



19/01/2023

INFORMATION LETTER FOR UNITHOLDERS OF THE SIDE POCKET FUND: H2O MULTIBONDS SP***

ISIN codes		
HCHF-R (C) unit* : FR0013535911	HUSD-I (C) unit* : FR0013536026	SREUR (C) unit* : FR0013536109
IUSD (C) unit* : FR0013535937	RUSD (C) unit* : FR0013536034	HSGD-SR (C) unit** : FR0013536117
REUR (C) unit* : FR0013535952	REUR (C/D) unit* : FR0013536042	HUSD-SR (C) unit* : FR0013536125
IEUR (C) unit* : FR0013535960	HSGD-R (C) unit** : FR0013536067	HCHF-SR (C) unit* : FR0013536133
RSGD (C) unit** : FR0013535978	HSGD-I (C) unit** : FR0013536075	SREUR (C/D) unit* : FR0013536141
ISGD (C) unit** : FR0013535994	NEUR (C) unit** : FR0013536083	HCHF-I (C) unit** : FR0013536158
HUSD-R (C) unit* : FR0013536000	HCHF-N(C) unit** : FR0013536091	

**This unit-class is de-registered in the United Kingdom since 09.12.2022*

***This unit-class is not registered in the United Kingdom*

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Dear Sir or Madam,

You are unitholders of the H2O MULTIBONDS SP Fund***.

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WE WOULD LIKE TO REMIND YOU THAT:

On 5 October 2020, a portion (side pocket) of H2O MULTIBONDS's*** assets was ring-fenced to separate the management of Global Macro strategies from that of "private" instruments, as follows:

- all Global Macro strategies were transferred to a new UCITS that applies the same investment strategy, has the same financial and legal characteristics and uses the same stakeholders (i.e. management company, depositary, statutory auditor, in particular). That Fund was named H2O MULTIBONDS FCP***;
- after the Global Macro strategies were transferred to the H2O MULTIBONDS FCP*** Fund, which had previously been authorised as a UCITS by the French Financial Markets Authority (AMF), H2O MULTIBONDS*** was renamed H2O MULTIBONDS SP***. Since that date, it has only held cash and instruments that no longer correspond to Global Macro strategies. It has been put into liquidation and is being managed in run-off, in accordance with the regulations in force. The number of units in H2O MULTIBONDS SP*** was determined at the time of the split and will remain unchanged until it is fully liquidated (no new units will be issued, no units will be redeemed and existing units are being amortised gradually).

This procedure for ring-fencing the “private” instruments of the H2O MULTIBONDS SP*** (Side Pocket) Fund was applied in accordance with Article L. 214-8-7 of the French Monetary and Financial Code.

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What changes are being made to your SIDE POCKET FUND*?**

On 29 July 2022, H2O AM published on its website the various steps and actions implemented to liquidate assets under the best possible conditions. It also indicated its objective to obtain the Tennor Group’s first cash repayments in 2022 and thus to begin the unitholder reimbursement phase. As a reminder, the asset disposal process was reorganised in May 2021 through the issue of the First Super Senior Secured Note (FSSSN), which simplified the asset holding structure.

In this context, the FSSSN was partially repaid, making it possible to reach the first threshold of EUR 250 million in nominal value. This enables H2O AM to begin the first phase of reimbursement of your SIDE POCKET FUND*.**

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How much cash is being distributed for your SIDE POCKET FUND*?**

This amount essentially corresponds to the partial execution of the aforementioned FSSSN held in the SIDE POCKET FUND***.

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The estimated values and reimbursements of the various units as at 30 December 2022 (the date the last values of 2022 were calculated) are as follows:

UNIT	ISIN	ESTIMATED VALUE	REIMBURSEMENT VALUE PER UNIT
HCHF-R (C)*	FR0013535911	61.64 CHF	9.29 CHF
IUSD (C)*	FR0013535937	24,537.57 USD	3,700.48 USD
REUR (C)*	FR0013535952	55.57 EUR	8.38 EUR
IEUR (C)*	FR0013535960	28,845.42 EUR	4,350.14 EUR
RSGD (C)**	FR0013535978	29.08 SGD	4.38 SGD
ISGD (C)**	FR0013535994	7,200.00 SGD	1,085.82 SGD
HUSD-R (C)*	FR0013536000	38.82 USD	5.85 USD
HUSD-I (C)*	FR0013536026	18,562.55 USD	2,799.39 USD
RUSD (C)*	FR0013536034	26.51 USD	3.99 USD

REUR (C/D)*	FR0013536042	17.69 EUR	2.66 EUR
HS GD-R (C)**	FR0013536067	21.70 SGD	3.27 SGD
HS GD-I (C)**	FR0013536075	15.03 SGD	2.26 SGD
NEUR (C)**	FR0013536083	19.96 EUR	3.01 EUR
HCHF-N(C)**	FR0013536091	22.99 CHF	3.46 CHF
SREUR (C)*	FR0013536109	14.03 EUR	2.11 EUR
HS GD-SR (C)**	FR0013536117	13.98 SGD	2.10 SGD
HUSD-SR (C)*	FR0013536125	14.76 USD	2.22 USD
HCHF-SR (C)*	FR0013536133	13.77 CHF	2.07 CHF
SREUR (C/D)*	FR0013536141	8.71 EUR	1.31 EUR
HCHF-I (C)**	FR0013536158	14,709.77 CHF	2,218.36 CHF

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As a reminder and as an example for the EUR-I unit*, the split was carried out on the estimated value of the EUR-I unit* of the SPLIT FUND, H2O MULTIBONDS*** (EUR 191,314.17 EUR) established on 2 October 2020:

- the estimated value of the EUR-I unit* of the SIDE POCKET FUND*** was EUR 43,471.09.
- the estimated value of the EUR-I unit* of the REPLICA FUND*** was EUR 147,843.07.
- the sum of the estimated values of the two units is therefore EUR 191,314.17.

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As at 30 December 2022:

- the estimated value of the EUR-I unit* of the SIDE POCKET FUND*** was EUR 28,845.42. Each EUR-I unit* will be reimbursed by EUR 4,350.14. After reimbursement, the estimated value of the EUR-I unit* of the SIDE POCKET FUND*** will decrease by the same amount. The latter will remain closed to subscriptions/redemptions.
- the value of the EUR-I unit* of the REPLICA FUND*** was EUR 226,812.62 and is not affected by the reimbursement. It retains all Global Macro strategies. The REPLICA FUND*** is open to subscriptions/redemptions.

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How does the reimbursement work?

The reimbursement is automatic and does not require any action on your part.

The number of units in the SIDE POCKET FUND*** will remain unchanged but the distribution will lead to a decrease in the estimated value of the unit by the same amount. In simple terms, from an accounting (and not tax) perspective, the transaction can be considered similar to the payment of a dividend.

With this new milestone, H2O AM reaffirms its commitment to disposal of all the assets held by the SIDE POCKET FUND*.**

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When will these changes take effect?

This first reimbursement of the SIDE POCKET FUND*** is not subject to approval by the AMF and will automatically take effect on 25 January 2023, with no action required on your part. Note that there may be several days between the reimbursement and the administrative processing of the transaction by your financial intermediaries.

Tax treatment of the payments made by the SIDE POCKET FUND* as part of its run-off for natural persons residing in France:**

The payments made to the unitholder are deducted from the acquisition price of the SIDE POCKET FUND*** units (as determined on the day of the split).

The acquisition price of the SIDE POCKET FUND*** units will be determined by the accountant-keeper of each unitholder concerned, using the following formula:

Acquisition price of the units of the SPLIT FUND for the unitholder concerned x Net assets preserved in the REPLICA FUND at the time of the split

Net assets of the SPLIT FUND at the time of the split

If these payments do not exceed the acquisition price, they are not taxable.

If the total of the payments received exceeds the acquisition price, the difference between the total of these payments and the acquisition price will be considered a taxable capital gain.

If, however, following the final payment by the SIDE POCKET FUND***, the total of the payments received does not exceed the acquisition price, the difference between the total of these payments and the acquisition price will be considered a capital loss.

If in doubt, we recommend that you consult your tax adviser or another tax professional.

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How will these changes affect the profile of your investment?

As the SIDE POCKET FUND*** is in liquidation, this change does not lead to a change in the investment profile:

Change to the risk/reward profile: No

Increase in the risk profile: No

Potential fee increase: No

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Important things for investors to remember:

We would like to remind you that the SIDE POCKET FUND*** is a ring-fenced fund in liquidation and that, consequently, the prospectus, KIIDs and regulations are those that were in force on the day of the partitioning and have not been updated since, with the exception of changes in stakeholders. However, you can obtain these documents by contacting H2O AM EUROPE directly: 39 avenue Pierre 1^{er} de Serbie, 75008 Paris, France or on its website at: www.h2o-am.com.

In addition, we invite you to regularly contact your adviser about your investments.

We would like to thank you for the trust you have placed in us and confirm our full commitment to finalising the disposal of the SIDE POCKET FUND*** assets and proceeding with future additional reimbursements.

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