby actively diversify into small- and mid-cap equity markets or emerging countries, corporate and emerging credit markets, and currencies of emerging countries.

The investment policy shall include strategic positions, reflecting the team's fundamental views on four major classes of reference assets (government bonds, non-government bonds, equities and US dollar), whose underlying trends they will strive to track over the investment horizon.

The investment policy will also include some medium-term tactical positions. These will largely be relative value strategies and arbitrage transactions aimed at taking advantage of the differences in valuations between markets, assets, segments/sectors and instruments within each of the four main asset classes.

For each asset class, a specific exposure may be implemented, separately from the other asset classes. The Fund asset allocation is therefore a consequence of these exposure choices.

The investment strategy is based on a "top-down" approach and relies in particular on a macroeconomic analysis and analysis of capital flows and on an appraisal of market valuations.

The investment policy will likewise allow the use of optional strategies in order to implement or protect some of the positions above. These strategies could furthermore take advantage of long-term trends and opportunities at shorter maturity offered on volatile markets.

The management will therefore invest on all international interest rate, exchange and equity markets.

The overall modified duration of the Fund is comprised within a range from -6 to +14.

In addition, and depending on market opportunities, management will be able to carry out transactions entered into and unwound on the same day.

SFDR:

With reference to the regulation known as the “SFDR Regulation” (Regulation (EU) 2019/2088 of the European Parliament of 27 November 2019 on sustainability-related disclosures in the financial services sector), this UCITS is not covered by either Article 8 or by Article 9 of SFDR, and consequently forms part of the category of funds covered by Article 6.

The main criteria taken into consideration in investment decisions are macro-economic analysis, the analysis of capital flows and the relative valuation of the markets.

Sustainability risks (as defined in the SFDR and the definition for which is reproduced in the Risk Profile section below) are integrated by means of systematic exclusions that are based on the regulations in force and on those sectors and countries that are subject to international sanctions.

In managing this UCITS, the Management Company also:

- excludes all companies involved in the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster bombs, in accordance with the Ottawa and Oslo conventions;
- requires a further audit and the approval of the Management Company’s compliance department for any investment linked to issuers based in countries defined as “high risk” with regard to money laundering and terrorist financing (including, in particular but not exclusively, countries identified by the Financial Action Task Force (FATF) as having strategic deficiencies in their anti-money laundering and anti-terrorist financing systems, and those on the EU’s lists of high-risk countries and non-cooperative jurisdictions for tax purposes).

The Management Company has adopted a strict controversial weapons and sector exclusion policy, which can be found on its website.

The UCITS is not currently able to integrate the Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors, owing to:

- a lack of available reliable data;
- the use of derivative financial instruments for which the PAIs have not yet been integrated or defined.

Management of OECD government bonds:

1. **Active management of the Fund’s exposure to global bond market risk (in modified duration);**
2. **Allocation of the portfolio’s modified duration** (positive or negative) as stipulated above among the **four main OECD government bond markets** (the United States for the dollar zone, Germany for the Eurozone, the United Kingdom and Japan) using relative value strategies (purchase of modified duration on certain markets, sale of modified duration on others);
3. **Allocation of modified duration** (positive or negative) as allocated on the four bond markets stipulated above over their **four main curve segments** [1-3 years], [3-7 years], [7-15 years] and [15-30 years]: specific use of flattening, restructuring or lateral shift strategies on these curves;
4. **Selection of the issuing country** within the dollar zone (the United States, Canada, Mexico, Australia and New Zealand) and the Eurozone (EMU Member States, Norway, Sweden, Denmark, Iceland, Switzerland, Poland, the Czech Republic and Hungary).

Management of OECD non-government bonds and non-OECD government and non-government bonds:

1. Active diversification on all other government bond markets, including non-investment grade;
2. Active diversification on all non-government (corporate) bond markets.

Currency management:

1. **Strategic exposure to the US dollar:** purchase or sale of the US dollar against all other currencies;
2. **Relative allocation between the three main currency “blocs”:** “euro” bloc (euro, pound sterling, Norwegian and Danish krone, Swedish and Icelandic krona, Swiss franc, Polish zloty, Czech koruna, Hungarian forint); “yen” bloc (yen, South Korean won); “commodities bloc” (where currency trends are linked to commodity prices: Canadian dollar, Australian dollar, New Zealand dollar and South African rand);
3. **Allocation within each bloc** by buying and selling each of the currencies comprising the three blocs;
4. Diversification among non-OECD market currencies.

Equity management:

1. **Active management of global equity risk**, within a range of [-75%; +75%] of portfolio net assets,
2. **Allocation, positive or negative, between geographical areas** according to the management team’s expectations of relative performance,
3. **Allocation by sector, positive or negative**, according to the management team’s expectations of relative performance,
4. **Selection of securities** from different sectors, by purchase or sale of equities.

HCHF-R and HCHF-I unit classes are hedged against foreign exchange risk to limit the impact of fluctuations in the EUR/CHF exchange rate on the Fund’s performance.

These units aim to provide the best hedge during the investment term of the Fund against the EUR/CHF exchange rate risk that might impact performance.

The HSGD-R unit classes are hedged against exchange risk in order to limit the impact of fluctuations in the EUR/SGD exchange rate on the Fund’s performance.

These units aim to provide, during the investment term of the Fund, the best hedging possible against EUR/SGD foreign exchange risk that might impact the Fund’s performance.

The Fund’s performance objective will be sought in due observation of a maximum Value at Risk (VaR) ex ante of 20% over a 20-day period, with a confidence interval of 99%.

B) Description of asset classes and financial contracts in which the Fund intends to invest and their contribution to the achievement of the management objective.

2-1 Debt securities, similar securities and financial instruments

Bond market instruments:

- up to **100% of the net assets in bonds issued or guaranteed by OECD Member States** with no rating restrictions;
- up to **60% of the net assets in non-government bonds** issued by companies with their registered offices in an OECD member country. The Investment Manager relies on the appraisal of credit risk by its teams and its own methodology. In addition to this appraisal, the securities in question are subject to a minimum rating constraint corresponding to “investment grade” according to the Investment Manager’s criteria (for example, BBB- according to Standard & Poor’s or Fitch Ratings rating scales, or Baa3 according to Moody’s).

If the issue is simultaneously rated by the three agencies at the time of purchase, at least two of the three ratings must be “investment grade”. If the issue is rated by only two agencies, at least one of the two must be “investment grade”. If the issue is rated by only one agency, the rating must be “investment grade”.

If an issue is unrated, the issuer’s rating will be taken into account.

The Fund may, however, continue to hold bonds for which the initial rating has subsequently been downgraded.

Moreover, when the rating of an issuer of a security already present in the portfolio deteriorates and falls below the minimum “investment grade” rating (equivalent to a minimum rating of BBB- according to the Standard & Poor’s and Fitch Ratings or Baa3 according to Moody’s), the Investment Manager will examine the case for keeping the securities in the portfolio or disposing of them, while maintaining as its principal criterion the interests of the unitholders.

In this class of OECD non-government bonds, up to **20% of the net assets may be invested in mortgage-backed securities or asset-backed securities** (ABS – securitisation of portfolios of non-mortgage loans such as consumer credit, automobile credit and credit cards, and MBS - securitisation of mortgage loan portfolios).

The Investment Manager team relies on the appraisal of credit risk by its teams and its own methodology.

These securities may also be subject to a minimum rating constraint at the time of acquisition equivalent to:

AA from Standard & Poor’s or Fitch ratings

Aa2 from Moody’s

or an equivalent rating in accordance with the Investment Manager’s analysis.

If the issue is rated simultaneously by the three agencies at the time of purchase, at least two of the three ratings must be AA/Aa2. If the issue is only rated by two rating agencies, at least one of the two ratings must be AA/Aa2 or an equivalent rating in accordance with the Investment Manager’s analysis.

If the issue is only rated by one agency, the rating must be AA/Aa2 or an equivalent rating in accordance with the Investment Manager’s analysis.

If an issue is unrated, the issuer’s rating will be taken into account.

Moreover, when the rating of an issuer of a security already present in the portfolio deteriorates and falls below the minimum rating, the Investment Manager will examine the case for keeping the securities in the portfolio or disposing of them, while maintaining as its principal criterion the interests of the unitholders. The Fund may, however, retain ABS and MBS whose initial rating might subsequently be downgraded within a minimum rating limit of A/A2 on Standard & Poor’s, Fitch Ratings or Moody’s ratings scales.

- up to **30% of the assets in OECD corporate bonds rated speculative grade at purchase, and non-OECD government and corporate bonds with no ratings restrictions**, issued in G4 currencies (USD, EUR, GBP and JPY) or in local currencies.
- up to **10% of the assets in contingent convertible bonds**.

Money market instruments:

The Fund’s cash position is managed through the acquisition of money market instruments (treasury bills, annual interest treasury bills, commercial paper, Euro Commercial Paper and money market UCITS/AIF funds) and the agreement of repurchase agreements and deposits.

Currencies:

The Fund may be exposed to all currencies, both OECD and non-OECD, through both purchases and sales.

Equities:

The Fund is exposed up to a total of 75% of net assets to equity or equivalent markets or rights associated with that holding on the equity markets of a number of countries in the following geographic regions: North America, Europe and Asia.

For purposes of diversification, the Fund is able to invest up to 30% of its assets in small- and mid-cap equities and equity from emerging countries.

Recap of the main limits for investment in bonds (<i>ratings applicable at time of purchase</i>), equities and currencies	
Overall modified duration range	[-6; +14]
OECD government bonds	Maximum 100% of net assets
OECD non-government bonds rated investment grade at purchase	Maximum 60% of net assets
of which securitised bonds (ABSs & MBSs) rated at least AA/Aa2	Maximum 20% of net assets
Non-OECD government bonds or OECD non-government bonds rated speculative grade at purchase, or Non-OECD non-government bonds	Maximum 30% of net assets
Equities from all countries	Exposure between [-75%; +75%] of net assets
of which equities not included in MSCI World Developed Markets index	Maximum 30% of net assets
Exposure to OECD and non-OECD currencies	Maximum 600% of net assets

2-2 Special instruments

2.2.1 Holding of shares or units of UCITS/AIFs/investment funds

The Fund may hold units or shares in UCITS, AIFs or investment funds up to a limit of 10% of its assets:

UCITS under French law*	X
UCITS under European law*	X
AIFs under French law which comply with Article R. 214-13 of the <i>Code monétaire et financier</i> , the French Monetary and Financial Code*	X
AIFs under European law which comply with Article R. 214-13 of the French Monetary and Financial Code*	X
Investment funds under foreign law which comply with Article R. 214-13 of the French Monetary and Financial Code*	X

* *These UCITS/AIFs/investment funds may not themselves hold more than 10% of their assets in UCITS/AIFs/investment funds.*

The UCIs held by the Fund may be managed by the Management Company or by a legally affiliated company.

2.2.2 Derivatives

The investment process includes the use of financial contracts, whether conditional or otherwise, traded on regulated, organised or over-the-counter markets.

These are an alternative to bearer securities, especially at times of subscription/redemption flows or in specific circumstances such as major market fluctuations.

Transactions entered into and unwound on the same day will apply to derivative instruments traded on regulated markets and foreign exchange spot transactions. In particular, the modified duration characteristics of options (gamma) will be actively managed when approaching the ends of investment periods.

The Fund may use derivatives to overcommit its portfolio.

TABLE OF DERIVATIVES

<i>Type of instrument used</i>	MARKET TYPE			RISK TYPE					OPERATION TYPE			
	<i>Admission to regulated markets *</i>	<i>Organised markets</i>	<i>OTC markets</i>	<i>Equities</i>	<i>Interest rate</i>	<i>Exchange rate</i>	<i>Credit</i>	<i>Other risk(s)</i>	<i>Hedging</i>	<i>Exposure</i>	<i>Arbitrage</i>	<i>Other(s)</i>
Futures on												
<i>Equities</i>	X	X		X				X	X	X	X	
<i>Interest rates</i>	X	X			X			X	X	X	X	
<i>Exchange rates</i>	X	X				X		X	X	X	X	
<i>Indices</i>	X	X		X	X	X	X		X	X	X	
Options on												
<i>Equities</i>	X	X	X	X				X	X	X	X	
<i>Interest rates</i>	X	X	X		X			X	X	X	X	
<i>Exchange rates</i>	X	X	X			X		X	X	X	X	
<i>Indices</i>	X	X	X	X	X	X	X	X	X	X	X	
Swaps												
<i>Equities</i>			X	X				X	X	X	X	
<i>Interest rates</i>			X		X			X	X	X	X	
<i>Exchange rates</i>			X			X		X	X			
<i>Indices</i>			X	X	X	X	X	X	X	X		
Forex forward												
<i>Currency</i>			X			X		X	X	X	X	
Credit derivatives												
<i>Credit default swaps (CDS)</i>			X				X	X	X	X	X	
<i>First default</i>												
<i>First losses credit default swap</i>												

* See the Investment Manager's policy for the execution of orders at www.h2o-am.com

The Fund may enter into total return swaps ("TRS") which seek to swap the performance of all or some of the assets held by the Fund (and held by the Fund's custodian) for the performance of an index or an asset class listed in the section entitled "Description of asset classes and financial contracts".

The maximum proportion of assets under management that may be used for TRS is 50% of the net assets. Under normal market conditions, the Investment Manager expects such transactions to involve up to 25% of the Fund's assets.

The counterparties to total return swaps are credit institutions or other entities that meet the criteria set out in the French Monetary and Financial Code and selected by the Investment Manager in accordance with the counterparty selection procedure available on the Investment Manager's website at the following address: www.h2o-am.com. The Investment Manager shall enter into such contracts with financial institutions that have their registered office in a Member State of the OECD and with a minimum rating that meets the requirements of the Investment Manager.

These transactions are systematically covered by a contract signed between the Investment Manager and the counterparty that defines the procedures for reducing counterparty risk.

The counterparties do not have any discretionary decision-making powers in respect of the composition or management of the Fund's investment portfolio or the asset underlying the derivative.

Information relating to OTC financial agreements:

Counterparties consist of leading credit institutions. They are selected and regularly assessed in accordance with the counterparty selection procedure, which is available upon simple request to the Investment Manager. These transactions are systematically covered by a contract signed between the UCITS and the counterparty that defines the procedures for reducing counterparty risk.

The counterparty or counterparties does/do not have any discretionary decision-making powers in respect of the composition or management of the UCITS investment portfolio or the asset underlying the derivative.

2.2.3 Securities with embedded derivatives

The Fund may also invest in securities with embedded derivatives. The use of securities with embedded derivatives aims to achieve the Fund's management objective by fulfilling the same functions as derivatives.

TABLE OF SECURITIES WITH EMBEDDED DERIVATIVES

<i>Type of instrument used</i>	RISK TYPE					OPERATION TYPE			
	Equities	Interest rate	Exchange rate	Credit	Other risk(s)	Hedging	Exposure	Arbitrage	Other(s)
Warrants on									
Equities	X					X	X	X	
Interest rates									
Exchange rates									
Indices	X					X	X	X	
Subscription warrants									
Equities	X					X	X	X	
Interest rates									
Equity-linked products	X					X	X	X	
Convertible bonds									
Exchangeable bonds	X	X		X		X	X	X	
Convertible bonds	X	X		X		X	X	X	
Contingent convertible bonds	X	X		X		X	X	X	
Callable interest rate products		X	X	X	X	X	X		X
Puttable interest rate products		X	X	X	X	X	X		X
Structured EMTN/ Medium-term negotiable									
Structured Medium-term negotiable									
Structured EMTN									
Credit linked notes (CLN)									
Other (please specify)									

* See the Investment Manager's policy for execution of orders at www.h2o-am.com

2-3 Deposits

The Fund may make deposits with a maximum term of twelve months. These deposits, which will enable the Fund to manage all or part of its cash, contribute to the achievement of its management objectives.

2-4 Liquidities

On an ancillary basis, the Fund may hold liquid assets.

2-5 Cash borrowings

The Fund may borrow cash up to a limit of 10% of its assets and only on a temporary basis.

2-6 Temporary purchase and sale of securities

The Investment Manager may carry out temporary purchases or sales of securities (also called as securities financing transactions), subject to a limit of 100% of the assets. The proportion of assets under management expected to be subject to securities financing transactions will be 50%.

Types of transaction used	
Repurchase and reverse repurchase agreements in accordance with the <i>Code Monétaire et Financier</i> , the French Monetary and Financial Code.	X
Securities lending and borrowing in accordance with the French Monetary and Financial Code	X
Other	

Types of operation, all of which must be limited to the achievement of the management objective	
Cash management	X
Optimisation of the Fund's income and performance	X
Other	

The affected assets are described in the "Description of asset classes" section of this prospectus.

- **Information on the use of temporary sales and purchases of securities:**

The purpose of using temporary sales of securities is to obtain an additional return for the UCITS and therefore to contribute to its performance. Furthermore, the UCITS may enter into repurchase agreements as part of the reinvestment of cash collateral and/or reverse repurchases to meet liquidity needs.

Temporary purchases and sales of securities will be guaranteed pursuant to the principles set out under "Contracts constituting collateral" below.

Remuneration: further information is provided in the section on "Fees and commissions".

- **Contracts constituting collateral:**

Within the context of entering into financial contracts and/or securities financing transactions, the UCITS may receive/pay collateral in the form of a transfer of the full ownership of securities and/or cash.

Securities received as collateral must meet the criteria laid down by the regulations and must be granted by credit institutions or other entities that meet the legal, country and other financial criteria set out in the French Monetary and Financial Code.

The level of collateral and the discount policy are set by the Investment Manager's policy eligibility of collateral in accordance with the regulations in force, and cover the following categories:

- Cash collateral in various currencies according to a predefined list, such as the euro and USD;
- Collateral as debt or equity securities on the basis of a specific classification.

The collateral eligibility policy explicitly defines the level of collateral required and the discounts applied to each type of collateral on the basis of rules that depend upon their specific characteristics. In accordance with the regulations in force, it also specifies the rules for the diversification of risks, correlation, appraisal, credit quality and regular stress tests on the collateral's liquidity.

In accordance with the conditions set out in the regulations, in the event that collateral is received in cash, it may only be:

- deposited;
- invested in high-quality government bonds;
- used in repurchase agreements;
- invested in short-term money market undertakings for collective investment (UCI).

Collateral received in any form other than cash may not be sold, reinvested or pledged.

The Investment Manager will carry out a daily valuation of collateral received on a market price basis (mark-to-market method), according to the valuation rules set out in this prospectus. Margin calls will be made on a daily basis.

The collateral received by the Fund will be kept by the depositary of the Fund or, failing that, by any third-party depositary subject to prudential supervision and which has no connection with the provider of the guarantee.

The risks associated with securities financing transactions, financial contracts and the management of inherent guarantees are described in the risk profile section.

□ **TAXONOMY (REGULATION (EU) 2020/852):**

The underlying investments in this Fund do not account for the criteria of the European Union on environmentally sustainable economic activities.

□ **RISK PROFILE:**

Your money will be primarily invested in financial instruments selected by the Investment Manager. These instruments will be subject to the trends and risks of the markets. Net asset value is liable to fluctuate widely due to the financial instruments that make up the Fund portfolio.

Capital risk: the Fund does not benefit from any guarantee or protection; therefore, the capital initially invested may not be repaid in full.

Discretionary management risk: the Fund's discretionary management style relies on anticipating the development of the various equity, interest rate and currency markets. Consequently, there is a risk that the Fund will not be invested in the best-performing markets at all times.

Credit risk: this is the risk of a variation in credit spreads arising from deterioration in the quality of the paper or a default by one or more issuers present in the portfolio. Depending on the direction of the transactions of the UCITS, i.e. a decrease (in the event of a purchase) or an increase (in the event of a sale) in the value of the debt securities to which the UCITS is exposed, the Fund may fall, leading to a decrease in its net asset value.

Under deteriorated market conditions, their valuation may fluctuate significantly and have a negative impact on the net asset value.

This risk may be intensified by a lack of liquidity on the market for all bonds, particularly speculative bonds (rated speculative grade).

In the case of ABS (Asset-backed Securities) and MBS (Mortgage-backed Securities), credit risk results from both the intrinsic quality of the underlying assets, which may be of various types (consumer, mortgages, SME loans, trade receivables, etc.) and from specific risks, particularly those associated with the occasionally complex legal structure and the operators involved in the transaction.

Interest rate risk: this is the risk of a fall in the value of interest rate instruments due to fluctuations in interest rates. It is measured by modified duration.

When interest rates rise (in the case of positive modified duration) or fall (in the case of negative modified duration), the net asset value may fall sharply.

Modified duration measures the impact of a change in rates on the Fund's valuation. Therefore, if the Fund has a modified duration to interest rates close to 10, a 1% rise in real rates will cause the Fund's net asset value to fall by 10%, while a 1% fall in real rates will cause the Fund's net asset value to rise by 10%.

Equity risk: this is the risk of a drop in equities and/or indices associated with the investment and/or with the exposure of the equities portfolio or with indices.

The realisation of this risk may lead to a fall in the Fund's net asset value.

Small and medium capitalisation risk: investments in small- and mid- cap companies may carry higher risks than investing in large companies due to their more limited resources in terms of management and financing.

Equities of small businesses may be particularly sensitive to unforeseen changes in interest rates, the cost of borrowing or profits. Since securities in small companies are traded less frequently, they may also be susceptible to stronger price fluctuations and lower liquidity. Mid-cap securities may be more volatile than securities from larger issuers.

Furthermore, medium-sized businesses are sometimes less flexible than small companies in tackling competitive challenges.

Counterparty risk: the Fund uses over-the-counter financial contracts and/or temporary purchases and sales of securities. These transactions, entered into with one or more counterparties, potentially expose the Fund to the risk of failure of any of these counterparties, which may cause the latter to default on payment.

Risk associated with emerging market securities: the securities of these countries may be difficult to trade or may even temporarily cease to be tradable, due in particular to a lack of trading on the market or to regulatory restrictions; as a result, holding such securities may result in departures from the Fund's normal operation in accordance with UCITS regulations and if the interests of investors so dictate. Moreover, since downward movements on the market may be faster and more pronounced than on developed markets, the net asset value may fall more sharply and rapidly.

Arbitrage risk: arbitrage is a technique that takes advantage of price differences observed (or expected) between markets and/or sectors and/or securities and/or currencies and/or instruments. In the event of an unfavourable outcome in such arbitrage transactions (false expectations: rises in the case of sales transactions and/or falls in the case of purchase transactions), the net asset value of the UCITS may fall.

Foreign exchange risk: this is the risk of a fall in the investment currencies against the euro, the portfolio's reference currency. If a currency falls against the euro, the net asset value may fall.

For HCHF-R and HCHF-I units, denominated in CHF, the EUR/CHF foreign exchange risk is hedged at the unit level. Holders are therefore protected from a rise in the CHF/EUR foreign exchange risk.

For HSGD-R units, denominated in SGD, the EUR/SGD foreign exchange risk is hedged at the unit level. Holders are therefore protected from a rise in the SGD/EUR foreign exchange risk.

Volatility risk: this is the risk of a drop in net asset value caused by a rise or fall in volatility which is decorrelated from the performance of traditional bearer securities markets. Should volatility adversely affect the strategies implemented, the net asset value will drop.

If the Fund is purchasing options and implicit volatility drops, the Fund's net asset value will fall.

If the Fund is selling options and implicit volatility rises, the Fund's net asset value will fall.

Overexposure risk: as part of the method used to calculate commitment, risk budgets are determined for the various strategies. The UCITS will therefore have variable levels of exposure to the various types of risk stated in this prospectus, while remaining compliant with the predefined modified duration range. The level of exposure particularly depends on the strategies implemented as well as on market conditions. The level of exposure to the various risks may cause the net asset value to fall faster and/or to a greater extent than the markets underlying these risks.

Risk associated with temporary purchases and sales of securities, total return swaps (TRS) and the management of collateral: temporary purchases and sales of securities and total return swaps (TRS) are likely to create risks for the Fund, such as the counterparty risk defined above. The management of collateral may create risks for the Fund, such as liquidity risk (i.e. the risk that a security received as collateral is not sufficiently liquid and cannot be sold quickly in the event that the

counterparty defaults), and, where applicable, risks related to the reuse of cash collateral (i.e. primarily the risk that the Fund cannot reimburse the counterparty).

Risk associated with investments in contingent convertible bonds: the Fund may invest in contingent convertible subordinated bonds, also known as CoCo bonds, which are fixed-income securities that incorporate either an option to convert into shares or an option to impair the security, which is triggered in the event of the issuer's level of capital falling below a predetermined threshold. In addition to the interest rate and credit risk inherent to bonds, the activation of this option may cause the Fund's net asset value to fall more significantly than would be caused by other conventional bonds from the issuer.

Sustainability risk: an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

□ **TARGET SUBSCRIBERS AND TYPICAL INVESTOR PROFILE:**

REUR, RUSD, HCHF-R, HSGD-R, IEUR, IUSD and HCHF-I units are aimed at all subscribers. REUR, RUSD, HCHF-R and HSGD-R units are primarily aimed at private individuals. IEUR, IUSD and HCHF-I units are primarily aimed at institutional investors.

NEUR units are particularly for individuals investing through distributors, financial advisers, platforms or other intermediaries (collectively, the "Intermediaries"), under a separate contract or a fee-based contract between the investor and an intermediary.

The fund is aimed for investors with an investment horizon of at least four years who wish to enhance their capital without prejudice to the portfolio's asset allocation or geographical allocation.

Minimum recommended investment period: five years.

In accordance with applicable EU regulations¹ introduced on 12 April 2022, and for as long as these remain in force, subscribers (natural persons and legal entities) of Russian or Belarusian nationality and/or residing or established in Russia or Belarus are not permitted to subscribe to this UCITS, without prejudice to any exceptions set out in these regulations.

Subscribers residing in the territory of the United States of America are not authorised to subscribe to this UCITS.

The amount that it is appropriated to invest in this Fund will depend on the amount of risk the investor is willing to take. This amount also depends on the holder's personal profile, particularly their financial situation and the current composition of their financial assets. **Building and holding a financial asset portfolio implies a diversification of investments.** It is also recommended that anyone wishing to subscribe to units in the Fund contact their usual adviser in order to obtain information or advice tailored to their personal circumstances.

Investors are strongly advised to diversify their assets so that they are not exposed solely to the risks of this Fund.

□ **PROCEDURES FOR DETERMINING AND ALLOCATING DISTRIBUTABLE INCOME**

REUR (C), RUSD (C), HCHF-R (C), HSGD-R (C), IEUR (C), IUSD (C), HCHF-I (C) and NEUR (C) units are accumulation units.

¹ As at 1 June 2022, Regulation (EU) 833/2014, as amended, Regulation (EU) 398/2022 and Council Decision (CFSP) 2022/579.

□ **UNIT FEATURES:**

Unit classes	ISIN code	Base currency	Unit division	Minimum initial subscription	Minimum subsequent subscription
REUR (C) units	FR0010923383	Euro	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
RUSD (C) units	FR0011978238	USD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HCHF-R (C) units	FR0011061803	CHF	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HSGD-R (C) units	FR0012517241	SGD	Ten-thousandths	SGD 100	One ten-thousandth of a unit
IEUR (C) units	FR0010930446	Euro	Ten-thousandths	EUR 100,000	One ten-thousandth of a unit
IUSD (C) units	FR0011978253	USD	Ten-thousandths	USD 100,000	One ten-thousandth of a unit
HCHF-I (C) units	FR0011978261	CHF	Ten-thousandths	CHF 100,000	One ten-thousandth of a unit
NEUR (C) units	FR0013186749	Euro	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit

□ **SUBSCRIPTION AND REDEMPTION PROCEDURES:**

Subscription and redemption orders are centralised at 12.30 p.m. on each net asset value calculation day (D). These are executed on the basis of the net asset value established on D and calculated on the basis of D+1 working day.

Investors intending to subscribe to units and unitholders wishing to redeem units are invited to contact their usual marketing agent directly in order to obtain information on the deadlines for placing subscription and redemption orders, as these may be earlier than the clearing time stated above.

Orders are executed in accordance with the table below for the currencies EUR and GBP:

D working day	D working day	D: NAV calculation day	D+1 working day	D+1 working day	D+1 working day
Clearing of subscription orders before 12: 30 p.m. CET ¹	Clearing of subscription orders before 12: 30 p.m. CET for redemption orders ¹	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions ¹	Settlement of redemptions ¹

¹Unless a specific deadline has been agreed with your financial institution.

Orders are executed in accordance with the table below for other currencies:

D working day	D working day	D: NAV calculation day	D+1 working day	D+3 working day	D+3 working day
Clearing of subscription orders before 12: 30 p.m. CET ¹	Clearing of subscription orders before 12: 30 p.m. CET for redemption orders ¹	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions ¹	Settlement of redemptions ¹

¹Unless a specific deadline has been agreed with your financial institution.

□ **DATE AND FREQUENCY OF NET ASSET VALUE CALCULATION**

The first net asset value will be established on 14 October 2020.

From this date, the net asset value is calculated on every Euronext Paris trading day, with the exception of French public holidays.

The net asset value may be obtained from the Management Company:

H2O AM EUROPE
39 Avenue Pierre 1er de Serbie
75008 Paris, France
Website: www.h2o-am.com

□ **FEES AND COMMISSIONS:**

Subscription and redemption fees:

Fees charged to the investor, payable at the time of subscription or redemption	Basis	Rate scale
Maximum subscription fee not retained by the UCITS	net asset value x number of units	<u>For all R unit classes:</u> 3% maximum <u>For all I unit classes:</u> 1% maximum
Subscription fee retained by the UCITS	net asset value x number of units	None
Subscription fee retained by the management company	net asset value x number of units	None
Maximum redemption fee not retained by the UCITS	net asset value x number of units	None
Redemption fee retained by the UCITS	net asset value x number of units	None

Operational and management fees:

These charges cover:

- Financial Management fees;
- Operating expenses and other services;
- Maximum indirect charges (commission and management fees) for UCITS that invest over 20% in other UCITS, AIF or investment funds;
- Transaction fees;
- Outperformance fees.

Fees charged to the UCITS:	Basis	Rate scale
Financial management fees	Net assets	<p><u>Maximum rate</u></p> <p><u>For all I unit classes:</u> 0.85% p.a. incl. tax</p> <p><u>NEUR units:</u> 0.95% p.a. incl. tax</p> <p><u>For all R unit classes:</u> 1.90% incl. tax</p>
Operating expenses and other services	Net assets	<p>Maximum rate</p> <p><u>For all units:</u> 0.15 incl. tax</p>
Transaction fees	Deducted from each transaction or operation, allocated proportionately between beneficiaries	A maximum rate of 0.02% per month on financial instruments and up to €400 per month for the administration of over-the-counter transactions
Outperformance fee	Positive difference between valued asset and reference asset	<p><u>IEUR, IUSD, HCHF-I, NEUR, REUR, RUSD, HCHF-R and HSGD-R units:</u></p> <p>25%, including tax, of the outperformance relative to the benchmark index as defined in the "Performance fee" paragraph below.</p>

In particular, external distributors and delegated financial managers may receive retrocessions of management fees. These external distributors and delegates may be H2O AM Group companies. Retrocessions of management fees are calculated as a percentage of the financial management fees.

The following costs may be added to the fees charged to the UCITS and shown above:

- Exceptional and non-recurring debt recovery costs (e.g. Lehman Brothers proceedings) or costs to enforce a right (e.g. class action proceedings).
Information on these fees is also described ex post in the annual report of the UCITS.

The operating expenses and other services correspond to the internal or external fees of the Management Company relating to:

I. Fund registration and benchmarking fees

- All costs related to the registration of the UCI in other Member States (including costs charged by advisers (lawyers, consultants etc.) for carrying out marketing procedures with the local regulator on behalf of the portfolio management company);
- UCI listing fees and publication of net asset values for investor information;
- Distribution platform fees (excluding retrocessions); agents in foreign countries involved in distribution: local transfer agent, paying transfer agent, facility agent etc.

II. Customer and distributor information costs

- Costs of compiling and distributing regulatory documentation and reports;
- Costs related to the disclosure of regulatory information to distributors;
- Provision of information to unitholders by any means (publication in the press, other);
- Information specific to direct and indirect unitholders: letters to unitholders etc.;
- Website administration costs;
- Translation fees specific to the UCI.

III. Data charges

- Licensing costs of the benchmark index used by the UCI;
- Costs of data used for redistribution to third parties (e.g. reuse of issuer ratings, index compositions, data etc.);
- Costs arising from specific client requests (e.g. a request to add two specific non-financial indicators to the reporting as requested by the client);
- Data charges for single products that cannot be amortised over several portfolios. Example: an impact fund requiring specific indicators;
- Audit fees and label promotion costs (e.g. SRI label, Greenfin label).

IV. Custodian, legal, audit, tax fees etc.

- Statutory auditors' fees;
- Fees related to the custodian;
- Fees related to account-holders;
- Fees related to the delegation of administrative and accounting management;
- Audit fees;
- Tax expenses including lawyers and external experts (recovery of withholding taxes on behalf of the Fund, local tax agent etc.);
- Legal fees specific to the UCI;
- Guarantee fees;
- Costs of creating a new Sub-fund that can be amortised over five years.

V. Fees related to compliance with regulatory obligations and regulatory reporting

- Costs of preparing regulatory reports to the regulator specific to the UCI (MMF reporting, AIFM, ratio overruns etc.);
- Mandatory professional association contributions;
- Contributions due for the management of this UCITS pursuant to 4° of II of Article L. 621-5-3 of the French Monetary and Financial Code;
- Exceptional and non-recurring taxes, fees and governmental duties (in relation to the UCITS);
- Operating fees for monitoring threshold crossings;
- Operating fees for the deployment of voting policies at Shareholders' Meetings.

VI. Operating expenses

- Fees for compliance monitoring and control of investment restrictions where such restrictions arise from specific customer requests and are specific to the UCI.

VII. Fees related to customer knowledge

- Operating fees for customer compliance (due diligence and creation/updating of customer files).

Insofar as operating costs and other services are deducted in real terms, in the event of an increase in these costs equal to or less than 10 basis points (0.1%) per calendar year, unitholders may be informed by any means (e.g. on the website of the portfolio management company, in the section relating to the UCITS in question) and not by means of specific information without being offered the possibility of redeeming their units at no cost. This information should be published before it takes effect.

Performance fee:

The performance of each of the Fund's unit classes is calculated based on the change in net asset value (NAV) of such unit class.

The outperformance fee applicable to a particular unit class is based on a comparison of the valued asset and the reference asset for such unit class (model based on a benchmark).

Any underperformance of the Fund compared to the benchmark must be offset before performance fees fall due, no matter the duration of this underperformance.

The valued assets, reference assets and the High-Water Mark are calculated for each unit class and are understood as follows:

- a) The Fund's **valued assets** are equal to the amount of assets of the Fund, corresponding to the unit class in question, valued in accordance with the rules applicable to the assets and taking into account the actual operating and management fees corresponding to this unit class.
- b) The **High-Water Mark** ("HWM") corresponds to the Fund's highest NAV for the unit class concerned, recorded at the end of each observation period since the date the unit class was launched and for which performance fees were levied.
- c) During the observation period and each time the net asset value is calculated, the **reference assets** are adjusted for the amounts of subscriptions/redemptions applicable to this unit class and valued in accordance with the performance of the relevant reference index. At the beginning of the observation period:
 - (i) if the valued assets at the end of the previous observation period are higher than the reference assets on that date, the reference assets are then equal to the HWM multiplied by the number of units in the unit class concerned on that same date;
 - (ii) if the valued assets at the end of the previous observation period are lower than or equal to the reference assets on that date, or during the observation period, the reference assets are adjusted for subscriptions/redemptions and valued in accordance with the performance of the reference index applicable to the unit class.

The benchmark index for units denominated in EUR is equal to

- capitalised €STR +1.95% per annum for REUR units
- capitalised €STR +3% per annum for IEUR units
- capitalised €STR +2.9% per annum for NEUR units

The benchmark index for units denominated in CHF is equal to:

- capitalised SARON (Swiss Average Rate Overnight) +1.95% per annum for HCHF-R units
- capitalised SARON (Swiss Average Rate Overnight) +3% per annum for HCHF-I units

Plus the rolled-over monthly spread between the Swiss interest rate (SARON) and the Eurozone interest rate (1-month Euribor)

The benchmark index for units denominated in SGD is equal to:

- 1-month SIBOR (Singapore Interbank Offered Rate) +1.95% per annum for HSGD-R units plus the rolled-over monthly spread between the Singapore interest rate (1-month SIBOR SGD) and the Eurozone interest rate (1-month Euribor)

The benchmark for units denominated in USD is equal to:

- capitalised SOFR (Secured Overnight Financing Rate) +1.95% per annum for RUSD units
- capitalised SOFR (Secured Overnight Financing Rate) +3% per annum for IUSD units

As a reminder, the data on the past performance of the benchmark are accessible on the website www.h2o-am.com, as well as in the Fund's monthly reports and annual report, which can also be found on the same website.

The observation period is defined as follows:

- The initial observation period:
for units REUR(C), IEUR(C), RUSD(C), HCHF-R(C), HSGD-R(C), IUSD(C), HCHF-I(C) and NEUR(C):
from 8 October 2020 to the last trading day of March 2022.
- Subsequent observation periods: from the first trading day in April to the last trading day of March of the following year.

At the beginning of each observation period, the reference asset used will be the higher of the asset value recorded on 8 October 2020 and all the valued assets recorded on the final day of each of the observation periods since the creation of the Fund. As the UCITS is the result of a demerger operation provided for in Article L.214-8-7 of the French Monetary and Financial Code, the assets recorded on 8 October 2020 will be the higher of the assets recorded on the day of the demerger and the reference assets of the demerged fund H2O MULTISTRATEGIES from which the assets retained by "H2O MULTISTRATEGIES SP" (formerly H2O MULTISTRATEGIES) have been proportionally deducted. If necessary, the reference assets will be adjusted to take into account the amounts of any subscriptions/redemptions occurring between the recording date for the reference assets and the start of the new observation period.

If, during the observation period and for a specific unit class, the valued assets exceed the reference assets as defined above, the performance fee will represent up to 25% of the difference between these two assets. A provision for the performance fee is then taken into account to calculate the net asset value.

If, during the observation period and for a specific unit class, the valued assets are lower than the reference assets, the performance fee will be zero. In this case, any previously approved provision will be readjusted by a reversal.

The performance fee calculation will not be final until the end of the observation period in question. The fee is then "crystallised" and, as such, may be charged. In the event of redemption during the observation period, the portion of the provision corresponding to the number of units redeemed will be permanently retained by the Management Company and may be charged before the end of the observation period in progress.

As performance fees are based on the performance of each unit class, they are calculated daily and taken into account when calculating the NAV of the unit class concerned. This method cannot therefore ensure that the actual performance of each investment is individually monitored, which may, in some cases, result in residual inequity between unitholders.

In other words, and by way of example, any investors subscribing during a period of performance when a performance fee has been provisioned "lose less" if the net asset value falls, as they benefit from mitigation as a result of drawing on the provision, even though their investment did not contribute to establishing this provision. At the same time, investors who have already invested will not benefit from the full provision established since the beginning of the observation period in question (or from their subscription date, if this is after the beginning of this period).

Similarly, any investors subscribing during a period of underperformance when no performance fees have been provisioned "gain more" if the net asset value increases, as they benefit from their investment appreciating, without having contributed to establishing provisions as long as the valued assets of the share class are lower than the reference assets. Nevertheless, for all unitholders, these investments reduce the returns required to make up the difference between the valued assets and the reference assets. Performance fees will therefore be provisioned sooner.

Furthermore, if the performance of a particular unit class over a given observation period is negative, performance fees may be charged under certain circumstances, if the performance of the reference index is worse than that of the unit class in question.

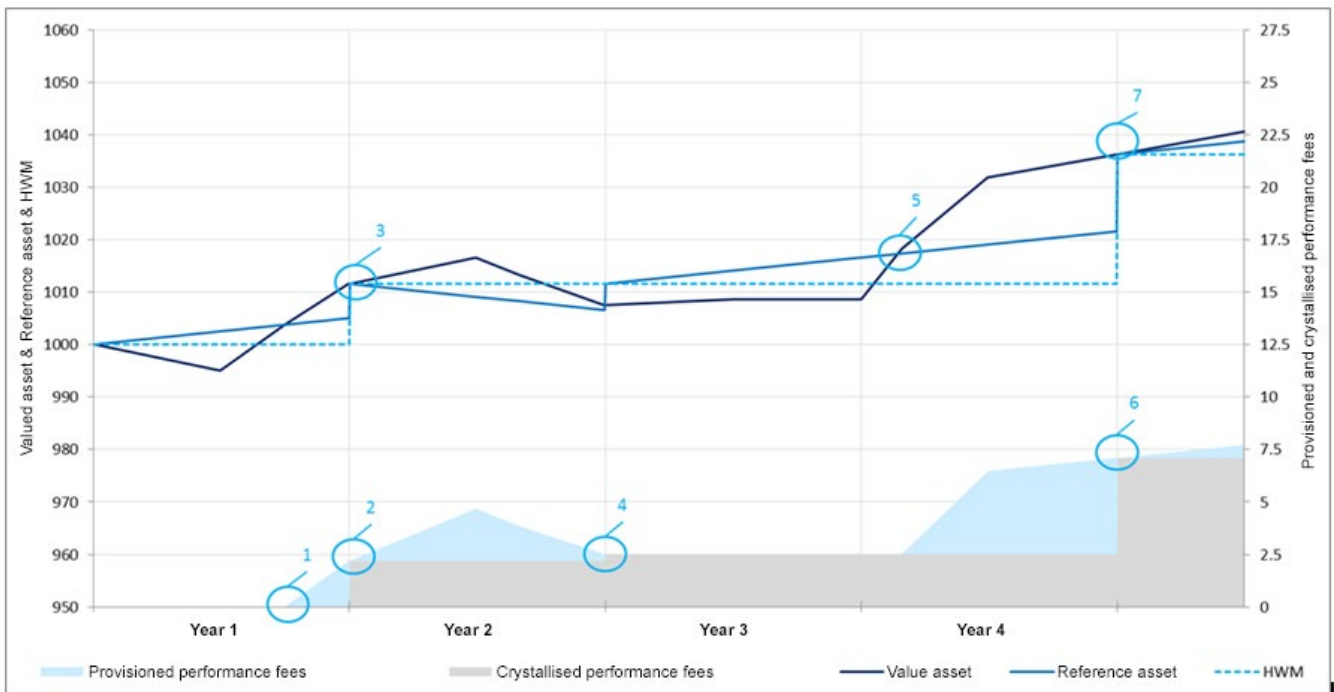
The simulations below illustrate several scenarios incorporating the assumptions of a lack of subscription/redemption flows for a given unit class and zero performance of the reference assets (i.e. the performance of the reference index is zero).

Year 1: The unit ends the first year with a positive performance. The performance fee, which was provisioned when the valued assets were higher than the reference assets (point 1), is then crystallised (point 2). The HWM is adjusted to the NAV recorded on the last day of the observation period (point 3).

Year 2: At the start of the second period, the reference assets are adjusted to the new HWM multiplied by the number of units. The Fund ended the period with a negative performance but outperformed the benchmark. The performance fee, which was provisioned when the valued assets were higher than the reference assets, is then crystallised (point 4). The HWM remains unchanged.

Year 3: At the start of the observation period, the reference assets are adjusted to the HWM multiplied by the number of units. Performance is positive, but the valued assets are still lower than the reference assets. The Fund makes no provisions for performance fees and no performance fee is crystallised at the end of the financial year. The HWM remains unchanged.

Year 4: At the start of the observation period and since, at the end of the previous year, the valued assets were lower than the reference assets, the reference assets were adjusted for subscriptions/redemptions and valued according to the performance of the benchmark, as during the observation period. Positive performance means that the valued assets are higher than the reference assets again (point 5) and that the year-3 underperformance is offset. From this date on, provisions are once again made for performance fees. At the end of the observation period, the performance fee is crystallised (point 6) and the HWM is adjusted to the NAV recorded on that date (point 7).



Information on remuneration generated through temporary purchases and sales of securities:

All remuneration from these operations is retained in full by the Fund.

Brief description of the selection procedure for intermediaries:

The Investment Manager has implemented a selection and assessment procedure for intermediaries, which takes into account such objective criteria as quality of research, commercial monitoring and execution. This procedure is available at www.h2o-am.com.

III COMMERCIAL INFORMATION

□ **PROVISION OF INFORMATION FOR UNITHOLDERS CONCERNING THE UCITS:**

DISTRIBUTION OF THE PROSPECTUS AND ANNUAL AND INTERIM DOCUMENTS

- These documents will be sent to unitholders upon written request to:
H2O AM EUROPE
39 Avenue Pierre 1er de Serbie
75008 Paris, France
E-mail: info@h2o-am.com

The documents will be sent within eight working days.

- These documents are also available at www.h2o-am.com.
- Further information can be obtained from the marketing agents' branches.

INFORMATION ON THE NET ASSET VALUE

The net asset value can be obtained from H2O AM EUROPE, from the marketing agents' branches and from the website at www.h2o-am.com.

COMMERCIAL DOCUMENTATION

Commercial documentation is available to the Fund's unitholders and subscribers online from the Management Company's website at www.h2o-am.com.

INFORMATION IN THE EVENT OF AN AMENDMENT TO FUND OPERATIONS

Unitholders are informed of any changes concerning the Fund in line with the procedures drawn up by the AMF.

If applicable, this information may be provided via Euroclear France and its associated financial intermediaries.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA:

Information on the procedure for taking account of criteria relating to compliance with environmental, social and quality governance (ESG) objectives can be found in the annual reports for the relevant UCITS and on the Management Company's website.

IV INVESTMENT RULES

The UCITS complies with the investment rules as stipulated by the *Code Monétaire et Financier*, the French Monetary and Financial Code.

Specifically, the UCITS may invest up to 100% of its assets in securities guaranteed by a State, a local authority and/or a public international organisation, provided that 100% thereof is distributed over at least six issuances each representing no more than 30% of the assets.

V OVERALL RISK

The calculation method used is that of absolute Value at Risk.

The indicative average level of leverage for the UCITS is 46. However, the UCITS has the possibility of reaching a higher level of leverage. The indicative level of leverage for the UCITS is calculated as the sum of the nominal positions on the financial contracts that are used.

VI ASSET VALUATION AND ACCOUNTING RULES

A Asset valuation rules

I - Securities portfolio

The Management Company has delegated accounting management (including valuation of the Fund's portfolio) to CACEIS Fund Administration.

The Fund's portfolio is valued each time the net asset value is calculated and on closure of the accounts, at the closing price.

The Fund's annual accounts are drawn up on the basis of the final net asset value for the financial year.

The Fund complies with the accounting rules and methods prescribed by current regulations and with the UCITS chart of accounts which, on the day of publication of the prospectus, are as follows:

Shares

French equities are valued on the basis of the latest quoted price in the case of securities admitted to a deferred settlement system or a spot market.

Foreign equities are valued on the basis of the latest price on the Paris stock exchange if the securities are listed in Paris, or on the first trading day of their main market, converted into euros in accordance with the WMR rate for the currency on the day of valuation.

Bonds

Bonds are valued on the basis of a Bloomberg composite rating retrieved at 5.00 p.m. (Paris time) in accordance with the WMR rate for the currency on the day of valuation.

Investment securities

Transferable securities for which the price has not been recorded on the valuation date or has been adjusted, are valued by the Management Company at their expected trading value.

In the case of unlisted transferable securities or those for which a price is not listed on the valuation date, as well as other items on the balance sheet, the Management Company adjusts its valuation on the basis of variations that seem likely in view of current events. The statutory auditor is informed of these valuations and the justifications for them during their audit.

Foreign securities are converted into the equivalent value in euros in accordance with the WMR rate on the day of valuation.

UCITS, AIFs or investment funds

UCITS/AIFs or investment fund units or shares are valued at the last known net asset value. Foreign undertakings for collective investment that carry out valuations at times that are incompatible with the calculation of the Fund's net asset value are valued on the basis of estimates supplied by the administrators of the undertakings, under the supervision and responsibility of the Management Company.

Transferable debt securities

Transferable debt securities are valued in accordance with the following rules:

- BTANs and BTFs are valued on the basis of an average of contributed prices obtained from market-makers,

- Unlisted variable-rate debt securities are valued at cost price, adjusted to take into account any potential variations in credit spreads,
- Other fixed-rate transferable debt securities (certificates of deposit, commercial paper, warrants issued by financial institutions, etc.) are valued on the basis of their market price.

In the absence of an indisputable market price, transferable debt securities are valued by applying a yield curve, adjusted, if necessary, by a margin calculated on the basis of the characteristics of the security (of the issuer):

However, transferable debt securities with a residual maturity of three months or less could be valued via the straight-line method.

Temporary purchases and disposals of securities

Contracts for temporary purchases and sales of transferable securities and equivalent transactions are valued at the contract rate, adjusted for any margin calls (valued in accordance with the conditions set out in the contract).

In the case of transferable securities that are unlisted or whose price has not been listed on the valuation date, as well as other items on the balance sheet, the Management Company's board of directors adjusts its valuation on the basis of variations that seem likely in view of current events.

Certain fixed-rate transactions with a maturity of over three months may be valued at market price.

II - Futures and options transactions

Organised futures and options markets

Derivatives listed on an organised market are valued on the basis of settlement prices.

Swaps

Asset swaps are valued at market price based on the issuer's credit spreads indicated by the market-makers. In the absence of a market-maker, the spreads will be obtained by any means from the available contributors.

Asset swaps with a maturity of less than or equal to three months may be valued using the straight-line method.

Other swaps are valued at market price based on yield curves.

Complex instruments such as CDS, SES and complex options are valued according to their type using an appropriate method.

Forward exchange contracts

These are valued at the currencies' exchange rate on the valuation date, allowing for the amortisation of carry-forward/discount.

They may be valued at market price based on forward foreign exchange curves.

III - Off-balance sheet commitments

Off-balance sheet commitments are valued as follows:

A) Commitments on futures markets:

1) Futures:

commitment = Reference price (the prices at 5.00 p.m. on Bloomberg, Paris time) x Nominal contract value x Quantities.

With the exception of commitments under the EURIBOR contract traded on Liffe, which are recorded at their nominal value.

2) Swap commitments:

a) interest rate swaps

□ Interest rate swaps with a maturity of three months or less:
backed: nominal value + accrued interest (interest differential)
non-backed: nominal value + accrued interest (interest differential)

□ Interest rate swaps with a maturity exceeding three months:

backed:

- ° Fixed rate/variable rate
- Appraisal of the fixed-rate portion at market price
- ° Variable rate/fixed rate
- Appraisal of the variable-rate portion at market price

non-backed:

- ° Fixed rate/variable rate
- Appraisal of the fixed-rate portion at market price
- ° Variable rate/fixed rate
- Appraisal of the variable-rate portion at market price

b) other swaps

These will be appraised at market value.

B) Commitments on options markets:

Commitment = quantity x nominal contract value (portion) x price of underlying x delta

IV - Currencies

Foreign currency prices are converted into euros in accordance with the WMR rate (4.00 p.m. London time) for the currency on the day of valuation.

V - Unlisted financial instruments and other securities

- Financial instruments for which the price has not been recorded on the day of valuation, are valued at the most recent officially published price or at their likely trading value, under the responsibility of the Management Company;
- Foreign securities are converted into the equivalent value in euros in accordance with the WMR rate on the day of valuation;
- The Management Company is responsible for appraising financial instruments not traded on a regulated market at their likely trading value;
- Other financial instruments are appraised at their market value as calculated by the counterparties, under the supervision and responsibility of the Management Company.

The valuations of unlisted financial instruments and the other securities referred to in this paragraph, together with the justifications for them, are communicated to the statutory auditor during their audit.

⇒ Swing pricing mechanism of net asset value with trigger threshold

From the creation of the FCP, the Management Company has implemented a method of adjusting the net asset value (NAV) with a trigger threshold.

Dealing costs are incurred relating to transactions carried out on the assets of the Fund as a result of the movements (subscriptions/redemptions) of the Fund's liabilities. The purpose of this mechanism, which is governed by a policy, is to protect the holders who remain in the Fund by making them bear the lowest possible cost. The result is an adjusted "swing" NAV.

If, on a NAV calculation date, the total net subscription/redemption orders of investors over all the Fund's share classes exceeds a predetermined threshold, on the basis of objective criteria by the management company as a percentage of net assets, the NAV may be adjusted upwards or downwards, to take into account readjustment costs attributable to net subscription/redemption orders, respectively. If the Fund issues more than one class of units, the NAV of each class of units is calculated separately, but any adjustment has the same impact on the total NAV of the unit classes of the Fund.

The readjustment and triggering cost parameters are determined by the management company and reviewed periodically. These costs are estimated by the management company on the basis of the transaction costs, the purchase and sale ranges, and any applicable taxes to the Fund.

The adjustment mechanism will be applied at some point in the future, however, it is not possible to predict accurately when or how often the management company will make such adjustments.

Investors are advised that the volatility of the Fund's NAV may not reflect only the volatility of the securities held in the portfolio due to the application of the adjustment mechanism.

The swing-out NAV is the only net asset value of the Fund and the only one communicated to unitholders of the Fund. However, in the event of an outperformance fee, it is calculated on the NAV before the adjustment mechanism is applied.

B Accounting methods

Income is recorded on the basis of revenues received.

Trading fees are stated in the specific Fund accounts and are not included in the price.

The weighted average cost price method is used for the settlement of securities. For derivative products, however, the FIFO (First In, First Out) method is used.

Additions to the portfolio are recorded at their acquisition price excluding fees, and disposals are recorded at their sale price excluding fees.

VII REMUNERATION

More information on the remuneration policy can be found online at www.h2o-am.com.
