

Form ADV Part 2A
Firm Brochure
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This Brochure provides information about the qualifications and business practices of H2O AM LLP (“H2O”). If you have any questions about the contents of this brochure, please contact H2O Compliance Team, compliance@h2o-am.com, at 10 Old Burlington Street, London W1S 3AG, United Kingdom or by telephone at +44 207 292 1600. The information in this brochure has not been approved by the Securities and Exchange Commission or any state securities authority.

Additional information about H2O AM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the Securities and Exchange Commission does not imply a certain level of skill or training for the Adviser or its employees.

Material changes

Information about a pending change to H2O’s advisory business has been added to the Advisory Business section of this Brochure. No other material changes are being made to this Brochure since H2O’s last updated it on March 29, 2020. Additionally, H2O has revised certain sections to provide additional clarity but has not materially altered any of its other responses in this Brochure.

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Advisory Business

The Adviser offers mainly investment advisory services to institutional clients through mandates and open ended investment vehicles that we manage. It invests predominantly in fixed income instruments in developed and emerging markets across the globe.

The strategy for investment is Global Macro and GFI relative/absolute return strategy which seeks to maximize returns given a value at risk (VaR) budget to be specified, investing in fixed or floating rate securities and debt obligations issued or guaranteed by Organization for Economic Cooperation and Development (“OECD”) government or supranational entity (such as the World Bank) and in equities, as well as high quality bonds denominated in freely convertible currencies, including emerging market bonds and currencies. It also seeks returns using equities, foreign exchange instruments and strategies.

Except as otherwise described herein, each portfolio is managed in accordance with the client’s investment objectives, strategies, restrictions and guidelines as communicated to Investments by the client.

In addition to the investment advisory activities described above the adviser also provides discretionary advice to its affiliate, Natixis Investment Managers, for the management of one of its European open-ended investment vehicles.

As of December 31, 2020, the Adviser had a total of \$22.3 billion of client net assets under management and in regulatory assets under management. The regulatory assets under management are calculated on a gross basis and include outstanding indebtedness, accrued but unpaid fees and expenses and the amount of any borrowing.

H2O is wholly owned by H2O AM Limited which is in turn wholly owned by H2O AM Holding SA, a Luxembourg-based holding company. H2O AM Holding SA is owned 50.01 percent by Natixis Investment Managers Participations 1, a French corporation, and 49.99 percent by its eighteen partners, including its 4 founding partners. H2O is an indirect subsidiary of Natixis Investment Managers (“NIM”), an international asset management group based in Paris, France. NIM is in turn owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France’s second largest banking group.

On November 6th, 2020, H2O AM and Natixis IM have entered into discussions with a view to a progressive and orderly unwind of their partnership.

As disclosed in our communiqué published on our website, such evolution is to be considered by the relevant regulatory authorities and will require their approval. These discussions relate to a potential gradual sale of Natixis IM's stake in H2O AM, as we intend on giving a new direction to our development as the 10-year lock-up period provided for in our shareholder covenant with Natixis IM has come to an end.

The discussions also include plans for H2O AM to take over the distribution of its products over a transition period due to last until the end of 2021. This commercial set-up that has been effective and successful with French Independent Financial Advisors since 2019, will be expanded on a global scale by H2O AM in the best interests of clients and investors.

From an operational stand point, H2O had already started to work on becoming progressively independent from Natixis IM over the last few years. Since November 7th, following the implementation of SimCorp Dimension, H2O is now operationally independent from Natixis IM.

Fees and Compensation

Fee arrangements with clients will vary and are negotiable based upon specific investment advisory services and the size of the client account, among other factors. H2O generally charges clients a management fee based on the percentage of assets under management, according to a breakpoint schedule.

Although the specific fee schedule that H2O negotiates with a client may vary, the standard management fee generally ranges from 0.15% to 1.2% of assets under management. H2O generally bills clients (and clients pay) for fees and expenses incurred or otherwise payable on a quarterly basis, approximately 30 days subsequent to each quarter’s end. Fees for partial quarterly periods will be calculated and paid on a pro rata basis. Clients may obtain a refund of any pre-paid fees if the advisory contract is terminated before the end of the billing period by contacting H2O, at the contact information that appears on the cover page of this Brochure.

Clients of H2O may bear certain other fees, expenses and costs (in addition to H2O’s advisory fees) which are incidental or related to the maintenance of an account or the buying,

selling and holding of investments including, but not necessarily limited to: (1) custodial charges; (2) brokerage fees, commissions and related costs and expenses; (3) governmental charges, taxes and duties; (4) transfer fees, registration fees and other expenses associated with buying, selling or holding investments; (5) withholding taxes payable and required to be withheld by issuers or their agents; and (6) fees associated with investments in pooled investment vehicles. These fees and expenses would vary, depending on the type of investment mandate.

To the extent practicable, H2O is willing to work with any service providers with whom clients might have relationships or preferred rates; however, as a rule H2O does not engage in soft commission agreements.

To the extent a client's assets are managed through a limited partnership or similar vehicle, H2O may pay for the organizational costs of establishing such vehicle or such costs may be borne by the investment vehicle, depending on the circumstances and as disclosed to clients and investors. Any ongoing operating costs will be charged to the vehicle and, indirectly, to all clients invested in such vehicle.

Please see "Brokerage Practices" below for additional information regarding brokerage.

Performance-Based Fees and Side-By-Side Management

H2O may charge clients a performance fee in addition to a standard management fee based on individual agreements with its clients. The amount charged typically is calculated based on a portfolio's outperformance of a pre-determined benchmark (e.g., JP Morgan GBI Broad), according to a breakpoint schedule based on assets under management. These performance fees are only charged if permitted by the applicable SEC rule. Although the specific performance fee schedule that H2O negotiates with a client may vary, the standard performance fee generally ranges from 15% to 20% of performance above the benchmark. H2O performance fees generally include a "high water mark" meaning that the performance fee only applies to net profits achieved after previous losses have been recovered.

It is possible that accounts with different performance fee structures will make the same investments. These conflicts are resolved by the Advisers' aggregation and allocation procedures described in the Brokerage Practices section below. Performance fees may be based on absolute return or the fee may be calculated based on performance relative to a benchmark. When a performance fee is calculated based on performance relative to a benchmark, it is possible that a client could pay a performance fee even though its portfolio suffered a loss during the calculation period.

H2O seeks to identify potential conflicts of interest and treat all clients and accounts fairly and equitably in resolving potential and actual conflicts of interest. In order to identify and mitigate such conflicts, H2O has adopted and maintains compliance policies regarding the side-by-side management of accounts and maintains compliance and risk management personnel that monitor these issues. Such policies seek to (i) identify practices that may potentially favour accounts in which H2O or its personnel have a greater ownership and/or

pecuniary interest over accounts in which H2O and its personnel have a lesser (or no) ownership and/or pecuniary interest, (ii) prevent H2O and its personnel from inappropriately favouring some accounts over others, (iii) detect potential violations, (iv) provide a process to determine when a particular compliance requirement may conflict with proper and appropriate management of client accounts, and (v) promptly resolve any violations detected.

Types of Clients

The Adviser provides investment services to institutional investors, such as insurance companies, pension plans, and non-U.S. governmental entities, charitable organizations, other investment advisers and non-US investment vehicles.

Although it does not currently do so, from time to time, H2O may impose or, in its discretion, waive, certain requirements for opening or maintaining a separate account, such as a minimum account size.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The strategy for investment is a GFI relative/absolute return portfolio aiming to maximize performance given a VaR (weekly, 95%) budget to be specified. This Information Ratio enhancement objective of around 1 is to be achieved through a predominantly relative value management on government and credit bond as well as currency markets and equities.

The strategy uses a global fixed income and multi-currency portfolio or equities, aiming to out-perform a benchmark given an indicative ex-post tracking error budget (typically 6% p.a. over a minimum investment horizon of 3 years). The risk-adjusted excess return (a.k.a. alpha) of the fund is delivered via the implementation of mostly relative value positions and arbitrages between and among the different asset classes making up the investment universe, namely OECD government bonds, corporate and emerging bonds, equities and currencies. Directional positions (G4 duration, exposure to the USD vs. non-USD currencies) are implemented principally as hedges (risk-off) rather than as risk-on positions.

Subject to client constraints, the strategy uses currency commitments and a broad range of instruments, including derivatives, which are permissible for hedging, leveraging as well as for efficient portfolio management purposes.

An investment in the strategy will expose a portfolio to the following main risks:

- Arbitrage Risk
- Counterparty Risk
- Credit Risk
- Currency Risk

- Derivatives Risk
- Interest Rate Risk

Arbitrage Risk

Arbitrage is a technique that takes advantage of price differences observed (or anticipated) between markets and/or sectors and/or securities and/or currencies and/or instruments. If there is an unfavourable outcome in such arbitrage transactions and the adviser misjudges the direction of these movements, the value of the portfolio may fall.

Counterparty Risk

The Adviser uses over-the-counter financial contracts and/or temporary purchases and sales of securities to affect its strategies for clients. These transactions, entered into with one or more counterparties, potentially expose the fund to a risk of failure of one such counterparty, which may cause the latter to default on payment and a decrease in the value of the portfolio. Secured settlement risk systems are used to mitigate the risk for portfolios and counterparty currency transactions.

Credit Risk

Credit risk refers to the risk that the issuer of fixed-income securities held by a portfolio may default on its obligation or decline in credit quality, thereby resulting in a loss to the portfolio.

By nature of the characteristics of this strategy, there is substantial credit risk. Valuations may fluctuate widely under impaired market conditions, with an adverse impact on net asset value. This risk may be intensified by a lack of liquidity on the market for all bonds, particularly speculative bonds.

In the case of ABSs (Asset Backed Securities) and MBSs (Mortgage Backed Securities), credit risk results from both the intrinsic quality of the underlying assets, which may be of various types (consumer, mortgage, small business loans, trade receivables etc.) and from specific risks, such as those which may arise from the complex legal structures and the parties involved in the transactions.

Currency Risk

Non-U.S. securities that trade in, and receive revenues in, non-U.S. currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. As a result, investments in non-US dollar-denominated securities and currencies may reduce returns of a portfolio.

Derivatives Risk

Derivatives are instruments whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Derivatives are volatile and may involve significant risks, including (i) credit risk; (ii) currency risk; (iii) liquidity risk; and (iv) index risk. In addition, the use of derivatives involves inherent leveraging risks. Most of the derivatives used by H2O are listed derivatives operated on official exchanges with a clearing house.

Emerging Markets Risk

Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Emerging markets can be subject to additional risks, including: a risk of loss due to political instability; exposure to economic structures that are generally less diverse and mature, and to political systems which may have less stability, than those of more developed countries; smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital.

Index Risk

If an instrument such as a derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, a portfolio could receive lower interest payments or experience a reduction in the value of the derivative to below what the portfolio paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.

Interest Rate Risk

When interest rates increase, the market value of fixed-income securities tends to decrease, and vice versa.

Issuer Risk

The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers.

Leverage Risk

Leverage exposes an instrument or portfolio to the risk that relatively small market movements may result in large changes in the value of an investment. Certain investments or trading strategies that involve leverage can result in losses that greatly exceed the amount originally invested.

Liquidity Risk

The market for certain investments may become illiquid under adverse or volatile market or economic conditions, making those investments difficult to sell. The market price of certain investments may fall dramatically if there is no liquid trading market.

Overexposure Risk

As part of the strategy there will be different levels of exposure to the various types of risk, while remaining in compliance with the guidelines established with the clients for the range of modified duration. The level of exposure depends on how the strategies are implemented, but also on market conditions. The level of exposure to the various risks may cause the net asset value to fall faster and/or to a greater extent than the markets underlying these risks.

Prepayment Risk

Certain fixed income securities are subject to the risk that early principal payments made on the underlying obligations will result in the return of principal to the investor, causing it to be invested subsequently at a lower current interest rate. Alternatively, in a rising interest rate environment, security values may be adversely affected when prepayments on underlying obligations do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument.

Reliance on Portfolio Managers Risk

The Adviser's Portfolio managers are experienced in the strategy and the Adviser provides them with the tools and resources to facilitate sound investment management decisions. However, portfolio managers may not correctly anticipate market movements or other factors which may bear upon investment performance and result in losses to the portfolio.

Volatility Risk

Markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market can react differently to these developments. Volatile financial markets can result in greater market and liquidity risk and potential difficulty in valuing portfolio instruments.

An investment with H2O is speculative and involves substantial risk, including the risk of loss of an investor's entire investment. Investments are subject to those market risks common to investing in all types of financial instruments. Such investments are subject to investment-specific price fluctuations as well as macro-economic, market and industry specific conditions, including, but not limited to national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws.

Disciplinary Information

A registered investment adviser is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser or the integrity of the adviser's management. The Adviser is not and has not been the subject of any legal or disciplinary events required to be disclosed.

Other Financial Industry Activities and Affiliations

H2O is authorized and regulated by the Financial Conduct Authority in the United Kingdom since December 17, 2010.

The Adviser is an indirect subsidiary of Natixis IM which owns, in addition to the Adviser, a number of other asset management and distribution and service entities each, together with any advisory affiliates of the Adviser, a "related person"). As previously noted, NIM is owned by Natixis, which is principally owned by BPCE, France's second largest banking

group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks. There are several intermediate holding companies and general partnership entities in the ownership chain between BPCE and the Adviser. In addition, NIM's parent companies Natixis and BPCE each own, directly or indirectly, other investment advisers and securities and financial services firms which also engage in securities transactions.

The Adviser does not presently enter into transactions, other than as set out below, with related persons on behalf of clients. As the Adviser is affiliated with a number of asset management, distribution and service entities, the Adviser occasionally may engage in business activities with some of these entities, subject to the agreement of clients and the Adviser's policies and procedures governing conflicts of interest. For example, the Adviser may enter into relationships with related persons, which include advisory or sub-advisory arrangements (on a discretionary or non-discretionary basis), cross-marketing arrangements for the sale of separate accounts and privately placed pooled vehicles, research sharing relationships and personnel sharing relationships. Moreover, the Adviser may use related persons to provide certain services to clients to the extent this is permitted under applicable law and under the Adviser's applicable policies and procedures. Given that related persons are equipped to provide a number of services and investment products to the Adviser's clients, subject to applicable law, clients of the Adviser may engage a related person of the Adviser to provide any number of such services, including advisory, custodial or banking services, or may invest in the investment products provided or sponsored by a related person of the Adviser. The relationships described herein could give rise to potential conflicts of interest or otherwise may have an adverse effect on the Adviser's clients. For example, when acting in a commercial capacity, related persons of the Adviser may take commercial steps in their own interests, which may be adverse to those of the Adviser's clients.

Given the interrelationships among the Adviser and its related persons and the changing nature of the Adviser's related persons' businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from the Adviser's relationships and activities with its related persons is provided below.

Improvement have been made with regards to the quality of the inputs and tools provided to the PMs in their assessment of market valuations and flows as well as Operational tools. The Quantitative Research department takes over a whole slew of temporary and permanent missions in order to support H2O's various units,

H2O has recently completed the implementation of a new operational platform, SimCorp Dimension, which allows for additional checks in the NAV validation process by H2O AM's Middle Office department.

H2O now benefits from a independent comprehensive risk monitoring platform, assembling in-house built applications, such as its Order Management system and Stochos, as well as a compliance module made available in SimCorp Dimension.

H2O may use an affiliated broker, Natixis Capital Markets, on certain transactions (See below). The ultimate parent of Natixis Capital Markets is Natixis, the ultimate parent of H2O.

Code of Ethics

H2O has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code requires that the Adviser and its staff affirmatively exercise authority and responsibility for the benefit of clients, and not participate in any activities that may conflict with the interests of clients except in accordance with the Compliance Manual. In addition, Employees (as defined below) must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of the Adviser’s clients.

The Code of Ethics contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients,
- prohibit trading on the basis of material non-public information,
- place limitations on personal trading by Employees and impose preclearance and reporting obligations with respect to trading,
- require initial and annual reports of securities holdings and monthly transaction reports by Employees,
- place limitations on gifts and entertainment received,
- place limitations on the outside business activities conducted by Employees, and
- require Employees to maintain in confidence, information about the Adviser and investors.

With regard to personal securities transactions, the Code of Ethics governs personal trading by the Adviser’s principals, employees and related accounts (“Employees”). Employees are allowed to maintain personal securities accounts. Employees declare existing investments at the time of signing a working contract with H2O for employees or the partnership terms of admission for partners. These investments may be maintained. H2O AM requires any Relevant Person wishing to deal in the following “Designated Investment”;

- any equity or debt security (whether listed or unlisted and whether publicly registered or not);
- any commodity, precious metals or foreign exchange contract entered into for investment purposes;
- any structured products or ETFs not broadly diversified (more than 10 underlying’s)
- any collective investment undertakings including Private Investments in hedge funds, private partnerships, private equity funds and limited liability companies;
- any instrument that can be exercised into or exchanged for any of the above;
- any contract for differences, swap, option, future or forward transaction and any contract referenced to or based on the value of any of the above;
- the receipt of a Financial Instrument as a result of a Corporate Action or event is considered a Covered Transaction under this policy unless there is no choice to receive the Financial Instrument; or

- subscribing for further shares beyond an original entitlement, selling rights and buying additional rights to request and receive authorisation from the Compliance Officer prior to entering into any transaction. As stated above, prior approval must be obtained before directly or indirectly acquiring beneficial ownership in any security in an initial public offering or in a limited offering.

All investments are subject to a one month holding period.

Disinvestments should be declared to Compliance, who will keep the appropriate records with the updated documentation. The Adviser's Code of Ethics is available upon request by contacting H2O Compliance at +44 207 292 1610 or by email at compliance@h2o-am.com

Conflicts of Interest Created by Contemporaneous Trading

The Investment Adviser manages investments on behalf of a number of clients. Certain clients have investment programs that are similar or overlap and may, therefore, participate with each other in investments. It is the policy of the Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. The Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

If it is determined by H2O that it would be appropriate for one or more clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating clients on a fair and equitable basis, taking into account such factors as the amounts of capital available for new investments and the investment programs and portfolio positions of clients for which participation is appropriate. Orders may be combined for all such clients, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one client cannot be fully executed under prevailing market conditions, securities may be allocated among the different clients on a basis which the Adviser considers equitable.

Cross Trades

H2O may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "cross trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs. If H2O decides to engage in a cross trade, it will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. All cross trades are subject to prior written approval H2O Compliance team, following review of documentation including a price quote comparison and rationale for the transaction.

The execution of cross trades is always done in the market by the close of the market on the day the order is placed with a broker from the authorized broker list.

Cross trades are recorded by H2O's Compliance.

Related Persons Transactions

In connection with providing investment management and advisory services to its clients, the Adviser acts independently of other affiliated investment advisers and manages the assets of each of its clients in accordance with the investment mandate selected by such clients.

Related persons of the Adviser are engaged in securities transactions. The Adviser or its related persons may invest in the same securities that the Adviser recommends for, purchases for or sells to the Adviser's clients. The Adviser and its related persons (to the extent they have independent relationships with the client) may give advice to and take action with their own accounts or with other client accounts that may compete or conflict with the advice the Adviser may give to, or an investment action the Adviser may take on behalf of, the client or may involve different timing than with respect to the client. Since the trading activities of NIM firms are not coordinated, each firm may trade the same security at about the same time, on the same or opposite side of the market, thereby possibly affecting the price, amount or other terms of the trade execution, adversely affecting some or all clients. Similarly, one or more clients of the Adviser's related persons may dilute or otherwise disadvantage the price or investment strategies of another client through their own transactions in investments.

The Adviser's management on behalf of its clients may benefit the Adviser or its related persons. For example, clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of companies in which the Adviser or a related person, for itself or its clients, has an economic interest, and clients, or the Adviser or a related person on behalf its client, may engage in investment transactions which could result in other clients being relieved of obligations, or which may cause other clients to divest certain investments. The results of the investment activities of a client of the Adviser may differ significantly from the results achieved by the Adviser for other current or future clients. Because certain of the Adviser's clients may be related persons, the Adviser may have incentives to resolve conflicts of interest in favour of certain clients over others (e.g., where the Adviser has an incentive to favour one account over another); however, the Adviser has established conflicts of interest policies and procedures that identify and manage such potential conflicts of interest.

Potential conflicts may be inherent in the Adviser's and its related persons' use of multiple strategies. For instance, conflicts could arise where the Adviser and its related persons invest in distinct parts of an issuer's capital structure. Moreover, one or more of the Adviser's clients may own private securities or obligations of an issuer while a client of a related person may own public securities of that same issuer. For example, the Adviser or a related person may invest in an issuer's senior debt obligations for one client and in the same issuer's junior debt obligations for another client. In certain situations, such as where the issuer is financially distressed, these interests may be adverse. The Adviser or a related person may also cause a client to purchase from, or sell assets to, an entity in which other clients may have an interest, potentially in a manner that will adversely affect such other clients. In other cases, the Adviser on behalf of its clients may receive material non-public information ("MNPI") on

behalf of some of its clients, which may prevent the Adviser from buying or selling securities on behalf of other of its clients even when it would be beneficial to do so. Conversely, the Adviser may refrain from receiving MNPI on behalf of clients, even when such receipt would benefit those clients, to prevent the Adviser from being restricted from trading on behalf of its other clients. In all of these situations, the Adviser or its related persons, on behalf of itself or its clients, may take actions that are adverse to some or all of the Adviser's clients. The Adviser will seek to resolve conflicts of interest described herein on a case-by-case basis, taking into consideration the interests of the relevant clients, the circumstances that gave rise to the conflict and applicable laws. There can be no assurance that conflicts of interest will be resolved in favour of a particular client's interests. Moreover, the Adviser typically will not have the ability to influence the actions of its related persons.

In addition, certain related persons of the Adviser may engage in banking or other financial services, and in the course of conducting such business, such persons may take actions that adversely affect the Adviser's clients. For example, a related person engaged in lending may foreclose on an issuer or security in which the Adviser's clients have an interest. As noted above, the Adviser typically will not have the ability to influence the actions of its related persons.

The Adviser from time to time purchases securities in public offerings or secondary offerings on behalf of client accounts in which a related person may be a member in the underwriting syndicate. Such participation is in accordance with NIM policy and applicable law, and the Adviser does not purchase directly from such related person. The Adviser does not presently enter into transactions with related persons on behalf of clients.

Brokerage Practices

Broker Selection

H2O only uses brokers on a pre-approved list selected by The Broker Selection Committee comprised of H2O's Deputy Chief Executive Officer, the Chief Investment Officer, the Chief Operating Officer, Portfolio Managers, Broker and Counterparties Relationship Manager - BCRM, Middle Office Head of Trade Processing and Head of Reporting & Reconciliation, Head of Compliance and Head of Risk. The Selection Committee meets at least twice a year to review and revise the list of brokers, or more often as needed. Brokers are subject to selection only once they have been assessed by H2O's Risk & Compliance team. In cases where liquidity or opportunities may justify using a broker not on the list, the portfolio may request an exception from H2O's Risk and Compliance team and after approval by the BRCM. The exception applies only in the specifically approved case, and the broker may not be used otherwise until approved by the Broker Selection Committee.

H2O, in accordance with best execution principles, is able to negotiate low trading costs, especially for listed derivatives which are the main instrument used for the management of portfolios. Foreign exchange instruments and fixed income securities are traded on a net price basis and do not support brokerages. H2O traders are in constant contact with the market and are equipped with sophisticated information and analysis systems.

Specific brokerage fees per trade will generally vary by geographic region especially for equities, execution channel and of the types of securities involved. In executing portfolio transactions, the Adviser seeks to obtain the best net result for a client. Prices paid to dealers for fixed income securities and certain other securities usually include a “spread,” which is the difference between the prices at which the dealer is willing to purchase or sell a specific security at the time. H2O may invest a client’s portfolio in securities traded in over the counter markets and will engage primarily in transactions with dealers who make markets in such securities, unless a better price or execution could be obtained by using a broker. Although the Adviser generally seeks competitive commission rates (see below) and dealer spreads, payment of the lower commission or spread is not necessarily consistent with obtaining the best net results.

In choosing brokers and dealers, H2O is required to consider several criteria as follows.

H2O seeks “best execution.” What constitutes “best execution” and determining how to achieve it are inherently uncertain. In evaluating whether a broker or dealer will provide best execution, H2O considers a range of factors. In addition to quantitative factors such as transaction costs, the Adviser may consider a number of other factors, including, among others, (1) the size and type of transaction; (2) access to liquidity; (3) execution efficiency; (4) capital utilization; (5) the value and quality of brokerage and services provided by the broker; (6) clearance and settlement services; (7) financial responsibility/counterparty credit statistics; (8) responsiveness to inquiries or issues; (9) confidentiality; (10) knowledge of the specific security and its industry group; (11) the availability of securities to borrow for short sales; (12) block trading capabilities; (13) access to markets; and (14) the ability to limit market impact. As discussed below, H2O may effect transactions which result in a commission or “spread” in excess of a commission or spread which another broker-dealer would have charged for the transaction, if H2O determines such commission or spread is reasonable in relation to the value of the brokerage, performance measurement service and other services provided by that broker-dealer and not inconsistent with applicable law, notwithstanding that the client charged such commission may not be the direct or exclusive beneficiary of such services.

H2O may use an affiliated broker when authorised for certain portfolios, Natixis Capital Markets. Such affiliates will be entitled to earn customary fees and expenses in relation to the services performed by them and such fees may increase overall expenses for a client. The ultimate parent of Natixis Capital Markets is Natixis, the ultimate parent of H2O.

Client Directed Brokerage Arrangements

At this time, the Adviser does not accept client directed brokerage arrangements.

Aggregation and Allocation of Orders

H2O seeks to aggregate trade orders in a manner that is consistent with its duty to (1) seek best execution of client orders; (2) treat all clients fairly and equitably over time; and (3) not systematically advantage or disadvantage any single client or group of clients.

H2O may combine orders on behalf of an account with orders for other accounts for which it or its principals have trading authority, or which it or its principals have an economic interest. When it does, H2O will allocate the securities or proceeds arising out of those transactions

(and the related transaction expenses) on a standard split basis, based on consideration of the size of the portfolios and risk profile among the various participants. H2O believes combining orders in this way will, over time, be advantageous to all participants.

Clients of H2O may be following the same or similar strategies at the same or different times as those being followed by H2O's other clients. Because different portfolio construction processes are used for different types of accounts, allocation of trading opportunities may not be granted to certain accounts with similar strategies where the portfolio manager in good faith determines that such opportunity may not be appropriate for certain such accounts.

Soft Dollar Practices

As a rule H2O does not engage in soft commission agreements.

Review of Accounts

At an initial level, the portfolio managers, their investment teams and Risk team continuously review account compositions for performance and consistency with the investment mandate and authorized risk limits of that particular account.

H2O has implemented a daily control on trades, undertaken by the Compliance department on trades, with emphasis on controlling the following:

- That trades are executed with authorised counterparties or brokers
- Trades are executed by only authorised people (portfolio managers) at H2O
- The timely allocation of trades:
- with details of the final portfolio allocation
 - That there has been no breach of the Super 23A-B restriction (Volcker Rule)
 - That no new holding included in the portfolios managed by H2O AM LLP appear on international sanction lists (OFAC, EU, UN, HMT, French Treasury)
 - That the new holdings in the portfolios managed by H2O AM LLP do not constitute any risk from a money-laundering perspective (Country risk and sensitive economic activities)
 - That there has been no trading activity on assets/contracts for which H2O AM LLP has received non-public and sensitive information
 - That cross trade have not been processed without H2O Compliance authorisation

Beyond this daily control which is available on internal systems for management oversight, the controls are also reviewed during the Legal risk and compliance meeting at H2O., This is reported to the group Compliance Risk and Internal Control Committee.

There are reviews conducted on a daily basis by risk/compliance to assess:

- Portfolio and benchmark performance data over multiple periods
- Tracking error
- Risk budget

- Asset type breakdowns
- Performance attribution
- Statistical indicators
- Compliance with any investment restrictions/guidelines
- Market timing activity

H2O also reviews investor accounts upon the occurrence of an event which would have a significant impact on a portfolio's performance.

H2O generally provides investors with monthly written reports, normally within 10 business days of the end of the month. These reports cover an investor's current portfolio holdings and performance information. Additional written and oral reports may be negotiated with investors from time to time.

Client Referrals and Other Compensation

The Adviser may enter into selling agreements with third parties to solicit investors for the Funds. In consideration for such services, the Adviser will compensate such third parties. Such compensation generally will be an amount equal to a percentage of the assets of the investors referred by the third party.

All third parties engaged to sell the Adviser's products or services must have appropriate licenses in the jurisdictions targeted for marketing activity.

Custody

The Adviser is deemed to have custody of investor assets because the Adviser is authorized to deduct fees from private fund accounts and because the adviser provides payment instructions to the custodian for its private fund clients. Actual custody of fund and investor assets is at a broker dealer bank or other qualified custodian. The Adviser does not hold client money. The Adviser does not currently manage any private investment funds that are US domestic funds. No funds currently managed by the Adviser are available or offered for investment to US investors.

The Adviser will give investors in the funds it manages notice in writing of the name and address of the qualified custodian used and the manner in which the assets are maintained. Monthly, the administrator sends a statement of account to each investor in the non-US funds it manages. The statement shows the investor's holdings, the details of any transactions during the period, the closing balance including NAV per share and the total portfolio amount. Investors are encouraged to carefully review the statement.

Investment Discretion

H2O generally has complete discretion over the selection and amount of securities to be bought or sold for clients (within the parameters established by the relevant investment management agreement or other governing document and subject to any possible legal investment restrictions). In carrying out the mandate, the Adviser may rely on research by affiliates or by third parties. Depending on the terms of the client's written agreement with H2O, H2O's authority may include the ability to select brokers and dealers through which to

execute transactions on behalf of its clients, and select the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, H2O is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless H2O and a client have entered into a non-discretionary arrangement, H2O generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions.

Voting Client Securities

H2O is generally responsible for voting proxies with respect to securities held in client accounts. H2O's Proxy Voting Policies and Procedures are designed to ensure that proxies are voted in the best interests of its clients. As an investment adviser with a fiduciary responsibility to its clients, H2O generally seeks to vote proxies in a manner that maximizes the economic value of companies whose securities are held in client accounts for which H2O have been delegated voting discretion.

H2O has developed a voting policy which sets out in detail the Adviser's policies about what considerations shall be involved in determining how the Adviser will vote, based on the facts and circumstances of each item put to proxy.

The Adviser's voting policy is available on H2O Website. An investor also may obtain a record of the Adviser's voting for such client by contacting H2O Compliance team, , at compliance@h2o-am.com or + 44 207 292 1600.

Financial Information

The Adviser has no financial commitments that would impair its ability to meet its contractual and fiduciary commitments to clients, and is not and has not been the subject of any bankruptcy proceeding during the past ten years.