UCITS governed by European Directive 2009/65/EC

H2O MULTIEQUITIES SP

PROSPECTUS

DATED 1 SEPTEMBER 2021

NOTICE: this UCITS has been demerged in accordance with Article L. 214-8-7 of the French Monetary and Financial Code.

The UCITS has been in liquidation since 8 October 2020 (day of the demerger) and aims to run off its assets. The liquidation of the UCITS will be finalised as soon as the recovery of all of its illiquid assets has been completed.

The UCITS was demerged on the basis of its estimated value on 7 October 2020, in accordance with the conditions set out in Article L. 214-8-7 of the French Monetary and Financial Code.

All of the liquid assets of the UCITS have been transferred into a new UCITS, “H2O MULTIEQUITIES FCP”, a fund that replicates the UCITS as at 8 October 2020.

The UCITS is in a gradual liquidation and has retained all of the illiquid assets in its portfolio, the disposal of which is not in the interest of the unitholders. The UCITS is managed in run-off mode: it aims firstly to liquidate assets under the best conditions for unitholders and secondly to invest available cash pending the reimbursement of unitholders or the payment of expenses related to the operation of the UCITS or the recovery of assets.

Any active management of the UCITS is prohibited. Only acts of management that are intended to protect the interests of the unitholders and to ensure the dissolution of the UCITS under the conditions defined above are authorised.

For the purposes of the gradual liquidation of the UCITS, and in the interest of the unitholders, the investment rules for UCITS laid down in the French Monetary and Financial Code may not be followed.

The UCITS may not be subscribed to and/or redeemed.
Units of the UCITS will be redeemed as and when its assets are disposed of, or at a later date, after deduction of operating and asset recovery costs. Indeed, the UCITS must ensure that it holds the cash required to manage its assets in run-off mode.

An estimated value of the UCITS, above which units cannot be subscribed or redeemed, is established on the last trading day of the Paris Stock Exchange of each month, unless that falls on a French public holiday. In such cases, the estimated value will be calculated on the trading day preceding the holiday.

From 31 December 2020:
The Management Company of the Fund is:
H2O AM EUROPE
39 Avenue Pierre 1er de Serbie
75008 Paris, France

The Management Company is acting as the Fund’s liquidator. To that end, the liquidator is vested with the broadest powers to realise the assets, pay any creditors and distribute the available balance among the unitholders in cash or securities.

The Portfolio Management Company's decision to delegate duties to third parties does not affect the liability of the Management Company or that of the Depositary.

The new ISIN codes are as follows:

Units	ISIN codes
RUSD (C)	FR0013535556
IUSD (C)	FR0013535564
HCHF-R (C)	FR0013535572
HCHF-I (C)	FR0013535580
RC	FR0013535598
IC	FR0013535606
HUSD-R (C)	FR0013535614
NC	FR0013535622

The information set out below is the prospectus information that was applicable prior to the demerger.

I GENERAL FEATURES

- **NAME: H2O MULTIEQUITIES SP**

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

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

French mutual fund (FCP).

- **INCEPTION DATE AND EXPECTED TERM:**

The Fund was created on 19 May 2011 for a period of 99 years.

- **DATE OF APPROVAL BY AMF:**

The Fund was approved by the *Autorité des marchés financiers* (AMF), the French financial markets authority, on 6 May 2011.

- **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
R (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011008762	Accumulation	EUR	EUR 100
RUSD (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011978204	Accumulation	USD	USD 100

HCHF-R (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0011707520	Accumulation	CHF	CHF 100
HUSD-R (C) units	All subscribers, although private individuals in particular	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0012971018	Accumulation	USD	USD 100
I (C) units	All subscribers, although institutional investors in particular	EUR 100,000	One ten-thousandth of a unit	FR0011008770	Accumulation	EUR	EUR 50,000
IUSD (C) units	All subscribers, although institutional investors in particular	USD 100,000	One ten-thousandth of a unit	FR0011559590	Accumulation	USD	USD 50,000
HCHF-I (C) units	All subscribers, although institutional investors in particular	CHF 100,000	One ten-thousandth of a unit	FR0011707538	Accumulation	CHF	CHF 50,000
HUSD-I (C) units	All subscribers, although institutional investors in particular	USD 100,000	One ten-thousandth of a unit	FR0012971026	Accumulation	USD	USD 50,000
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 ten-thousandth of a unit	One ten-thousandth of a unit	FR0013198439	Accumulation	EUR	EUR 100

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

The latest annual report and asset composition details will be sent to the unitholder within eight working days of receipt of a written request addressed to:
H2O AM LLP
10 Old Burlington Street
London W1S 3AG, United Kingdom

E-mail: info@h2o-am.com

Any further information may be obtained from H2O AM LLP 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 LLP
Legal form: Limited liability partnership under English law.
Authorised by the Financial Conduct Authority of the United Kingdom under number 529105
10 Old Burlington Street
London W1S 3AG, United Kingdom

- ***DEPOSITARY AND CUSTODIAN:***

COMPANY NAME: CACEIS BANK
Legal form: credit institution approved by the CECEI (French credit institutions and investment firms committee)
Registered office: 1-3 Place Valhubert, 75013 Paris, France
Postal address: 1-3 Place Valhubert, 75206 Paris Cedex 13, France

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

- ***CLEARING HOUSE:***

- Company name: CACEIS BANK - Legal form: credit institution approved by the CECEI (French credit institutions and investment firms committee)
- Registered office: 1-3 Place Valhubert, 75013 Paris, France
- Postal address: 1-3 Place Valhubert, 75206 Paris Cedex 13, France

Under the authority of the Management Company, CACEIS Bank is entrusted with the liabilities management of the Fund and, to this end, is responsible for clearing and processing subscription and redemption orders relating to the units of the Fund.

- ***PRIME BROKER:***

None

- ***STATUTORY AUDITOR: KPMG AUDIT***

Represented by Ms Isabelle Bousquie
Registered office: Tour EQHO 2 avenue Gambetta CS60055, 92066 PARIS LA DEFENSE CEDEX 1

- ***MARKETING AGENTS:***

A limited company and management company created under Luxembourg law, listed in the Luxembourg Trade and Companies Register under number B115843, which has its registered office located at 2 rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, and which has a French branch, Natixis Investment Managers Distribution, which is listed in the registry of the Paris Commercial Court under number 509 471 173 and has its registered office at 43, avenue Pierre Mendès France CS 41432 75648 Paris cedex 13.

The marketing agent is the entity that markets the Fund. 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 provides the Fund's financial management and valuation on behalf of H2O AM LLP
Registered office: 1-3 Place Valhubert, 75013 Paris, France
Postal address: 1-3 Place Valhubert, 75206 Paris Cedex 13, France
Nationality: French

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." Management of the Fund, which has no corporate personality and for which the rules concerning undivided ownership and companies have been waived, is carried out by the Management Company acting on behalf of the unitholders and in their exclusive interest.

- Entry in a register, or establishment of procedures for liability accounting: liability accounting is handled by CACEIS Bank.

  The units are administered by Euroclear France.

- Voting rights:

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

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

Type of unit: bearer.

- Division of units:

R, RUSD, HCHF-R, HUSD-R, I, IUSD, HCHF-I, HUSD-I and N (C) units are split 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 2012.

❑ ***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/investment fund shares or units may be subject to taxation. The applicable tax system therefore depends on the tax provisions pertaining to the unitholder's individual situation and place of residence. Investors are advised to consult their usual financial adviser for information on the procedures that apply to their personal circumstances. We recommend that you seek advice on this matter.

2 Specific provisions

❑ ***ISIN CODES:***

Units	ISIN code
R (C) units	FR0011008762
RUSD (C) units	FR0011978204
HCHF-R (C) units	FR0011707520
HUSD-R (C) units	FR0012971018
I (C) units	FR0011008770
IUSD (C) units	FR0011559590
HCHF-I (C) units	FR0011707538
HUSD-I (C) units	FR0012971026
N (C) units	FR0013198439

- ***CLASSIFICATION:***

International equities.

- ***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 MSCI Developed World Markets benchmark (net dividends reinvested) by 4% per year over its minimum recommended investment period for the I and IUSD units, by 3.90% per year over its minimum recommended investment period for the N units, and by 3.50% per year over its minimum recommended investment period for the R and RUSD units, after the deduction of management and operating fees.

The MSCI Developed World Markets benchmark index is denominated in euros for the I, N and R units and in US dollars for the IUSD and RUSD units.

The objective for the exchange rate risk hedged unit (HCHF-I) is to outperform the MSCI Developed World Markets Index by 4% per annum (net dividends reinvested) denominated in Swiss francs and hedged against EUR/CHF foreign exchange risk *(i.e., calculated in euros and adjusted for the difference between the Swiss interest rate (CHF 1-month Libor) and the Eurozone rate (1-month Euribor))* over its recommended minimum investment term and by 3.5% per annum over the recommended investment period for the HCHF-R units, after the deduction of operating and management fees.

The objective of the HUSD-I unit hedged against exchange rate risk is to outperform by 4% per annum its benchmark index, the MSCI Developed World Markets Index, denominated in US dollars, net dividends reinvested and hedged against USD/EUR exchange rate risk *(i.e. calculated in euros and adjusted for the differential between the US (1-month USD LIBOR) and Eurozone (1-month Euribor) interest rates)* over the recommended minimum investment term; for the HUSD-R unit, the objective is to outperform by 3.50% the benchmark index over the recommended minimum investment term, after the deduction of operating and management fees.

The AMF reminds potential investors that the 4% outperformance objective for I and IUSD units, 3.50% for R, HCHF-R, HUSD-R and RUSD units, 3.90% for N units, and 4% for HCHF-I and HUSD-I units indicated in the preceding section "Management Objective" is based on the assumption that the Management Company actually achieves the respective outperformance targets, and it is not a guarantee or promise of any particular returns or performance by the Fund.

- ***BENCHMARK:***

The MSCI World Developed Markets Index is a share index representing the main global stock-market capitalisations in developed countries. The index adopted is not hedged against foreign exchange risk and is calculated with dividends reinvested.
The MSCI Developed World Markets Index is denominated in euros for the I, R and N units and in US dollars for the IUSD and RUSD units.
For the units hedged against foreign exchange risk (HCHF-R and HCHF-I), the MSCI World Developed Markets Index is denominated in Swiss francs and hedged against the EUR/CHF foreign exchange risk (i.e., calculated in euros and adjusted for the difference between the Swiss interest rate (CHF 1-month Libor) and the Eurozone rate (1-month Euribor)).
For HUSD-R and HUSD-I units hedged against exchange rate risk, the MSCI Developed World Markets Index is denominated in USD and hedged against the EUR/USD exchange rate risk (i.e. calculated in euros and adjusted for the differential between the US 1-month USD LIBOR and Eurozone 1-month Euribor interest rates).

It is published by Morgan Stanley Capital International and is available at www.msci.com.

The 1-month CHF LIBOR (London Interbank Offered Rate) interest rate is the average rate at which a selection of large London-based banks are prepared to lend to one another loans in Swiss francs with a maturity of one month. It is calculated every working day at 11.00 a.m. (London time) and published by the British Bankers' Association (BBA).

The 1-month USD LIBOR (London Interbank Offered Rate) interest rate is the average rate at which a selection of large London-based banks agree to lend to one another loans in US dollars with a maturity of one month. It is calculated every working day at 11.00 a.m. (London time) and published by the British Bankers' Association (BBA).

- ***INVESTMENT STRATEGY:***

A) Description of the strategies employed

H2O MultiEquities is an international equities fund with the objective of outperforming its benchmark index by taking strategic and tactical positions, and arbitraging, on all international equity markets.
It strives to achieve its outperformance objective by not exceeding an indicative ex-ante annual tracking error (TE) of 8%.

The team actively manages the Fund's overall equities exposure on a continuous basis, of between 60% and 150% of net assets.

The Fund may be invested in equities and similar securities or rights attached to holding equities in small and mid-cap companies or in emerging countries. Exposure to such securities not included in the benchmark index is limited to 30% of net assets.

Strategic component

The Fund's strategic positions are based on two major independent but complementary approaches which are its main performance drivers:

1) A "top-down" approach, whose main purpose is to decide the degree of exposure (beta) to international equity markets, its geographic breakdown and its sector breakdown. Positions are based on an overall analysis of the status of all capital markets. Within this approach, the management team also actively manages its currency positions to maximise expected performance.

2) A “bottom-up” market-neutral approach, whose purpose is to outperform the benchmark index (alpha) by taking relative-value positions based on close analysis of company characteristics (financial ratios, quantitative and qualitative management criteria).

1. “Top-down” approach

This is a three-pronged approach whereby the management team actively manages the portfolio’s exposure to equities with durations generally exceeding 1 year:

- it decides the overall degree of exposure to international equity markets (between 60% and 150% of net assets);
- it decides asset allocation geographically (North America, Europe, Asia and emerging countries);
- it decides asset allocation by major sector (defensive, financial, cyclical, end-of-cycle stocks).

Independently of the positions taken on equities, the team actively manages exposure to currencies in the form of a “currency overlay” to ensure that the portfolio is exposed to currencies that it has identified as likely to rise in value.

The strategies employed on this approach look primarily at fundamentals such as macroeconomic analysis, capital flows, and relative and absolute market valuations. Strategic positions are decided jointly to make the most of the diversification offered by the investment universe.

2. “Bottom-up” approach

To exploit the opportunities identified at individual company level, the Fund takes relative value positions on durations generally exceeding six months that do not generate additional market exposure (systematically hedging positions). The purpose here is to achieve alpha (outperformance) relative to the benchmark index.
Such positions are set up by:

- intrasectoral arbitraging (simultaneously buying and selling equities within a given sector). Equity selection is based mainly on valuation criteria, growth prospects and quality of management.
- taking theme-based positions. These consist of buying into one or more companies that have strong performance potential or are exposed to an attractive theme and selling equities represented in the benchmark to neutralise the market effect. The factors underlying these themes are differentiated from those of the “top-down” strategy. The principle is to identify one or more themes that are financially attractive in terms of various criteria.

The selection criteria for this approach are based on a microeconomic analysis and the relative valuations of the candidate companies.
These positions are systematically hedged to avoid exposure to market risk.

Tactical component
When opportunities are identified over and above these two basic approaches, short-term tactical measures (less than two months) will be employed to best exploit short-term market anomalies:

- directional positions and short-term arbitrages on equity and currency markets through the use of derivatives;
- active management of implicit volatility through the use of options on equity indices (Eurostoxx 50, S&P 500, etc.), equity options and currency options. The main purpose of these strategies is to take advantage of the variance between implicit volatility and historical volatility. These tactics will be used only on an ancillary basis.

Tactical measures always stay within the Fund’s overall equity exposure range of 60% to 150% of net assets.

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

- **Assets used:**

- **Equities:**

At least 60% of the Fund is continuously exposed to equity or similar markets and rights attached to holding these equities in more than one country in the following main geographical regions: North America, Europe and Asia.

Up to 30% of the Fund's net assets may be invested in companies not included in the MSCI World Developed Markets Index. For diversification purposes, the Fund may invest in small and mid-cap companies and in emerging country equities.

- **Bond market instruments:**

As part of the Fund's management, the manager may invest in convertible or exchangeable bonds.
The Fund may also use bonds with residual maturities of one year or less for cash management purposes.

- **Money market instruments:**

For cash management purposes, the Fund may acquire money market instruments (treasury bills, annual interest treasury bills, commercial paper, Euro Commercial Paper and money market UCITS, investment funds or AIFs), repurchase and reverse repurchase agreements and deposits.

- **Currencies:**

The Fund may be exposed to any and all currencies, OECD and non-OECD, as buyer or seller.

The HCHF-R and HCHF-I unit classes are hedged against EUR/CHF risk to limit the impact of fluctuations in the EUR/CHF exchange rate on the Fund's performance in CHF. These unit classes therefore aim to achieve the best hedging against the EUR/CHF foreign exchange risk during the investment term of the Fund, which could affect performance.
HUSD-R and HUSD-I units are hedged against exchange rate risk to limit the impact of fluctuations in the EUR/USD exchange rate on the Fund's performance in USD.
These units aim to provide the best hedge during the investment term of the Fund against the EUR/USD exchange rate risk that might affect performance.

Recap of the main equity and currency investment limits	
Investments in equities of any country	Maximum 100% of net assets
of which equities not represented in the MSCI World Developed Markets Index	Maximum 30% of net assets
Exposure to equity markets	Between 60% and 150% of net assets
Exposure to OECD and non-OECD currencies	Maximum 500% of net assets

- **Special instruments**

- Shares or units in UCITS/AIFs/investment funds

On an ancillary basis, with a view to investing its liquid assets, up to 10% of the Fund's assets may be invested in shares or units in the following UCITS, investment funds or AIFs, particularly in money market UCITS, investment funds or AIFs:

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
AIFs under **European law** which comply with Article R. 214-13 of the French Monetary and Financial Code	X
Investment funds under **foreign (non-EU) 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 UCITS/investment funds or AIFs held by the Fund may be managed by the Management Company or by a legally affiliated company.

- **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 overexpose its portfolio.

The Fund's financial agreement obligations will be managed to not exceed an ex-ante indicative annual tracking error (TE) of 8%.

- Strategy of using derivatives to achieve the management objective:

☒ **futures** are used:
- to obtain overall exposure to equity markets or geographic asset allocation to replace bearer securities,
- to arbitrage to take advantage of valuation differences between a future and its underlying asset.

☒ **options on equity and index futures markets** are used:
- to protect the portfolio from an increase in market volatility,
- to expose the portfolio to fluctuations in market volatility, or to hedge portfolio exposure,
- to expose the portfolio to declining market volatility;

☒ Equity and index swaps are used:
- to minimise stock exchange taxes;
- to arbitrage equities.

☒ **currency options** are used to manage exchange rate risk by exposing the portfolio to a currency or by hedging portfolio exposure.

☒ **exchange rate swaps** are widely used for cash management purposes.

☒ **CFDs** (Contracts for Difference) are derivatives whose underlying assets are usually equities and are functionally similar to an unlimited-duration equity swap. They allow positions to be taken without directly investing in the underlying asset. The Fund generally enters into CFDs to take long or short positions as part of its equities arbitraging strategy. In return for a variable-rate payment, they obtain performance and a portion of the income from the underlying asset(s).

☒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 Management Company 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.

The table below details the Fund’s operating conditions regarding derivatives.

TABLE OF DERIVATIVES

	MARKET TYPE			***RISK TYPE***					***OPERATION TYPE***			
Type of instrument used	*Admission to regulated markets**	*Organised markets*	*OTC markets*	*Equities*	*Interest rates*	*Exchange rates*	*Credit*	*Other risk(s): Liquidity, volatility and counterparty*	*Hedging*	*Exposure*	*Arbitrage*	*Other(s)*
Futures on												
Equities	X	X		X					X	X	X	
Interest rates												
Exchange rates	X	X				X			X	X	X	
Indices	X	X		X					X	X	X	
Options on												
Equities	X	X	X	X				X	X	X	X	
Interest rates												
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												
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)												
First default												
First losses credit default swap												

* See the Management Company’s policy for the execution of orders at www.h2o-am.com.

Information relating to OTC financial agreements:

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

- **Securities with embedded derivatives:**

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

TABLE OF SECURITIES WITH EMBEDDED DERIVATIVES

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

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

- **<u>Deposits:</u>**

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.

- **<u>Liquidities:</u>**

On an ancillary basis, the Fund may also hold cash and cash equivalents for cash management purposes.

- **<u>Cash borrowings:</u>**

The Fund may borrow cash up to a limit of 10% of its assets, in the event that its cash account is temporarily overdrawn for transactional reasons (ongoing investments/divestments, subscriptions/redemptions, etc.).

- **<u>Temporary purchase and sale of securities:</u>**

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 100%.

Types of transaction used	
Repurchase and reverse repurchase agreements in accordance with the *Code Monétaire et Financier*, 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	

- **<u>Information on the use of temporary sales and purchases of securities:</u>**

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

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

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

- **<u>Contracts constituting collateral:</u>**

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.

- **RISK PROFILE:**

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

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

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

Equity risk: This is the risk that equities and/or indices related to the portfolio's investments and/or exposure to equities or indices may fall.
Should this occur, the Fund's net asset value may fall.

Overexposure risk: As part of the method used to calculate commitment, risk budgets are determined for the various strategies. The UCITS will therefore have variable levels of exposure to the various types of risk stated in this prospectus.
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. The Fund's commitments will be managed to not exceed the tracking error (TE) mentioned in the Investment Strategy section.

Small- and mid-cap risk: The Fund may invest in small and mid-cap companies. The traded volumes of such stocks are low, and therefore their share price fluctuations, both highs and lows, are more sudden than for large-cap companies. The Fund’s net asset value may therefore behave in the same way.

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 default of any of these counterparties, which may cause the latter to default on payment.

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

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

Foreign exchange risk: This is the risk of a fall in the value of the base currency of the Fund’s units or the currency of the markets in which the Fund is invested in relation to the currency of the investor’s country. It also includes the risk of a fall in the investment currencies against the euro, the portfolio’s reference currency. If a currency falls against the euro, the net asset value may fall.

For HCHF-R and HCHF-I units, denominated in CHF, the unit’s assets are hedged against foreign exchange risk related to the euro. Unitholders are therefore protected from this CHF/EUR foreign exchange risk.

For HUSD-R and HUSD-I units, denominated in USD, the unit’s assets are hedged against the exchange risk related to the euro. Unitholders are therefore protected from this USD/EUR exchange rate risk.

Volatility risk: This is the risk of the net asset value falling due to an increase or decrease in volatility, unconnected from the performance of traditional bearer securities markets. Should volatility adversely affect the investment strategy, the Fund’s net asset value will fall.
If the Fund buys options and implicit volatility falls, the Fund’s net asset value will fall.
If the Fund sells options and implicit volatility increases, the Fund's net asset value will fall.

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

However, this risk is limited to investments linked to cash management.

Interest rate risk: This is the risk of a fall in the value of interest rate instruments due to fluctuations in interest rates.
However, this risk is limited to investments linked to cash management.

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).

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

R, RUSD, HCHF-R, HUSD-R, I, IUSD and HCHF-I units are aimed at all investors.
R, RUSD and HCHF-R units are primarily aimed at private individuals.
I, IUSD, HCHF-I and HUSD-I units are primarily aimed at institutional investors.
N units are primarily aimed at private individuals investing through distributors, financial advisors, platforms or other intermediaries.

The Fund is aimed at investors seeking a performance linked to international equity 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.

Holders of RUSD and IUSD units, in US dollars, may suffer or benefit from movements in EUR/USD exchange rates.

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:***

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

- **UNIT FEATURES:**

Unit classes	ISIN code	Base currency	Unit division	Minimum initial subscription	Minimum subsequent subscription
R (C) units	FR0011008762	EUR	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
RUSD (C) units	FR0011978204	USD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HCHF-R (C) units	FR0011707520	CHF	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit

HUSD-R (C) units	FR0012971018	USD	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
I (C) units	FR0011008770	EUR	Ten-thousandths	EUR 100,000	One ten-thousandth of a unit
IUSD (C) units	FR0011559590	USD	Ten-thousandths	USD 100,000	One ten-thousandth of a unit
HCHF-I (C) units	FR0011707538	CHF	Ten-thousandths	CHF 100,000	One ten-thousandth of a unit
HUSD-I (C) units	FR0012971026	USD	Ten-thousandths	USD 100,000	One ten-thousandth of a unit
N (C) units	FR0013198439	EUR	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit

- ***SUBSCRIPTION AND REDEMPTION PROCEDURES:***

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

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

- ***DATE AND FREQUENCY OF NET ASSET VALUE CALCULATION:***

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

The net asset value of RUSD units will be calculated by translating euro-denominated R units into US dollars.

The net asset value of IUSD units will be calculated by translating euro-denominated I units into US dollars.

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

H2O AM LLP
10 Old Burlington Street, London W1S 3AG, United Kingdom
Website: www.h2o-am.com

- ***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**	**Fee schedule**
Maximum subscription fee not retained by the UCITS	Net asset value X Number of units	**R, RUSD, HCHF-R and HUSD-R units:** 3% maximum **I, IUSD, HCHF-I and HUSD-I units:** 1% maximum **N 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 charges cover:
- Financial management fees;
- Administrative fees not related to the Management Company;
- Maximum indirect charges (commissions and management fees) for UCITSs that invest over 20% in other UCITSs, AIFs or investment funds;
- Transaction fees;
- Performance fees.

Fees charged to the UCITS	Basis	Fee schedule
Financial management fees	Net assets	**<u>I, IUSD, HCHF-I and HUSD-I units:</u>** 1% maximum incl. tax **<u>N units</u>**: 1.10% maximum incl. tax **<u>R, RUSD, HCHF-R and HUSD-R units:</u>** 1.50% maximum incl. tax
Administrative fees not related to the Management Company	Net assets	
Outperformance fee	Positive difference between valued asset and reference asset	**<u>I and IUSD units:</u>** 25% incl. tax of outperformance relative to the MSCI World Developed Markets Index + 4% **<u>N units:</u>** 25% incl. tax of outperformance relative to the MSCI World Developed Markets Index +3.9% **<u>R and RUSD units:</u>** 25% incl. tax of outperformance relative to the MSCI World Developed Markets Index + 3.5% **<u>HCHF-R units:</u>** 25% incl. tax of outperformance relative to the MSCI World Developed Markets Index denominated in Swiss francs and hedged against EUR/CHF exchange rate risk (calculated in euros and adjusted for the difference between the Swiss interest rate (CHF 1-month Libor) and the Eurozone rate (1-month Euribor)) + 3.5% **<u>HUSD-R units:</u>** 25% incl. tax of the outperformance relative to the MSCI World Developed Markets Index, net dividends reinvested, denominated in US dollars and hedged against the EUR/USD exchange rate risk (i.e. calculated in euros and adjusted for the difference between the US 1-month USD LIBOR and Eurozone 1-month Euribor interest rates) + 3.5% **<u>HCHF-I units:</u>** 25% incl. tax of outperformance relative to the MSCI World Developed Markets Index denominated in Swiss francs and hedged against EUR/CHF exchange rate risk (calculated in euros and adjusted for the difference between the Swiss interest rate (CHF 1-month Libor) and the Eurozone rate (1-month Euribor)) + 4% **<u>HUSD-I units:</u>** 25% incl. tax of the outperformance relative to the MSCI World Developed Markets Index denominated in US dollars and hedged against the EUR/USD exchange rate risk (i.e. calculated in euros and adjusted for the difference between the US 1-month USD LIBOR and Eurozone 1-month Euribor interest rates) + 4%

Transaction fees	Deducted from each transaction or operation, allocated proportionately between beneficiaries	A maximum rate of 0.025% per month on financial instruments, and up to €400 per month for the administration of over-the-counter transactions

The HCHF-R and HCHF-I units are hedged against the foreign exchange risk for the portion of the assets affected by the EUR/CHF exchange rate. As such, slight 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 Swiss (CHF 1-month Libor) and Eurozone (1-month Euribor) interest rates.

HUSD-R and HUSD-I units are hedged against exchange rate risk for the portion of the assets affected by the EUR/US dollar exchange rate. As such, slight 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 US 1-month USD LIBOR and Eurozone (1-month Euribor) interest rates.

The performance fee applicable to a particular unit class is based on the comparison of the Fund's valued asset with its reference asset.

The Fund’s **valued assets** are the portion of the assets corresponding to a specific unit class, 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.

The Fund’s **reference assets** are the portion of the assets corresponding to a specific unit class, adjusted to take into account the subscription/redemption amounts applicable to this unit class at each valuation, and valued in accordance with the performance of the benchmark index (i.e. the reference rate) of the Fund.

The reference rate is equal to the MSCI World Developed Markets Index with dividends reinvested (denominated in euros) plus 4% per year for I units, 3.9% for N units and 3.5% for R units.
The reference rate is equal to the MSCI World Developed Markets Index with dividends reinvested (denominated in US dollars) plus 4% per year for IUSD units and 3.50% for RUSD units.
The reference rate is equal to the MSCI World Developed Markets Index with dividends reinvested (adjusted for the difference between the Swiss interest rate (CHF 1-month Libor) and the Eurozone interest rate (1-month Euribor)) plus 4% for HCHF-I units and 3.5% for HCHF-R units.
The reference rate is equal to the MSCI World Developed Markets Index with dividends reinvested (adjusted for the difference between the US 1-month USD LIBOR and Eurozone 1-month Euribor interest rates), plus 4% per annum for HUSD-I units and 3.5% for HUSD-R units.

The Fund’s performance is calculated according to changes in the net asset value of the corresponding unit class.

The observation period is defined as follows:
- Initial observation period: from 19 May 2011 to the last trading day of September 2012;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

At the beginning of each observation period, the reference asset used will be the higher of the asset value recorded on 19 May 2011 for R, HCHF-R, I, IUSD and HCHF-I units, on 20 June 2014 for RUSD units and on 28 October for N units, and all the valued assets recorded on the final day of each of the observation periods since the creation of the Fund. 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.

For N units:
- The initial observation period: from 28 October 2016 to the last trading day of September 2017;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

For RUSD units:

- The initial observation period from 20 June 2014 to the last trading day of September 2015;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

For IUSD units:

- The initial observation period from 1 October 2013 to the last trading day of September 2014;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

For HCHF-R and HCHF-I units:

- The initial observation period from 27 January 2014 to the last trading day of September 2014;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

For HUSD-R and HUSD-I units:

- The initial observation period from 7 October 2015 to the last trading day of September 2016;
- Subsequent observation periods: from the first trading day of October to the last trading day of September of each year.

If, during the observation period, the Fund's valued asset exceeds the reference asset as defined above, the variable portion of the management fees will represent up to 25% of the difference between these two assets.

If, during the observation period, the Fund's valued asset is lower than the reference asset, the variable portion of the management fees will be zero.

If, during the observation period, the Fund's valued asset is higher than the reference asset, this difference will be subject to a provision for variable management fees at the time of the net asset value calculation.

In the event that the Fund's valued asset is lower than the reference asset between two net asset values, any previously approved provision will be replaced with a new provision. The new provisions must not exceed the previous allocations.

This variable portion will be collected at the end of each observation period only if, over the elapsed period, the Fund's valued asset exceeds the reference asset at the time of the final net asset value calculation.
In the event of redemption, the portion of the provision corresponding to the number of units redeemed will be permanently retained by the Management Company.

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 Management Company 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 on the H2O AM LLP website, 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 LLP
10 Old Burlington Street, London W1S 3AG, United Kingdom
E-mail: info@h2o-am.com

The documents will be sent within eight working days.

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

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

INFORMATION ON THE NET ASSET VALUE

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

COMMERCIAL DOCUMENTATION

Commercial documentation is available to the Fund's unitholders and subscribers online from "www.h2o-am.com" or "www.ostrum.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 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 for UCITS as stipulated by the *Code Monétaire et Financier*, the French Monetary and Financial Code.

V OVERALL RISK

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

The indicative average level of leverage for the UCITS is 4/5. 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.

The Value at Risk (VaR) of the Fund is limited to 1.9 times that of its benchmark index.

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:

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 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.

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 day of valuation.

UCITS/AIF and investment funds
Units or shares of UCITS or AIF 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.

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 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 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.

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.

▪ ⇛ **Swing pricing mechanism of net asset value with trigger threshold (from 28 August 2017)**

As at 28 August 2017, the Management Company has implemented a method of adjusting the net asset value (NAV) with a trigger threshold.

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

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

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

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

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

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

B Accounting methods

Income is recorded on the basis of revenues received.

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

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

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

VII REMUNERATION

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

VIII ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

The function of the Paying and Information Agent in the Federal Republic of Germany is performed by:

CACEIS Bank, Germany Branch
Lilienthalallee 34 - 36,
D-80939 Munich,
Germany

(hereinafter: German Paying and Information Agent)

Applications for the redemptions and conversion of units may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions may be obtained upon request through the German Paying and Information Agent.

The following documents may be obtained, free of charge, in hardcopy form at the office of the German Paying and Information Agent:

- the prospectus,
- the key investor information document,
- the current annual and semi-annual reports,
- the Management Regulations,
- the custody agreement between the Management Company and CACEIS Bank.

The issue and redemption prices, the net asset value as well as any notices to investors are also available from the German Paying and Information Agent. 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”).

In addition, 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 fund’s rules which are inconsistent 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.