

## H2O MULTIBONDS FCP

### PROSPECTUS

### DATED 31 DECEMBER 2024

#### I GENERAL FEATURES

**NAME: H2O MULTIBONDS FCP**

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

**LEGAL STRUCTURE AND COUNTRY OF INCORPORATION:**

Mutual fund governed by and construed in accordance with French law (FCP).

**INCEPTION DATE AND EXPECTED TERM:**

The Fund was created on 5 October 2020 for 99 years, as part of a split carried out in accordance with 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
RUSD (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011981836	Accumulation	USD	Estimated value at the split date
RSGD (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011973650	Accumulation	SGD	Estimated value at the split date
IEUR (C) units	All subscribers, although institutional investors in particular	EUR 100,000	One ten-thousandth of a unit	FR0010930438	Accumulation	EUR	Estimated value at the split date
IUSD (C) units	All subscribers, although institutional investors in particular	USD 100,000	One ten-thousandth of a unit	FR0010930735	Accumulation	USD	Estimated value at the split date
ISGD (C) units	All subscribers, although institutional investors in particular	SGD 100,000	One ten-thousandth of a unit	FR0011973668	Accumulation	SGD	Estimated value at the split date
HCHF-I (C)	All subscribers,	CHF 100,000		FR0012538049	Accumulation	CHF	Estimated

units	although institutional investors in particular		One tenthousandth of a unit				value at the split date
HUSD-I (C)** units	All subscribers, although institutional investors in particular	USD 100,000	One tenthousandth of a unit	FR0011973684	Accumulation	USD	Estimated value at the split date
HSGD-I(C) units***	All subscribers, particularly institutional investors	SGD 100,000	1 tenthousandth of a unit	FR0013186699	Accumulation	SGD	Estimated value at the split date
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.	One tenthousandth of a unit	One tenthousandth of a unit	FR0013186707	Accumulation	EUR	Estimated value at the split date
HCHF-N(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.	One tenthousandth of a unit	One tenthousandth of a unit	FR0013186715	Accumulation	CHF	Estimated value at the split date
REUR (C) unit	All subscribers, particularly private			FR0013393329	Accumulation	EUR	Estimated value on the split date

	individuals	One ten-thousandth of a unit	One ten-thousandth of a unit				
REUR (C/D) units	All subscribers, particularly private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013404092	Accumulation and/or distribution	EUR	Estimated value at the split date
HSGD-R (C) units ***	All subscribers, particularly private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393337	Accumulation	SGD	Estimated value at the split date
HUSD-R (C) units **	All subscribers, particularly private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393345	Accumulation	USD	Estimated value at the split date
HCHF-R (C) units *	All subscribers, particularly private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393352	Accumulation	CHF	Estimated value at the split date
Q-EUR (C) unit	Subscriptions in this unit are reserved for employees and entities of the H2O AM Group	1 unit	One ten-thousandth of a unit	FR0014001610	Accumulation	EUR	EUR 20,000
3DHUSD-R (C) unit**	All subscribers, particularly private individuals	One thousandth of a unit	One thousandth of a unit	FR0014001426	Accumulation	USD	USD 100

\* Unit systematically hedged against the EUR/CHF currency risk

\*\* Unit systematically hedged against the EUR/USD currency risk

\*\*\* Unit systematically hedged against the EUR/SGD currency risk

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

The latest annual and interim reports will be sent to the holder within eight business days of receipt of a written request to:

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

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

**INFORMATION FOR PROFESSIONAL INVESTORS:**

The management company may send the breakdown of the UCI's portfolio to investors classified as professional investors by the ACPR, the AMF or equivalent European authorities, for the sole purpose of calculating regulatory requirements under Directive 2009/138/EC (Solvency II).

**1 Parties involved**

**MANAGEMENT COMPANY:**

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 duties of the depositary include, as set out in the applicable Regulations, custody of the assets, checking that the management company's decisions are lawful and monitoring the UCITS' cash flows. The depositary is independent from the management company.

A description of the delegated custody duties, the list of delegates and sub-delegates of CACEIS Bank and information relating to conflicts of interest that may result from these delegations are available on the CACEIS BANK website: [www.caceis.com](http://www.caceis.com).

Updated information is made available to investors upon request.

❑ **CLEARING HOUSE:**

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 Fund's liability accounting 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 Bousquie  
Registered office: Tour EQHO 2 avenue Gambetta CS60055  
92066 PARIS LA DEFENSE CEDEX1

❑ **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 management company.

**DELEGATED FUNCTIONS:**

**Delegated accounting functions:**

Company name: CACEIS FUND ADMINISTRATION, has been appointed by H2O AM EUROPE to provide Fund's financial management and valuation.

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 Monaco *société anonyme* (public limited company), 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 delegated investment manager will partially contribute to investment management alongside the management company.

The management company has not identified any conflicts of interest that may arise from such delegate 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 shareholders 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](http://www.h2o-am.com).

Type of unit: bearer

◆ Division of units:

REUR(C), REUR(C/D), RUSD(C), RSGD(C), HCHF-R(C), HUSD-R(C), HSGD-R(C), IEUR(C), IUSD(C), ISGD(C), HCHF-I(C), HUSD-I(C), HSGD-I(C), NEUR(C), HCHF-N(C) and Q-EUR (C) units are split into ten-thousandths of a unit.

3DHUSD-R (C) units are split into thousandths of a unit.

**FINANCIAL YEAR-END:**

Last trading day of December.

The end of the first financial year was the last trading day of December 2020.

**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 UCIs shares or units may be subject to taxation. The applicable tax system therefore depends on the tax provisions applicable to the unitholder's individual situation and country 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:**

<b>Units</b>	<b>ISIN code</b>
<b>RUSD(C)</b>	FR0011981836
<b>RSGD(C)</b>	FR0011973650
<b>IEUR (C)</b>	FR0010930438
<b>IUSD(C)</b>	FR0010930735
<b>ISGD(C)</b>	FR0011973668
<b>HCHF-I (C)</b>	FR0012538049
<b>HUSD-I (C)</b>	FR0011973684
<b>HSGD-I(C)</b>	FR0013186699
<b>NEUR(C)</b>	FR0013186707
<b>HCHF-N(C)</b>	FR0013186715
<b>REUR (C)</b>	FR0013393329
<b>REUR (C/D)</b>	FR0013404092
<b>HSGD-R (C)</b>	FR0013393337
<b>HUSD-R (C)</b>	FR0013393345
<b>HCHF-R (C)</b>	FR0013393352
<b>Q-EUR(C)</b>	FR0014001610
<b>3DHUSD-R (C) unit</b>	FR0014001426

**CLASSIFICATION:**

Bonds and other international debt securities.

**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.

□ **INVESTMENT OBJECTIVE:**

For the IEUR, NEUR, REUR and Q-EUR units:

The management objective is to outperform the daily capitalised €STR by 2.1% per annum for REUR units, by 2.9% per annum for NEUR units, by 3% per annum for IEUR units and by 3.6% per annum for Q-EUR units, over their minimum recommended investment period, after the deduction of management and operating fees.

For the HCHF-R, HCHF-N and HCHF-I units:

The management objective is to outperform the daily capitalised SARON (Swiss Average Rate Overnight) for HCHF-R units by 2.1% per annum, by 2.9% for HCHF-N units per annum, and by 3% per annum for HCHF-I units, over their minimum recommended investment period, after the deduction of management and operating fees.

For the IUSD, RUSD, HUSD-R, 3DHUSD-R and HUSD-I units:

The management objective is to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 2.1% per annum for HUSD-R, 3DHUSD-R and RUSD units and by 3% per annum for IUSD and HUSD-I units, over their minimum recommended investment period, after the deduction of operating and management fees.

For the ISGD, RSGD, HSGD-R and HSGD-I units:

The management objective is to outperform the 1-month SGD SORA (Singapore Overnight Rate Average) by 2.1% per annum for HSGD-R and RSGD units, and by 3% per annum for ISGD and HSGD-I units, over their minimum recommended investment period, over their minimum recommended investment period, after the deduction of management and operating fees.

For indicative purposes only, the Fund's performance may be compared ex-post with that of the JP Morgan Government Bond Index Broad denominated in euro for the REUR, IEUR, NEUR, REUR(C/D) and Q-EUR units, in US dollar for the IUSD and RUSD units and in Singapore dollar for the ISGD and RSGD units.

For the HCHF-I, HCHF-N and HCHF-R units, the Fund's performance may be compared with that of the JP Morgan Government Bond Index Broad denominated in euro and adjusted for the differential between the Swiss interest rate (daily capitalised SARON [Swiss Average Rate Overnight]) and the Eurozone rate (1-month EURIBOR), over its recommended minimum investment term, after the deduction of operating and management fees.

For the HUSD-I and HUSD-R units, the Fund's performance may be compared with that of the JP Morgan Government Bond Index Broad denominated in euro and adjusted for the differential between the U.S. interest rate (daily capitalised SOFR [Secured Overnight Financing Rate]) and the Eurozone rate (1-month EURIBOR), over its recommended minimum investment term, after the deduction of operating and management fees.

For the HSGD-I and HSGD-R units, the Fund's performance may be compared with that of the JP Morgan Government Bond Index Broad denominated in euro and adjusted for the differential between the Singapore interest rate (1-month SORA) and the Eurozone rate (1-month EURIBOR), over its recommended minimum investment term, after the deduction of operating and management fees.

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.

□ **REFERENCE INDEX:**

For the REUR, IEUR, NEUR, Q-EUR and REUR(C/D) 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 benchmark rate for the eurozone. It is calculated by the European Central Bank.

Further information on the benchmark index is available on its administrator's website: [www.ecb.europa.eu](http://www.ecb.europa.eu).

The benchmark index administrator is not listed on the register of administrators and benchmark indices maintained by ESMA, as the ECB is exempt.

For the HCHF-R, HCHF-N and HCHF-I units:

The daily capitalised SARON (Swiss Average Rate Overnight) (Overnight Indexed Swap or OIS method) is the interbank market benchmark rate for the Swiss franc (CHF).

It 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 the IUSD, RUSD, HUSD-R, 3DHUSD-R and HUSD-I units:

The daily capitalised SOFR (Secured Overnight Financing Rate) (Overnight Indexed Swap or OIS method) is the interbank market benchmark rate for the US dollar (USD). It 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, as central banks are exempt.

For the ISGD, RSGD, HSGD-R and HSGD-I units:

The 1-Month Compounded SORA (Singapore Overnight Rate Average) interest rate is calculated based on the average daily SORA rates for the previous month. SORA is the volume-weighted average daily rate of loans in the interbank market in Singapore dollars. It is calculated every working day and published by the Monetary Authority of Singapore (MAS) on the basis of transactions concluded between 08:00 and 18:15 the previous day. Information is available at <https://www.mas.gov.sg/monetary-policy/sora>.

The benchmark index administrator is the Monetary Authority of Singapore. The index is available on the website: <https://eservices.mas.gov.sg/Statistics/dir/DomesticInterestRates.aspx>.

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

The JP Morgan Government Bond Index Broad is provided for information purposes only. It is made up of global government bond securities with a minimum Standard & Poor's rating of BBB- and a minimum Moody's rating of Baa3 ("investment grade" category). Issues must be fixed rate only and must have a residual maturity in excess of one year. The index, expressed either in euro, US dollar or Singapore dollar, is not hedged against the currency risk.

The Fund's performance may be compared ex-post with that of the JP Morgan Government Bond Index Broad for all unit classes and, more specifically, in the currency corresponding to each unit class for REUR, Q-EUR, RUSD, RSGD, IEUR, IUSD, ISGD and NEUR.

- The HCHF-I, HCHF-N and HCHF-R units are hedged against currency risk, taking into account the differential between the Swiss interest rate (1-month SARON) and the Eurozone rate (1-month EURIBOR).

- The HUSD-I, 3DHUSD-R and HUSD-R units are hedged against currency risk, taking into account the differential between the US interest rate (1-month SOFR) and the Eurozone rate (1-month EURIBOR).

- The HSGD-I and HSGD-R units are hedged against currency risk, taking into account the differential between the Singapore interest rate (1-month SORA) and the Eurozone rate (1-month EURIBOR).

#### □ **INVESTMENT STRATEGY:**

##### **A) Description of the strategies employed**

The portfolio management team implements strategic and tactical positions as well as arbitrages on all global debt and currency markets. It also actively diversifies the Fund into corporate and emerging credit bond markets and into currencies of emerging countries.

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 macroeconomic analysis, an analysis of capital flows and an appraisal of market valuations.

The overall modified duration of the Fund is comprised within a range from 0 to +10.

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.

This objective will be based on the following ten major approaches to adding value:

#### **Management of Investment Grade government bonds:**

1. **Active management of the Fund's exposure to global bond market risk (in modified duration);**
2. **Allocation of the Fund's modified duration** (positive) 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 the modified duration** (positive or negative) as distributed 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], with 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 Europe zone (EMU Member States, Norway, Sweden, Denmark, Iceland, Switzerland, Poland, the Czech Republic and Hungary).

#### **Management of Investment Grade non-government bonds, and non-Investment Grade government and non-government bonds:**

5. Active diversification on all government bond markets, including non-investment grade;
6. Active diversification on all non-government (corporate) bond markets.

#### **Currency management:**

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

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

The HCHF-I, HCHF-N and HCHF-R units are hedged against the currency risk to limit the impact of fluctuations in the EUR/CHF exchange rate on the Fund's performance.

This unit class therefore aims to achieve the best hedging against the EUR/CHF currency risk during the investment term of the Fund, which could affect performance.

The HUSD-I, 3DHUSD-R and HUSD-R unit classes are hedged against the currency risk to limit the impact of fluctuations in the EUR/USD exchange rate on the Fund's performance.

This unit class therefore aims to achieve the best hedging against the EUR/USD currency risk during the investment term of the Fund, which could affect performance.

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

This unit therefore aims to achieve the best hedging against the EUR/SGD currency risk during the investment term of the Fund, which could affect performance.

<b>Modified duration range</b>	Between 0 and +10
<b>Issuers' geographical region*</b>	All geographical regions
<b>Base currency of securities</b>	All currencies
<b>Currency risk permitted</b>	Up to 700%

## **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 management company's criteria at the time of their acquisition (for example, BBB- according to the 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 only rated by two rating agencies, at least one of the two ratings 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.

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 Standard & Poor's and Fitch or Baa3 according to Moody's), the management company 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 category of OECD non-government bonds, up to **20% of the net assets may be invested in mortgage-backed securities or asset-backed securities** (MBS – securitisation of mortgage loan portfolios, and ABS – securitisation of portfolios of non-mortgage loans such as consumer credit, automobile credit and credit cards).

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

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.

Still within this limit of 20% of net assets in mortgage-backed securities or asset-backed securities, the Fund may hold up to 10% of its net assets in ABS and MBS that are unrated upon issue or whose issuer is unrated upon issue.

- 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.

The Fund may invest in any type of bond including fixed-rate, variable rate, indexed, exchangeable, convertible and other 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.

<b>Recap of the main limits for investment in bonds (<i>ratings applicable at time of purchase</i>)</b>	
Overall modified duration range	[0; +10]
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 (ABS & MBS)	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

## **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 and investment funds 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.

The Fund may use derivatives to overcommit its portfolio.

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 table below details the Fund's operating conditions regarding derivatives.

**TABLE OF DERIVATIVES**

<i>Type of instrument used</i>	<b>MARKET TYPE</b>			<b>RISK TYPE</b>					<b>OPERATION TYPE</b>			
	<i>Admission to regulated markets*</i>	<i>Organised markets</i>	<i>OTC markets</i>	<i>Equity</i>	<i>Interest rates</i>	<i>Currency</i>	<i>Credit</i>	<i>Other risk(s)</i>	<i>Hedging</i>	<i>Exposure</i>	<i>Arbitrage</i>	<i>Other(s)</i>
<b>Futures on</b>												
<i>Equities</i>												
<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	
<b>Options on</b>												
<i>Equities</i>												
<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>												
<b>Swaps</b>												
<i>Equities</i>												
<i>Interest rates</i>			X		X			X	X	X	X	
<i>Exchange rates</i>			X			X		X	X			
<i>Indices</i>												
<b>Forex forward</b>												
<i>Currency</i>			X			X		X	X	X	X	
<b>Credit derivatives</b>												
<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](http://www.h2o-am.com).

The mutual fund may use total return swaps in an expected proportion of 25% of the net assets and up to 50% of the net assets.

**Information relating to OTC financial agreements:**

Counterparties are 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 an agreement signed between the Fund 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 Fund investment portfolio or the asset underlying the derivative.

### 2.2.3 Securities with embedded derivatives

The table below details the Fund's operating conditions regarding securities with embedded derivatives.

**CHART OF SECURITIES WITH EMBEDDED DERIVATIVES**

<i>Type of instrument used</i>	RISK TYPE					OPERATION TYPE			
	Equities	Interest rates	Currency	Credit	Other risk(s)	Hedging	Exposure	Arbitrage	Other(s)
<b>Warrants on</b>									
Equities									
Interest rates									
Exchange rates									
Indices									
<b>Subscription warrants</b>									
Equities									
Interest rates									
<b>Equity-linked products</b>									
<b>Convertible bonds</b>									
Exchangeable bonds	X	X				X	X		
Convertible bonds	X	X				X	X		
Contingent Convertible bonds	X	X		X	X		X		
<b>Callable interest rate products</b>		X	X	X	X	X	X		X
<b>Puttable interest rate products</b>		X	X	X	X	X	X		X
<b>Structured EMTN/BMTN</b>									
Structured BMTN									
Structured EMTN									
Credit linked notes (CLN)									
<b>Other (to be specified)</b>									

\* See the Investment Manager's policy for execution of orders on [www.h2o-am.com](http://www.h2o-am.com)

### 2-3 Deposits

The Fund may make deposits with a maximum term of twelve months in compliance with the *Code Monétaire et Financier*, the French Monetary and Financial Code. 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 also hold cash and cash equivalents.

## **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 Fund may carry out temporary purchase and sales of securities (also called securities financing transactions), subject to a maximum commitment of 50% of net assets. The expected proportion of assets which will be the subject of such transactions may represent 30% of the assets.

<b>Types of transaction used</b>	
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	

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

The use of securities financing transactions will aim at proving the Fund with additional return and therefore contribute to the performance of the Fund. In addition, the Fund may enter into repurchase agreements in substitution of the collateral received in cash and/or reverse repurchase agreements for cash management purpose.

These transactions may apply to all assets composing the Fund. The securities financing transactions will be subject to collateral arrangements as described in further details in the section "Contracts qualifying as collateral arrangements" hereinafter.

## **2-7 Contracts qualifying as collateral arrangements**

When entering into financial derivatives agreements and securities financing transactions, the Fund may receive/provide collateral based upon the transfer of full ownership of the securities or cash collateral.

Securities received as collateral comply with the criteria set forth in the relevant regulation and must be provided by credit institutions or other entities complying with the criteria pertaining its legal structure, country and other financial requirements as contemplated in the *Code Monétaire et Financier*, the French Monetary and Financial Code,

Securities received in collateral and the applicable haircuts policies are determined by the management company in accordance with the applicable regulations and include 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 eligible collateral policy defines clearly the level of collateral required and the haircut applicable to each type of collateral taking into account the characteristics of the collateral. The policy describes also, in accordance with applicable regulations, the rules for diversification of risks, correlation, valuation, credit quality and regular stress tests on the liquidity of the collateral.

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

- placed on deposit;
- invested in high quality government bonds;
- used in delivery repurchase agreements;
- invested in short-term monetary undertakings for collective investment (UCI).

Non-cash collateral received should not be sold, re-invested or pledged.

In accordance with the rules set forth in this prospectus, the management company will proceed to a daily valuation of the collateral received based on the market price (mark-to-market). Collateral margin variations will be calculated on a daily basis.

Collateral received by the Fund will be held by the Depositary of the Fund or a third-party custodian which is subject to prudential supervision and is unrelated to the provider of the collateral.

The risks associated with securities financing transactions, financial contracts and collateral arrangements are described in the risk profile section.

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

This Fund's underlying investments do not take into account European Union criteria regarding 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.

**Credit risk:** this is the risk of a variation in credit spreads arising from a 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, mortgage, 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%.

**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 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 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.

**Currency 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-I, HCHF-N and HCHF-R units, denominated in CHF,  
- For HUSD-I, 3DHUSD-R and HUSD-R units, denominated in USD,  
- For HSGD-I and HSGD-R units, denominated in SGD,  
the EUR currency risk is hedged at the unit level. Holders are therefore protected from the currency risk of the unit currency versus the euro.

**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.

**Risks linked to the temporary purchase/sell of securities and the management of collateral:** temporary purchase/sell of securities and the management of related collateral can generate risks for the FCP such as (i) the counterparty risk (as described above), (ii) liquidity risk, and when relevant the risks generated by the reuse of collateral (mainly the risk that collateral received by the FCP may not be available for restitution to the counterparty for collateral received in securities or may not enable the FCP to reimburse the counterparty for collateral received in cash).

**Risks associated with investments in exchangeable, convertible and contingent convertible bonds:** the Fund may invest in exchangeable bonds, convertible bonds, which are fixed-income securities that include an option to convert into equities, as well as 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.

The market value of convertible securities depends on both the level of interest rates and the estimation of future movements in the price of the underlying shares.

In addition to the credit risk and interest rate risk inherent in bonds, the exercise of this conversion option may cause the Fund's net asset value to decrease more significantly than in the case of conventional bonds from the issuer.

**Equity risk:** Insofar as the Fund may invest in exchangeable/convertible bonds, this is exposure to the risk of underlying equities.

**Sustainability risk:** means 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:**

IEUR, IUSD, ISGD, HCHF-I, HUSD-I, HSGD-I, NEUR, HCHF-N, REUR, REUR (C/D), HSGD-R, RSGD, HUSD-R, RUSD, 3DHUSD-R and HCHF-R units are aimed at all subscribers.

IEUR, IUSD, ISGD, HCHF-I, HUSD-I and HSGD-I units are primarily aimed at institutional investors.

NEUR units and HCHF-N units are aimed particularly to investors 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.

The Q-EUR unit is reserved for employees and entities of the H2O AM Group.

The fund is aimed at investors seeking a performance linked to interest rate and foreign currency markets over an investment period of at least the minimum recommended investment period.

Minimum recommended investment period: five years.

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

In accordance with applicable EU regulations<sup>1</sup> 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.

The amount that it is appropriate to invest in this Fund will depend on the personal situation of each investor. To determine this amount, investors should consider their personal assets, the applicable regulations, their current and future financial needs over the recommended investment period and the level of risk they are prepared to accept.

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), RSGD (C), HCHF-R (C), HUSD-R (C), 3DHUSD-R (C), HSGD-R (C), IEUR (C), IUSD (C), ISGD (C), HCHF-I (C), HUSD-I (C), HSGD-I (C), NEUR (C), HCHF-N (C) and Q-EUR (C) units are accumulation units.

REUR (C/D) units are capitalisation and/or distribution units. The distributable sums (net result and net gains achieved) are distributed annually and/or capitalised and/or carried over after the end of the financial year, as decided by the management company. It reserves the right to pay interim dividends on this distributable income. Please refer to Article 9 of the Regulations of the UCITS for more information.

---

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

□ **UNIT FEATURES:**

<b>Unit classes</b>	<b>ISIN code</b>	<b>Base currency</b>	<b>Unit division</b>	<b>Minimum initial subscription</b>	<b>Minimum subsequent subscription</b>
RUSD (C) units	FR0011981836	USD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
RSGD (C) units	FR0011973650	SGD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
IEUR (C) units	FR0010930438	EUR	Ten-thousandths	EUR 100,000	One ten-thousandth of a unit
IUSD (C) units	FR0010930735	USD	Ten-thousandths	USD 100,000	One ten-thousandth of a unit
ISGD (C) units	FR0011973668	SGD	Ten-thousandths	SGD 100,000	One ten-thousandth of a unit
HCHF-I (C) units	FR0012538049	CHF	Ten-thousandths	CHF 100,000	One ten-thousandth of a unit
HUSD-I (C) units	FR0011973684	USD	Ten-thousandths	USD 100,000	One ten-thousandth of a unit
HSGD-I (C)	FR0013186699	SGD	Ten-thousandths	SGD 100,000	1 ten-thousandth of a unit
NEUR (C) units	FR0013186707	EUR	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HCHF-N (C) units	FR0013186715	CHF	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
REUR (C) units	FR0013393329	EUR	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
REUR (C/D) units	FR0013404092	EUR	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HSGD-R (C) units	FR0013393337	SGD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HUSD-R (C) units	FR0013393345	USD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit

HCHF-R (C) units	FR0013393352	CHF	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
Q-EUR (C) unit	FR0014001610	EUR	Ten-thousandths	1 unit	One ten-thousandth of a unit
3DHUSD-R (C) unit	FR0014001426	USD	Thousandths	One thousandth of a unit	One 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.

Orders are executed in accordance with the table below for Euro and GBP currency:

D business day	D business day	D: NAV calculation day	D+1 business day	D+1 business day	D+1 business day
Centralisation before 12:30 CET for subscription orders <sup>1</sup>	Centralisation before 12:30 CET for redemption orders <sup>1</sup>	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions <sup>1</sup>	Settlement of redemptions <sup>1</sup>

<sup>1</sup>Unless a specific deadline has been agreed with your financial institution.

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

D business day	D business day	D: NAV calculation day	D+1 business day	D+3 business day	D+3 business day
Centralisation before 12:30 CET for subscription orders <sup>1</sup>	Centralisation before 12:30 CET for redemption orders <sup>1</sup>	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions <sup>1</sup>	Settlement of redemptions <sup>1</sup>

<sup>1</sup>Unless a specific deadline has been agreed with your financial institution.

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.

**Redemption capping mechanism (gates mechanism):**

The management company may implement the so-called “gates mechanism” to spread redemption requests of the UCI’s unitholders over several net asset values when they exceed a certain level, determined in an objective manner.

It may decide not to execute all redemptions at the same net asset value, irrespective of the implementation of the management strategy, in exceptional circumstances, such as liquidity conditions with an impact on the UCI's assets, and if the interests of unitholders or the public so dictate.

Unitholders may also refer to the UCI's regulations.

Description of the method used:

The UCI's unitholders are reminded that the threshold for triggering the gates mechanism is linked to the ratio between:

- the difference, at the same clearing date, between the number of units of the UCI whose redemption is requested or the total amount of these redemptions, and the number of units of the UCI whose subscription is requested or the total amount of these subscriptions; and
- the net assets or the total number of units of the UCI.

The gate trigger threshold will be 5% for all the UCI's unit classes.

The gate trigger threshold is explained by the UCI's NAV calculation frequency, its management strategy and the liquidity of its assets. The threshold applies to cleared redemptions for all the UCI's assets rather than specifically depending on unit class.

When redemption requests exceed the gate trigger threshold, the management company may decide to honour them beyond the established cap and thus execute some or all orders that may be blocked.

The maximum period for applying the gates is set at 20 net asset values over three months. Therefore, the mechanism may not be triggered during more than 20 consecutive net asset values.

Information procedures for unitholders:

If the gates mechanism is activated, all UCI unitholders will be informed by any means via the management company's website: [www.h2o-am.com](http://www.h2o-am.com).

The UCI's unitholders whose orders have not been executed will receive a specific notification as soon as possible.

Processing of non-executed orders:

Redemption orders will be executed in the same proportions for UCI unitholders having requested a redemption from the last clearing date. Non-executed orders will automatically be carried forwards to the next net asset value and will not take priority over new redemption orders sent for execution at the following net asset value. In any event, redemption orders that are not executed and are automatically carried forwards may not be cancelled by the UCI unitholders concerned.

Exemption:

In the event of a round-trip transaction (a unit redemption request accompanied by a simultaneous and corresponding subscription request placed on the same NAV date, with the same ISIN code, for the same number of units, by the same intermediary, on the same account), this will not be taken into account for the gates calculation mechanism and will therefore be honoured as is.

Example:

If total redemption requests on the UCI's units are 10% of net assets and the trigger threshold is 5%, the management company may decide to honour requests up to 7.5% (i.e. execute 75% of the requests rather than 50% were it strictly applying the 5% cap).

**Swing pricing mechanism of net asset value with trigger threshold**

From the moment of establishing the Fund, 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.

#### □ **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](http://www.h2o-am.com)

In accordance with the estimated values established by the UCITS that is the subject of the demerger in accordance with Article L. 214-8-7 of the French Monetary and Financial Code, the UCITS will establish estimated values between its creation date and the establishment of its first net asset value. These estimated values cannot be used as a basis for subscriptions/redemptions.

#### □ **FEES AND COMMISSIONS:**

##### Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees charged by the UCITS serve to offset the charges it incurs when investing and divesting investors' holdings. Fees that are not paid to the Fund are paid to the management company, Marketing Agent, etc.

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	<p><b><u>For all I and N unit classes:</u></b> 1% maximum</p> <p><b><u>For all R unit classes:</u></b> 3% maximum</p>
Maximum subscription fee reserved for the management company	net asset value X number of units	<b><u>Q-EUR unit:</u></b> 10%
Subscription fee retained by the UCITS	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

Fees charged to the UCITS:

These charges cover:

- Management fees;
- Operating expenses and other services;
- Indirect maximum charges (commissions and management fees) for UCITS that invest over 20% in other UCITS/AIFs or investment funds;
- Transfer fees;
- Outperformance fees.

<b>Fees charged to the UCITS:</b>	<b>Basis</b>	<b>Rate scale</b>
Management fees	Net assets	Maximum rate <b><u>For all R unit classes:</u></b> 1.60% incl. tax <b><u>For all I unit classes:</u></b> 0.70% incl. tax <b><u>For all N unit classes:</u></b> 0.80% incl. tax  <b><u>Q-EUR unit</u></b> 0.10% incl. tax
Operating expenses and other services	Net assets	Maximum rate <b><u>For all units:</u></b> 0.15% incl. tax
Transfer fees	The sum (capped at the monthly average assets) of notional transactions on listed derivatives, excluding listed options	0.015% per month
Outperformance fee	Positive difference between valued asset and reference asset	<b><u>Q unit:</u></b> None  <b><u>Other units:</u></b> 25%, including tax, of the outperformance relative to the benchmark index as defined in the "Performance fee" paragraph below

Third parties, 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. Unitholders can direct any request for further information about these retrocessions to their distributor and/or the management company.

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 for the regulators that are 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.

## VIII. 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, the UCITS may not inform its unitholders in a specific manner, nor offer them the possibility of redeeming their units at no cost in the event of an increase in these costs equal to or less than 10 basis points (0.1%) per calendar year; unitholders may then be informed by any means (for example, on the website of the portfolio management company, in the section relating to the UCITS in question). This information should be published before it takes effect.

### **Performance fee:**

The HCHF-I, HCHF-N and HCHF-R units are hedged against the currency risk for the portion of the assets affected by the euro/Swiss franc exchange rate. As such, slight structural differences in outperformance will be detected by comparison with the differences in the euro I, N and R units. These differences are mainly linked to imperfections in hedging against the currency risk and to the difference between Swiss interest rates (SARON) and the Eurozone rate (1-month EURIBOR).

The HUSD-I, 3DHUSD-R and HUSD-R units are hedged against the currency risk for the part of the assets affected by the euro/US dollar exchange rate. As such, slight structural differences in outperformance will be detected by comparison with the differences in the euro I and R units. These differences are mainly linked to imperfections in hedging against the currency risk and to the difference between US interest rates (SOFR) and the Eurozone rate (1-month EURIBOR).

The HSGD-I and HSGD-R units are hedged against the currency risk for the portion of the assets affected by the EUR/SGD exchange rate. As such, slight structural differences in outperformance will arise when comparing the euro I and R units. These differences are mainly linked to imperfections in the hedging against foreign exchange risk and to the difference between the Singapore interest rate (1-month SORA) compared with the Eurozone rate (1-month EURIBOR).

The performance of each of the Fund's unit classes is calculated on the basis of changes in the net asset value (NAV) of this unit class.

The performance fee applicable to a particular unit class is based on a comparison of the valued assets of this unit class with its reference assets (model based on a benchmark index). Any underperformance of the Fund in relation to the benchmark index must be compensated for before performance fees become payable, regardless of the underperformance period concerned.

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

- a) **The valued assets** are equal to the amount of the Fund's assets in the unit class concerned, valued in accordance with the rules applicable to the assets and taking into account the actual operating and management costs 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 which resulted in performance fees being charged.
- 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 benchmark 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 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, the reference assets are adjusted for subscriptions/redemptions and valued in accordance with the performance of the benchmark index applicable to the unit class.

The benchmark index (denominated in EUR) for units denominated in EUR is equal to:

- The daily capitalised €STR + 3% per annum for IEUR units
- The daily capitalised €STR + 2.90% per annum for NEUR units
- The daily capitalised €STR + 2.10% per annum for REUR units

The benchmark index (denominated in USD) for units denominated in USD is equal to:

- The capitalised SOFR (Secured Overnight Financing Rate) + 3% per annum for IUSD and HUSD-I units
- The capitalised SOFR (Secured Overnight Financing Rate) + 2.10% per annum for RUSD, 3DHUSD-R and HUSD-R units

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

- The 1-month SORA (Singapore Overnight Rate Average) + 3% per annum for ISGD and HSGD-I units
- The 1-month SORA (Singapore Overnight Rate Average) + 2.10% per annum for HSGD-R and RSGD units

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

- The capitalised SARON (Swiss Average Rate Overnight) + 2.90% per annum for HCHF-N units
- The capitalised SARON (Swiss Average Rate Overnight) + 3% per annum for HCHF-I units
- The capitalised SARON (Swiss Average Rate Overnight) + 2.10% per annum for HCHF-R units

As a reminder, past performance data for the benchmark index are available on the website [www.h2o-am.com](http://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: [www.h2o-am.com](http://www.h2o-am.com).

The observation period is defined as follows:

- Initial observation period: (i) for all units except the 3DHUSD-R unit: from 5 October 2020 to the last trading day of December 2022; (ii) for the 3DHUSD-R unit: from the date of its first investment to the last trading day of the following December, provided that this period is at least equal to one year. If not, the end date of the first observation period will be extended to the last trading day in December of the following year.
- Subsequent observation periods: from the first trading day of January to the last trading day of December of the following year.

At the beginning of each observation period (except for the 3DHUSD-R unit), the reference asset used will be the higher of the asset value recorded on 5 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 resulted from a split carried out in accordance with Article L.214-8-7 of the French Monetary and Financial Code, the assets recorded on 5 October 2020 will be the greater of the assets recorded on the day of the split and the reference assets of the split fund, H2O MULTIBONDS, from which the assets retained by the H2O MULTIBONDS SP fund, formerly H2O MULTIBONDS, have been deducted proportionally.

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, the valued assets of a particular unit class exceed the reference assets as defined above, the performance fee will represent up to 25% of the difference between these two asset values. A provision for performance fees is then taken into account when calculating the net asset value.

If, during the observation period, the valued assets of a particular unit class 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 final performance fee will not be calculated until the end of the relevant observation period. 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 accrues permanently to 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 overperformance 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 unit 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 benchmark index is worse than that of the unit class in question.

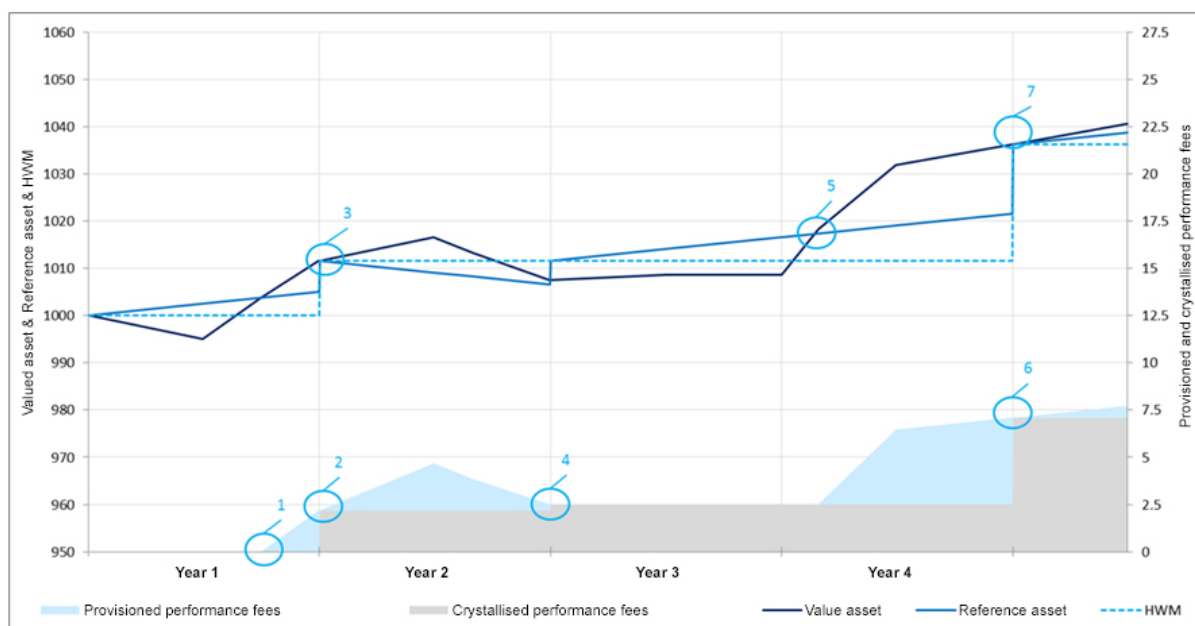
The simulations below illustrate several scenarios incorporating the assumptions of a lack of subscription/redemption flows for a given unit class and zero performance of the reference assets (i.e. the performance of the benchmark index is zero).

**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 ends the period with a negative performance, but it has outperformed the benchmark index. 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 underperformance in year 3 is compensated. 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](http://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](mailto:info@h2o-am.com)

The documents will be sent within eight business days.

- These documents are also available at [www.h2o-am.com](http://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](http://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](http://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 by 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 of the relevant UCITS and on the management company's website.

## **IV INVESTMENT RULES**

The UCITS complies with the investment rules for UCITS as stipulated by the *Code monétaire et financier*, the French Monetary and Financial Code.

The UCITS may invest up to 100% of its assets in securities guaranteed by a government, a local public authority and/or a public international organisation, provided that this 100% is spread over a minimum of six issues, with each one accounting for no more than 30% of assets.

## **V OVERALL RISK**

The calculation method used by the Fund is the absolute Value-at-Risk method.

The indicative average level of leverage for the UCITS is 40. 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**

Units or shares of UCITS/AIFs 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 are 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 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.

## **2 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 the market price based on the residual maturity of the asset and the valuation of the issuer's credit spread (or the trend in its rating).

Asset swaps with a maturity of three months or less are valued using the straight-line method, except in the case of an exceptional market event.

Asset swaps with a residual maturity exceeding three months are valued at market price based on the 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.

Other swaps are valued in accordance with the following rules:

Swaps with a maturity of three months or less are valued using the straight-line method. Swaps with a residual maturity exceeding three months are valued using the turnaround rate in line with a zero-coupon curve.

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.

## **3 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

## **4 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.

## **5 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.

## **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**

Details of the remuneration policy are available at [www.h2o-am.com](http://www.h2o-am.com).

## **VII ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY**

### **Facilities in Germany:**

**In accordance with Article 93(1) of Directive 2009/65/EC, find hereafter information on the facilities to perform the tasks referred to in Article 92(1) of this Directive:**

**- Process subscriptions, repurchase and redemption orders and make other payments to unit-holders relating to the units of the UCITS**

Subscriptions, repurchase and redemption orders can be addressed to CACEIS Bank having its registered address at 89-91 rue Gabriel Péri – 92120 Montrouge or to the Prime Transfer Agent reachable at: [fdi-ta1@caceis.com](mailto:fdi-ta1@caceis.com)

Payments relating to the units of the UCITS will be made by CACEIS Bank having its registered address at 89-91 rue Gabriel Péri – 92120 Montrouge

**- Provide investors with information on how orders can be made and how repurchase and redemption proceeds are paid**

Information on how orders can be made and how repurchase and redemption proceeds are paid can be obtained from H2O AM EUROPE having its registered address at 39, avenue Pierre 1er de Serbie, 75008 Paris, France and CACEIS Bank having its registered address at 89-91 rue Gabriel Péri – 92120 Montrouge.

**- Facilitate the handling of information and access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC relating to investors' exercise of their rights**

Information can be obtained from H2O AM EUROPE having its registered address at 39, avenue Pierre 1er de Serbie, 75008 Paris, France.

- **Make the information and documents required pursuant to Chapter IX of Directive 2009/65/EC available to investors**

Information can be obtained from H2O AM EUROPE having its registered address at 39, avenue Pierre 1er de Serbie, 75008 Paris, France.

- **Provide investors with information relevant to the tasks that the facilities perform in a durable medium**

H2O AM EUROPE having its registered address at 39, avenue Pierre 1er de Serbie, 75008 Paris, France.

This information can be obtained from Client Servicing (or is available in the Prospectus or on the H2O website [www.h2o-am.com](http://www.h2o-am.com)).

The latest issue, sale, repurchase or redemption price of the units is available at the registered office of the Fund, on the website [www.h2o-am.com](http://www.h2o-am.com).

In addition, the issue and redemption prices are published on [www.fundinfo.com](http://www.fundinfo.com) and any notices to investors in the Federal Gazette ("[www.bundesanzeiger.de](http://www.bundesanzeiger.de)").

Moreover, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the company rules which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.

Contact information

**H2O AM EUROPE**  
Address 39, avenue Pierre 1er de Serbie  
75008 Paris, France

E-mail [clientservices@h2o-am.com](mailto:clientservices@h2o-am.com)  
[middleoffice@h2o-am.com](mailto:middleoffice@h2o-am.com)

**CACEIS Bank**  
Address 89-91 rue Gabriel Péri  
92120 Montrouge, France

**Prime Transfer Agent (CACEIS)**  
E mail [fdi-ta1@caceis.com](mailto:fdi-ta1@caceis.com)