UCITS governed by European Directive 2009/65/EC

H2O MODERATO FCP

PROSPECTUS

DATED 29 DECEMBER 2023

I GENERAL FEATURES

- ***NAME: H2O MODERATO FCP***

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

- ***LEGAL FORM AND MEMBER STATE IN WHICH THE UCITS WAS ESTABLISHED:***

French mutual fund (FCP).

- ***INCEPTION DATE AND EXPECTED DURATION:***

The Fund was created on 1 October 2020 for a term of 99 years, as part of a demerger operation provided for in Article L.214-8-7 of the French Monetary and Financial Code.

- ***DATE OF AMF APPROVAL:***

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

- ***SUMMARY OF THE MANAGEMENT OFFER:***

Unit classes	Target subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
EUR-I(C) units	All subscribers, particularly institutional investors	EUR 100,000	1 ten-thousandth of a unit	FR0010929836	Accumulation	Euro	Estimated value at the demerger date
HCHF-I(C) units*	All subscribers, particularly institutional investors	CHF 100,000	1 ten-thousandth of a unit	FR0011973643	Accumulation	CHF	Estimated value at the demerger date
HUSD-I(C) units**	All subscribers, particularly institutional investors	USD 100,000	1 ten-thousandth of a unit	FR0013055217	Accumulation	USD	Estimated value at the demerger date
EUR-N(C) unit	All subscribers, more specifically, individuals subscribing through distributors or intermediaries:	1 ten-thousandth of a unit	1 ten-thousandth of a unit	FR0013185196	Accumulation	Euro	Estimated value at the demerger date

Unit classes	Target subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
	- subject to national legislation prohibiting all retrocessions to distributors or - providing an independent advisory service as defined by the European MiFID II regulation or an individual portfolio management service under mandate.						
EUR-R (C) unit	All subscribers, particularly private individuals	1 ten-thousandth of a unit	1 ten-thousandth of a unit	FR0013393295	Accumulation	EUR	Estimated value at the demerger date
HUSD-R (C) unit	All subscribers, particularly private individuals	1 ten-thousandth of a unit	1 ten-thousandth of a unit	FR0013393303	Accumulation	USD	Estimated value at the demerger date
HCHF-R (C) unit	All subscribers, particularly private individuals	1 ten-thousandth of a unit	1 ten-thousandth of a unit	FR0013393311	Accumulation	CHF	Estimated value at the demerger date

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

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

The latest annual report and asset composition details will be sent to the holder within eight working days of receipt of a written request addressed to:
H2O AM EUROPE
39 Avenue Pierre 1er de Serbie
75008 Paris, France

Email: info@h2o-am.com

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

- ***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 functions of depositary and custodian of the UCITS' assets are performed by CACEIS Bank.

The duties of the custodian include, as defined by the applicable regulations, taking custody of the assets, ensuring that decisions taken by the Management Company are lawful, and monitoring the UCITS' cash flows.

The depositary is independent of the Management Company.

The description of the delegated custodial duties, the list of custodians and sub-custodians of CACEIS Bank and information relating to conflicts of interest that may result from these delegations are available on the CACEIS website: www.caceis.com

Updated information is available to investors upon request.

- ***CLEARING HOUSE***

Company name: CACEIS BANK

Legal form: credit institution approved by the ACPR (formerly the CECEI, the French credit institutions and investment firms' committee)

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 France has been entrusted with the UCITS' liability accounting and, to this end, is responsible for clearing and processing subscription and redemption orders relating to the units of the UCITS.

- ***PRIME BROKER***:

None

- ***STATUTORY AUDITOR:***

KPMG Audit
Represented by Ms Isabelle Bousquie
Registered office: 1 cours de Valmy, 92923 Paris La Défense Cedex, France

- ***MARKETING AGENTS:***

H2O AM EUROPE
39 Avenue Pierre 1er de Serbie,
75008 Paris, France

The marketing agent is the institution that oversees the marketing of the Fund.

This list of marketing agents is not exhaustive, insofar as the Fund is listed on Euroclear.

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

- ***REPRESENTATIVES:***

Party responsible for accounting:
Company name: CACEIS Fund Administration, which conducts the Fund's accounting management and valuation on behalf of H2O AM EUROPE
Registered office: 89-91 Rue Gabriel Péri, 92120 Montrouge, France
Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France
Nationality: French

Delegation of financial management:
Company name: H2O MONACO S.A.M.
Legal form: a 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 arrangements.

II OPERATING AND MANAGEMENT CONDITIONS

1 General features:

- ***RIGHTS ASSOCIATED WITH THE UNIT CLASS:***

Each unitholder has co-ownership rights proportional to the number of units held.
Information on changes affecting the Fund is communicated to unitholders by any means in line with the instructions of the Autorité des Marchés Financiers, the French financial markets authority, hereinafter "the AMF". 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, acting on behalf of the unitholders and in their exclusive interest.

The Management Company's voting policy may be viewed at the registered office of the Management Company or at www.h2o-am.com

Type of unit: registered or bearer

- Division of units:

EUR-R(C), EUR-N(C), HCHF(C), HUSD-R(C), EUR-I(C), HCHF-I(C) and HUSD-I(C) units are divided into ten-thousandths of a unit.

- ***FINANCIAL YEAR-END:***

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

- ***INFORMATION ON THE TAXATION SYSTEM:***

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

2 Specific provisions

❑ ***ISIN CODES:***

Units	ISIN code
EUR-I (C)	FR0010929836
EUR-N (C)	FR0013185196
HCHF-I	FR0011973643
HUSD-I	FR0013055217
EUR-R (C)	FR0013393295
HUSD-R (C)	FR0013393303
HCHF-R (C)	FR0013393311

❑ ***HOLDING OF UNITS OR SHARES OF OTHER UCIS (UCITS OR AIFS) OR INVESTMENT FUNDS:***

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

❑ ***MANAGEMENT OBJECTIVE:***

The Fund’s objective is to outperform the daily compounded €STR index by 2% per year over its minimum recommended investment period for EUR-I units, by 1.90% per year over its minimum recommended investment period for the EUR-N unit, and by 1.10% per year over its minimum recommended investment period for the EUR-R unit after the deduction of management and operating fees.

The objective of the unit hedged against the currency risk (HCHF-R units) is to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 1.10% per year over its minimum recommended investment period, after the deduction of management and operating fees.

The objective of the unit hedged against the currency risk (HCHF-I units) is to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 2% per year over its minimum recommended investment period, after the deduction of management and operating fees.

The objective of the unit hedged against the currency risk (HUSD-R units) is to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 1.10% per year over its minimum recommended investment period, after the deduction of management and operating fees.

The objective of the unit hedged against the currency risk (HUSD-I units) is to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 2% per year over its minimum recommended investment period, after the deduction of management and operating 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:***

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

The €STR (Euro Short-Term Rate) is the reference rate of the eurozone interbank market. 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.

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

For units hedged against the currency risk (HCHF-I, HCHF-N and HCHF-R units), the reference index is the daily capitalised SARON (Swiss Average Rate Overnight) interest rate.

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

The benchmark is available on the website:
https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/indices/swiss-reference-rates.html

The Benchmark Administrator is registered in the Register of Administrators and Benchmarks maintained by ESMA.

For units hedged against the currency risk (HUSD-I and HUSD-R units), the reference index is the daily capitalised SOFR (Secured Overnight Financing Rate) interest rate.

The daily capitalised SOFR (Secured Overnight Financing Rate) (Overnight Indexed Swap or OIS method) is the reference rate of the US dollar (USD) interbank market. It is calculated by the New York Federal Reserve.
The Benchmark Administrator is not registered in the Register of Administrators and Benchmarks maintained by ESMA (central banks are exempt from this).

- ***INVESTMENT STRATEGY:***

A) Description of the strategies employed

The portfolio management team implements strategic and tactical positions as well as arbitrages on all international interest rate, equity and currency markets

The investment strategy is focused on absolute performance, combining strategic and tactical positions and arbitrages on all international interest rate, equity and currency markets.

The Fund's performance objective will be sought within a maximum ex-ante "Value-at-Risk" (VaR) of 10% over 20 days, with a confidence interval of 99%.
The Fund's performance has stronger links to relative trends in the markets (relative and arbitrage positions) than to the general direction of these markets (directional positions).

For each asset class, a specific exposure may be implemented, separately from the other asset classes. The Fund's 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 -4 to +4.

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

SFDR:

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

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

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

In managing this UCITS, the Management Company also:

- excludes all companies involved in the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster bombs, in accordance with the Ottawa and Oslo conventions;

- requires a further audit and the approval of the Management Company's compliance department for any investment linked to issuers based in countries defined as "high-risk" with regard to money laundering and terrorist financing (including, in particular but not exclusively, countries identified by the Financial Action Task Force (FATF) as having strategic deficiencies in their anti-money laundering and anti-terrorist financing systems, and those on the EU's lists of high-risk countries and non-cooperative jurisdictions for tax purposes).

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

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

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

Management of OECD government bonds:

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

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

1. **Active management of exposure to the overall credit risk**, up to a limit of 75% of the portfolio's net assets;
2. Allocation of the overall credit risk between the main credit market segments: "investment grade" and "speculative grade" debt on the one hand and external and local debt of non-OECD countries on the other hand;
3. Selection of issuers in each of these segments.

Currency management:

1. **Strategic exposure to the US dollar:** purchase or sale of the US dollar against all other currencies;

2. **Relative allocation between the three main currency "blocs":** "European currencies" 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 the Canadian dollar, Australian dollar, New Zealand dollar and South African rand);
3. **Allocation within each bloc** by buying and selling each of the currencies comprising the three blocs;
4. Diversification among non-OECD market currencies.

Equity management:

1. **Active management of exposure to the asset class** within a range of [-15%; +15%] of the net assets in accordance with the bullish or bearish expectations of the management team;
2. **Positive or negative allocation of this exposure among geographic regions**, in accordance with the relative performance expectations of the management team;
3. Positive or negative sector allocation, in accordance with the relative performance expectations of the management team;
4. **Selection of securities from different sectors**, through the purchase or sale of equities.

The HCHF-R, HCHF-I, HUSD-R and HUSD-I units are hedged against currency risk to limit the impact of fluctuations in the EUR/unit currency exchange rate on the Fund's performance.
These units therefore aim to ensure that the strategy achieves the best possible performance during the investment term of the Fund by hedging against the EUR/unit currency exchange rate risk, which could affect the net asset value

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 ratings restrictions;

- up to **60% of the net assets in non-government bonds** issued by companies with their registered office in an OECD country. The Investment Manager relies on its teams and its own methodology to appraise credit risk. In addition to this appraisal, the securities in question are subject to a minimum rating constraint corresponding to "investment grade" (for example, BBB- according to Standard & Poor's or Fitch Ratings rating scales, or Baa3 according to Moody's).
  If the issue is rated simultaneously by the three agencies at the time of purchase, at least two of the three ratings must be "investment grade". If the issue is rated by only two agencies, at least one of the two 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.
  The Fund may, however, continue to hold bonds for which the initial rating has subsequently been downgraded.
  Moreover, when the rating of an issuer of a security already present in the portfolio deteriorates and falls below the minimum "investment grade" rating (equivalent to a minimum rating of BBB- according to 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 rated by only 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 rated by only 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 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.

The Fund may, however, continue to hold ABS and MBS for which the initial rating has subsequently been downgraded (with no ratings restrictions).

- Up to **15% of the assets in OECD corporate bonds rated "speculative grade" at purchase and non-OECD government and corporate bonds with no rating restrictions**, issued in G4 currencies (USD, EUR, GBP, JPY) or in local currencies.

- Up to 20% of the assets in convertible or exchangeable bonds.

- Up to 10% of the assets in contingent convertible bonds.

Money market instruments:

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

Equities:

All equities and similar instruments or rights attached to the ownership of these equities, on developed and emerging markets, up to a total exposure limit of 15% of the net assets.

Active management of the risk related to the purchase and sale of equities will be conducted up to an exposure limit of between -15% and +15% of the net assets.
The Fund reserves the right to invest on an ancillary basis in equities that are not included in the MSCI World All Countries Index.

Currencies:

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

Recap of the main limits for investment in bonds *(ratings applicable at time of purchase),* equities and currencies	
Overall modified duration range	[-4 ; +4]

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) rated at least AA/Aa2	Maximum 20% of net assets
Non-OECD government bonds or OECD non-government bonds rated speculative grade at purchase or Non-OECD non-government bonds	Maximum 15% of net assets
Equities from developed and emerging markets	Exposure between [-15%; +15%] of the net assets
of which shares not included in the MSCI World All Countries Index	Maximum 10% of net assets

<u>**2-2 Specific instruments**</u>

2.2.1 Shares or units in UCITS/AIFs/investment funds

On an ancillary basis, in order to invest its cash and cash equivalents, the Fund may hold shares or units in UCITS, UCIs or investment funds, specifically in money market UCITS/AIFs/investment funds, up to a limit of 10%:

UCITS under French law*	X
UCITS under European law*	X
AIFs under French law which comply with Article R. 214-13 of the *Code monétaire et financier*, the French Monetary and Financial Code*	X
European AIFs 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 UCI held by the Fund may be managed by the Management Company or by a legally affiliated company.

2.2.2 Derivatives

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

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

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

The Fund may use derivatives to overcommit its portfolio.

TABLE OF DERIVATIVES

Type of instrument used	MARKET TYPE			RISK TYPE					OPERATION TYPE			
	Admission to regulated markets *	Organised markets	Over-the-counter markets	Equity	Interest rate	Currency	Credit	Other risk(s)	Hedging	Exposure	Arbitrage	Other(s)
Futures on												
Equities	X	X		X					X	X	X	
Interest rates	X	X			X				X	X	X	
Exchange rates	X	X				X			X	X	X	
Indices	X	X		X	X	X	X		X	X	X	
Options on												
Equities	X	X	X	X					X	X	X	
Interest rates	X	X	X		X			X	X	X	X	
Exchange rates	X	X	X			X		X	X	X	X	
Indices	X	X	X	X					X	X	X	
Swaps												
Equities			X	X				X	X	X	X	
Interest rates			X		X			X	X	X	X	
Exchange rates			X			X		X	X			
Indices			X	X				X	X	X	X	
Forex forward												
Currency			X			X		X	X	X	X	
Credit derivatives												
Credit default swaps (CDS)			X					X	X	X	X	
First-to-default												
First-loss credit default swap												

* See the Investment Manager's policy on order execution at www.h2o-am.com

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

The maximum proportion of assets under management that may be used for TRS is 100% of the net assets. Under normal market conditions, the Investment Manager expects such transactions to involve up to 100% of the Fund's assets.

The counterparties to total return swaps are credit institutions or other entities that meet the criteria set out in the French Monetary and Financial Code and selected by the Management Company in accordance with the counterparty selection procedure available on the Management Company's website at the following address: www.h2o-am.com.

The Management Company shall enter into such contracts with financial institutions that have their registered office in a Member State of the OECD and with a minimum rating that meets the requirements of the Management Company.

These transactions are systematically covered by a contract signed between the Management Company and the counterparty that defines the procedures for reducing counterparty risk.
The counterparties do not have any discretionary decision-making powers in respect of the composition or management of the Fund's investment portfolio or the asset underlying the derivative.

Information relating to OTC financial agreements:

Counterparties consist of leading credit institutions. They are selected and regularly assessed in accordance with the counterparty selection procedure, which is available on request from the Investment Manager. These transactions are systematically covered by a contract signed between the UCITS and the counterparty that defines the procedures for reducing counterparty risk.
The counterparty or counterparties does/do not have any discretionary decision-making powers regarding the composition or management of the UCITS investment portfolio or the derivative's underlying asset.

2.2.3 Securities with embedded derivatives

The Fund may also invest in securities with embedded derivatives, i.e. share subscription warrants, callable and puttable rate products and convertible and exchangeable bonds.
The use of securities with embedded derivatives aims to achieve the Fund's management objective by fulfilling the same functions as derivatives.

TABLE OF SECURITIES WITH EMBEDDED DERIVATIVES

Type of instrument used	RISK TYPE					OPERATION TYPE			
	Equity	Interest rate	Currency	Credit	Other risk(s)	Hedging	Exposure	Arbitrage	*Other(s)*
Warrants on									
Equities									
Interest rates									
Exchange rates									
Indices									
Subscription warrants									
Equities	X					X	X	X	
Interest rates									
Equity-linked products									
Convertible bonds									
Exchangeable bonds	X	X		X		X	X	X	
Convertible bonds	X	X		X		X	X	X	
Contingent convertible bonds	X	X		X		X	X	X	
Callable interest rate products		X	X	X	X	X	X		X
Puttable interest rate products		X	X	X	X	X	X		x
Structured EMTN/Medium-term negotiable securities									
Structured medium-term negotiable securities									
Structured EMTN									
Credit-linked notes (CLN)									
Other (to be specified)									

<u>2-3 Deposits</u>
The Fund may make deposits with a maximum term of twelve months in compliance with the French Monetary and Financial Code. These deposits, which enable the Fund to manage all or part of its cash, contribute to the achievement of its management objective.

<u>2-4 Cash and cash equivalents</u>
The Fund may hold cash and cash equivalents on an ancillary basis.

<u>2-5 Cash borrowings</u>
The Fund may borrow cash up to a limit of 10% of its assets and only on a temporary basis.

2-6 Temporary purchases and sales of securities

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

Types of transaction used	
Repurchase and reverse repurchase agreements in accordance with the French Monetary and Financial Code	X
Securities lending and borrowing in accordance with the French Monetary and Financial Code	X
Other	

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

The assets that may be subject to such transactions will be the assets described in the chapter “Description of asset classes” of this prospectus.

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

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

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

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

Contracts constituting collateral:

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

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

The level of collateral and the discount policy are set by the Management Company’s policy eligibility of collateral in accordance with the regulations in force, and cover the following categories:

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

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

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

- Deposited;
- Invested in high-quality government bonds;
- Used in repurchase agreements;
- Invested in short-term money market undertakings for collective investment (UCI).

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

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

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

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

- ***TAXONOMY (Regulation (EU) 2020/852):***

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 market fluctuations and risks.

The net asset value is liable to fluctuate widely due to the financial instruments that make up the Fund's 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.

Owing to its investment strategy, the Fund is subject to a significant credit risk. 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 loans, mortgages, SME loans, trade receivables, etc.) and from specific risks, particularly those associated with the occasionally complex legal structure and the operators involved in the transaction.

Interest rate risk: this is the risk of a fall in the value of interest rate instruments due to fluctuations in interest rates. It is measured by modified duration.
When interest rates rise (in the case of positive modified duration) or fall (in the case of negative modified duration), the net asset value may fall sharply.
Modified duration measures the impact of a change in rates on the Fund's valuation. Therefore, if the Fund has a modified duration to interest rates close to 10, a 1% rise in real rates will cause the Fund's net asset value to fall by 10%, while a 1% fall in real rates will cause the Fund's net asset value to rise by 10%.

Equity risk: this is the risk of a drop in shares and/or indices associated with the investment and/or with the exposure of the share portfolio or with indices. As a result of its investment strategy, the Fund is subject to a significant equity risk.
If this risk occurs, it may lead to a fall in the net asset value of the Fund.

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

Risk associated with emerging market securities: the securities of these countries may be difficult to trade or may even temporarily cease to be tradable, owing 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 the 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.

HCHF units, denominated in CHF and HUSD units, denominated in USD, are hedged against currency risk to limit the impact of fluctuations in the EUR/unit currency exchange rate on the Fund's performance. Unitholders are therefore protected against this currency risk.

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 depends in particular on the strategies implemented as well as on market conditions. The level of exposure to the various risks may cause the net asset value to fall faster and/or to a greater extent than the markets underlying these risks.

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

Risks associated with investment 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, and "contingent convertible" bonds which are fixed-income securities that include either an equity conversion option or a security depreciation option, which is exercised if the issuer's level of capital falls 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:***

EUR-R, EUR-I, HCHF-I, HUSD-I, HUSD-R and HCHF-R units are open to all subscribers.

N units are intended for investors subscribing via distributors or intermediaries:
- subject to national legislation prohibiting all retrocessions to distributors
or
- providing an independent advisory service as defined by the European MiFID II regulation or an individual portfolio management service under mandate.

R, EUR-R, HUSD-R and HCHF-R units are primarily aimed at private individuals. EUR-I, HCHF-I and HUSD-I units are primarily aimed at institutional investors.

The Fund is aimed at investors who wish to invest the long part of their cash in order to outperform the benchmark index corresponding to the invested unit class.

Minimum recommended investment period: 3 years.

The Fund's units may not be offered or sold in the United States of America to or on behalf of a "US Person" as defined by Regulation 902 of Regulation S under the United States Securities Act of 1933. Prospective unitholders must confirm that they are not a US Person and that they are not subscribing on behalf of a US Person or with the intention of reselling the units to a US Person.

In accordance with applicable EU regulations[1] 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 the Fund will depend on the amount of risk the investor is willing to take. This amount also depends on the holder's personal profile, particularly their financial situation and the current composition of their financial assets. ***Building and holding a financial asset portfolio involves a diversification of investments***.
It is also recommended that anyone wishing to subscribe to units in the Fund contact their usual adviser in order to obtain information or advice tailored to their personal circumstances.

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

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

EUR-R(C), EUR-N(C), HCHF-R(C), HUSD-R(C), EUR-I(C), HCHF-I(C) and HUSD-I(C) units are accumulation units.

Net realised capital gains are distributed annually, in full or in part and/or accumulated and/or carried forward, after the end of the financial year, at the discretion of the Management Company.

The Management Company reserves the right to pay interim dividends from this distributable income (net income and net realised capital gains).

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

- **UNIT FEATURES:**

	ISIN code	Base currency	Allocation of distributable income	Splitting of unit	Minimum initial investment	Minimum subsequent investment
EUR-N(C) unit	FR0013185196	Euro	Accumulation	Ten-thousandths	1 ten-thousandth of a unit	1 ten-thousandth of a unit
HCHF-I(C) unit	FR0011973643	CHF	Accumulation	Ten-thousandths	CHF 100.000	1 ten-thousandth of a unit
HUSD-I unit	FR0013055217	USD	Accumulation	Ten-thousandths	USD 100.000	1 ten-thousandth of a unit
EUR-I(C) unit	FR0010929836	Euro	Accumulation	Ten-thousandths	EUR 100.000	1 ten-thousandth of a unit
EUR-R (C) unit	FR0013393295	EUR	Accumulation	Ten-thousandths	1 ten-thousandth of a unit	1 ten-thousandth of a unit
HUSD-R (C)	FR0013393303	USD	Accumulation	Ten-thousandths	1 ten-thousandth of a unit	1 ten-thousandth of a unit
HCHF-R (C)	FR0013393311	CHF	Accumulation	Ten-thousandths	1 ten-thousandth of a unit	1 ten-thousandth of a unit

- **SUBSCRIPTION AND REDEMPTION PROCEDURES:**

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

Institution appointed to receive subscriptions and redemptions: CACEIS Bank, Registered office: 89-91 Rue Gabriel Péri, 92120 Montrouge, France Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France.

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

Orders are executed in accordance with the table below:

For units denominated in EUR and GBP:

D business day	D business day	D: net asset value calculation day	D+1 business day	D+1 business day	D+1 business day
Clearing before 12:30 CET for subscription orders[1]	Clearing before 12:30 CET for redemption orders[1]	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions[1]	Settlement of redemptions[1]

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

For units denominated in other currencies:

D business day	D business day	D: net asset value calculation day	D+1 business day	D+3 business days	D+3 business days
Clearing before 12:30 CET for subscription orders[1]	Clearing before 12:30 CET for redemption orders[1]	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions[1]	Settlement of redemptions[1]

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

Procedures for switching to another unit class and tax consequences: switching between two unit classes constitutes a sale followed by a subscription. It is likely to generate, for the unitholder, a taxable capital gain.

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 affecting the UCI’s assets, and if the interests of unitholders or the general 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.

This 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 mechanism 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.

Procedures for informing 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.

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 who have requested a redemption since the last clearing date. Non-executed orders will automatically be carried forward 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, non-executed redemption orders that are automatically carried forward may not be cancelled by the UCI's 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).

- ***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

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' assets. 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	**For all I and N unit classes:** 1% maximum **For all R unit classes:** 2% maximum
Maximum subscription fee reserved for the Management Company	Net asset value X Number of units	None
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 fees cover:

- Financial management fees;
- Operating expenses and other services;
- Maximum indirect costs (commissions and management fees) for UCITS investing over 20% in other UCITSs, AIFs or investment funds;
- Transfer fees;
- Performance fees.

Fees charged to the UCITS	Basis	Rate scale
Financial management fees	Net assets	Maximum rate: For all R unit classes: 1.40% incl. tax For all N unit classes: 0.60% incl. tax For all I unit classes: 0.50% incl. tax
Operating expenses and other services	Net assets	Maximum rate: For all units: 0.15% incl. tax
Performance fee	Positive difference between valued assets and reference assets	25% (including tax), of the outperformance relative to the benchmark index as defined in the "Performance fee" paragraph below
Transfer fees	The sum (capped at the monthly average assets) of notional transactions on listed derivatives, excluding listed options.	A maximum rate of 0.01% per month

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

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

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

Performance fee:
HCHF-I and HCHF-R units are hedged against the currency risk for the portion of assets affected by the euro/Swiss franc exchange rate. As such, slight structural differences in outperformance will be detected when comparing against I, N and R units in euros. These differences are mainly linked to imperfections in hedging against the currency risk and to the difference between Swiss interest rates (SARON) and the €STR.

HUSD-I and HUSD-R units are hedged against the currency risk for the portion of assets affected by the euro/US dollar exchange rate. As such, slight structural differences in outperformance will be detected when comparing against I and R units in euros. These differences are mainly linked to imperfections in hedging against the currency risk and to the difference between interest rates (SOFR) and the €STR.

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 with its reference assets for this unit class (a benchmark-based methodology). Any underperformance of the Fund in relation to the benchmark must be offset 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 fees corresponding to this unit class.

b) The **High-Water Mark** ("HWM") corresponds to the Fund's highest NAV for the unit class concerned, recorded at the end of each observation period since the date the unit class was launched and for which performance fees have been changed.

c) During the observation period and each time the net asset value is calculated, the **reference assets** are adjusted for the amounts of subscriptions/redemptions applicable to this unit class and valued in accordance with the performance of the relevant reference index. At the beginning of the observation period:
(i) if the valued assets at the end of the previous observation period are higher than the reference assets on that date, the reference assets are then equal to the HWM multiplied by the number of units in the unit class concerned on that same date;
(ii) if the valued assets at the end of the previous observation period are lower than or equal to the reference assets on that date, or during the observation period, the reference assets are adjusted for subscriptions/redemptions and valued in accordance with the performance of the reference index applicable to the unit class.

The reference rates are as follows:

The reference index is the capitalised €STR plus 2% per year for I units, plus 1.90% for EUR-N units and plus 1.10% for EUR-R. It is denominated in euros.

The reference index is the daily capitalised SARON plus 1.10% per year for HCHF-R units and plus 2% per year for HCHF-I units. It is denominated in Swiss francs.

The reference index is the daily capitalised SOFR plus 1.10% per year for HUSD-R units and plus 2% per year for HUSD-I units. It is denominated in US dollars.

We would like to remind you that information relating to the benchmark's past performance can be found on the website www.h2o-am.com, as well as in the Fund's monthly reports and annual report, which can also be found on the same website.

The observation period is defined as follows:

- Initial observation period: from 1 October 2020 to the last trading day of September 2021;
- For the following observation periods: from the first trading day in October to the last trading day in September of the following year.

At the beginning of each observation period, the reference assets used will be the highest of the asset value recorded on 1 October 2020 and all valued assets observed on the last trading day of each observation period established since the launch of the Fund. Since the UCITS is the result of a demerger operation provided for in Article L.214-8-7 of the French Monetary and Financial Code, the assets recorded on 8 October 2020 will be the higher of the assets recorded on the day of the demerger and the reference assets of the demerged H2O MODERATO fund from which the assets retained by “H2O MODERATO SP” (ex H2O MODERATO) were proportionally deducted. If necessary, the reference assets will be adjusted to take into account the amounts of any subscriptions/redemptions occurring between the recording date for the reference assets and the start of the new observation period.

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

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

The 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 reference index is worse than that of the unit class in question.

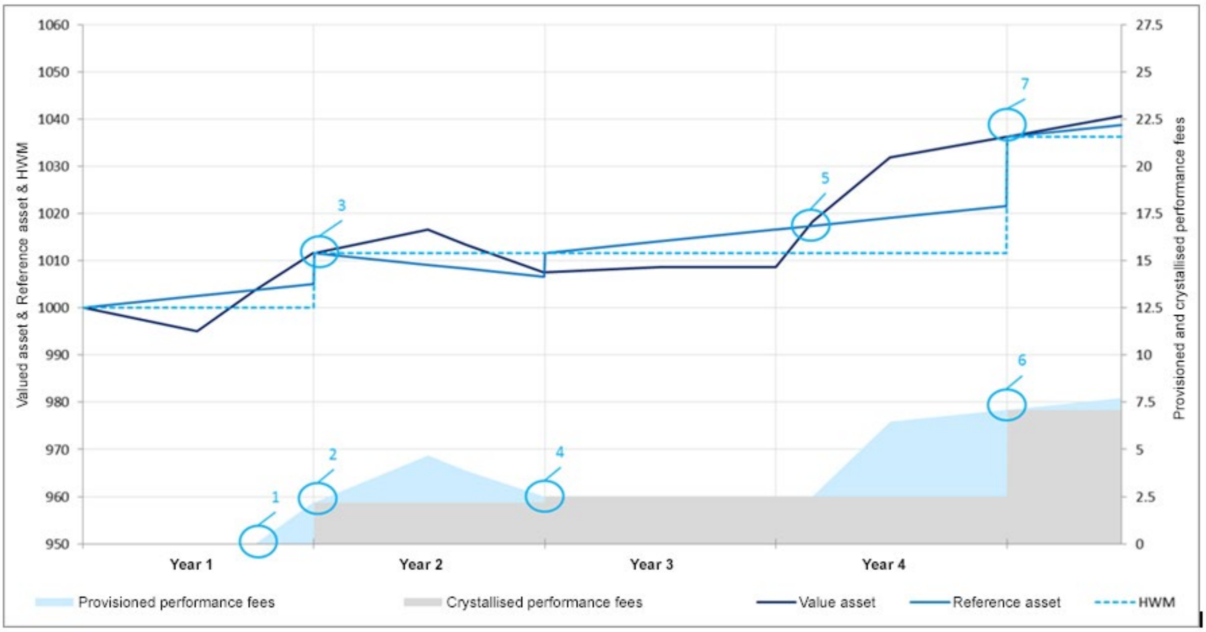
The simulations below illustrate several scenarios incorporating the assumptions of a lack of subscription/redemption flows for a given unit class and zero performance of the reference assets (i.e. the performance of the reference index is zero).

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

Year 2: At the start of the second period, the reference assets are adjusted to the new HWM multiplied by the number of units. The Fund 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 three 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.

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
These documents will be sent within eight working days.

• These documents are also available at www.h2o-am.com

• Further information can be obtained from the marketing agents' branches.

INFORMATION ON THE NET ASSET VALUE

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

COMMERCIAL DOCUMENTATION

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

INFORMATION IN THE EVENT OF AN AMENDMENT TO FUND OPERATIONS

Unitholders are informed of any changes concerning the Fund in line with the procedures drawn up by the AMF.
If applicable, this information may be provided via Euroclear France and its associated financial intermediaries.

Environmental, Social and Governance (ESG) criteria:

Information on the procedure for taking account of criteria relating to compliance with social, environmental and governance (ESG) quality 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 stipulated by the French Monetary and Financial Code.

The Fund 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 the leverage effect for the UCITS is 23. 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 when the accounts are closed, 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 prospectus publication date, are as follows:

Equities
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 valuation date.

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 valuation date.

Transferable 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 valuation date.

UCITS/AIFs/Investment funds
Units or shares of UCITS/AIFs or investment funds 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.

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

- French fixed-rate, annual interest treasury bills (*Bons du Trésor à taux fixes et à intérêt annuel* – BTANs) and fixed rate bills (*Bons du Trésor à taux fixe* – 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 account of any potential variations in credit spread;
- other fixed-rate negotiable 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, negotiable 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, negotiable debt securities with a residual maturity of three months or less could be valued using the straight-line method.

Temporary purchases and sales of securities
Contracts for temporary purchases and sales of transferable securities and equivalent transactions are valued at the contract rate, adjusted for any margin calls (valued in accordance with the conditions set out in the contract).
In the case of transferable securities that are unlisted or whose price has not been listed on the valuation date, as well as other items on the balance sheet, the Management Company's board of directors adjusts its valuation on the basis of variations that seem likely in view of current events.

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

2 Futures and options transactions

Organised futures and options markets
Derivatives listed on an organised market are valued on the basis of the settlement price.

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

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

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

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

Forward exchange contracts:
These are valued at the currencies' exchange rate on the valuation date, allowing for the amortisation of the 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 the market price
° Variable rate/fixed rate
- Appraisal of the variable-rate portion at the market price

.Non-backed:
° Fixed rate/variable rate
- Appraisal of the fixed-rate portion at the market price
° Variable rate/fixed rate
- Appraisal of the variable-rate portion at the 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 valuation date.

5 Unlisted financial instruments and other securities

- Financial instruments for which the price has not been recorded on the valuation date 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 valuation date;
- 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 these valuations, are communicated to the statutory auditor during their audit.

6 Swing pricing mechanism of net asset value with trigger threshold

From the inception of 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.

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

VIII ADDITIONAL INFORMATION ON FACILITIES 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

  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).

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.
In addition, the issue and redemption prices are published on www.fundinfo.com and any notices to investors in the Federal Gazette ("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

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E-mail	clientservices@h2o-am.com middleoffice@h2o-am.com
	CACEIS Bank
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	Prime Transfer Agent (CACEIS)
E mail	fdi-ta1@caceis.com

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