UCITS governed by European Directive 2009/65/EC

H2O MODERATO FCP

PROSPECTUS
AS AT 16 APRIL 2026

I.GENERAL CHARACTERISTICS

❑ NAME: H2O MODERATO FCP

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

❑ LEGAL FORM AND MEMBER STATE IN WHICH THE UCITS WAS ESTABLISHED

Mutual Investment Fund (FCP) under French law.

❑ INCEPTION DATE AND EXPECTED TERM

The Fund was created on 1 October 2020, for 99 years, as part of a demerger transaction 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, the French Financial Markets Authority (AMF), on 15 September 2020.

❑ FUND OVERVIEW

Unit classes	Subscribers concerned	Minimum initial subscription	Minimum subsequent investment	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
EUR-I(C) unit	All subscribers, essentially institutional investors	100,000 EUR	One ten-thousandth of a unit	FR0010929836	Accumulation	EUR	Estimated value on the split date
HCHF-I(C) unit*	All subscribers, essentially institutional investors	100,000 CHF	One ten-thousandth of a unit	FR0011973643	Accumulation	CHF	Estimated value on the split date
EUR-R (C) unit	All subscribers, essentially private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393295	Accumulation	EUR	Estimated value on the split date
HCHF-R (C) unit*	All subscribers, essentially private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393311	Accumulation	CHF	Estimated value on the split date
HUSD-R (C) unit**	All subscribers, essentially private individuals	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013393303	Accumulation	USD	Estimated value on the split date
HUSD-I(C) unit**	All subscribers, essentially institutional investors	100,000 USD	One ten-thousandth of a unit	FR0013055217	Accumulation	USD	Estimated value on the split date
EUR-N (C) unit	All subscribers, in particular intended for individuals 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 European MiFID II rules or an individual portfolio management service under mandate.	One ten-thousandth of a unit	One ten-thousandth of a unit	FR0013185196	Accumulation	Estimated value on the split date	EUR-N (C) unit

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

❑ *ADDRESS WHERE THE LATEST ANNUAL AND INTERIM REPORTS AND ASSET COMPOSITION MAY BE OBTAINED*

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

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

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 their regulatory requirements under Directive 2009/138/EC (Solvency II).

II. ADMINISTRATIVE AGENTS

❑ *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, CUSTODIAN*

Company name: CACEIS BANK
Legal form: Credit institution approved by the ACPR (formerly 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 depositary carries out the duties for which it is responsible under the laws and regulations in force and those contractually entrusted to it by the Portfolio Management Company. Above all, it must ensure that decisions taken by the Portfolio Management Company are lawful. Where applicable, it must take any protective measures it deems necessary. In the event of a dispute with the Management Company, it must inform the AMF. 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:

https://www.caceis.com/who-we-are/regulations/.

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 fund management 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 Christophe Coquelin
Registered office: Tour EQHO, 2 Avenue Gambetta CS 60055, 92066 Paris La Défense Cedex, France

❑ ***MARKETING AGENTS***

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
Nationality: French

The marketing agent is the entity that markets the Fund.

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

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

❑ ***REPRESENTATIVES***

Party responsible for accounting

Company name: CACEIS Fund Administration, which provides 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

Financial management delegate

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 help with the investment management of the Fund alongside the Management Company.

The Management Company has not identified any conflicts of interest that may arise from such arrangements.

III. OPERATING AND MANAGEMENT PROCEDURES

1. GENERAL CHARACTERISTICS

1.1. CHARACTERISTICS OF UNITS

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 may be communicated to unitholders by any means in accordance 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 fund administration

Fund administration is performed by CACEIS Bank.

The units are administered by Euroclear France.

Voting rights

The units do not carry any voting rights. The management of the Fund is carried out by the Management Company, which acts on behalf of the holders 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 units

Nominative or bearer

Division of units

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

1.2. *FINANCIAL YEAR-END*

Last trading day of September.

The first financial year ended on the last trading day of September 2021.

1.3. *INFORMATION ON TAX ARRANGEMENTS*

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

2. SPECIFIC PROVISIONS

2.1. *ISIN CODES*

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

2.2. *CLASSIFICATION*

None

2.3. *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.

2.4. *MANAGEMENT OBJECTIVE*

For EUR-I, EUR-N, EUR-R units

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

For HCHF-I and HCHF-R units

The objective of the units hedged against currency risk is to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 1.10% per annum over the recommended minimum investment period, after deduction of operating and management expenses for HCHF-R units and to outperform the daily capitalised SARON (Swiss Average Rate Overnight) by 2% per annum over the recommended minimum investment period, after deduction of operating and management expenses.

For HUSD-I and HUSD-R units

The objective of the units hedged against currency risk is to outperform the daily capitalised SOFR (Secured Overnight Financing Rate) by 1.10% per annum over the recommended minimum investment period, after deduction of operating and management expenses for HUSD-R units and by 2% per annum over its minimum recommended investment period, after deduction of operating and management expenses.

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.

2.5. *BENCHMARK*

For EUR-I, EUR-N, EUR-R units: The €STR (Euro Short-Term Rate) is capitalised daily using the Overnight Indexed Swap (OIS) method. It corresponds to the interbank market reference rate in the eurozone. It is calculated by the European Central Bank. Further information on the benchmark index is available on its administrator's website: www.ecb.europa.eu.

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

For HCHF-I, HCHF-N and HCHF-R units: The daily capitalised SARON (Swiss Average Rate Overnight) (Overnight Indexed Swap or OIS method). It corresponds to the reference rate of the Swiss franc (CHF) interbank market and is calculated by SIX Financial Information AG. The benchmark is available on the website: https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/indices/swiss-reference-rates.html

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

For HUSD-I and HUSD-R units: the daily capitalised SOFR (Secured Overnight Financing Rate)(Overnight Indexed Swap or OIS method). It corresponds to the interbank market reference rate in US dollars (USD). It is calculated by the New York Federal Reserve. The benchmark administrator is the New York Federal Reserve. The benchmark is available on the website: https://www.newyorkfed.org/markets/reference-rates/sofr.

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

3. *Investment strategy*

3.1. Description of strategies used

Management will set up strategic and tactical positions, as well as arbitrages on all fixed income, equity and international currency markets.

The management implemented is uncompromisingly focused on performance, combining strategic and tactical positions and arbitrages on all interest rate, equity and international currency markets.

The 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 on the markets (relative and arbitrage positions) than to the general direction of these markets (directional positions).

For each asset class, the exposure is decided first and separately from the other asset classes.

The 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 relative market valuations.

The overall modified duration of the portfolio will 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.

3.2. *MANAGEMENT OF OECD GOVERNMENT BONDS*

1. **Active management of the portfolio's exposure to global bond market risk (modified duration)**;

2. **Allocation of the portfolio's modified duration** (positive or negative) as stipulated above among the **four main OECD government bond markets** (the United States for the dollar zone, Germany for the eurozone, the United Kingdom and Japan) using relative value strategies (purchase of sensitivity on certain markets, sale of sensitivity on others);

3. **Allocation of modified duration** (positive or negative) as allocated on the bond markets stipulated above over their **four main curve segments** [1-3 years], [3-7 years], [7-15 years] and [15-30 years]: specific use of flattening, restructuring, parallel shift strategies on these curves;

4. **Selection of the issuing country** within the dollar zone (the United States, Canada, Mexico, Australia and New Zealand) and the eurozone (EMU Member States, Norway, Sweden, Denmark, Iceland, Switzerland, Poland, the Czech Republic and Hungary).

3.3. *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 global credit risk over the main segments of the credit market:** Investment Grade and Speculative Grade debt on the one hand, external and local debt of non-OECD countries on the other;

3. **Selection of issuers** in each of these segments.

3.4. *CURRENCY MANAGEMENT*

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

2. **Relative allocation between the three main currency "blocs"**: "euro" bloc (euro, pound sterling, Danish and Norwegian krone, Swedish and Icelandic krona, Swiss franc, Polish zloty, Czech koruna, Hungarian forint); "Yen" bloc (yen, South Korean won); and "commodities bloc" (where currency trends are linked to commodity prices: Canadian dollar, Australian dollar, New Zealand dollar and South African rand);

3. **Allocation within each bloc** by buying and selling each of the currencies comprising the bloc;

4. Diversification among non-OECD market currencies.

For units:

- HCHF-R, HCHF-I,
- HUSD-R, HUSD-I, and

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 risk, which could affect the net asset value.

3.5. *EQUITY MANAGEMENT*

1. **Active management of exposure** to the asset class within a range of [-15%; +15%] of net assets according to the management team's upward or downward expectations;

2. **Allocation**, positive or negative, of this exposure **between geographical areas** according to the management team's relative performance expectations;

3. **Sector allocation**, positive or negative, according to the management team's relative performance expectations;

4. **Selection of securities** within different sectors, by purchase or sale of shares.

3.6. *ARTIFICIAL INTELLIGENCE (AI)*

Generative artificial intelligence can support investment research by strengthening analytical rigour, limiting behavioural biases and ensuring consistency of decisions. However, it does not replace the discretionary judgement of the fund managers. Its integration represents a natural evolution of the investment process, not a change in the macroeconomic discretionary framework already in place.

4. DESCRIPTION OF ASSET CLASSES AND FINANCIAL CONTRACTS IN WHICH THE FUND INTENDS TO INVEST AND THEIR CONTRIBUTION TO THE ACHIEVEMENT OF THE MANAGEMENT OBJECTIVE

4.1. EQUITIES

All equities and equivalent or rights associated with holding these equities, from developed and emerging countries, up to a total exposure of 15% of net assets.

The risk associated with equity purchases and sales will be actively managed within an exposure of between -15% and +15% of net assets.

In addition, the Fund reserves the right to invest in shares not included in the FCI World Developed 800 Index.

4.2. DEBT SECURITIES, EQUIVALENT SECURITIES AND FINANCIAL INSTRUMENTS

Bond market instruments:

Communication on the use of ratings: Investment in non-government bonds is governed by constraints based on the H2O AM internal rating ("rating") of issues or issuers.

These internal ratings are attributed by the Management Company following its credit analysis, to all non-government bonds in the portfolio, before and during their holding. This analysis does not rely exclusively or automatically on the ratings of credit rating agencies:

- if the security is referenced by an agency, then the rating is one element taken into account among others in the internal evaluation process;
- the absence of rating of the issue or issuer by rating agencies does not lead to the exclusion of the security from the investment universe.

Therefore, the classification by the Management Company of OECD non-government bonds as Investment Grade or Speculative Grade (the latter rating is attributed to all securities that are not rated Investment Grade) may differ from that of rating agencies, for example due to a difference in the assessment of the support provided to the issuer of the bond by an entity controlling the issuer, or a different assessment of the dynamics of the core quality of a bond issuer.

The Fund may invest:

- up to 100% of net assets in bonds issued or guaranteed by OECD Member States (including bonds issued or guaranteed by the European Union or its institutions) or quasi-sovereign bonds without rating constraints;
- up to 60% of net assets in non-government bonds issued by companies with their registered office in an OECD country and classified as investment grade by the Management Company, including up to 20% of net assets in the most senior tranche of Asset-Backed Securities, including Mortgage-Backed Securities (ABS - securitisations of non-mortgage credit portfolios such as consumer loans, automotive loans, credit cards; MBS - securitisations of mortgage portfolios)
- up to 15% of net assets in:
  - o government and/or quasi-sovereign and/or supranational and/or non-government bonds, issued by non-OECD countries, without rating constraints and denominated in G4 currencies (USD, EUR, GBP, JPY) or in local currencies;
  - o and/or OECD non-government bonds classified by the Management Companynas "Speculative Grade".

It is specified that the investment limits described above authorise the Fund to invest in all types of bonds (including fixed-rate, variable-rate, index-linked, exchangeable and convertible bonds, as well as contingent and other convertible instruments). However:

- total exposure resulting from convertible or exchangeable bonds may not exceed 20% of the net assets.
- total exposure resulting from contingent convertible bonds may not exceed 10% of the net assets.

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/AIFs) and through reverse repurchase agreements and deposits.

4.3. CURRENCIES

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

4.4. SUMMARY

Reminder of the main investment limits	
Sensitivity range for interest rates	[-4–+4]
Geographical region of issuers	All geographical areas
Base currency of securities	All currencies
OECD government bonds	Maximum 100% of the net assets
OECD non-government bonds classified by the Management Company in the "Investment Grade" category	Maximum 60% of the net assets
of which securitised bonds (ABS & MBS)	Maximum 20% of the net assets
Non-OECD government and non-government bonds and/or OECD non-government bonds classified by the Management Company as "Speculative Grade"	Maximum 15% of the net assets
Equities of developed and emerging countries	Exposure of between [-15%–+15%] of net assets
Of which equities not included in the FCI World Developed 800 Index	Maximum 10% of the net assets

4.5. SHARES OR UNITS IN UCITS/AIFS/INVESTMENT FUNDS

Incidentally, in order to invest its liquidity, the Fund may hold units or shares of the following UCITS, UCIs or investment funds, including ETFs, in particular 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 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 UCIs held by the Fund may be managed by the Management Company or by a legally affiliated company.

4.6. 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 in times of cash flow movement associated with subscriptions/redemptions 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 derivative instruments to overcommit its portfolio.

The Fund's commitment to forward financial instruments will be managed by adhering to a maximum ex-ante "Value-at-Risk" (VaR) restriction of 10%, over a period of 20 days and with a confidence interval of 99%. It will not exceed this maximum amplification capacity.

TABLE OF DERIVATIVES

Type of instruments used	MARKET TYPE			RISK TYPE					OPERATION TYPE			
	Admission to regulated markets*	Organised markets	Over-the-counter markets	Equities	Interest rate	Foreign exchange	Credit	Other risk(s)	Hedging	Exposure	Arbitrage	Other strategy(-ies)
Futures on												
Equities	X	X		X				X	X	X	X	
Interest rate	X	X			X			X	X	X	X	
Foreign exchange	X	X				X		X	X	X	X	
Indices	X	X		X	X	X	X	X	X	X	X	
Options on												
Equities	X	X	X	X				X	X	X	X	
Interest rate	X	X	X		X			X	X	X	X	
Foreign exchange	X	X	X			X		X	X	X	X	
Indices	X	X	X		X	X	X	X	X	X	X	
Swaps												
Equities			X					X	X	X	X	
Interest rate			X		X			X	X	X	X	
Foreign exchange			X			X		X	X	X		
Indices			X	X	X	X	X	X	X	X	X	
Foreign exchange forwards												
Currency(-ies)			X			X			X	X	X	
Credit derivatives												
Credit default swaps (CDS)			X				X		X	X	X	
First-to-default												
First-loss credit default swaps												

* 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 are 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 a minimum rating that meets the requirements of the Management Company.

These transactions are systematically covered by a signed contract 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 assets underlying the derivative.

4.7. INFORMATION RELATING TO OVER-THE-COUNTER FINANCIAL CONTRACTS

Counterparties consist of leading credit institutions. They are selected and evaluated regularly in accordance with the counterparty selection procedure available at the following address: www.h2o-am.com or upon request from the investment manager. These transactions are systematically covered by a signed contract between the UCITS and the counterparty that defines the procedures for reducing counterparty risk.

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

4.8. SECURITIES WITH EMBEDDED DERIVATIVES

The Fund may also trade in securities with embedded derivatives, namely: share subscription warrants, callable and puttable interest 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

	RISK TYPE					OPERATION TYPE			
Type of instruments used	*Equities*	*Interest rate*	*Foreign exchange*	*Credit*	*Other risk(s)*	*Hedging*	*Exposure*	*Arbitrage*	*Other strategy(-ies)*
Warrants on									
Equities	X					X	X	X	
Interest rate									
Foreign exchange									
Indices	X					X	X	X	
Subscription warrants									
Equities	X					X	X	X	
Interest rate									
Equity link									
Convertible bonds									
Exchangeable bonds	X	X		X	X		X		
Convertible bonds	X	X		X	X		X		
Contingent convertible bonds	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 EMTNs/MTNs									
Structured MTNs									
Structured EMTNs									
Credit-linked notes (CLN)									
Other (to be specified)									

4.9. DEPOSIT

The Fund may make deposits with a maximum term of 12 months in compliance with 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 the management objective.

4.10. CASH AND CASH EQUIVALENTS

The Fund may hold cash and cash equivalents on an ancillary basis.

4.11. CASH BORROWINGS

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

4.12. TRANSACTIONS INVOLVING TEMPORARY ACQUISITION/SALE OF SECURITIES

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

Types of transactions 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 achieving the management objective	
Cash management	X
Optimisation of Fund earnings and performance	X
Other	

Types of transactions	Reverse purchase agreements	Repurchase agreements	Securities lending	Securities borrowing
Maximum proportion of net assets	100%	100%	100%	100%
Expected proportion of net assets	50%	50%	50%	50%

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

4.13. Information on the use of temporary purchases and sales of securities

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

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

Additional information on remuneration is provided in the section Fees and commissions.

4.14. Contracts constituting collateral

In connection with the conclusion of financial contracts and/or securities financing transactions, the Fund 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 eligibility policy for collateral in accordance with the regulations in force, and include the following categories:

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

The eligibility policy for collateral explicitly defines the level of collateral required and the discounts applied to each type of collateral on the basis of rules that depend on their specific characteristics. In accordance with the regulations in force, it also specifies the rules for the diversification of risks, correlation, valuation, 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:

- placed on deposit;
- invested in high-quality government bonds;
- used in reverse repurchase agreements;
- invested in short-term money market undertakings for collective investment (UCIs).

Collateral received other than in cash may not be sold, reinvested or pledged as security.

In accordance with the valuation rules laid down in this prospectus, the Management Company will conduct a daily valuation of collateral received on a mark-to-market basis. Margin calls will be made on a daily basis.

The collateral received by the Fund will be held by the Fund's depositary or, failing that, by any third-party depositary that is subject to regulatory supervision and that has no connection with the provider of the collateral.

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

5. *TAXONOMY (REGULATION (EU) 2020/852)*

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

6. *RISK PROFILE*

Your money will mainly be invested in financial instruments selected by the investment manager. These instruments will be subject to market trends and risks.

The net asset value may fluctuate significantly due to the financial instruments included in the portfolio.

Capital risk: the Fund offers no 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 issuer or a default by one or more issuers present in the portfolio. Depending on the direction of the UCITS transactions, 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 may lead to a decrease in its net asset value.

Due to its investment strategy, the Fund is subject to significant credit risk. Under market conditions that have deteriorated, 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 (positive duration) or fall (negative duration), the net asset value may decrease 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 decrease in the value of shares and/or indices, which is associated with the portfolio's investment in shares and/or exposure to indices.

Due to its investment strategy, the Fund is subject to significant equity risk. If this risk occurs, it may lead to a fall in the Fund's net asset value.

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 the UCITS regulations and if the interests of investors so dictate. Moreover, since downward movements on emerging markets may be faster and more pronounced than on developed markets, the net asset value may decrease 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 decrease.

HCHF-CHF units, denominated in CHF and HUSD, denominated in USD, are hedged against currency risk to limit the impact of fluctuations in the EUR/currency of the relevant unit 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 in compliance with the pre-defined 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 decrease 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 is unable to 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. Lastly, exchangeable/convertible bonds lead to exposure to the risk of the underlying equities.

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

Artificial intelligence risk: Portfolio managers can use artificial intelligence tools in the research process. This results in a risk of using information that is inconsistent or misinterpreted by the tools.

7. 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 that are subject to national legislation prohibiting all retrocessions to distributors or that provide an independent advisory service as defined by the European MiFID II rules or an individual portfolio management service under mandate.

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

The Fund is intended for investors who want to invest the long-term portion of their cash flow with the aim of overperforming the benchmark index corresponding to the category of invested unit.

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 declare 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 units to a US Person.

In accordance with applicable EU regulations 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 would be reasonable to invest in the Fund depends on the amount of risk the investor is willing to take. This amount also depends on the shareholder's personal profile, particularly their financial situation and the current composition of their financial assets. ***Building and holding a financial asset portfolio implies a diversification of investments.***

It is also recommended that anyone wishing to subscribe to units in the Fund contact their usual adviser in order to obtain information or advice tailored to their personal circumstances.

We recommended that potential investors ensure their investments are sufficiently diversified so as not to be exposed solely to the risks of this Fund.

8. PROCEDURES FOR DETERMINING AND ALLOCATING DISTRIBUTABLE INCOME

EUR-R (C), EUR-N (C), HCHF-R(C), HUSD-R(C), 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).

9. CHARACTERISTICS OF UNITS

Unit classes	ISIN code	Base currency	Allocation of distributable income	Division of units	Minimum initial subscription	Minimum subsequent investment
EUR-N(C) unit	FR0013185196	EUR	Accumulation	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HCHF-I(C) unit	FR0011973643	CHF	Accumulation	Ten-thousandths	100,000 CHF	One ten-thousandth of a unit
HUSD-I unit	FR0013055217	USD	Accumulation	Ten-thousandths	100,000 USD	One ten-thousandth of a unit
EUR-I(C) unit	FR0010929836	EUR	Accumulation	Ten-thousandths	100,000 EUR	One ten-thousandth of a unit
EUR-R (C) unit	FR0013393295	EUR	Accumulation	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HUSD-R (C) units	FR0013393303	USD	Accumulation	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit
HCHF-R (C) units	FR0013393311	CHF	Accumulation	Ten-thousandths	One ten-thousandth of a unit	One ten-thousandth of a unit

9.1. SUBSCRIPTION AND REDEMPTION PROCEDURES

Subscription and redemption orders are cleared at 12:30 p.m. on each net asset value calculation day (D). These orders are executed on the basis of the net asset value established on D and calculated on D+1 business day.

Institution appointed to receive subscriptions and redemptions:

CACEIS BANK: 89–91 Rue Gabriel Péri, 92120 Montrouge, France,
Postal address: 12 Place des États-Unis, CS 40083, 92549 Montrouge Cedex, France

Investors intending to purchase units and unitholders wishing to redeem units are requested to contact their normal marketing agent directly with regard to the deadline for the receipt of their subscription or redemption application. Investors' attention is drawn to the fact that the deadline applied by the marketing agent concerned may be earlier than the clearing time mentioned above, in order to take account of their deadline for sending orders to CACEIS BANK.

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

D business day	D business day	D: NAV calculation day	D+1 business day	D+1 business day	D+1 business day
Clearing of subscription orders before 12.30 p.m. CET[1]	Clearing of redemption orders before 12.30 p.m. CET[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.*

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

D business day	D business day	D: NAV calculation day	D+1 business day	D+3 business day	D+3 business day
Clearing of subscription orders before 12.30 p.m. CET[1]	Clearing of redemption orders before 12.30 p.m. CET[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 a taxable capital gain for the unitholder.

9.1. Liquidity management tools

Net asset value adjustment mechanism (Swing pricing) with trigger threshold

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

This mechanism means that investors subscribing to or redeeming units must bear the costs relating to transactions made using the Fund's assets as a result of the movement (subscription/redemption) of Fund liabilities. This mechanism, governed by a policy, is described in Section VII, 2 "Swing-pricing mechanism of the net asset value with trigger threshold".

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. This maximum period will be null and void once the AMF General Regulation, which currently requires it, is amended.

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 next 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).

10. 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 official 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.

11. Fees and commissions

11.1. Subscription and redemption fees

Subscription and redemption fees increase the subscription value paid by the investor or reduce the redemption value. The fees charged by the UCITS serve to offset the charges it incurs when investing and divesting investors' assets. Fees not paid to the UCITS will be paid to the marketing agents, except for those fees expressly reserved for the Management Company.

Fees charged to the investor, payable at the time of subscription or redemption	Base	Rate scale
Maximum subscription fee not retained by the UCITS	net asset value * number of units	For all I and N unit classes: 1% maximum For all R unit classes: 2% maximum
Maximum subscription fee payable to the Management Company	net asset value * number of units	None
Maximum subscription fee payable to the UCITS	net asset value * number of units	None
Maximum redemption fee not retained by the UCITS	net asset value * number of units	None
Redemption fee retained by the UCITS	net asset value * number of units	None

11.2. Fees invoiced to the UCITS

These fees cover:

- Investment management fees;
- Operating expenses and other services;
- Maximum indirect costs (management fees and expenses) if the UCITS has an investment of more than 20% in other UCITS, AIFs or investment funds;
- Performance fees.

Fees invoiced to the UCITS	Base	Rate scale
Financial management fees	Net assets	Maximum rate: <u>For all R unit classes:</u> 1.51% incl. tax <u>For all N unit classes:</u> 0.71% incl. tax <u>For all I unit classes:</u> 0.61% incl. tax
Operating and other service fees	Net assets	Maximum rate: <u>For all units:</u> 0.15% incl. tax
Performance fee	Positive difference between valued assets and reference assets	25% incl. tax of outperformance relative to the benchmark index defined in the "Performance fee" paragraph below

Third parties, in particular external distributors and delegated financial managers, may receive retrocessions of management fees. These external distributors and delegates may be H2O AM Group companies. Retrocessions of management fees are calculated as a percentage of the financial management fees. Unitholders can direct any request for further information about these retrocessions to their distributor and/or the Management Company.

Exceptional and non-recurring debt recovery costs (e.g. Lehman Brothers proceedings) or costs to enforce a right (e.g. class action proceedings) may be added to the fees charged to the UCITS and shown above.

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:

- 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.
- 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.
- 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 customer requests (e.g. a request to add two specific non-financial indicators to the reporting as requested by the customer);
    - 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).
- 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.
- 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;
    - Operating contributions paid to the Fonds de Garantie des Dépôts et de Résolution (Deposit Guarantee and Resolution Fund);
    - 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.

- 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.
- 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.

11.3. PERFORMANCE FEE

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

The performance fee applicable to a particular unit class is based on a comparison of the valued assets of this unit class with its reference assets (model based on a benchmark index).

Adjusted for subscriptions and redemptions, any underperformance of the unit class concerned in relation to the benchmark must be offset before performance fees become payable, regardless of the underperformance period concerned.

The valued assets and reference assets are calculated for each unit class and are understood as follows:

- The valued assets are equal to the amount of the Fund's assets in the unit class concerned, valued in accordance with the rules applicable to the assets and taking into account the actual operating and management costs corresponding to this unit class.
- During the observation period and each time the net asset value is calculated, the reference assets are adjusted for the amounts of subscriptions/redemptions applicable to this unit class and valued in accordance with the performance of the relevant benchmark index. At the beginning of the observation period:
  - if the valued assets at the end of the previous observation period are higher than the reference assets at that date, the reference assets will therefore be equal to the proceeds of the number of units corresponding to the unit class concerned at that date and the highest net asset value of the unit class concerned, recorded at the end of each observation period since its launch date and for which performance fees have been charged (hereinafter referred to as "High Water Mark" or HWM);
  - if the valued assets at the end of the previous observation period are lower than or equal to the reference assets at that date, like during the observation period, the reference assets will be adjusted for subscriptions/redemptions and valued based on the performance of the benchmark index applicable to the unit class.

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

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

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

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

We would like to remind you that information relating to the benchmark's past performance is available on the website www.h2o-am.com as well as in the monthly factsheets and annual report of the Fund, which are available on the same website.

The observation period is defined as follows:

- Initial observation period: from 1 October 2020 to the last trading day in 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 asset used will be the greater of the assets recorded on 1 October 2020 and all the valued assets recorded on the final day of each of the observation periods 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 1 October 2020 will be the higher of the assets recorded on the day of the demerger and the reference assets of the demerged fund H2O MODERATO from which the assets retained by "H2O MODERATO SP" ex H2O MODERATO were proportionally deducted. Where necessary, the reference assets will be restated for the amounts of subscriptions/redemptions occurring between the recording date of these reference assets and the start of the new observation period.

To avoid artificial variations with the valued assets, the reference assets will be restated for the amounts of subscriptions/redemptions occurring between the recording date of these reference assets and the start of the new observation period.

If, during the observation period, the valued assets of a particular unit class exceed the reference assets as defined above, a provision for the performance fee representing a maximum of 25% of the difference between these two asset amounts will be calculated when establishing the net asset value.

If, during the observation period, the valued assets of a particular unit class are lower than those of 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 difference between the valued assets and the reference assets of each unit class concerned, they are calculated daily and taken into account when calculating the net asset value of the same unit class. 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 outperformance 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. If the amount of losses to be recovered prior to the triggering of new fees for the unit category concerned remains the same, this subscription reduces for all unitholders the performance to be realised in order to bridge the difference between the valued assets and the reference assets. Performance fees will therefore be provisioned sooner.

As a result, performance fees may be levied when the performance of a unit class over a given observation period is negative, for example, when the change in the valued assets over the observation period is greater than the change in the reference assets over the same period by movements in liabilities (subscriptions and/or redemptions) or by a performance of the benchmark index that is more negative than that of the relevant unit class.

The simulations below illustrate several scenarios that incorporate the assumptions of a subscription during the period and a performance of the reference assets that is more negative than that of the unit class concerned.

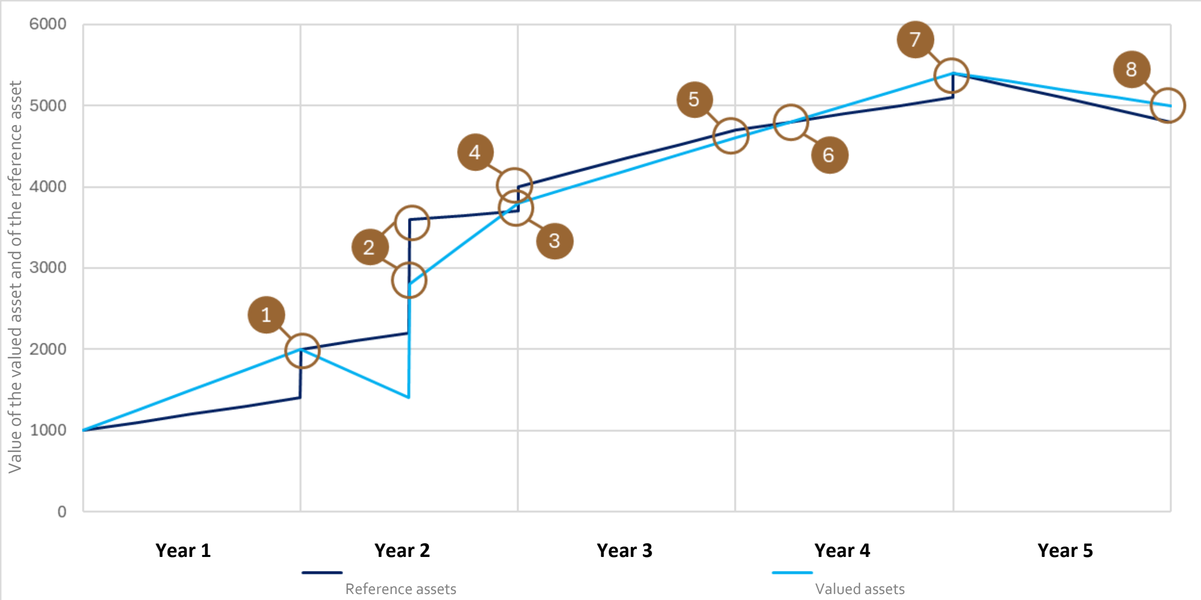
Year 1: The unit class ends the first year with a positive performance. The performance fee, which was provisioned when the valued assets were higher than the reference assets, is then crystallised (point 1). The HWM is adjusted to the net asset value recorded on the last day of the observation period.

Year 2: At the start of the second period, the reference assets are adjusted to the new HWM multiplied by the number of units. At the end of the period, the unit class ended with a negative performance, however a large subscription during the period (point 2) followed by an outperformance of the class compared to the benchmark, resulting in the valued assets ending the period above the reference assets (point 3). During this observation period, the amount of losses recorded before subscription was indeed recovered after subscription, however the performance of the unit class over the period remains negative. The performance fee, which was provisioned when the valued assets were higher than the reference assets, is then crystallised. 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 (point 4). As the net asset value of the unit class ended the previous financial year under the HWM, this adjustment drives the reference assets above the valued assets. At the end of the period, performance is positive, but the valued assets are still lower than the reference assets (point 5). The Fund makes no provisions for performance fees for this unit class and no performance fee is crystallised at the end of the financial year. The HWM remains unchanged.

Year 4: As no crystallisation was observed at the end of the previous financial year, no specific transactions at the beginning of the period are applied to the reference assets. During this financial year, positive performance means that the valued assets are higher than the reference assets again (point 6) and offsets the underperformance of year 3. 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 7) and the HWM is adjusted to the net asset value recorded on that date.

Year 5: At the start of the fifth period, the reference assets are adjusted to the new HWM multiplied by the number of units. At the end of the period, the unit class ended 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 8). The HWM remains unchanged.



The HCHF-I and HCHF-R units are subject to foreign exchange hedging for the portion of the assets relating to the parity of the Euro against the Swiss franc. As such, slight structural differences in outperformance will be noted compared to those of the EUR-I, EUR-N and EUR-R units in euro. These differences are related in particular to the imperfections in the foreign exchange hedging and the differential between the Swiss interest rate (SARON) and the €STR.

HUSD-I and HUSD-R units are subject to foreign exchange hedging for the portion of the assets relating to the parity of the Euro against the US dollar. As such, slight structural differences in outperformance will be noted compared to those of the EUR-I and EUR-R units in euro. These differences are related in particular to the imperfections in the exchange rate hedging and the interest rate differential (SOFR) compared to the €STR.

12. INFORMATION ON REMUNERATION GENERATED BY TEMPORARY PURCHASES AND SALES OF SECURITIES

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

13. 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.

IV. COMMERCIAL INFORMATION; PROCEDURES FOR INFORMING UNITHOLDERS

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
Email: info@h2o-am.com

These documents will be sent within eight (8) business days.

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

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

Communication of the net asset value

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

Commercial documentation

Commercial documentation is made available to unitholders and subscribers of the Fund on the Management Company's website 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 procedures for taking into account criteria relating to compliance with environmental, social and governance (ESG) quality objectives can be found in the annual reports of the relevant UCITS and on the Management Company's website.

V. INVESTMENT RULES

The UCITS complies with the investment rules enacted 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.

VI. OVERALL RISKS

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

The indicative average leverage level for the UCITS is 23. However, the UCITS may reach a higher leverage level. The indicative level of leverage for the UCITS is calculated as the sum of the nominal positions on the financial contracts that are used.

VII. ASSET VALUATION AND ACCOUNTING RULES

1. *ASSET VALUATION RULES*

1.1. *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 reports are prepared 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 UCIs' 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 EUR in accordance with the WMR rate for the currency on the valuation date.

Bonds

Bonds are valued on the basis of a Bloomberg composite rate 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 measured by the Management Company at their likely trading value.

In the case of transferable securities that are not listed or whose prices were not quoted on the valuation date, as well as other items on the balance sheet, the Management Company adjusts their valuations on the basis of

changes that current events make likely. The statutory auditor is informed of these valuations and the justifications for them during their audits.

Foreign securities are converted into the equivalent value in EUR 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 into account any potential variations in credit spreads.
- 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 incontestable 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 may 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 those for which a price is not listed on the valuation date, as well as other items on the balance sheet, the Management Company's Executive Board adjusts the valuation on the basis of variations that are likely in view of current events.

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

1.2. FUTURES AND OPTIONS TRANSACTIONS

Organised futures and options markets

Derivatives listed on an organised market are measured on the basis of the settlement price.

Swaps

Asset swaps are measured at market price, based on the issuer's credit spread, as 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 three months or less 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 or complex options are valued according to their type using an appropriate method.

Forward exchange contracts

These are valued at the exchange rate for the currencies on the valuation date, allowing for the amortisation of forwardation/backwardation.

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

1.3. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are measured as follows:

Commitments on futures markets

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.

Swap commitments

- Interest rate swaps

Interest rate swaps with a lifetime of less than three months, secured	Nominal value + accrued interest (interest differential)
Interest rate swaps with a lifetime of less than three months, unsecured	Nominal value + accrued interest (interest differential)
Interest rate swaps with a lifetime of more than three months, secured, fixed rate/variable rate	Measurement of the fixed-rate leg at market price
Interest rate swaps with a lifetime of more than three months, secured, variable rate/fixed rate	Measurement of the variable-rate leg at market price
Interest rate swaps with a lifetime of more than three months, unsecured, fixed rate/variable rate	Measurement of the fixed-rate leg at market price
Interest rate swaps with a lifetime of more than three months, unsecured, variable rate/fixed rate	Measurement of the variable-rate leg at market price

- Other swaps

These will be measured at their market value.

Commitments on options markets

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

Currencies

Foreign currency prices are converted into EUR in accordance with the WMR rate (4:00 p.m. London time) for the currency on the day of valuation.

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 EUR in accordance with the WMR rate on the valuation date;
- Financial instruments not traded on a regulated market are valued at their likely trading value, under the responsibility of the Management Company;
- Other financial instruments are measured 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 passed on to the statutory auditor during their audits.

2. SWING-PRICING MECHANISM OF THE NET ASSET VALUE WITH TRIGGER THRESHOLD

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

This mechanism means that investors subscribing to or redeeming units must bear the costs relating to transactions made using the Fund's assets as a result of the movement (subscription/redemption) of Fund liabilities. This mechanism, supported by a policy, is designed to protect the unitholders who remain in the Fund by ensuring that they bear the lowest possible charges. This results in the calculation of an adjusted ("swung") NAV.

If, on a NAV calculation date, the total of net subscription/redemption orders made by investors across all of the Fund's unit classes exceeds a predetermined threshold, based on 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 the net subscription/redemption orders, respectively. If the Fund issues more than one unit class, the NAV of each unit class is calculated separately, but any adjustment has the same impact, in terms of percentage, on the total NAV of the unit classes of the Fund.

The readjustment cost and trigger threshold parameters are determined by the Management Company and periodically reviewed. These costs are estimated by the Management Company based on the transaction fees, the bid-ask spreads and any taxes applicable to the Fund.

It is not possible to accurately predict whether the adjustment mechanism will be applied in the future, or the frequency with which the Management Company will make such adjustments.

Investors are notified that the volatility of the Fund's NAV cannot reflect only that of the securities held in the portfolio because of the application of the adjustment mechanism.

The "swung" NAV is the Fund's only net asset value and the only one communicated to the Fund's unitholders. However, if there is a performance fee, this is calculated based on the NAV before the adjustment mechanism is applied.

3. ACCOUNTING METHODS

Income is recorded on a cash accounting basis.

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

The weighted average cost 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.

VIII.REMUNERATION

H2O AM endeavours to ensure that remuneration is fair, and that it complies with regulations and is aligned with employee responsibilities, performance and conduct. The remuneration mechanisms are designed to ensure consistency, competitiveness and compliance with the company's values and investment strategy

An independent remuneration committee oversees compliance with these principles and evaluates the practices in force on an annual basis.

Variable remuneration depends on an assessment that integrates financial performance, non-financial criteria and risk management, including risks related to sustainability. Part of this remuneration may be deferred over three years as an investment in the funds managed by H2O AM.

Details of the remuneration policy are available at www.h2o-am.com

ADDITIONAL INFORMATION ON FACILITIES FOR INVESTORS

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.

Contact information

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	Prime Transfer Agent (CACEIS)
E mail	fdi-ta1@caceis.com