



**H2O**  
Asset Management

UCITS under French law

**H2O MULTIBONDS**

**ANNUAL REPORT**

as at 29 December 2017

**Management Company: H2O AM LLP**

**Depository: Caceis Bank**

**Statutory Auditor: KPMG Audit**

**H2O AM LLP** 10, Old Burlington Street, London W1S 3AG, United Kingdom – Tel.:+44 (0) 20 7292 1616 Limited Liability Partnership under English law, authorised by the United Kingdom's Financial Services Authority under number 529105  
[www.h2o-am.com](http://www.h2o-am.com)

Marketing agent:

**Natixis Asset Management** 21 quai d'Austerlitz – 75634 Paris Cedex 13 France – Tel.: +33 (0)1 78 40 80 00  
[www.nam.natixis.com](http://www.nam.natixis.com)

# Contents

|   | Page      |
|---|-----------|
| <b>1. Management report</b>   | <b>3</b>  |
| <b>a) Investment policy</b>   | <b>3</b>  |
| ■ Management policy   |           |
| <b>b) Information on the UCI</b>  | <b>6</b>  |
| ■ Main changes during the financial year  |           |
| ■ Substantial changes occurring during the financial year and in the future             |           |
| ■ Indexed UCI   |           |
| ■ Alternative funds of funds  |           |
| ■ Efficient portfolio management techniques and financial derivative instruments (ESMA) |           |
| ■ SFTR regulation   |           |
| ■ Access to documentation   |           |
| <b>c) Information on risks</b>  | <b>13</b> |
| ■ Overall risk calculation method   |           |
| ■ Leverage  |           |
| ■ Exposure to securitisation  |           |
| ■ Risk management   |           |
| ■ Cash management   |           |
| ■ Handling of non-liquid assets   |           |
| <b>d) Environmental, social and governance criteria (“ESG”)</b>                         | <b>14</b> |
| <b>e) Law on the energy transition for green growth</b>                                 | <b>15</b> |
| <b>2. Governance and compliance commitments</b>   | <b>16</b> |
| <b>3. Fees and taxation</b>   | <b>18</b> |
| <b>4. Statutory auditor’s certification</b>   | <b>20</b> |
| <b>5. Annual financial statements</b>   | <b>24</b> |

# 1. Management report

## a) Investment policy

### ■ Management policy

Over the period from 30 December 2016 to 29 December 2017, and over the last three and five years, the performance of the various units of the **H2O MultiBonds Fund** compared to their respective reference index, namely the JP Morgan Government Bond Index Broad, break down as follows:

| Units                      | Launch date | ISIN code    | 1-year performance | 3-year annualised performance (*) | 5-year annualised performance (*) |
|----------------------------|-------------|--------------|--------------------|-----------------------------------|-----------------------------------|
| I-C (EUR)<br>GBI_Broad_EUR | 23/08/2010  | FR0010930438 | 14.64%<br>-5.70%   | 19.03%<br>2.11%                   | 19.62%<br>2.30%                   |
| R-C (EUR)<br>GBI_Broad_EUR | 23/08/2010  | FR0010923375 | 14.20%<br>-5.70%   | 18.58%<br>2.11%                   | 19.16%<br>2.30%                   |
| R-D (EUR)<br>GBI_Broad_EUR | 08/09/2014  | FR0011981851 | 14.06%<br>-5.70%   | 17.83%<br>2.11%                   |                                   |
| N (EUR)<br>GBI_Broad_EUR   | 10/07/2017  | FR0013186707 |                    |                                   |                                   |
| M (EUR)<br>Bemch_MultiEM   | 06/07/2016  | FR0013075983 | 14.64%<br>-5.70%   |                                   |                                   |
| IUSD C<br>GBI_Broad_USD    | 23/08/2010  | FR0010930735 | 26.82%<br>7.36%    | 18.52%<br>1.85%                   | 17.29%<br>0.40%                   |
| RUSD C<br>GBI_Broad_USD    | 17/09/2014  | FR0011981836 | 26.16%<br>7.36%    | 17.66%<br>1.85%                   |                                   |
| HUSD-I C<br>Sw_USD_JPM     | 17/12/2014  | FR0011973684 | 15.18%<br>-4.33%   | 19.27%<br>2.97%                   |                                   |
| HUSD-R C<br>Sw_USD_JPM     | 20/06/2014  | FR0011973676 | 15.44%<br>-4.33%   | 18.82%<br>2.97%                   |                                   |
| HCHF-I C<br>Sw_CHF_JPM     | 19/05/2015  | FR0012538049 | 13.70%<br>-6.09%   |                                   |                                   |
| HCHF-R C<br>Sw_CHF_JPM     | 22/06/2011  | FR0011061795 | 13.61%<br>-6.09%   | 18.13%<br>1.58%                   | 18.80%<br>1.92%                   |
| HCHF-N<br>Sw_CHF_JPM       | 24/02/2017  | FR0013186715 |                    |                                   |                                   |
| RSGD C<br>GBI_Broad_SGD    | 29/07/2014  | FR0011973650 | 19.04%<br>0.90%    | 17.70%                            |                                   |
| HSGD-R C<br>GBI_Broad_EUR  | 12/07/2017  | FR0013186681 |                    |                                   |                                   |

It is worth noting that the Fund's relative performance approach takes on board the views of the entire management team on the government bond, credit and currency markets, through the implementation of directional, relative-value and thematic (or specific) strategies.

The Fund's outperformance over the period was generated on its three asset classes and, within these, by all of the strategies implemented, both directional and relative-value (arbitrages).

# 1. Management report

## 1. Government and sovereign bonds

International bond strategies proved very positive in terms of performance over the period. These strategies comprise:

- a. **Underexposure to the 10-year rates of the G4:** slightly positive contribution thanks to an active tactical management of exposure, despite a slight increase in the four international bond markets comprising the G4 (US, UK, Germany and Japan) over the period (+0.8%);
- b. **Allocation between government bond markets of the G4 → underweighting of US Treasuries compared to Bunds:** slightly negative contribution owing to the underperformance of the second compared to the first (narrowing by 26 bps of the 10-year transatlantic rate spread);
- c. **Yield curve strategies → flattening of the US curve:** positive contribution following the contraction by 60 bps of the US 5-year-30-year rate spread;
- d. **Non-G4 sovereign bonds, mainly European:** very positive contribution linked to the sharp rise of European peripheral bonds, especially Greek and Portuguese, compared to German Bunds. However, the Mexican government bonds purchased in early 2017 underperformed the US Treasuries.

## 2. Currencies

Currency strategies posted a positive contribution over the period:

- a. **Long exposure to the US dollar:** negative contribution as a result of the depreciation of the greenback against all currencies (Dollar Index down -10% over the period);
- b. **Inter-block strategies → purchase of the yen block against euro and CAD blocks:** negative contribution from the fall of the yen against the euro (EUR/JPY +10%) and the Canadian dollar (CAD/JPY +6.8%);
- c. **Intra-block strategies: very positive contribution:**
  - **EUR block:** positive contribution of the short position of the Swiss franc against the euro (EUR/CHF +9.2%); negative contribution of the long position of the Norwegian krone against the euro (EUR/NOK +8.3%);
  - **CAD block:** positive contribution of the long Canadian dollar position against the New Zealand dollar (CAD/NZD +4.4%); negative contribution from the downturn of the Canadian dollar against the South African rand (CAD/ZAR -3.7%);
  - **US dollar block:** positive contribution of the long position of the Mexican peso against the greenback (USD/MXN -5.2%);
  - **Yen block:** negative contribution from the sale of the South Korean won against the Japanese yen (KRW/JPY +9%).
- d. **Emerging currency strategies:** slightly positive contribution of the short positions of Asian currencies (TWD & SGD) and the Brazilian real (BRL, CLP, COP) against the US dollar, and the long position of the Turkish lira (TRL) purchased in late October 2017 against the greenback.

# 1. Management report

## 3. Credit markets

The few strategies implemented on the credit markets posted a slightly positive performance over the period. They amounted to:

### a. **Non-emerging credit securities:**

i. Securitisation (ABS/MBS): slightly positive contribution from the Fund's exposure to mainly Portuguese ABS (2.1% of net assets at 29/12/17);

ii. Corporate debt: slightly positive contribution of exposure to around ten banking securities, primarily from the eurozone, and to private equity bonds (4.8% of net assets at 29/12/17).

### b. **Emerging credit securities:**

Slightly positive contribution of exposure to sovereign frontier market securities (Nigeria, Zambia & Iraq) sold at a profit during the last quarter of 2017.

## 4. Trading (futures and currencies)

Slightly positive contribution of short-term trading on bond futures contracts and on currencies.

*Past performance is no guarantee of future results.*

# 1. Management report

## b) Information on the UCI

### ■ Main changes to the portfolio during the financial year

| Securities                                   | Movements ("Accounting currency") |                |
|--|-----------------------------------|----------------|
|  | Purchases                         | Sales          |
| ITALIE 4.50% 01/03/26                        | 241,307,954.20                    | 243,242,719.50 |
| CHAIN FINANCE BV 7.75% 11-08-20              | 153,162,016.43                    | 132,800,726.03 |
| CIVITAS PROPERTIES FINANCE B V 4.0% 24-11-22 | 164,852,876.71                    | 118,801,835.61 |
| MEXICAN BONOS 10.0% 05-12-24                 | 232,136,541.15                    | 0.00           |
| HORIZON ONE FINANCE BV 10.0% 21-12-17        | 25,327,671.24                     | 48,640,595.29  |
| PGB 5.65% 02/15/24                           | 71,054,860.27                     | 0.00           |
| SPAI LETR DEL TESO ZCP 07-12-18              | 30,111,126.90                     | 30,140,803.60  |
| ROYAUME DESPAGNE ZCP 12-10-18                | 30,105,956.24                     | 30,101,727.00  |
| REPUBLIC OF IT 291217 FIX 0.0                | 30,020,909.56                     | 30,002,041.81  |
| ROYAUME DESPAGNE ZCP 08-12-17                | 30,014,391.90                     | 30,006,475.56  |

### ■ Substantial changes occurring during the financial year and in the future

This UCI was not subject to substantial changes.

### ■ Indexed UCI

This UCI is not included in the classification of indexed UCIs.

### ■ Alternative funds of funds

This UCI is not included in the classification of alternative funds of funds.

# 1. Management report

## ■ Efficient portfolio management techniques and financial derivative instruments (ESMA) in EUR

### a) Exposure obtained through efficient portfolio management techniques and derivatives

- **Exposure obtained through efficient management techniques: 386,110,000.00**

- Loans of securities: 0.00
- Borrowing of securities: 0.00
- Reverse repurchase agreements: 0.00
- Repurchase agreements: 386,110,000.00

- **Underlying exposure achieved through derivatives: 15,256,664,632.57**

- Forward foreign exchange: 7,023,665,134.54
- Futures: 7,827,728,299.60
- Options: 350,218,542.43
- Swaps: 55,052,656.00

### b) Identity of the counterparty/counterparties to efficient portfolio management techniques and derivatives

| Efficient management techniques           | Derivatives (*)  |
|---|--|
| BNP PARIBAS FRANCE<br>CREDIT AGRICOLE CIB | MERRILL LYNCH INTERNATIONAL (GLOBAL FOREIGN EXCHANGE)<br>NATIXIS<br>BNP PARIBAS FRANCE<br>DEUTSCHE BANK AG LONDON GREAT WINCH<br>HSBC BANK PLC<br>GOLDMAN SACHS INTERNATIONAL LTD<br>MORGAN STANLEY & CO INTL LONDON<br>CACIB LONDON<br>UBS LIMITED<br>SOCIETE GENERALE<br>JP MORGAN SECURITIES LONDON<br>BPCE<br>B.R.E.D. PARIS |

(\*) Except listed derivatives.

# 1. Management report

## c) Collateral received by the UCITS to reduce counterparty risk

| Types of instruments                   | Amount in portfolio currency |
|--|------------------------------|
| <b>Efficient management techniques</b> |                              |
| . Forward deposits                     | 0.00                         |
| . Equities                             | 0.00                         |
| . Bonds                                | 0.00                         |
| . UCITS                                | 0.00                         |
| . Cash (**)                            | 395,882,855.56               |
| <b>Total</b>                           | <b>395,882,855.56</b>        |
| <b>Derivatives</b>                     |                              |
| . Forward deposits                     | 0.00                         |
| . Equities                             | 0.00                         |
| . Bonds                                | 0.00                         |
| . UCITS                                | 0.00                         |
| . Cash                                 |                              |
| <b>Total</b>                           | <b>0.00</b>                  |

(\*\*) The Cash account also includes cash and cash equivalents resulting from repurchase transactions.

## d) Operating income and expenses related to efficient management techniques

| Operating income and expenses | Amount in portfolio currency |
|-------------------------------|------------------------------|
| . Income (***)                | 1,653,221.81                 |
| . Other income                | 0.00                         |
| <b>Total income</b>           | <b>1,653,221.81</b>          |
| . Direct operating expenses   | 149,867.53                   |
| . Indirect operating expenses | 0.00                         |
| . Other expenses              | 0.00                         |
| <b>Total expenses</b>         | <b>149,867.53</b>            |

(\*\*\*) Income received on loans and reverse repurchase agreements.

# 1. Management report

## ■ SFTR regulation in EUR

|  | Securities lending | Securities borrowing | Repurchase agreements | Reverse repurchase agreements | TRS – Total Return Swaps |
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|

### a) Securities and commodities lending

|                  |  |  |  |  |  |
|------------------|--|--|--|--|--|
| Amount           |  |  |  |  |  |
| % of net assets* |  |  |  |  |  |

\*% excluding cash and cash equivalents

### b) Assets committed for each type of securities financing transactions and TRS, expressed in terms of absolute value

|                 |  |  |                |  |               |
|-----------------|--|--|----------------|--|---------------|
| Amount          |  |  | 388,361,918.57 |  | 55,052,656.00 |
| % of net assets |  |  | 26.47%         |  | 3.75%         |

### c) Top 10 issuers of collateral received (excluding cash) for all types of financing transactions

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

### d) Top 10 counterparties in terms of absolute value of assets and liabilities without offsetting

|                            |  |  |                |  |               |
|----------------------------|--|--|----------------|--|---------------|
| BNP PARIBAS FRANCE FRANCE  |  |  | 234,857,291.44 |  |               |
| CREDIT AGRICOLE CIB FRANCE |  |  | 153,504,627.13 |  |               |
| B.R.E.D. PARIS FRANCE      |  |  |                |  | 55,052,656.00 |

### e) Type and quality of guarantees (collateral)

|                              |  |  |                |  |  |
|------------------------------|--|--|----------------|--|--|
| <b>Type</b>                  |  |  |                |  |  |
| - Equities                   |  |  |                |  |  |
| - Bonds                      |  |  |                |  |  |
| - UCIs                       |  |  |                |  |  |
| - Negotiable debt securities |  |  |                |  |  |
| - Cash                       |  |  | 395,882,855.56 |  |  |
| <b>Rating</b>                |  |  |                |  |  |

|                            |  |  |                |  |  |
|----------------------------|--|--|----------------|--|--|
| <b>Collateral currency</b> |  |  |                |  |  |
| - EURO                     |  |  | 395,882,855.56 |  |  |

### f) Settlement and clearing of contracts

|                      |   |  |  |   |  |
|----------------------|---|--|--|---|--|
| Tripartite           |   |  |  |   |  |
| Central counterparty |   |  |  |   |  |
| Bilateral            | X |  |  | X |  |

# 1. Management report

|  | Securities lending | Securities borrowing | Repurchase agreements | Reverse repurchase agreements | TRS – Total Return Swaps |
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|

## g) Guarantee maturity broken down according to tranches

|                   |  |  |  |  |  |
|-------------------|--|--|--|--|--|
| Less than 1 day   |  |  |  |  |  |
| 1 day – 1 week    |  |  |  |  |  |
| 1 week – 1 month  |  |  |  |  |  |
| 1–3 months        |  |  |  |  |  |
| 3 months – 1 year |  |  |  |  |  |
| More than 1 year  |  |  |  |  |  |
| Open              |  |  |  |  |  |

## h) Maturity of securities financing transactions and TRS, broken down according to tranches

|                   |  |  |                |  |               |
|-------------------|--|--|----------------|--|---------------|
| Less than 1 day   |  |  |                |  |               |
| 1 day – 1 week    |  |  |                |  |               |
| 1 week – 1 month  |  |  | 388,361,918.57 |  |               |
| 1–3 months        |  |  |                |  |               |
| 3 months – 1 year |  |  |                |  | 55,052,656.00 |
| More than 1 year  |  |  |                |  |               |
| Open              |  |  |                |  |               |

## i) Data on the reuse of collateral

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| Maximum amount (%)  |  |  |  |  |  |
| Amount used (%)   |  |  |  |  |  |
| Income for the UCI following the reinvestment of cash collateral in euros |  |  |  |  |  |

## j) Data on the custody of collateral received by the UCI

|             |  |  |  |  |  |
|-------------|--|--|--|--|--|
| Caceis Bank |  |  |  |  |  |
| Securities  |  |  |  |  |  |
| Cash        |  |  |  |  |  |

## k) Data on the custody of collateral provided by the UCI

|            |  |  |  |  |  |
|------------|--|--|--|--|--|
| Securities |  |  |  |  |  |
| Cash       |  |  |  |  |  |

# 1. Management report

|  | Securities lending | Securities borrowing | Repurchase agreements | Reverse repurchase agreements | TRS – Total Return Swaps |
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|
|--|--------------------|----------------------|-----------------------|-------------------------------|--------------------------|

## i) Data on income and costs, broken down

| Income          |  |  |              |  |  |
|-----------------|--|--|--------------|--|--|
| - UCIs          |  |  | 1,653,221.81 |  |  |
| - Manager       |  |  |              |  |  |
| - Third parties |  |  |              |  |  |
| Costs           |  |  |              |  |  |
| - UCIs          |  |  | 149,867.53   |  |  |
| - Manager       |  |  |              |  |  |
| - Third parties |  |  |              |  |  |

## e) Data on the type and quality of collateral

Collateral received must comply with the H2O policy established in order to guarantee a high level of quality and liquidity, as well as no direct correlation with the counterparty to the transaction. Additionally, H2O's collateralisation policy sets out levels of over-collateralisation tailored to each type of security, intended to offset any variation in their value. Finally, a daily margin call system is in place to offset the mark-to-market variations of securities.

## i) Data on the reuse of collateral

UCITS funds must reinvest all of their cash collateral (i.e. maximum amount = maximum amount used = 100%), but may not reuse their securities guarantees (i.e. maximum amount = amount used = 0%).

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

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

For transactions made by H2O, acting as an "agent" or "principal", the amounts received in respect of cash collateral on temporary sales of securities are invested in high-quality government bonds.

## k) Data on the custody of collateral provided by the UCI

All collateral provided by the UCI is transferred in full ownership.

# 1. Management report

## I) Data on income and costs, broken down

All proceeds resulting from temporary purchases and sales of securities are paid to the UCITS, net of operating costs.

Temporary sales of securities may be contracted with H2O. In certain cases, such transactions may be made with market counterparties through the intermediary of H2O. H2O will receive remuneration for these activities which may be equal to 40%, 33.48% or 33%, including tax, of the income generated by temporary purchases and sales of securities, the amount of which will be detailed in the UCITS' annual report.

### ■ Access to documentation

The legal documentation for the UCI (KIID, prospectus, periodic reports, etc.) is available from the Management Company at its registered office, or from the following email address: [info@h2o-am.com](mailto:info@h2o-am.com)

# 1. Management report

## c) Information on risks

### ■ Overall risk calculation method

The Management Company uses the absolute Value at Risk (VaR) calculation method to measure the Fund's overall risk.

#### - Indicative average leverage of the UCI:

The indicative average leverage of the UCITS is 4/5. Nevertheless, it is possible for the Fund to reach a higher level of leverage. The indicative leverage of the Fund is calculated as the sum of the nominal positions on the financial contracts that are used.

#### - Levels of VaR reached by the Fund during the financial year

The maximum level of relative VaR reached is: 19.09%.

The minimum level of relative VaR reached is: 16.09%.

The average level of relative VaR reached is: 17.64%.

*The VaR calculation method used is the parametric type. It is based on a six-year historical data set, with a two-year half-life.*

### ■ Exposure to securitisation

This UCI is not affected by exposure to securitisation.

### ■ Risk management

None.

### ■ Cash management

None.

### ■ Handling of non-liquid assets

At the end of December 2017, MultiBonds held 4.8% in private equity bonds. By definition, the underlying assets are non-liquid assets and the trading volume of such bonds on the market is low. To account for the non-liquid nature of these investments, H2O adopts a prudent approach for the valuation of these securities.

# 1. Management report

## d) Environmental, social and governance criteria (“ESG”)

This UCI does not take the three ESG criteria into account simultaneously.

# 1. Management report

## e) Law on the energy transition for green growth

This UCI is not affected by the regulations of the law on the energy transition for green growth.

## 2. Governance and compliance commitments

### ■ Procedure for selecting and assessing intermediaries and counterparties – Order execution

For the Management Company to meet its best execution obligation, the selection and monitoring of rate intermediaries, stockbrokers and counterparties is subject to a specific process.

The Management Company's policy regarding the selection of intermediaries/counterparties and order execution can be found on its website at: <http://www.h2o-am.com> (*"About H2O AM/Governance and compliance commitments" section*).

### ■ Voting policy

Details of the conditions under which the Management Company intends to exercise the voting rights associated with securities held in the portfolio by the UCIs it manages, as well as the latest annual report, are available from the Company's registered office, or online at: <http://www.h2o-am.com> (*"About H2O AM/Governance and compliance commitments" section*).

### ■ Remuneration policy

H2O's remuneration plans are validated once a year by H2O's remuneration committee, chaired by the Company's CEO. This committee was created in 2012 to ensure that the remuneration system, in parallel with recruitment, team motivation and stability, supports H2O's strategic objectives, whilst remaining compliant with the guidelines of regulatory and governance bodies.

There are three categories of employees at H2O (regardless of whether or not they belong to investment teams):

- The employee incentive mechanism comprises a basic salary in line with market practices in the United Kingdom and an annual bonus, the latter based on individual performance and contribution to overall activity.
- Non-founding partners are also remunerated by means of a basic salary and an annual bonus. They are also entitled to dividends commensurate with their shareholding in the Company and according to the Company's profitability.
- The four founding partners do not share in the bonus package. They receive dividends in addition to their fixed annual salary.

## 2. Governance and compliance commitments

Personnel costs

Personnel costs for the year were as follows

|                         | 2016             | 2015             |
|-------------------------|------------------|------------------|
|                         | £                | £                |
| Salaries and allowances | 5,881,335        | 4,895,296        |
| Social Security costs   | 773.551          | 667.705          |
| Social Security costs   | 81.165           | 91.953           |
|                         | <u>6,736,051</u> | <u>5,654,954</u> |

The average monthly number of employees during the year was 32 (2015: 22), classified by activity as follows:

|                          | 2016      | 2015      |
|--------------------------|-----------|-----------|
| Investment management    | 11        | 8         |
| Product specialist       | 5         | 2         |
| Operations               | 6         | 6         |
| Risk and Compliance      | 1         | 2         |
| IT and administrative    | 4         | 4         |
| Research and Development | 3         |           |
| Intern                   | 2         |           |
|                          | <u>32</u> | <u>22</u> |

## 3. Fees and taxation

- **Intermediation fees**

Detailed information on the terms and conditions under which the Management Company engaged order execution or investment decision-making support services during the year ended can be found online at: <http://www.h2o-am.com> (“About H2O AM/Governance and compliance commitments” section).

- **Withholdings at source**

This UCI is not affected by withholdings at source.

## 3. Fees and taxation

### ■ ADDITIONAL INFORMATION CONCERNING THE TAX ARRANGEMENTS FOR COUPONS

COUPON BREAKDOWN, UNIT: M (C/D)

|  | TOTAL NET  | CURRENCY | NET PER UNIT | CURRENCY |
|--|------------|----------|--------------|----------|
| Income subject to compulsory non-definitive withholding tax  | 325,891.19 | EUR      | 5.36         | EUR      |
| Shares giving entitlement to reductions and subject to compulsory non-definitive withholding tax           |            |          |              |          |
| Other income not giving entitlement to reductions and subject to compulsory non-definitive withholding tax | 88,160.86  | EUR      | 1.45         | EUR      |
| Non-reportable and non-taxable income  |            |          |              |          |
| Amount distributed on capital gains and losses   | 151,393.48 | EUR      | 2.49         | EUR      |
| TOTAL  | 565,445.53 | EUR      | 9.30         | EUR      |

COUPON BREAKDOWN, UNIT: R (C/D)

|  | TOTAL NET    | CURRENCY | NET PER UNIT | CURRENCY |
|--|--------------|----------|--------------|----------|
| Income subject to compulsory non-definitive withholding tax  | 148,378.36   | EUR      | 1.05         | EUR      |
| Shares giving entitlement to reductions and subject to compulsory non-definitive withholding tax           |              |          |              |          |
| Other income not giving entitlement to reductions and subject to compulsory non-definitive withholding tax |              |          |              |          |
| Non-reportable and non-taxable income  |              |          |              |          |
| Amount distributed on capital gains and losses   | 1,459,760.44 | EUR      | 10.33        | EUR      |
| TOTAL  | 1,608,138.80 | EUR      | 11.38        | EUR      |



## 4. Statutory auditor's report



**KPMG S.A.**  
**Registered office**  
Tour EQHO  
2 Avenue Gambetta  
CS 60055  
92066 Paris La Défense Cedex  
France

Telephone: +33 (0)1 55 68 86 66  
Fax: +33 (0)1 55 68 86 60  
Website: [www.kpmg.fr](http://www.kpmg.fr)

## **H2O MULTIBONDS** **Mutual Fund**

10 Old Burlington Street, Westminster, London W1S 3AG

### **Statutory auditor's report on the annual financial statements**

Financial year ended 29 December 2017

Dear Unitholders,

#### **Opinion**

In execution of the assignment entrusted to us by the Management Company, we have audited the annual financial statements of the H2O MULTIBONDS undertaking for collective investment, constituted in the form of a mutual fund, relating to the financial year ended 29 December 2017, as attached to this report.

We certify that the annual financial statements are, in compliance with French accounting rules and principles, accurate and consistent, and give a true and fair view of the financial performance for the previous financial year as well as the financial situation and assets of the Fund at the end of the financial year.

#### **Basis of opinion**

##### ***Audit terms of reference***

We conducted our audit in accordance with the standards of professional practice applicable in France. We believe that the information we collected is sufficient and appropriate as a basis for our opinion.

Our responsibilities pursuant to these standards are set out in the "Statutory auditor's responsibilities regarding the audit of the annual financial statements" section of this report.

##### ***Independence***

We conducted our audit assignment in line with the rules of independence that apply to us, during the period between 31 December 2016 and the date of issue of our report, and in particular we did not provide any services forbidden by the Code of Ethics for Statutory Auditors.

KPMG S.A.,  
a French company and member firm of the KPMG network  
of independent member firms affiliated with  
KPMG International Cooperative, a Swiss entity.

Limited liability accounting  
and auditing firm with  
Executive Board and  
Supervisory Board.  
Registered with the Paris Tableau de  
l'Ordre [accounting firm register]  
under no. 14-30080101  
and member of the Versailles Compagnie  
Régionale des Commissaires aux  
Comptes [regional association of  
statutory auditors].

Registered office:  
KPMG S.A.  
Tour Egho  
2 avenue Gambetta  
92066 Paris La Défense Cedex,  
France  
Capital: €5,497,100.  
APE code: 6920Z  
Nanterre Trade & Companies  
Register no. 775 726 417  
European Union VAT no.  
FR 77 775 726 417



### **Justification of assessments**

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we would inform you that, in our professional opinion, the most significant assessments we conducted were based on the appropriateness of the accounting principles applied, in particular regarding the financial instruments held in the portfolio, and on the overall presentation of the financial statements in terms of the chart of accounts for open-ended undertakings for collective investment.

The assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed above. We have no comment to make on any individual aspect of these annual financial statements.

### **Verification of the management report prepared by the Management Company**

We also performed specific verifications as required by law in accordance with professional auditing standards in France.

We have no observations to make concerning the accuracy and consistency with the annual financial statements of the information provided in the management report prepared by the Management Company.

### **Responsibilities of the Management Company with respect to the annual financial statements**

It is the Management Company's responsibility to prepare annual financial statements that give a true and fair view, in accordance with French accounting rules and principles, and to implement the internal controls it deems necessary for the preparation of annual financial statements that are free of material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the Management Company's responsibility to assess the Fund's ability to continue as a going concern, to present in said financial statements, where applicable, the necessary information relating to its viability as a going concern, and to apply the going concern accounting policy unless it intends to wind up the Fund or to cease trading.

The annual financial statements were prepared by the Management Company.

### **Statutory auditor's responsibilities regarding the audit of the annual financial statements**

It is our responsibility to draft a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements, taken as a whole, are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material where it can reasonably be expected that, taken individually or together, they may influence the economic decisions made by users of the financial statements that are based upon such misstatements.

As specified by Article L. 823-10-1 of the French Commercial Code, our task is to certify the financial statements and not to guarantee the viability or the quality of the management of your fund.



**H2O MULTIBONDS**

**Mutual Fund**

*Statutory auditor's report on the annual financial statements*

*3 May 2018*

As part of an audit conducted in accordance with the professional practice standards applicable in France, the statutory auditor exercises their professional judgement throughout this audit. In addition:

- They identify and assess the risks that the annual financial statements may contain material misstatements, whether due to fraud or error, set out and implement the audit procedures intended to counter these risks and collate the items that they deem sufficient and appropriate to justify their opinion. The risk of non-detection of a material misstatement due to fraud is higher than that of a material misstatement due to an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or the circumvention of internal control processes;
- They take note of the internal control processes relevant to the audit so as to set out audit procedures that are appropriate to the circumstances and not to express an opinion on the effectiveness of the internal control processes;
- They assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management Company, as well as the information provided in their regard in the annual financial statements;
- They assess the appropriateness of the application by the Management Company of the going concern accounting policy and, based on the evidence gathered, whether significant uncertainty exists relating to events or circumstances that may affect the mutual fund's ability to continue as a going concern. This assessment is based on the information gathered up to the date of their report, on the understanding that subsequent events or circumstances may affect its viability as a going concern. If they conclude that significant uncertainty exists, they draw the attention of the reader of the report to the information provided in the annual financial statements about this uncertainty or, if this information is not provided or is not relevant, they issue a certification with reservations or a refusal to certify;
- They appraise the overall presentation of the annual financial statements, and assess whether said statements reflect the transactions and underlying events, and thus provide a true and fair view thereof.

Paris La Défense, 3 May 2018

KPMG S.A.

Isabelle Bousquié  
*Partner*

## 5. Annual financial statements

### a) Annual financial statements in EUR

#### ■ Balance sheet – Assets

Balance sheet – Assets as at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|   | 29/12/2017              | 30/12/2016              |
|---|-------------------------|-------------------------|
| <b>NET FIXED ASSETS</b>   | <b>0.00</b>             | <b>0.00</b>             |
| <b>DEPOSITS</b>   | <b>0.00</b>             | <b>0.00</b>             |
| <b>FINANCIAL INSTRUMENTS</b>  | <b>1,895,768,932.53</b> | <b>1,499,412,838.03</b> |
| <b>Equities and equivalent securities</b>   | <b>0.00</b>             | <b>0.00</b>             |
| Traded on a regulated or equivalent market  | 0.00                    | 0.00                    |
| Not traded on a regulated or equivalent market  | 0.00                    | 0.00                    |
| <b>Bonds and equivalent securities</b>  | <b>1,406,240,756.73</b> | <b>924,939,213.38</b>   |
| Traded on a regulated or equivalent market  | 1,406,240,756.73        | 924,939,213.38          |
| Not traded on a regulated or equivalent market  | 0.00                    | 0.00                    |
| <b>Debt securities</b>  | <b>37,839,196.59</b>    | <b>118,445,732.56</b>   |
| Traded on a regulated or equivalent market  | 37,839,196.59           | 0.00                    |
| Negotiable debt securities  | 37,839,196.59           | 0.00                    |
| Other debt securities   | 0.00                    | 0.00                    |
| Not traded on a regulated or equivalent market  | 0.00                    | 118,445,732.56          |
| <b>Undertakings for collective investment</b>   | <b>16,299,871.92</b>    | <b>18,738,650.62</b>    |
| Retail UCITS and AIFs and equivalents in other countries intended for non-professional investors                          | 16,299,871.92           | 18,738,650.62           |
| Other funds and equivalents in other EU Member States intended for non-professional investors                             | 0.00                    | 0.00                    |
| Professional investment funds and their equivalents in other EU Member States and listed special purpose vehicles         | 0.00                    | 0.00                    |
| Other professional investment funds and their equivalents in other EU Member States and unlisted special purpose vehicles | 0.00                    | 0.00                    |
| Other non-European undertakings   | 0.00                    | 0.00                    |
| <b>Temporary securities transactions</b>  | <b>388,361,918.57</b>   | <b>389,593,243.34</b>   |
| Receivables on securities received under repurchase agreements  | 0.00                    | 0.00                    |
| Receivables representing loaned securities  | 0.00                    | 0.00                    |
| Borrowed securities   | 0.00                    | 0.00                    |
| Securities transferred under repurchase agreements  | 388,361,918.57          | 389,593,243.34          |
| Other temporary transactions  | 0.00                    | 0.00                    |
| <b>Forward financial instruments</b>  | <b>47,027,188.72</b>    | <b>47,695,998.13</b>    |
| Transactions on a regulated or equivalent market  | 43,969,493.59           | 26,510,148.79           |
| Other transactions  | 3,057,695.13            | 21,185,849.34           |
| <b>Other financial instruments</b>  | <b>0.00</b>             | <b>0.00</b>             |
| <b>RECEIVABLES</b>  | <b>7,348,752,649.12</b> | <b>4,927,333,769.86</b> |
| Forward foreign exchange transactions   | 7,023,665,134.54        | 4,868,659,468.57        |
| Other   | 325,087,514.58          | 58,674,301.29           |
| <b>FINANCIAL ACCOUNTS</b>   | <b>46,547,683.45</b>    | <b>120,131,331.07</b>   |
| Cash and cash equivalents   | 46,547,683.45           | 120,131,331.07          |
| <b>TOTAL ASSETS</b>   | <b>9,291,069,265.10</b> | <b>6,546,877,938.96</b> |

## 5. Annual financial statements

### ■ Balance sheet – Liabilities

Balance sheet – Liabilities as at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|  | 29/12/2017              | 30/12/2016              |
|--|-------------------------|-------------------------|
| <b>SHAREHOLDERS' EQUITY</b>  |                         |                         |
| Capital  | 1,292,424,322.17        | 936,732,992.22          |
| Undistributed prior net capital gains and losses (a)                   | 4,731,651.69            | 1,125,648.61            |
| Retained earnings (a)  | 1,140.21                | 376.61                  |
| Net capital gains and losses for the financial year (a, b)             | 158,114,640.23          | 100,813,236.75          |
| Profit/loss for the financial year (a, b)                              | 12,090,896.66           | 8,826,446.14            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b> * Amount corresponding to net assets | <b>1,467,362,650.96</b> | <b>1,047,498,700.33</b> |
| <b>FINANCIAL INSTRUMENTS</b>   | <b>433,678,917.99</b>   | <b>449,679,849.97</b>   |
| Sales of financial instruments   | 0.00                    | 0.00                    |
| Temporary securities transactions                                      | 386,012,639.38          | 404,564,733.11          |
| Payables on securities transferred under repurchase agreements         | 386,012,639.38          | 404,564,733.11          |
| Payables on borrowed securities  | 0.00                    | 0.00                    |
| Other temporary transactions   | 0.00                    | 0.00                    |
| Forward financial instruments  | 47,666,278.61           | 45,115,116.86           |
| Transactions on a regulated or equivalent market                       | 42,726,961.60           | 25,365,061.63           |
| Other transactions   | 4,939,317.01            | 19,750,055.23           |
| <b>PAYABLES</b>  | <b>7,312,821,684.49</b> | <b>4,955,774,998.77</b> |
| Forward foreign exchange transactions                                  | 7,100,904,322.70        | 4,877,729,369.32        |
| Other  | 211,917,361.79          | 78,045,629.45           |
| <b>FINANCIAL ACCOUNTS</b>  | <b>77,206,011.66</b>    | <b>93,924,389.89</b>    |
| Current bank loans   | 77,206,011.66           | 93,924,389.89           |
| Borrowings   | 0.00                    | 0.00                    |
| <b>TOTAL LIABILITIES</b>   | <b>9,291,069,265.10</b> | <b>6,546,877,938.96</b> |

(a) Including adjustments

(b) Less any interim dividends paid during the financial year

## 5. Annual financial statements

### ■ Off-balance sheet items

Off-balance sheet items at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|  | 29/12/2017              | 30/12/2016              |
|--|-------------------------|-------------------------|
| <b>HEDGING TRANSACTIONS</b>                    | <b>0.00</b>             | <b>0.00</b>             |
| Commitments on regulated or equivalent markets | 0.00                    | 0.00                    |
| Commitments on over-the-counter markets        | 0.00                    | 0.00                    |
| Other commitments                              | 0.00                    | 0.00                    |
| <b>OTHER TRANSACTIONS</b>                      | <b>8,232,999,498.03</b> | <b>7,906,811,576.26</b> |
| Commitments on regulated or equivalent markets | 8,037,544,958.50        | 5,921,897,310.39        |
| Futures contracts                              | 7,827,728,299.60        | 5,921,897,310.39        |
| CBO CBOT USUL 3 0317                           | 0.00                    | 88,178,922.73           |
| CBO TU CBOT UST 0318                           | 27,991,937.67           | 0.00                    |
| CME CME 3M EUR 0318                            | 0.00                    | 34,968,594.45           |
| CME 3M EUR 1217                                | 0.00                    | 576,518,724.82          |
| EUR XEUR FBTP B 0317                           | 0.00                    | 869,038,720.00          |
| EUR XEUR FGBX B 0318                           | 213,051,760.00          | 0.00                    |
| EUR XEUR FOAT E 0317                           | 0.00                    | 758,500.00              |
| FV CBOT UST 5 0317                             | 0.00                    | 2,724,912,652.29        |
| FV CBOT UST 5 0318                             | 3,819,010,246.90        | 0.00                    |
| JGBL JAPAN GO 0317                             | 0.00                    | 28,109,474.17           |
| JGBL JAPAN GO 0318                             | 23,406,281.21           | 0.00                    |
| LIFFE LG GILT 0317                             | 0.00                    | 125,594,142.46          |
| LIFFE LG GILT 0318                             | 150,025,618.21          | 0.00                    |
| TU CBOT UST 2 0317                             | 0.00                    | 44,362,171.13           |
| TY CBOT YST 1 0317                             | 0.00                    | 940,744.25              |
| TY CBOT YST 1 0318                             | 186,575,421.08          | 0.00                    |
| US US TBOND 3 0317                             | 0.00                    | 252,587,254.09          |
| US US TBOND 3 0318                             | 97,607,584.53           | 0.00                    |
| XEUR FBTP BTP 0318                             | 1,528,075,780.00        | 0.00                    |
| XEUR FGBL BUN 0317                             | 0.00                    | 492,420.00              |
| XEUR FGBL BUN 0318                             | 297,057,560.00          | 0.00                    |
| XEUR FGBM BOB 0317                             | 0.00                    | 267,280.00              |
| XEUR FGBM BOB 0318                             | 263,140.00              | 0.00                    |
| XEUR FGBS SCH 0317                             | 0.00                    | 982,200,630.00          |
| XEUR FGBS SCH 0318                             | 1,424,930,220.00        | 0.00                    |
| XEUR FGBX BUX 0317                             | 0.00                    | 192,967,080.00          |

## 5. Annual financial statements

### ■ Off-balance sheet items

Off-balance sheet items at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|   | 29/12/2017     | 30/12/2016       |
|---|----------------|------------------|
| XEUR FOAT EUR 0318                      | 59,732,750.00  | 0.00             |
| Options                                 | 209,816,658.90 | 0.00             |
| CBOT US TRES BD 30 A 01/2018 CALL 157   | 36,719,422.93  | 0.00             |
| CBOT US TRES BD 30 A 01/2018 PUT 149    | 16,952,617.22  | 0.00             |
| CBOT US TRES NT 5A 01/2018 CALL 117.25  | 66,696,597.46  | 0.00             |
| CBOT US TRES NT 5A 01/2018 PUT 115.5    | 89,448,021.29  | 0.00             |
| Commitments on over-the-counter markets | 195,454,539.53 | 1,984,914,265.87 |
| Options                                 | 140,401,883.53 | 1,984,914,265.87 |
| 03/2017 CALL 6.5248                     | 0.00           | 136,094,429.96   |
| 03/2017 CALL 7.45                       | 0.00           | 12,007,584.74    |
| 03/2017 PUT 6.5248                      | 0.00           | 136,094,429.96   |
| AUD/USD OTC 03/2017 CALL 0.7725         | 0.00           | 198,879.24       |
| AUD/USD OTC 03/2017 PUT 0.6875          | 0.00           | 707,984.35       |
| AUD/USD OTC 03/2017 PUT 0.6875          | 0.00           | 353,992.17       |
| EUR/GBP OTC 01/2018 CALL 0.7605         | 0.00           | 0.00             |
| EUR/GBP OTC 05/2018 PUT 0.7605          | 483,571.01     | 0.00             |
| EUR/GBP OTC 09/2018 PUT 0.77            | 7,207,296.38   | 0.00             |
| EUR/JPY OTC 05/2017 CALL 117.55         | 0.00           | 58,775,000.00    |
| EUR/JPY OTC 05/2017 CALL 129            | 0.00           | 64,500,000.00    |
| EUR/JPY OTC 05/2017 PUT 109             | 0.00           | 54,500,000.00    |
| EUR/JPY OTC 05/2017 PUT 110             | 0.00           | 55,000,000.00    |
| EUR/JPY OTC 06/2017 CALL 116            | 0.00           | 58,000,000.00    |
| EUR/JPY OTC 06/2017 CALL 116            | 0.00           | 116,000,000.00   |
| EUR/JPY OTC 06/2017 CALL 123            | 0.00           | 61,500,000.00    |
| EUR/JPY OTC 06/2017 CALL 124            | 0.00           | 124,000,000.00   |
| EUR/JPY OTC 06/2017 PUT 109.5           | 0.00           | 54,750,000.00    |
| EUR/JPY OTC 06/2017 PUT 109.5           | 0.00           | 109,500,000.00   |
| EUR/MXN OTC 04/2018 CALL 25             | 13,204,038.76  | 0.00             |
| EUR/MXN OTC 04/2018 CALL 25             | 7,394,261.70   | 0.00             |
| EUR/MXN OTC 05/2017 CALL 24             | 0.00           | 7,200,000.00     |
| EUR/MXN OTC 05/2017 CALL 24             | 0.00           | 7,200,000.00     |
| EUR/MXN OTC 06/2017 CALL 24             | 0.00           | 12,000,000.00    |
| EUR/USD OTC 01/2018 CALL 1.199          | 2,969,880.00   | 0.00             |

## 5. Annual financial statements

### ■ Off-balance sheet items

Off-balance sheet items at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|                                | 29/12/2017    | 30/12/2016     |
|--------------------------------|---------------|----------------|
| EUR/USD OTC 01/2018 CALL 1.199 | 2,969,880.00  | 0.00           |
| EUR/USD OTC 02/2018 CALL 1.235 | 23,747,226.61 | 0.00           |
| EUR/USD OTC 02/2018 CALL 1.235 | 21,920,516.87 | 0.00           |
| EUR/USD OTC 03/2017 PUT 1.01   | 0.00          | 1,161,500.00   |
| EUR/USD OTC 06/2017 CALL 1.105 | 0.00          | 640,900.00     |
| EUR/USD OTC 06/2017 CALL 1.105 | 0.00          | 640,900.00     |
| EUR/USD OTC 06/2017 PUT 0.98   | 0.00          | 568,400.00     |
| GBP/CHF OTC 02/2018 CALL 1.34  | 9,448,393.66  | 0.00           |
| GBP/JPY OTC 01/2018 CALL 151   | 18,934,138.54 | 0.00           |
| USD/CHF OTC 02/2018 CALL 1.05  | 153,539.91    | 0.00           |
| USD/CNH OTC 03/2017 PUT 6.525  | 0.00          | 1,360,986.02   |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 47,404,598.25  |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 22,374,970.37  |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 33,562,455.56  |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 111,874,851.86 |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 33,562,455.56  |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 33,562,455.56  |
| USD/JPY OTC 03/2017 CALL 118   | 0.00          | 111,874,851.86 |
| USD/JPY OTC 03/2017 CALL 121   | 0.00          | 126,191,040.53 |
| USD/JPY OTC 03/2017 PUT 104    | 0.00          | 19,720,312.87  |
| USD/JPY OTC 03/2017 PUT 104    | 0.00          | 47,404,598.25  |
| USD/JPY OTC 03/2017 PUT 104    | 0.00          | 98,601,564.35  |
| USD/JPY OTC 03/2017 PUT 104    | 0.00          | 29,580,469.30  |
| USD/JPY OTC 03/2017 PUT 104    | 0.00          | 29,580,469.30  |
| USD/JPY OTC 04/2017 CALL 118   | 0.00          | 44,749,940.74  |
| USD/JPY OTC 04/2017 CALL 118   | 0.00          | 44,749,940.74  |
| USD/JPY OTC 04/2017 PUT 104    | 0.00          | 39,440,625.74  |
| USD/MXN OTC 02/2017 CALL 21    | 0.00          | 9,954,965.63   |
| USD/MXN OTC 02/2017 PUT 18     | 0.00          | 8,532,827.68   |
| USD/MXN OTC 02/2017 PUT 19     | 0.00          | 9,006,873.67   |
| USD/MXN OTC 11/2017 CALL 22    | 0.00          | 10,429,011.61  |
| USD/TRY OTC 01/2018 CALL 6.    | 0.00          | 0.00           |
| USD/TRY OTC 01/2018 PUT 3.35   | 0.09          | 0.00           |

## 5. Annual financial statements

### ■ Off-balance sheet items

Off-balance sheet items at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|                                | 29/12/2017    | 30/12/2016 |
|--------------------------------|---------------|------------|
| USD/TRY OTC 01/2018 PUT 3.65   | 361,656.93    | 0.00       |
| USD/TWD OTC 02/2018 CALL 30.25 | 1,831,237.57  | 0.00       |
| USD/TWD OTC 02/2018 PUT 29.25  | 5,919,798.94  | 0.00       |
| USD/ZAR OTC 04/2018 CALL 13.25 | 9,185,897.62  | 0.00       |
| USD/ZAR OTC 04/2018 CALL 13.95 | 7,196,032.66  | 0.00       |
| USD/ZAR OTC 04/2018 PUT 12.15  | 7,474,516.28  | 0.00       |
| Performance swap               | 55,052,656.00 | 0.00       |
| BRED30270317                   | 30,000,000.00 | 0.00       |
| SWAP BRED 11/07/18             | 25,052,656.00 | 0.00       |
| Other commitments              | 0.00          | 0.00       |

## 5. Annual financial statements

### ■ Income statement

**Income statement as at 29/12/2017**  
**Portfolio: 2788 H2O MULTIBONDS**

|   | 29/12/2017           | 30/12/2016           |
|---|----------------------|----------------------|
| <b>Income from financial transactions</b>                                   |                      |                      |
| Income from deposits and financial accounts                                 | 194,204.13           | 26,351.08            |
| Income from equities and equivalent securities                              | 0.00                 | 0.00                 |
| Income from bonds and equivalent securities                                 | 70,257,617.37        | 43,948,362.49        |
| Income from debt securities   | 79,785.04            | 4,199.01             |
| Income from temporary purchases and sales of securities                     | 1,653,221.81         | 540,227.34           |
| Income from forward financial instruments                                   | 0.00                 | 0.00                 |
| Other financial income  | 0.00                 | 0.00                 |
| <b>TOTAL (1)</b>  | <b>72,184,828.35</b> | <b>44,519,139.92</b> |
| <b>Expenses on financial transactions</b>                                   |                      |                      |
| Expenses on temporary purchases and sales of securities                     | 149,867.53           | 16,135.44            |
| Expenses on forward financial instruments                                   | 0.00                 | 0.00                 |
| Expenses on financial debt  | 154,837.75           | 109,987.99           |
| Other financial expenses  | 0.00                 | 0.00                 |
| <b>TOTAL (2)</b>  | <b>304,705.28</b>    | <b>126,123.43</b>    |
| <b>PROFIT/LOSS ON FINANCIAL TRANSACTIONS (1 - 2)</b>                        | <b>71,880,123.07</b> | <b>44,393,016.49</b> |
| Other income (3)  | 0.00                 | 0.00                 |
| Management fees and depreciation provisions (4)                             | 60,473,127.54        | 31,726,933.27        |
| <b>NET PROFIT/LOSS FOR THE FINANCIAL YEAR (L. 214-17-1) (1 - 2 + 3 - 4)</b> | <b>11,406,995.53</b> | <b>12,666,083.22</b> |
| Income adjustment for the financial year (5)                                | 683,901.13           | -3,839,637.08        |
| Interim dividend payments for the financial year (6)                        | 0.00                 | 0.00                 |
| <b>PROFIT/LOSS (1 - 2 + 3 - 4 + 5 - 6)</b>                                  | <b>12,090,896.66</b> | <b>8,826,446.14</b>  |

## 5. Annual financial statements

### b) Annual financial statements – Accounting appendices

#### ACCOUNTING RULES AND METHODS

The annual financial statements are presented in the form prescribed by Regulation 2014-01 of the ANC (Autorité des normes comptables), the French accounting standards authority, repealing Regulation 2003-02, as amended, of the CRC (Comité de réglementation comptable), the French accounting regulations committee.

The following general accounting principles apply:

- A true and fair view, comparability and business continuity,
- Lawfulness and fairness,
- Prudence,
- Consistency in accounting methods from one financial year to the next.

Income from fixed-income securities is recognised using the interest earned accounting method.

Purchases and sales of securities are recorded exclusive of fees.

The reference currency of the portfolio is the euro.

The length of the financial year is 12 months.

#### Asset valuation rules

Financial instruments are recorded using the historical cost method and entered in the balance sheet at their current value, i.e. at their last known market value, or, where there is no market, via any external methods or using financial modelling.

Differences between the current values used to calculate the net asset value and the historical costs of securities when these were first included in the portfolio are recorded in the accounts as “valuation differences”.

Securities denominated in currencies other than the portfolio’s reference currency are valued in accordance with the principle outlined below, and then converted into the portfolio’s reference currency at the exchange rate on the valuation date.

#### ***Deposits:***

Deposits with a residual life of three months or less are appraised on a straight-line basis.

#### ***Equities, bonds and other securities traded on a regulated or equivalent market:***

To calculate the net asset value, equities and other securities traded on a regulated or equivalent market are valued on the basis of the final stock market price of the day.

Bonds and equivalent securities are valued at the latest price communicated by various financial services providers. This involves prices and market data relating to processed transactions that help provide the closest possible approximation to the fair value of assets in the portfolio. The Management Company retains all supporting documents for these prices used, in accordance with the Management Company’s valuation policy.

Interest accrued on bonds and equivalent securities is calculated up to the net asset value date.

## 5. Annual financial statements

### ***Equities, bonds and other securities not traded on a regulated or equivalent market:***

Securities not traded on a regulated market are valued under the responsibility of the Management Company using methods based on asset value and return, taking into account the prices used in recent significant transactions.

### ***Negotiable debt securities:***

Negotiable debt securities and equivalent securities that are not traded in large volumes are valued using an actuarial method based on a reference rate defined below, which is increased, where applicable, by a differential that is representative of the intrinsic characteristics of the issuer:

Negotiable debt securities maturing in one year or less: Euro Interbank Offered Rate (Euribor);

Negotiable debt securities maturing in over one year: Rates for French treasury bills (BTANs) or French treasury bonds (OATs) with similar maturity dates for the longest durations.

Negotiable debt securities with a residual life of three months or less may be valued on a straight-line basis.

French government bonds are appraised on the basis of the market rate published daily by the Banque de France.

### ***UCIs held:***

Units or shares of UCIs will be appraised based on their last known net asset value.

### ***Temporary securities transactions:***

Securities received under repurchase agreements are recorded as assets under the "Receivables representing securities received under repurchase agreements" heading at the amount indicated in the contract, plus any accrued interest receivable.

Securities transferred under repurchase agreements are recognised in the long portfolio at their current value. The debt in respect of securities transferred under repurchase agreements is recognised in the short portfolio at the contractual value plus any accrued interest payable.

Loaned securities are valued at their current value and are recorded as assets at their current value, plus accrued interest receivable, under the "Receivables representing loaned securities" heading.

Borrowed securities are recorded as assets under the "Borrowed securities" heading at the contracted amount, and as liabilities under the "Debts representing borrowed securities" heading at the amount indicated in the contract, plus any accrued interest payable.

## 5. Annual financial statements

### ***Forward financial instruments:***

#### **Forward financial instruments traded on a regulated or equivalent market:**

Forward financial instruments traded on a regulated market are valued at the day's settlement price.

#### **Forward financial instruments not traded on a regulated or equivalent market:**

### ***Swaps:***

Interest rate and/or currency swaps are appraised at their market value on the basis of a price calculated by discounting future interest flows at market interest rates and/or exchange rates. The resulting price is then adjusted for issuer risk.

Index swaps are valued using an actuarial method based on a reference rate supplied by the counterparty.

Other swaps are valued at their market value or at an estimated value in accordance with the methods established by the Management Company.

### ***Off-balance sheet commitments:***

Futures contracts are recorded as off-balance sheet commitments at their market value on the basis of the price used in the portfolio.

Options are recognised at a value equivalent to that of their underlying assets.

Swap commitments are recorded at their nominal value or, where there is no nominal value, at an equivalent amount.

### **Management fees**

Management fees are calculated on each net asset valuation date.

These fees are recorded in the income statement for the UCI.

Management fees are paid in full to the Management Company responsible for all of the UCI's operating costs.

Management fees do not include transaction fees.

The rate applied to the net assets is:

- 1.10% including tax for R (C), H CHF-R (C), H USD-R (C), R USD (C), R SGD (C) and R (D) units;
- 0.70% including tax for I (C), IUSD (C) and H USD I (C), HCHF-I (C) and HSGD-R (C) units;
- 0.10% including tax for the M (D) unit;
- 0.80% including tax for the N (C) and HCHF-N (C) units.

## 5. Annual financial statements

Variable management fees are calculated using the following method:

### I (C) unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 2.00% per year.

### IUSD (C) unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad USD, above 2.00% per year.

### HCHF-R (C) unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 1.60% per year + Monthly recorded difference between the Swiss interest rate (1-month CHF Libor) and the eurozone rate (1-month Euribor).

### HCHF-I (C) unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 2.00% per year + Monthly recorded difference between the Swiss interest rate (1-month CHF Libor) and the eurozone rate (1-month Euribor).

### RSGD-C unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad SGD, above 1.60% per year.

### ISGD-C unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad SGD, above 2.00% per year.

### HUSD-RC unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 1.60% per year + Monthly recorded difference between the US interest rate (1-month USD Libor) and the eurozone rate (1-month Euribor).

### HUSD-IC unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 2.00% per year + Monthly recorded difference between the US interest rate (1-month USD Libor) and the eurozone rate (1-month Euribor).

### RUSD-C unit

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad USD, above 1.60% per year.

## 5. Annual financial statements

RC and RD units

25% of the UCI's outperformance compared to the reference index, JP Morgan Government Bond Index Broad EURO, above 1.60% per year.

### **Swing pricing**

The Management Company has implemented a swing pricing system for the net asset value with a trigger threshold since 08/09/2017. This information is available to holders in the Fund's prospectus, available at the Management Company's registered office, and on its website.

### **Allocation of distributable income**

#### **Definition of distributable income:**

Distributable income consists of:

#### **Income:**

The net income for the financial year is equal to the amount of interest, arrears, premiums and bonuses, dividends, directors' fees and all other income generated by the securities held in the portfolio, plus income generated by temporary cash holdings, less management fees and borrowing costs.

It is increased by the retained earnings and increased or reduced by the balance of the income adjustment account.

#### **Capital gains and losses:**

Realised capital gains, net of fees, minus realised capital losses, net of fees, recorded in the current financial year, plus net capital gains of the same type recognised in previous years that have not been distributed or accumulated, plus or minus current-year net capital gains adjustments.

#### **Procedures for allocating distributable income:**

| <i>Distributable income</i>                        | <i>R (C), I,<br/>I USD, H CHF I,<br/>I SGD, H CHF-R,<br/>H USD-R, H USD-I,<br/>R USD and R SGD,<br/>H CHF-NC and N (C) units</i> | <i>R (C/D) unit</i> | <i>M unit</i> |
|--|--|---------------------|---------------|
| Allocation of net income                           | Accumulation   | Distribution        | Distribution  |
| Allocation of net realised capital gains or losses | Accumulation   | Accumulation        | Accumulation  |

## 5. Annual financial statements

### ■ Changes in net assets in EUR

Changes in net assets as at 29/12/2017  
Portfolio: 2788 H2O MULTIBONDS

|  | 29/12/2017              | 30/12/2016              |
|--|-------------------------|-------------------------|
| <b>NET ASSETS AT THE START OF THE FINANCIAL YEAR</b>                               | <b>1,047,498,700.33</b> | <b>1,090,822,793.14</b> |
| Subscriptions (including subscription fees paid to the UCI)                        | 720,113,016.25          | 495,514,386.46          |
| Redemptions (excluding redemption fees paid to the UCI)                            | -451,998,257.15         | -633,338,460.00         |
| Capital gains earned on deposits and financial instruments                         | 53,450,912.11           | 7,616,003.18            |
| Capital losses incurred on deposits and financial instruments                      | -11,250,881.45          | -1,755,378.31           |
| Capital gains earned on forward financial instruments                              | 790,948,448.26          | 800,268,407.89          |
| Capital losses incurred on forward financial instruments                           | -673,106,403.57         | -683,009,391.80         |
| Transaction fees   | -3,868,825.42           | -2,244,471.06           |
| Exchange rate differences  | -93,979,004.09          | -52,824,178.97          |
| Changes in the valuation difference on deposits and financial instruments          | 115,809,170.23          | -10,595,651.88          |
| <i>Valuation difference, financial year N</i>                                      | <i>171,598,798.80</i>   | <i>55,789,628.57</i>    |
| <i>Valuation difference, financial year N-1</i>                                    | <i>-55,789,628.57</i>   | <i>-66,385,280.45</i>   |
| Changes in the valuation difference on forward financial instruments               | -36,954,387.31          | 24,449,430.65           |
| <i>Valuation difference, financial year N</i>                                      | <i>-4,309,980.90</i>    | <i>32,644,406.41</i>    |
| <i>Valuation difference, financial year N-1</i>                                    | <i>-32,644,406.41</i>   | <i>-8,194,975.76</i>    |
| Dividends paid in the previous financial year on net capital gains and losses      | -595,924.74             | -70,872.19              |
| Dividends paid in the previous financial year on income                            | -110,908.02             | 0.00                    |
| Net income for the financial year prior to adjustment                              | 11,406,995.53           | 12,666,083.22           |
| Interim dividend(s) paid during the financial year on net capital gains and losses | 0.00                    | 0.00                    |
| Interim dividend(s) paid during the financial year on income                       | 0.00                    | 0.00                    |
| Other items  | 0.00                    | 0.00                    |
| <b>NET ASSETS ON THE CLOSING DATE OR AT YEAR END</b>                               | <b>1,467,362,650.96</b> | <b>1,047,498,700.33</b> |

## 5. Annual financial statements

- **Additional information**
  - **Breakdown of instruments by legal or economic type**

|   | Amount           | %      |
|---|------------------|--------|
| <b>Assets</b>   |                  |        |
| Bonds and equivalent securities   |                  |        |
| Other bonds (indexed, equity securities)                                | 17,990,458.94    | 1.23   |
| Mortgages traded on a regulated or equivalent market                    | 7,528,730.67     | 0.51   |
| Fixed rate bonds traded on a regulated or equivalent market             | 1,316,918,576.85 | 89.75  |
| Variable/floating rate bonds traded on a regulated or equivalent market | 63,802,990.27    | 4.35   |
| TOTAL Bonds and equivalent securities                                   | 1,406,240,756.73 | 95.83  |
| Debt securities   |                  |        |
| Treasury bills  | 37,839,196.59    | 2.58   |
| TOTAL Debt securities   | 37,839,196.59    | 2.58   |
| <b>Liabilities</b>  |                  |        |
| Sales of financial instruments  |                  |        |
| TOTAL Sales of financial instruments                                    | 0.00             | 0.00   |
| <b>Off-balance sheet items</b>  |                  |        |
| Hedging transactions  |                  |        |
| TOTAL Hedging transactions  | 0.00             | 0.00   |
| Other transactions  |                  |        |
| Other   | 55,052,656.00    | 3.75   |
| Foreign exchange  | 140,401,883.53   | 9.57   |
| Fixed income  | 8,037,544,958.50 | 547.75 |
| TOTAL Other transactions  | 8,232,999,498.03 | 561.07 |

- **Breakdown of assets, liabilities and off-balance sheet items by interest rate type**

|                                   | Fixed rate       | %      | Variable rate  | %     | Adjustable rate | %    | Other         | %    |
|-----------------------------------|------------------|--------|----------------|-------|-----------------|------|---------------|------|
| <b>Assets</b>                     |                  |        |                |       |                 |      |               |      |
| Deposits                          | 0.00             | 0.00   | 0.00           | 0.00  | 0.00            | 0.00 | 0.00          | 0.00 |
| Bonds and equivalent securities   | 1,321,206,032.64 | 90.04  | 0.00           | 0.00  | 67,044,265.15   | 4.57 | 17,990,458.94 | 1.23 |
| Debt securities                   | 37,839,196.59    | 2.58   | 0.00           | 0.00  | 0.00            | 0.00 | 0.00          | 0.00 |
| Temporary securities transactions | 388,361,918.57   | 26.47  | 0.00           | 0.00  | 0.00            | 0.00 | 0.00          | 0.00 |
| Financial accounts                | 0.00             | 0.00   | 0.00           | 0.00  | 0.00            | 0.00 | 46,547,683.45 | 3.17 |
| <b>Liabilities</b>                |                  |        |                |       |                 |      |               |      |
| Temporary securities transactions | 147,634,040.09   | 10.06  | 238,378,599.29 | 16.25 | 0.00            | 0.00 | 0.00          | 0.00 |
| Financial accounts                | 0.00             | 0.00   | 0.00           | 0.00  | 0.00            | 0.00 | 77,206,011.66 | 5.26 |
| <b>Off-balance sheet items</b>    |                  |        |                |       |                 |      |               |      |
| Hedging transactions              | 0.00             | 0.00   | 0.00           | 0.00  | 0.00            | 0.00 | 0.00          | 0.00 |
| Other transactions                | 8,037,544,958.50 | 547.75 | 0.00           | 0.00  | 0.00            | 0.00 | 0.00          | 0.00 |

## 5. Annual financial statements

- Breakdown of assets, liabilities and off-balance sheet items by residual maturity

|                                   | < 3 months     | %     | [3 months – 1 year] | %    | [1–3 years]      | %     | [3–5 years]      | %      | > 5 years        | %      |
|-----------------------------------|----------------|-------|---------------------|------|------------------|-------|------------------|--------|------------------|--------|
| <b>Assets</b>                     |                |       |                     |      |                  |       |                  |        |                  |        |
| Deposits                          | 0.00           | 0.00  | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| Bonds and equivalent securities   | 17,889,767.54  | 1.22  | 62,866,324.73       | 4.28 | 234,770,617.86   | 16.00 | 103,674,067.30   | 7.07   | 987,039,979.30   | 67.27  |
| Debt securities                   | 7,994,731.02   | 0.54  | 29,844,465.57       | 2.03 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| Temporary securities transactions | 0.00           | 0.00  | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 388,361,918.57   | 26.47  |
| Financial accounts                | 46,547,683.45  | 3.17  | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| <b>Liabilities</b>                |                |       |                     |      |                  |       |                  |        |                  |        |
| Temporary securities transactions | 386,012,639.38 | 26.31 | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| Financial accounts                | 77,206,011.66  | 5.26  | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| <b>Off-balance sheet items</b>    |                |       |                     |      |                  |       |                  |        |                  |        |
| Hedging transactions              | 0.00           | 0.00  | 0.00                | 0.00 | 0.00             | 0.00  | 0.00             | 0.00   | 0.00             | 0.00   |
| Other transactions                | 0.00           | 0.00  | 0.00                | 0.00 | 1,452,922,157.67 | 99.02 | 3,975,418,005.65 | 270.92 | 2,609,204,795.18 | 177.82 |

- Breakdown of assets, liabilities and off-balance sheet items by listing currency or valuation currency (non-euro)

|   | Currency 1<br>USD | %      | Currency 2<br>CHF | %      | Currency 3<br>MXN | %     | Currency N       | %      |
|---|-------------------|--------|-------------------|--------|-------------------|-------|------------------|--------|
| <b>Assets</b>                               |                   |        |                   |        |                   |       |                  |        |
| Deposits                                    | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Equities and equivalent securities          | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Bonds and equivalent securities             | 61,544,103.67     | 4.19   | 0.00              | 0.00   | 235,980,831.96    | 16.08 | 57,393,432.53    | 3.91   |
| Debt securities                             | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| UCIs  | 7,627,523.30      | 0.52   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Temporary securities transactions           | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Receivables                                 | 4,551,781,133.69  | 310.20 | 38,711,609.28     | 2.64   | 702,562,652.15    | 47.88 | 1,194,109,668.51 | 81.38  |
| Financial accounts                          | 0.00              | 0.00   | 487,244.39        | 0.03   | 38,960.39         | 0.00  | 46,021,478.67    | 3.14   |
| <b>Liabilities</b>                          |                   |        |                   |        |                   |       |                  |        |
| Sales transactions on financial instruments | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Temporary securities transactions           | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Payables                                    | 1,110,671,667.84  | 75.69  | 2,353,721,180.41  | 160.40 | 71,054,514.31     | 4.84  | 1,811,798,829.00 | 123.47 |
| Financial accounts                          | 16,612,918.91     | 1.13   | 0.00              | 0.00   | 0.00              | 0.00  | 40,502,551.65    | 2.76   |
| <b>Off-balance sheet items</b>              |                   |        |                   |        |                   |       |                  |        |
| Hedging transactions                        | 0.00              | 0.00   | 0.00              | 0.00   | 0.00              | 0.00  | 0.00             | 0.00   |
| Other transactions                          | 4,373,124,529.08  | 298.03 | 0.00              | 0.00   | 0.00              | 0.00  | 201,814,431.62   | 13.75  |

## 5. Annual financial statements

- Breakdown of receivables and payables by type

|                                       | Type of debit/credit                        | 29/12/2017               |
|---------------------------------------|---|--------------------------|
| Receivables                           | Forward currency purchases                  | 1,888,712,077.32         |
|                                       | Funds receivable on forward currency sales  | 5,134,953,057.22         |
|                                       | Sales with deferred settlement              | 261,122,650.65           |
|                                       | Collateral                                  | 63,964,863.93            |
| <b>Total receivables</b>              |   | <b>7,348,752,649.12</b>  |
| Payables                              | Forward currency sales                      | -5,189,384,100.32        |
|                                       | Funds payable on forward currency purchases | -1,911,520,222.38        |
|                                       | Purchases with deferred settlement          | -152,802,108.26          |
|                                       | Management fees                             | -1,210,598.71            |
|                                       | Variable management fees                    | -48,029,719.64           |
|                                       | Collateral                                  | -9,870,216.18            |
|                                       | Other payables                              | -4,719.00                |
| <b>Total payables</b>                 |   | <b>-7,312,821,684.49</b> |
| <b>Total payables and receivables</b> |   | <b>35,930,964.63</b>     |

### ■ Shareholders' equity

- Number of securities issued or redeemed

|  | Units           | Amount          |
|--|-----------------|-----------------|
| <b>HCHF-I (C) unit</b>                     |                 |                 |
| Units subscribed during the financial year | 71.6324         | 4,507,997.35    |
| Units redeemed during the financial year   | -26.8500        | -1,604,423.81   |
| Net subscriptions/redemptions              | 44.7824         | 2,903,573.54    |
| <b>N (C) unit</b>                          |                 |                 |
| Units subscribed during the financial year | 446,540.9629    | 49,423,045.62   |
| Units redeemed during the financial year   | -0.0002         | -0.02           |
| Net subscriptions/redemptions              | 446,540.9627    | 49,423,045.60   |
| <b>R (C) unit</b>                          |                 |                 |
| Units subscribed during the financial year | 1,480,628.8972  | 412,024,373.44  |
| Units redeemed during the financial year   | -1,028,524.7719 | -287,290,907.25 |
| Net subscriptions/redemptions              | 452,104.1253    | 124,733,466.19  |
| <b>HCHF-N (C) unit</b>                     |                 |                 |
| Units subscribed during the financial year | 1,931.0000      | 186,889.72      |
| Units redeemed during the financial year   | -231.0000       | -24,008.23      |
| Net subscriptions/redemptions              | 1,700.0000      | 162,881.49      |

# ANNUAL FINANCIAL STATEMENTS

## ■ Shareholders' equity

### • Number of securities issued or redeemed

|  | Units         | Amount          |
|--|---------------|-----------------|
| <b>HUSD-R (C) unit</b>                     |               |                 |
| Units subscribed during the financial year | 304,376.2397  | 47,133,635.67   |
| Units redeemed during the financial year   | -136,868.3120 | -21,133,690.95  |
| Net subscriptions/redemptions              | 167,507.9277  | 25,999,944.72   |
| <b>I (C) unit</b>                          |               |                 |
| Units subscribed during the financial year | 1,050.3470    | 146,003,893.14  |
| Units redeemed during the financial year   | -792.0199     | -112,029,423.32 |
| Net subscriptions/redemptions              | 258.3271      | 33,974,469.82   |
| <b>M (C/D) unit</b>                        |               |                 |
| Units subscribed during the financial year | 30,357.3493   | 3,538,735.29    |
| Units redeemed during the financial year   | -1,964.5038   | -238,618.46     |
| Net subscriptions/redemptions              | 28,392.8455   | 3,300,116.83    |
| <b>IUSD (C) unit</b>                       |               |                 |
| Units subscribed during the financial year | 111.1234      | 12,515,285.18   |
| Units redeemed during the financial year   | -99.2914      | -11,195,479.75  |
| Net subscriptions/redemptions              | 11.8320       | 1,319,805.43    |
| <b>HUSD-I (C) unit</b>                     |               |                 |
| Units subscribed during the financial year | 249.1609      | 17,608,322.68   |
| Units redeemed during the financial year   | -104.3740     | -7,573,999.16   |
| Net subscriptions/redemptions              | 144.7869      | 10,034,323.52   |
| <b>HSGD-R (C) unit</b>                     |               |                 |
| Units subscribed during the financial year | 804.5240      | 52,935.19       |
| Units redeemed during the financial year   | -343.9550     | -22,147.27      |
| Net subscriptions/redemptions              | 460.5690      | 30,787.92       |
| <b>RUSD (C) unit</b>                       |               |                 |
| Units subscribed during the financial year | 28,002.6676   | 3,493,936.53    |
| Units redeemed during the financial year   | -16,537.3773  | -2,000,956.29   |
| Net subscriptions/redemptions              | 11,465.2903   | 1,492,980.24    |

# ANNUAL FINANCIAL STATEMENTS

- Shareholders' equity

- Number of securities issued or redeemed

|  | Units        | Amount        |
|--|--------------|---------------|
| <b>HCHF-R (C) unit</b>                     |              |               |
| Units subscribed during the financial year | 11,879.9331  | 3,162,531.38  |
| Units redeemed during the financial year   | -20,865.6978 | -5,627,904.94 |
| Net subscriptions/redemptions              | -8,985.7647  | -2,465,373.56 |
| <b>RSGD (C) unit</b>                       |              |               |
| Units subscribed during the financial year | 25,257.3112  | 2,667,935.89  |
| Units redeemed during the financial year   | -3,659.6536  | -372,974.62   |
| Net subscriptions/redemptions              | 21,597.6576  | 2,294,961.27  |
| <b>R (C/D) unit</b>                        |              |               |
| Units subscribed during the financial year | 112,112.5890 | 17,793,499.17 |
| Units redeemed during the financial year   | -19,035.9241 | -2,883,723.08 |
| Net subscriptions/redemptions              | 93,076.6649  | 14,909,776.09 |

## 5. Annual financial statements

- **Subscription and/or redemption fees**

|   | Amount |
|---|--------|
| <b>HCHF-I (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>N (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund      |        |
| <b>R (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund      |        |
| <b>HCHF-N (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>HUSD-R (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>I (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund      |        |
| <b>M (C/D) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund    |        |

## 5. Annual financial statements

- **Subscription and/or redemption fees**

|   | Amount |
|---|--------|
| <b>I USD (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund  |        |
| <b>HUSD-I (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>HSGD-R (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>RUSD (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund   |        |
| <b>HCHF-R (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund |        |
| <b>RSGD (C) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund   |        |
| <b>R (C/D) unit</b><br>Redemption fees paid to the Fund<br>Subscription fees paid to the Fund<br>Total fees paid to the Fund    |        |

## 5. Annual financial statements

- Management fees paid by the Fund

|                                     | 29/12/2017    |
|-------------------------------------|---------------|
| <b>HCHF-I (C) unit</b>              |               |
| Guarantee fees                      | 0.00          |
| Fixed management fees               | 25,615.46     |
| Percentage of fixed management fees | 0.70          |
| Variable management fees            | 123,983.15    |
| Retrocessions of management fees    | 0.00          |
| <b>N (C) unit</b>                   |               |
| Guarantee fees                      | 0.00          |
| Fixed management fees               | 8,709.32      |
| Percentage of fixed management fees | 0.80          |
| Variable management fees            | 0.03          |
| Retrocessions of management fees    | 0.00          |
| <b>R (C) unit</b>                   |               |
| Guarantee fees                      | 0.00          |
| Fixed management fees               | 9,143,183.47  |
| Percentage of fixed management fees | 1.08          |
| Variable management fees            | 33,286,266.08 |
| Retrocessions of management fees    | 0.00          |
| <b>M (C/D) unit</b>                 |               |
| Guarantee fees                      | 0.00          |
| Fixed management fees               | 6,101.40      |
| Percentage of fixed management fees | 0.10          |
| Variable management fees            | 0.00          |
| Retrocessions of management fees    | 0.00          |
| <b>HCHF-N (C) unit</b>              |               |
| Guarantee fees                      | 0.00          |
| Fixed management fees               | 853.61        |
| Percentage of fixed management fees | 0.81          |
| Variable management fees            | 5,839.48      |
| Retrocessions of management fees    | 0.00          |

## 5. Annual financial statements

- Management fees paid by the Fund

|                                     | 29/12/2017   |
|-------------------------------------|--------------|
| <b>HUSD-R (C) unit</b>              |              |
| Guarantee fees                      | 0.00         |
| Fixed management fees               | 733,588.29   |
| Percentage of fixed management fees | 1.10         |
| Variable management fees            | 2,396,360.41 |
| Retrocessions of management fees    | 0.00         |
| <b>I (C) unit</b>                   |              |
| Guarantee fees                      | 0.00         |
| Fixed management fees               | 1,588,029.04 |
| Percentage of fixed management fees | 0.68         |
| Variable management fees            | 9,527,077.11 |
| Retrocessions of management fees    | 0.00         |
| <b>HUSD-I (C) unit</b>              |              |
| Guarantee fees                      | 0.00         |
| Fixed management fees               | 88,849.77    |
| Percentage of fixed management fees | 0.70         |
| Variable management fees            | 522,158.10   |
| Retrocessions of management fees    | 0.00         |
| <b>HSGD-R (C) unit</b>              |              |
| Guarantee fees                      | 0.00         |
| Fixed management fees               | 129.31       |
| Percentage of fixed management fees | 1.10         |
| Variable management fees            | 244.67       |
| Retrocessions of management fees    | 0.00         |
| <b>IUSD (C) unit</b>                |              |
| Guarantee fees                      | 0.00         |
| Fixed management fees               | 132,806.27   |
| Percentage of fixed management fees | 0.69         |
| Variable management fees            | 1,307,908.98 |
| Retrocessions of management fees    | 0.00         |

## 5. Annual financial statements

- Management fees paid by the Fund

|                                     | 29/12/2017 |
|-------------------------------------|------------|
| <b>HCHF-R (C) unit</b>              |            |
| Guarantee fees                      | 0.00       |
| Fixed management fees               | 112,153.51 |
| Percentage of fixed management fees | 1.10       |
| Variable management fees            | 416,744.90 |
| Retrocessions of management fees    | 0.00       |
| <b>RUSD (C) unit</b>                |            |
| Guarantee fees                      | 0.00       |
| Fixed management fees               | 77,299.02  |
| Percentage of fixed management fees | 1.10       |
| Variable management fees            | 463,707.12 |
| Retrocessions of management fees    | 0.00       |
| <b>RSGD (C) unit</b>                |            |
| Guarantee fees                      | 0.00       |
| Fixed management fees               | 22,079.00  |
| Percentage of fixed management fees | 1.09       |
| Variable management fees            | 79,469.64  |
| Retrocessions of management fees    | 0.00       |
| <b>R (C/D) unit</b>                 |            |
| Guarantee fees                      | 0.00       |
| Fixed management fees               | 121,370.29 |
| Percentage of fixed management fees | 1.10       |
| Variable management fees            | 282,600.11 |
| Retrocessions of management fees    | 0.00       |

- Commitments received and given

**Guarantees received by the UCI**

None.

**Other commitments received and/or given**

None.

## 5. Annual financial statements

### ■ Other information

#### • Current value of financial instruments under a temporary purchase agreement

|   | 29/12/2017 |
|---|------------|
| Securities received under reverse repurchase agreements | 0.00       |
| Borrowed securities                                     | 0.00       |

#### • Current value of financial instruments constituting guarantee deposits

|   | 29/12/2017     |
|---|----------------|
| Financial instruments given as collateral and retained under their original entry | 130,866,433.10 |
| Financial instruments received as collateral and not posted in the balance sheet  | 0.00           |

#### • Financial instruments held, issued and/or managed by the Natixis Group

|                            | ISIN code    | Name                                  | 29/12/2017    |
|----------------------------|--------------|---------------------------------------|---------------|
| Equities                   |              |                                       | 0.00          |
| Bonds                      |              |                                       | 0.00          |
| Negotiable debt securities |              |                                       | 0.00          |
| UCIs                       |              |                                       | 16,299,871.92 |
|                            | IE00BYVMJ495 | H2O Barry Short I EUR                 | 4,932,531.32  |
|                            | FR0013282720 | H2O LARGO I C EUR                     | 2,488,250.00  |
|                            | FR0012329092 | H2O MULTIEMERGING DEBT IUSD C         | 7,627,523.30  |
|                            | FR0011036680 | SOLO ABSOLUTE BONDS AND CURRENCY FUND | 1,251,567.30  |

## 5. Annual financial statements

### ■ Table of results

- Allocation table for the portion of distributable income relating to profit/loss

|                                      | 29/12/2017           | 30/12/2016          |
|--------------------------------------|----------------------|---------------------|
| <b>Amounts still to be allocated</b> |                      |                     |
| Retained earnings                    | 1,140.21             | 376.61              |
| Profit/loss                          | 12,090,896.66        | 8,826,446.14        |
| <b>Total</b>                         | <b>12,092,036.87</b> | <b>8,826,822.75</b> |

|  | 29/12/2017          | 30/12/2016          |
|--|---------------------|---------------------|
| <b>R (C) unit</b>                        |                     |                     |
| <b>Allocation</b>                        |                     |                     |
| Distribution                             | 0.00                | 0.00                |
| Retained earnings for the financial year | 0.00                | 0.00                |
| Accumulation                             | 8,247,175.18        | 5,394,676.44        |
| <b>Total</b>                             | <b>8,247,175.18</b> | <b>5,394,676.44</b> |

|  | 29/12/2017        | 30/12/2016       |
|--|-------------------|------------------|
| <b>HCHF-I (C) unit</b>                   |                   |                  |
| <b>Allocation</b>                        |                   |                  |
| Distribution                             | 0.00              | 0.00             |
| Retained earnings for the financial year | 0.00              | 0.00             |
| Accumulation                             | 150,495.85        | 51,207.22        |
| <b>Total</b>                             | <b>150,495.85</b> | <b>51,207.22</b> |

|  | 29/12/2017         | 30/12/2016  |
|--|--------------------|-------------|
| <b>N (C) unit</b>                        |                    |             |
| <b>Allocation</b>                        |                    |             |
| Distribution                             | 0.00               | 0.00        |
| Retained earnings for the financial year | 0.00               | 0.00        |
| Accumulation                             | -656,588.90        | 0.00        |
| <b>Total</b>                             | <b>-656,588.90</b> | <b>0.00</b> |

## 5. Annual financial statements

### ■ Table of results

|  | 29/12/2017     | 30/12/2016  |
|--|----------------|-------------|
| <b>HCHF-N (C) unit</b>                   |                |             |
| <b>Allocation</b>                        |                |             |
| Distribution                             | 0.00           | 0.00        |
| Retained earnings for the financial year | 0.00           | 0.00        |
| Accumulation                             | -814.67        | 0.00        |
| <b>Total</b>                             | <b>-814.67</b> | <b>0.00</b> |

|  | 29/12/2017        | 30/12/2016        |
|--|-------------------|-------------------|
| <b>HUSD-R (C) unit</b>                   |                   |                   |
| <b>Allocation</b>                        |                   |                   |
| Distribution                             | 0.00              | 0.00              |
| Retained earnings for the financial year | 0.00              | 0.00              |
| Accumulation                             | 922,830.99        | 358,138.55        |
| <b>Total</b>                             | <b>922,830.99</b> | <b>358,138.55</b> |

|  | 29/12/2017        | 30/12/2016       |
|--|-------------------|------------------|
| <b>M (C/D) unit</b>  |                   |                  |
| <b>Allocation</b>  |                   |                  |
| Distribution   | 414,052.05        | 45,370.85        |
| Retained earnings for the financial year                     | 18,708.72         | 161.21           |
| Accumulation   | 0.00              | 0.00             |
| <b>Total</b>   | <b>432,760.77</b> | <b>45,532.06</b> |
| <b>Information concerning units with distribution rights</b> |                   |                  |
| Number of units  | 60,800.5954       | 32,407.7499      |
| Distribution per unit  | 6.81              | 1.40             |
| <b>Tax credits</b>   |                   |                  |
| Tax credit relating to the distribution of income            | 29,039.15         | 0.00             |

|  | 29/12/2017          | 30/12/2016          |
|--|---------------------|---------------------|
| <b>I (C) unit</b>                        |                     |                     |
| <b>Allocation</b>                        |                     |                     |
| Distribution                             | 0.00                | 0.00                |
| Retained earnings for the financial year | 0.00                | 0.00                |
| Accumulation                             | 3,008,855.72        | 1,966,820.50        |
| <b>Total</b>                             | <b>3,008,855.72</b> | <b>1,966,820.50</b> |

## 5. Annual financial statements

### ■ Table of results

|  | 29/12/2017     | 30/12/2016  |
|--|----------------|-------------|
| <b>HSGD-R (C) unit</b>                   |                |             |
| <b>Allocation</b>                        |                |             |
| Distribution                             | 0.00           | 0.00        |
| Retained earnings for the financial year | 0.00           | 0.00        |
| Accumulation                             | -140.74        | 0.00        |
| <b>Total</b>                             | <b>-140.74</b> | <b>0.00</b> |

|  | 29/12/2017        | 30/12/2016        |
|--|-------------------|-------------------|
| <b>HUSD-I (C) unit</b>                   |                   |                   |
| <b>Allocation</b>                        |                   |                   |
| Distribution                             | 0.00              | 0.00              |
| Retained earnings for the financial year | 0.00              | 0.00              |
| Accumulation                             | 141,092.07        | 135,332.88        |
| <b>Total</b>                             | <b>141,092.07</b> | <b>135,332.88</b> |

|  | 29/12/2017         | 30/12/2016        |
|--|--------------------|-------------------|
| <b>IUSD (C) unit</b>                     |                    |                   |
| <b>Allocation</b>                        |                    |                   |
| Distribution                             | 0.00               | 0.00              |
| Retained earnings for the financial year | 0.00               | 0.00              |
| Accumulation                             | -290,072.99        | 542,313.36        |
| <b>Total</b>                             | <b>-290,072.99</b> | <b>542,313.36</b> |

|  | 29/12/2017       | 30/12/2016        |
|--|------------------|-------------------|
| <b>HCHF-R (C) unit</b>                   |                  |                   |
| <b>Allocation</b>                        |                  |                   |
| Distribution                             | 0.00             | 0.00              |
| Retained earnings for the financial year | 0.00             | 0.00              |
| Accumulation                             | 93,774.90        | 110,905.94        |
| <b>Total</b>                             | <b>93,774.90</b> | <b>110,905.94</b> |

## 5. Annual financial statements

### ■ Table of results

|  | 29/12/2017         | 30/12/2016        |
|--|--------------------|-------------------|
| <b>RUSD (C) unit</b>                     |                    |                   |
| <b>Allocation</b>                        |                    |                   |
| Distribution                             | 0.00               | 0.00              |
| Retained earnings for the financial year | 0.00               | 0.00              |
| Accumulation                             | -159,071.28        | 183,368.03        |
| <b>Total</b>                             | <b>-159,071.28</b> | <b>183,368.03</b> |

|  | 29/12/2017      | 30/12/2016      |
|--|-----------------|-----------------|
| <b>RSGD (C) unit</b>                     |                 |                 |
| <b>Allocation</b>                        |                 |                 |
| Distribution                             | 0.00            | 0.00            |
| Retained earnings for the financial year | 0.00            | 0.00            |
| Accumulation                             | 1,074.22        | 2,546.95        |
| <b>Total</b>                             | <b>1,074.22</b> | <b>2,546.95</b> |

|  | 29/12/2017        | 30/12/2016       |
|--|-------------------|------------------|
| <b>R (C/D) unit</b>  |                   |                  |
| <b>Allocation</b>  |                   |                  |
| Distribution   | 148,378.36        | 35,694.68        |
| Retained earnings for the financial year                     | 52,287.39         | 286.14           |
| Accumulation   | 0.00              | 0.00             |
| <b>Total</b>   | <b>200,665.75</b> | <b>35,980.82</b> |
| <b>Information concerning units with distribution rights</b> |                   |                  |
| Number of units  | 141,312.7241      | 48,236.0592      |
| Distribution per unit  | 1.05              | 0.74             |
| <b>Tax credits</b>   |                   |                  |
| Tax credit relating to the distribution of income            | 82,572.82         | 0.00             |

## 5. Annual financial statements

### ■ Allocation table for the portion of distributable income relating to net capital gains and losses

|   | 29/12/2017            | 30/12/2016            |
|---|-----------------------|-----------------------|
| <b>Amounts still to be allocated</b>  |                       |                       |
| Undistributed prior net capital gains and losses                              | 4,731,651.69          | 1,125,648.61          |
| Net capital gains and losses for the financial year                           | 158,114,640.23        | 100,813,236.75        |
| Interim dividends paid on net capital gains and losses for the financial year | 0.00                  | 0.00                  |
| <b>Total</b>  | <b>162,846,291.92</b> | <b>101,938,885.36</b> |

|  | 29/12/2017          | 30/12/2016  |
|--|---------------------|-------------|
| <b>N (C) unit</b>                          |                     |             |
| <b>Allocation</b>                          |                     |             |
| Distribution                               | 0.00                | 0.00        |
| Undistributed net capital gains and losses | 0.00                | 0.00        |
| Accumulation                               | 4,920,670.46        | 0.00        |
| <b>Total</b>                               | <b>4,920,670.46</b> | <b>0.00</b> |

|  | 29/12/2017        | 30/12/2016        |
|--|-------------------|-------------------|
| <b>HCHF-I (C) unit</b>                     |                   |                   |
| <b>Allocation</b>                          |                   |                   |
| Distribution                               | 0.00              | 0.00              |
| Undistributed net capital gains and losses | 0.00              | 0.00              |
| Accumulation                               | 145,140.38        | 246,425.26        |
| <b>Total</b>                               | <b>145,140.38</b> | <b>246,425.26</b> |

|  | 29/12/2017            | 30/12/2016           |
|--|-----------------------|----------------------|
| <b>R (C) unit</b>                          |                       |                      |
| <b>Allocation</b>                          |                       |                      |
| Distribution                               | 0.00                  | 0.00                 |
| Undistributed net capital gains and losses | 0.00                  | 0.00                 |
| Accumulation                               | 112,897,537.24        | 68,075,710.67        |
| <b>Total</b>                               | <b>112,897,537.24</b> | <b>68,075,710.67</b> |

## 5. Annual financial statements

|  | 29/12/2017           | 30/12/2016           |
|--|----------------------|----------------------|
| <b>HUSD-R (C) unit</b>                                       |                      |                      |
| <b>Allocation</b>  |                      |                      |
| Distribution   | 0.00                 | 0.00                 |
| Undistributed net capital gains and losses                   | 0.00                 | 0.00                 |
| Accumulation   | 1,906,324.75         | 8,791,155.16         |
| <b>Total</b>   | <b>1,906,324.75</b>  | <b>8,791,155.16</b>  |
|  |                      |                      |
|  | 29/12/2017           | 30/12/2016           |
| <b>HCHF-N (C) unit</b>                                       |                      |                      |
| <b>Allocation</b>  |                      |                      |
| Distribution   | 0.00                 | 0.00                 |
| Undistributed net capital gains and losses                   | 0.00                 | 0.00                 |
| Accumulation   | 5,085.99             | 0.00                 |
| <b>Total</b>   | <b>5,085.99</b>      | <b>0.00</b>          |
|  |                      |                      |
|  | 29/12/2017           | 30/12/2016           |
| <b>I (C) unit</b>  |                      |                      |
| <b>Allocation</b>  |                      |                      |
| Distribution   | 0.00                 | 0.00                 |
| Undistributed net capital gains and losses                   | 0.00                 | 0.00                 |
| Accumulation   | 30,135,037.13        | 17,869,747.18        |
| <b>Total</b>   | <b>30,135,037.13</b> | <b>17,869,747.18</b> |
|  |                      |                      |
|  | 29/12/2017           | 30/12/2016           |
| <b>M (C/D) unit</b>  |                      |                      |
| <b>Allocation</b>  |                      |                      |
| Distribution   | 151,393.48           | 141,297.79           |
| Undistributed net capital gains and losses                   | 1,229,931.36         | 238,112.97           |
| Accumulation   | 0.00                 | 0.00                 |
| <b>Total</b>   | <b>1,381,324.84</b>  | <b>379,410.76</b>    |
| <b>Information concerning units with distribution rights</b> |                      |                      |
| Number of units  | 60,800.5954          | 32,407.7499          |
| Distribution per unit  | 2.49                 | 4.36                 |

## 5. Annual financial statements

|  | 29/12/2017          | 30/12/2016          |
|--|---------------------|---------------------|
| <b>IUSD (C) unit</b>                       |                     |                     |
| <b>Allocation</b>                          |                     |                     |
| Distribution                               | 0.00                | 0.00                |
| Undistributed net capital gains and losses | 0.00                | 0.00                |
| Accumulation                               | 2,383,208.11        | 1,570,030.35        |
| <b>Total</b>                               | <b>2,383,208.11</b> | <b>1,570,030.35</b> |

|  | 29/12/2017        | 30/12/2016          |
|--|-------------------|---------------------|
| <b>HUSD-I (C) unit</b>                     |                   |                     |
| <b>Allocation</b>                          |                   |                     |
| Distribution                               | 0.00              | 0.00                |
| Undistributed net capital gains and losses | 0.00              | 0.00                |
| Accumulation                               | 434,900.63        | 1,365,278.88        |
| <b>Total</b>                               | <b>434,900.63</b> | <b>1,365,278.88</b> |

|  | 29/12/2017      | 30/12/2016  |
|--|-----------------|-------------|
| <b>HSGD-R (C) unit</b>                     |                 |             |
| <b>Allocation</b>                          |                 |             |
| Distribution                               | 0.00            | 0.00        |
| Undistributed net capital gains and losses | 0.00            | 0.00        |
| Accumulation                               | 2,757.72        | 0.00        |
| <b>Total</b>                               | <b>2,757.72</b> | <b>0.00</b> |

|  | 29/12/2017        | 30/12/2016          |
|--|-------------------|---------------------|
| <b>HCHF-R (C) unit</b>                     |                   |                     |
| <b>Allocation</b>                          |                   |                     |
| Distribution                               | 0.00              | 0.00                |
| Undistributed net capital gains and losses | 0.00              | 0.00                |
| Accumulation                               | 240,658.98        | 1,129,722.19        |
| <b>Total</b>                               | <b>240,658.98</b> | <b>1,129,722.19</b> |

## 5. Annual financial statements

|  | 29/12/2017          | 30/12/2016        |
|--|---------------------|-------------------|
| <b>RUSD (C) unit</b>                       |                     |                   |
| <b>Allocation</b>                          |                     |                   |
| Distribution                               | 0.00                | 0.00              |
| Undistributed net capital gains and losses | 0.00                | 0.00              |
| Accumulation                               | 1,016,482.75        | 597,440.87        |
| <b>Total</b>                               | <b>1,016,482.75</b> | <b>597,440.87</b> |

|  | 29/12/2017        | 30/12/2016        |
|--|-------------------|-------------------|
| <b>RSGD (C) unit</b>                       |                   |                   |
| <b>Allocation</b>                          |                   |                   |
| Distribution                               | 0.00              | 0.00              |
| Undistributed net capital gains and losses | 0.00              | 0.00              |
| Accumulation                               | 453,341.02        | 131,048.53        |
| <b>Total</b>                               | <b>453,341.02</b> | <b>131,048.53</b> |

|  | 29/12/2017          | 30/12/2016          |
|--|---------------------|---------------------|
| <b>R (C/D) unit</b>  |                     |                     |
| <b>Allocation</b>  |                     |                     |
| Distribution   | 1,459,760.44        | 320,287.43          |
| Undistributed net capital gains and losses                   | 5,464,061.48        | 1,462,628.08        |
| Accumulation   | 0.00                | 0.00                |
| <b>Total</b>   | <b>6,923,821.92</b> | <b>1,782,915.51</b> |
| <b>Information concerning units with distribution rights</b> |                     |                     |
| Number of units  | 141,312.7241        | 48,236.0592         |
| Distribution per unit  | 10.33               | 6.64                |

## 5. Annual financial statements

### ■ Table of results and other items characteristic of the entity over the last five financial years

|   | 31/12/2013     | 31/12/2014     | 31/12/2015       | 30/12/2016       | 29/12/2017       |
|---|----------------|----------------|------------------|------------------|------------------|
| Total net assets in EUR                               | 208,153,973.82 | 803,688,880.01 | 1,090,822,793.14 | 1,047,498,700.33 | 1,467,362,650.96 |
| <b>H2O MULTIBONDS HCHF-I (C)</b>                      |                |                |                  |                  |                  |
| Net assets in CHF                                     | 0.00           | 0.00           | 4,291,675.26     | 2,595,814.63     | 6,272,739.09     |
| Number of securities                                  | 0.0000         | 0.0000         | 73.5753          | 39.7957          | 84.5781          |
| Net asset value per unit                              | 0.00           | 0.00           | 58,330.38        | 65,228.52        | 74,165.05        |
| Accumulation per unit on net capital gains and losses | 0.00           | 0.00           | 1,729.93         | 6,192.25         | 1,716.05         |
| Accumulation per unit on income                       | 0.00           | 0.00           | -931.59          | 1,286.75         | 1,779.37         |
| <b>H2O MULTIBONDS N (C)</b>                           |                |                |                  |                  |                  |
| Net assets in EUR                                     | 0.00           | 0.00           | 0.00             | 0.00             | 46,979,054.38    |
| Number of securities                                  | 0.0000         | 0.0000         | 0.0000           | 0.0000           | 446,540.9627     |
| Net asset value per unit                              | 0.00           | 0.00           | 0.00             | 0.00             | 105.20           |
| Accumulation per unit on net capital gains and losses | 0.00           | 0.00           | 0.00             | 0.00             | 11.01            |
| Accumulation per unit on income                       | 0.00           | 0.00           | 0.00             | 0.00             | -1.47            |
| <b>H2O MULTIBONDS R (C)</b>                           |                |                |                  |                  |                  |
| Net assets in EUR                                     | 103,132,171.69 | 460,750,096.15 | 645,240,212.20   | 733,282,017.78   | 972,275,493.15   |
| Number of securities                                  | 749,200.0808   | 2,574,999.2307 | 2,753,838.3286   | 2,807,948.8681   | 3,260,052.9934   |
| Net asset value per unit                              | 137.65         | 178.93         | 234.30           | 261.14           | 298.23           |
| Accumulation per unit on net capital gains and losses | 5.98           | 25.03          | 43.19            | 24.24            | 34.63            |
| Accumulation per unit on income                       | -3.27          | -1.82          | -7.30            | 1.92             | 2.52             |

\* The tax credit per unit will be determined on the distribution date, in accordance with the prevailing tax provisions.

## 5. Annual financial statements

### ■ Table of results and other items characteristic of the entity over the last five financial years

|  | 31/12/2013     | 31/12/2014     | 31/12/2015       | 30/12/2016       | 29/12/2017       |
|--|----------------|----------------|------------------|------------------|------------------|
| Total net assets in EUR                                    | 208,153,973.82 | 803,688,880.01 | 1,090,822,793.14 | 1,047,498,700.33 | 1,467,362,650.96 |
| <b>H2O MULTIBONDS HUSD-R (C)</b>                           |                |                |                  |                  |                  |
| Net assets in USD  | 0.00           | 19,421,852.32  | 84,864,498.43    | 66,242,020.41    | 107,868,081.86   |
| Number of securities                                       | 0.0000         | 173,717.7508   | 585,961.3300     | 407,934.1069     | 575,442.0346     |
| Net asset value per unit                                   | 0.00           | 111.80         | 144.82           | 162.38           | 187.45           |
| Accumulation per unit on net capital gains and losses      | 0.00           | 18.15          | 36.75            | 21.55            | 3.31             |
| Accumulation per unit on income                            | 0.00           | -0.95          | -3.87            | 0.87             | 1.60             |
| <b>H2O MULTIBONDS I (C)</b>                                |                |                |                  |                  |                  |
| Net assets in EUR  | 90,851,134.97  | 283,187,990.64 | 230,010,735.55   | 192,460,925.09   | 259,711,614.61   |
| Number of securities                                       | 1,321.1058     | 3,156.0298     | 1,949.3226       | 1,458.5586       | 1,716.8857       |
| Net asset value per unit                                   | 68,769.00      | 89,729.18      | 117,995.21       | 131,952.82       | 151,269.01       |
| Accumulation per unit on net capital gains and losses      | 2,982.86       | 12,539.20      | 21,704.83        | 12,251.64        | 17,552.15        |
| Accumulation per unit on income                            | -1,366.44      | -608.61        | -3,248.99        | 1,348.46         | 1,752.50         |
| <b>H2O MULTIBONDS M (C/D)</b>                              |                |                |                  |                  |                  |
| Net assets in EUR  | 0.00           | 0.00           | 0.00             | 3,729,316.47     | 7,964,687.64     |
| Number of securities                                       | 0.0000         | 0.0000         | 0.0000           | 32,407.7499      | 60,800.5954      |
| Net asset value per unit                                   | 0.00           | 0.00           | 0.00             | 115.07           | 130.99           |
| Distribution per unit on net capital gains and losses      | 0.00           | 0.00           | 0.00             | 4.36             | 2.49             |
| Undistributed net capital gains and losses per unit in EUR | 0.00           | 0.00           | 0.00             | 7.34             | 20.22            |
| Distribution per unit on income                            | 0.00           | 0.00           | 0.00             | 1.40             | 6.81             |
| Retained earnings per unit in EUR on income                | 0.00           | 0.00           | 0.00             | 0.00             | 0.30             |
| Tax credit per unit  | 0.00           | 0.00           | 0.00             | 0.00             | *                |

\* The tax credit per unit will be determined on the distribution date, in accordance with the prevailing tax provisions.

## 5. Annual financial statements

### ■ Table of results and other items characteristic of the entity over the last five financial years

|   | 31/12/2013     | 31/12/2014     | 31/12/2015       | 30/12/2016       | 29/12/2017       |
|---|----------------|----------------|------------------|------------------|------------------|
| Total net assets in EUR                               | 208,153,973.82 | 803,688,880.01 | 1,090,822,793.14 | 1,047,498,700.33 | 1,467,362,650.96 |
| <b>H2O MULTIBONDS HCHF-N (C)</b>                      |                |                |                  |                  |                  |
| Net assets in CHF                                     | 0.00           | 0.00           | 0.00             | 0.00             | 201,456.55       |
| Number of securities                                  | 0.0000         | 0.0000         | 0.0000           | 0.0000           | 1,700.0000       |
| Net asset value per unit                              | 0.00           | 0.00           | 0.00             | 0.00             | 118.50           |
| Accumulation per unit on net capital gains and losses | 0.00           | 0.00           | 0.00             | 0.00             | 2.99             |
| Accumulation per unit on income                       | 0.00           | 0.00           | 0.00             | 0.00             | -0.47            |
| <b>H2O MULTIBONDS HSGD-R (C)</b>                      |                |                |                  |                  |                  |
| Net assets in SGD                                     | 0.00           | 0.00           | 0.00             | 0.00             | 49,817.19        |
| Number of securities                                  | 0.0000         | 0.0000         | 0.0000           | 0.0000           | 460.5690         |
| Net asset value per unit                              | 0.00           | 0.00           | 0.00             | 0.00             | 108.16           |
| Accumulation per unit on net capital gains and losses | 0.00           | 0.00           | 0.00             | 0.00             | 5.98             |
| Accumulation per unit on income                       | 0.00           | 0.00           | 0.00             | 0.00             | -0.30            |
| <b>H2O MULTIBONDS IUSD (C)</b>                        |                |                |                  |                  |                  |
| Net assets in USD                                     | 10,061,552.86  | 23,013,957.73  | 21,434,287.46    | 18,023,221.04    | 24,525,248.53    |
| Number of securities                                  | 136.1550       | 271.6808       | 214.2058         | 162.1718         | 174.0038         |
| Net asset value per unit                              | 73,897.78      | 84,709.54      | 100,063.99       | 111,136.59       | 140,946.62       |
| Accumulation per unit on net capital gains and losses | 2,325.92       | 9,792.78       | 16,942.11        | 9,681.27         | 13,696.29        |
| Accumulation per unit on income                       | -1,064.62      | -457.26        | -2,435.99        | 3,344.06         | -1,667.04        |

\* The tax credit per unit will be determined on the distribution date, in accordance with the prevailing tax provisions.

## 5. Annual financial statements

### ■ Table of results and other items characteristic of the entity over the last five financial years

|   | 31/12/2013     | 31/12/2014     | 31/12/2015       | 30/12/2016       | 29/12/2017       |
|---|----------------|----------------|------------------|------------------|------------------|
| Total net assets in EUR                               | 208,153,973.82 | 803,688,880.01 | 1,090,822,793.14 | 1,047,498,700.33 | 1,467,362,650.96 |
| <b>H2O MULTIBONDS HUSD-I (C)</b>                      |                |                |                  |                  |                  |
| Net assets in USD                                     | 0.00           | 10,117,612.23  | 94,200,798.58    | 10,314,235.71    | 24,553,197.27    |
| Number of securities                                  | 0.0000         | 196.0000       | 1,402.6595       | 135.7152         | 280.5021         |
| Net asset value per unit                              | 0.00           | 51,620.47      | 67,158.70        | 75,999.11        | 87,533.02        |
| Accumulation per unit on net capital gains and losses | 0.00           | 454.20         | 16,976.02        | 10,059.88        | 1,550.43         |
| Accumulation per unit on income                       | 0.00           | -233.46        | -1,661.49        | 997.18           | 502.99           |
| <b>H2O MULTIBONDS HCHF-R (C)</b>                      |                |                |                  |                  |                  |
| Net assets in CHF                                     | 8,417,763.31   | 15,487,628.06  | 13,378,161.21    | 11,702,237.52    | 10,435,592.48    |
| Number of securities                                  | 56,504.8241    | 80,186.5436    | 53,220.6984      | 41,776.9915      | 32,791.2268      |
| Net asset value per unit                              | 148.97         | 193.14         | 251.37           | 280.11           | 318.24           |
| Accumulation per unit on net capital gains and losses | 6.35           | 24.63          | 57.20            | 27.04            | 7.33             |
| Accumulation per unit on income                       | -2.63          | -1.65          | -7.15            | 2.65             | 2.85             |
| <b>H2O MULTIBONDS RUSD (C)</b>                        |                |                |                  |                  |                  |
| Net assets in USD                                     | 0.00           | 432,348.28     | 6,478,350.83     | 6,858,718.19     | 10,451,543.89    |
| Number of securities                                  | 0.0000         | 4,486.9230     | 57,621.2568      | 55,158.2616      | 66,623.5519      |
| Net asset value per unit                              | 0.00           | 96.35          | 112.42           | 124.34           | 156.87           |
| Accumulation per unit on net capital gains and losses | 0.00           | 8.60           | 19.16            | 10.83            | 15.25            |
| Accumulation per unit on income                       | 0.00           | 0.18           | -3.69            | 3.32             | -2.38            |

\* The tax credit per unit will be determined on the distribution date, in accordance with the prevailing tax provisions.

## 5. Annual financial statements

### ■ Table of results and other items characteristic of the entity over the last five financial years

|  | 31/12/2013     | 31/12/2014     | 31/12/2015       | 30/12/2016       | 29/12/2017       |
|--|----------------|----------------|------------------|------------------|------------------|
| Total net assets in EUR                                    | 208,153,973.82 | 803,688,880.01 | 1,090,822,793.14 | 1,047,498,700.33 | 1,467,362,650.96 |
| <b>H2O MULTIBONDS RSGD (C)</b>                             |                |                |                  |                  |                  |
| Net assets in SGD  | 0.00           | 902,450.81     | 4,270,463.31     | 2,127,068.66     | 6,253,313.25     |
| Number of securities                                       | 0.0000         | 8,534.8710     | 32,329.3736      | 14,694.8305      | 36,292.4881      |
| Net asset value per unit                                   | 0.00           | 105.73         | 132.09           | 144.74           | 172.30           |
| Accumulation per unit on net capital gains and losses      | 0.00           | 8.09           | 15.91            | 8.91             | 12.49            |
| Accumulation per unit on income                            | 0.00           | -0.42          | -3.09            | 0.17             | 0.02             |
| <b>H2O MULTIBONDS R (C/D)</b>                              |                |                |                  |                  |                  |
| Net assets in EUR  | 0.00           | 2,518,760.27   | 6,016,393.40     | 7,120,070.30     | 22,647,591.64    |
| Number of securities                                       | 0.0000         | 24,474.4892    | 44,773.3127      | 48,236.0592      | 141,312.7241     |
| Net asset value per unit                                   | 0.00           | 102.91         | 134.37           | 147.60           | 160.26           |
| Distribution per unit on net capital gains and losses      | 0.00           | 0.00           | 1.50             | 6.64             | 10.33            |
| Undistributed net capital gains and losses per unit in EUR | 0.00           | 0.00           | 23.33            | 30.32            | 38.66            |
| Accumulation per unit on net capital gains and losses      | 0.00           | 11.23          | 0.00             | 0.00             | 0.00             |
| Accumulation per unit on income                            | 0.00           | 0.00           | -4.06            | 0.00             | 0.00             |
| Distribution per unit on income                            | 0.00           | 0.34           | 0.00             | 0.74             | 1.05             |
| Retained earnings per unit in EUR on income                | 0.00           | 0.00           | 0.00             | 0.00             | 0.37             |
| Tax credit per unit  | 0.00           | 0.00           | 0.00             | 0.00             | *                |

\* The tax credit per unit will be determined on the distribution date, in accordance with the prevailing tax provisions.

## 5. Annual financial statements

### ■ Detailed breakdown of financial instruments

| Security name   | Currency | Qty No. or nominal value | Current value         | % Net assets |
|---|----------|--------------------------|-----------------------|--------------|
| <b>Bonds and equivalent securities</b>  |          |                          |                       |              |
| <b>Bonds and equivalent securities traded on a regulated or equivalent market</b> |          |                          |                       |              |
| <b>SPAIN</b>  |          |                          |                       |              |
| SPGB 3.8 04/30/24   | EUR      | 1,750,000                | 2,128,156.06          | 0.15         |
| SPGB 4.4% 10/31/23  | EUR      | 17,000,000               | 20,826,616.16         | 1.41         |
| <b>TOTAL SPAIN</b>  |          |                          | <b>22,954,772.22</b>  | <b>1.56</b>  |
| <b>FRANCE</b>   |          |                          |                       |              |
| AXA SA 5 1/2 07/22/49   | USD      | 2,000,000                | 1,757,190.57          | 0.12         |
| LAMON TF/TV 04/23/43  | USD      | 300,000                  | 268,997.27            | 0.02         |
| LAMON 6 3/4 04/25/44  | EUR      | 400,000                  | 523,251.07            | 0.04         |
| SOCGEN TV 11/49   | USD      | 1,000,000                | 751,155.71            | 0.05         |
| SOCIETE GENERALE TV PERPETL   | EUR      | 500,000                  | 590,564.38            | 0.04         |
| <b>TOTAL FRANCE</b>   |          |                          | <b>3,891,159.00</b>   | <b>0.27</b>  |
| <b>GREECE</b>   |          |                          |                       |              |
| GRECE 15/10/2042  | EUR      | 54,791,400               | 296,421.47            | 0.02         |
| GRECE 4.75% 17/04/2019  | EUR      | 143,560,000              | 154,240,254.36        | 10.50        |
| HELLENIC REPUBLIC GOVERNMENT BOND 3.5% 30-01-23                                   | EUR      | 104,481,811              | 104,289,650.34        | 7.11         |
| HELLENIC REPUBLIC GOVERNMENT BOND 3.75% 29-01-28                                  | EUR      | 111,320,126              | 108,736,324.88        | 7.41         |
| HELLENIC REPUBLIC GOVERNMENT BOND 3.9% 30-01-33                                   | EUR      | 27,307,590               | 25,733,899.10         | 1.75         |
| HELLENIC REPUBLIC GOVERNMENT BOND 4.0% 30-01-37                                   | EUR      | 3,508,925                | 3,269,048.16          | 0.22         |
| HELLENIC REPUBLIC GOVERNMENT BOND 4.2% 29-01-42                                   | EUR      | 9,139,131                | 8,514,992.20          | 0.58         |
| HELLENIC REPUBLIC GOVERNMENT BOND 4.375% 01-08-22                                 | EUR      | 13,800,000               | 14,601,210.99         | 1.00         |
| <b>TOTAL GREECE</b>   |          |                          | <b>419,681,801.50</b> | <b>28.59</b> |
| <b>CAYMAN ISLANDS</b>   |          |                          |                       |              |
| SIEM OFFSHORE NIB03R+4.4% 28-03-19  | NOK      | 290,000,000              | 21,262,877.46         | 1.45         |
| <b>TOTAL CAYMAN ISLANDS</b>   |          |                          | <b>21,262,877.46</b>  | <b>1.45</b>  |
| <b>IRAQ</b>   |          |                          |                       |              |
| IRAQ 5.8% 15/01/28 REGS *USD  | USD      | 10,200,000               | 8,448,609.26          | 0.58         |
| <b>TOTAL IRAQ</b>   |          |                          | <b>8,448,609.26</b>   | <b>0.58</b>  |
| <b>ITALY</b>  |          |                          |                       |              |
| BTPS 2.35 09/15/24  | EUR      | 15,000,000               | 17,694,037.47         | 1.21         |
| BTPS 4 3/4 09/01/44   | EUR      | 56,100,000               | 72,739,861.29         | 4.96         |
| INTESA SANPAOLO 7.75% PERP  | EUR      | 4,000,000                | 5,025,020.87          | 0.34         |
| ITALIE 6 7/8% 23  | USD      | 8,000,000                | 7,980,901.62          | 0.54         |
| MONTE PASCHI 0.5% 20-01-18  | EUR      | 13,000,000               | 13,033,662.78         | 0.89         |
| <b>TOTAL ITALY</b>  |          |                          | <b>116,473,484.03</b> | <b>7.94</b>  |
| <b>LUXEMBOURG</b>   |          |                          |                       |              |
| ORYX S L3RUSD+1.6% 11-09-18   | USD      | 50,000,000               | 41,788,957.10         | 2.85         |
| <b>TOTAL LUXEMBOURG</b>   |          |                          | <b>41,788,957.10</b>  | <b>2.85</b>  |
| <b>MEXICO</b>   |          |                          |                       |              |
| CORPORACION GEO 8.875% 03/22 DEFAULT  | USD      | 24,300,000               | 348,978.60            | 0.02         |
| MEXICAN BONOS 10.0% 05-12-24  | MXN      | 44,200,000               | 213,055,065.25        | 14.52        |
| MEXICAN BONOS 4.75% 14-06-18  | MXN      | 5,000,000                | 21,077,367.63         | 1.44         |
| PEMEX 7.47 11/12/26   | MXN      | 500,000                  | 1,848,399.08          | 0.13         |
| <b>TOTAL MEXICO</b>   |          |                          | <b>236,329,810.56</b> | <b>16.11</b> |

## 5. Annual financial statements

| Security name   | Currency | Qty No. or nominal value | Current value           | % Net assets |
|---|----------|--------------------------|-------------------------|--------------|
| <b>NETHERLANDS</b>  |          |                          |                         |              |
| AMAT FINA BV 8.25% 31-07-17   | EUR      | 11,300,000               | 8,402,397.50            | 0.57         |
| CHAIN FINANCE BV 7.75% 11-08-20   | EUR      | 38,800,000               | 28,354,561.64           | 1.93         |
| CIVITAS PROPERTIES FINANCE B V 4.0% 24-11-22  | EUR      | 50,000,000               | 49,238,684.93           | 3.36         |
| <b>TOTAL NETHERLANDS</b>  |          |                          | <b>85,995,644.07</b>    | <b>5.86</b>  |
| <b>PORTUGAL</b>   |          |                          |                         |              |
| BANCO ESPIRITO SANTO S 2.625% 08/05/2017  | EUR      | 6,800,000                | 2,120,750.00            | 0.14         |
| BCO ESPI 4.75% 15-01-18 EMTN DEFAULT  | EUR      | 6,000,000                | 1,860,000.00            | 0.13         |
| PGB 2 7/8 10/15/25  | EUR      | 134,480,000              | 149,126,401.02          | 10.17        |
| PGB 5.65% 02/15/24  | EUR      | 30,690,000               | 40,585,801.31           | 2.77         |
| PORT OBRI DO 2.875% 21-07-26  | EUR      | 30,000,000               | 33,131,560.28           | 2.26         |
| PORT OBRI DO 3.85% 15-04-21   | EUR      | 15,800,000               | 18,222,315.32           | 1.24         |
| PORTUGAL OBRIGACOES DO TESOURO OT 4.125% 14-04-27   | EUR      | 500,000                  | 613,132.40              | 0.04         |
| PORTUGAL REPUBLIQUE 4.1% 15-02-45   | EUR      | 28,650,000               | 34,594,298.07           | 2.36         |
| PORTUGAL 4.75% 14/06/19   | EUR      | 13,000,000               | 14,269,421.51           | 0.97         |
| PORTUGAL 4.80% 15/06/20   | EUR      | 14,150,000               | 16,200,680.03           | 1.10         |
| PORTUGAL 4.95% 25/10/23   | EUR      | 40,000                   | 49,709.33               | 0.00         |
| PORTUGAL 4.1% 06-150437   | EUR      | 200,000                  | 244,408.49              | 0.02         |
| TAGU S E1R+1.95% 12-05-25   | EUR      | 5,500,000                | 2,949,978.91            | 0.20         |
| TAGU SOCI DE 1.99% 12-02-19   | EUR      | 10,800,000               | 3,412,101.03            | 0.23         |
| TAGU SOCI DE 2.98% 16-02-18   | EUR      | 19,000,000               | 875,354.76              | 0.06         |
| <b>TOTAL PORTUGAL</b>   |          |                          | <b>318,255,912.46</b>   | <b>21.69</b> |
| <b>UNITED KINGDOM</b>   |          |                          |                         |              |
| MANSARD MORTGAGES TV 1X CL A2 10/48   | GBP      | 750,000                  | 91,982.43               | 0.01         |
| RMAC PLC LIB3R 05-37  | USD      | 3,150,000                | 199,313.54              | 0.01         |
| <b>TOTAL UNITED KINGDOM</b>   |          |                          | <b>291,295.97</b>       | <b>0.02</b>  |
| <b>TOTAL Bonds and equiv. securities traded on regulated or equiv. markets</b>                          |          |                          | <b>1,275,374,323.63</b> | <b>86.92</b> |
| <b>TOTAL Bonds and equivalent securities</b>  |          |                          | <b>1,275,374,323.63</b> | <b>86.92</b> |
| <b>Debt securities</b>  |          |                          |                         |              |
| <b>Debt securities traded on a regulated or equivalent market</b>                                       |          |                          |                         |              |
| <b>GREECE</b>   |          |                          |                         |              |
| GRECE 120118 FIX 0.0  | EUR      | 8,000,000                | 7,994,731.02            | 0.54         |
| HELLENIC TBILL ZCP 04-05-18   | EUR      | 30,000,000               | 29,844,465.57           | 2.04         |
| <b>TOTAL GREECE</b>   |          |                          | <b>37,839,196.59</b>    | <b>2.58</b>  |
| <b>TOTAL Debt securities traded on regulated or equiv. markets</b>                                      |          |                          | <b>37,839,196.59</b>    | <b>2.58</b>  |
| <b>TOTAL Debt securities</b>  |          |                          | <b>37,839,196.59</b>    | <b>2.58</b>  |
| <b>Undertakings for collective investment</b>   |          |                          |                         |              |
| <b>Retail UCITS and AIFs and equivalents in other countries intended for non-professional investors</b> |          |                          |                         |              |
| <b>FRANCE</b>   |          |                          |                         |              |
| H2O LARGO I C EUR   | EUR      | 25,000                   | 2,488,250.00            | 0.17         |
| H2O MULTIEMERGING DEBT IUSD C   | USD      | 154                      | 7,627,523.30            | 0.51         |
| SOLO ABSOLUTE BONDS AND CURRENCY FUND I EUR UNIT  | EUR      | 112.5743                 | 1,251,567.30            | 0.09         |
| <b>TOTAL FRANCE</b>   |          |                          | <b>11,367,340.60</b>    | <b>0.77</b>  |

## 5. Annual financial statements

| Security name   | Currency | Qty No. or nominal value | Current value          | % Net assets  |
|---|----------|--------------------------|------------------------|---------------|
| <b>IRELAND</b>  |          |                          |                        |               |
| H2O Barry Short I EUR   | EUR      | 50,086.63                | 4,932,531.32           | 0.34          |
| <b>TOTAL IRELAND</b>  |          |                          | <b>4,932,531.32</b>    | <b>0.34</b>   |
| <b>TOTAL Retail UCITS and AIFs and equivalents in other countries intended for non-professional investors</b> |          |                          | <b>16,299,871.92</b>   | <b>1.11</b>   |
| <b>TOTAL Undertakings for collective investment</b>   |          |                          | <b>16,299,871.92</b>   | <b>1.11</b>   |
| <b>Securities deposited</b>   |          |                          |                        |               |
| <b>Bonds and equivalent securities traded on a regulated or equivalent market</b>                             |          |                          |                        |               |
| ANGLETERRE 3.75% 07/09/2020   | GBP      | 2,830,000                | 3,504,813.58           | 0.24          |
| BTPS 4 3/4 09/01/44   | EUR      | 10,000,000               | 12,966,107.18          | 0.88          |
| ESPAGNE 5.4% 31/01/2023   | EUR      | 13,810,000               | 17,954,346.95          | 1.22          |
| PORTUGAL 4.80% 15/06/20   | EUR      | 5,578,000                | 6,386,388.21           | 0.44          |
| SPGB 3.8 04/30/24   | EUR      | 47,300,000               | 57,521,018.12          | 3.92          |
| UK TSY 3.25% 22/01/2044   | GBP      | 21,923,000               | 32,533,759.06          | 2.22          |
| <b>TOTAL Bonds and equiv. securities traded on regulated or equiv. markets</b>                                |          |                          | <b>130,866,433.10</b>  | <b>8.92</b>   |
| <b>TOTAL Securities deposited</b>   |          |                          | <b>130,866,433.10</b>  | <b>8.92</b>   |
| <b>Securities transferred under repurchase agreements</b>   |          |                          |                        |               |
| <b>ITALY</b>  |          |                          |                        |               |
| BTPS 4 3/4 09/01/44   | EUR      | 80,000,000               | 103,728,857.46         | 7.07          |
| <b>TOTAL ITALY</b>  |          |                          | <b>103,728,857.46</b>  | <b>7.07</b>   |
| <b>PORTUGAL</b>   |          |                          |                        |               |
| PGB 5.65% 02/15/24  | EUR      | 86,000,000               | 113,730,169.87         | 7.75          |
| PORTUGAL OBRIGACOES DO TESOURO OT 4.125% 14-04-27   | EUR      | 26,000,000               | 31,882,884.66          | 2.17          |
| PORTUGAL REPUBLIQUE 4.1% 15-02-45   | EUR      | 40,000,000               | 48,299,194.52          | 3.29          |
| PORTUGAL 4.95% 25/10/23   | EUR      | 14,000,000               | 17,398,264.11          | 1.19          |
| PORTUGAL 4.1% 06-150437   | EUR      | 60,000,000               | 73,322,547.95          | 5.00          |
| <b>TOTAL PORTUGAL</b>   |          |                          | <b>284,633,061.11</b>  | <b>19.40</b>  |
| <b>TOTAL Securities transferred under repurchase agreements</b>   |          |                          | <b>388,361,918.57</b>  | <b>26.47</b>  |
| <b>Debts representing securities transferred under repurchase agreements</b>                                  |          |                          | <b>-386,110,000.00</b> | <b>-26.31</b> |
| <b>Indemnities on securities transferred under repurchase agreements</b>                                      |          |                          | <b>97,360.62</b>       | <b>0.01</b>   |
| <b>Forward financial instruments</b>  |          |                          |                        |               |
| <b>Firm forward commitments</b>   |          |                          |                        |               |
| <b>Firm forward commitments on a regulated or equivalent market</b>   |          |                          |                        |               |
| CBO TU CBOT UST 0318  | USD      | -157                     | 61,027.02              | 0.00          |
| EUR XEUR FGBX B 0318  | EUR      | -1,301                   | 4,577,640.00           | 0.31          |
| FV CBOT UST 5 0318  | USD      | -39,488                  | 13,853,696.09          | 0.95          |
| JGBL JAPAN GO 0318  | JPY      | -21                      | 12,900.12              | 0.00          |
| LIFFE LG GILT 0318  | GBP      | -1,064                   | -991,539.46            | -0.07         |
| TY CBOT YST 1 0318  | USD      | -1,807                   | 1,034,375.30           | 0.07          |
| US US TBOND 3 0318  | USD      | -767                     | 361,744.50             | 0.02          |
| XEUR FBTP BTP 0318  | EUR      | 11,221                   | -24,879,070.00         | -1.69         |
| XEUR FGBL BUN 0318  | EUR      | 1,838                    | -1,936,670.95          | -0.13         |
| XEUR FGBM BOB 0318  | EUR      | -2                       | 2,100.00               | 0.00          |
| XEUR FGBS SCH 0318  | EUR      | -12,726                  | 1,921,250.00           | 0.13          |

## 5. Annual financial statements

| Security name  | Currency | Qty No. or nominal value | Current value        | % Net assets |
|--|----------|--------------------------|----------------------|--------------|
| XEUR FOAT EUR 0318   | EUR      | -385                     | 792,720.00           | 0.05         |
| <b>TOTAL Firm forward commitments on a regulated market</b>                |          |                          | <b>-5,189,827.38</b> | <b>-0.36</b> |
| <b>TOTAL Firm forward commitments</b>                                      |          |                          | <b>-5,189,827.38</b> | <b>-0.36</b> |
| <b>Conditional forward commitments</b>                                     |          |                          |                      |              |
| <b>Over-the-counter conditional forward commitments</b>                    |          |                          |                      |              |
| EUR/GBP OTC 01/2018 CALL 0.7605  | EUR      | 3,680,000                | 1,472.00             | 0.00         |
| EUR/GBP OTC 05/2018 PUT 0.7605   | EUR      | 3,220,000                | 20,286.00            | 0.00         |
| EUR/GBP OTC 09/2018 PUT 0.77   | EUR      | 10,000,000               | 287,500.00           | 0.02         |
| EUR/MXN OTC 04/2018 CALL 25  | EUR      | -28,000,000              | -442,380.89          | -0.03        |
| EUR/MXN OTC 04/2018 CALL 25  | EUR      | -50,000,000              | -789,965.87          | -0.04        |
| EUR/USD OTC 01/2018 CALL 1.199   | EUR      | 5,000,000                | 21,000.00            | 0.00         |
| EUR/USD OTC 01/2018 CALL 1.199   | EUR      | 5,000,000                | 21,000.00            | 0.00         |
| EUR/USD OTC 02/2018 CALL 1.235   | EUR      | -132,000,000             | -373,071.06          | -0.03        |
| EUR/USD OTC 02/2018 CALL 1.235   | EUR      | -143,000,000             | -404,160.31          | -0.03        |
| GBP/CHF OTC 02/2018 CALL 1.34  | GBP      | 46,000,000               | 121,298.21           | 0.01         |
| GBP/JPY OTC 01/2018 CALL 151   | GBP      | 23,000,000               | 302,073.32           | 0.02         |
| USD/CHF OTC 02/2018 CALL 1.05  | USD      | 1,250,000                | 6,506.08             | 0.00         |
| USD/TRY OTC 01/2018 CALL 6.  | USD      | -30,000,000              | -924.38              | 0.00         |
| USD/TRY OTC 01/2018 PUT 3.35   | USD      | -30,000,000              | -924.38              | 0.00         |
| USD/TRY OTC 01/2018 PUT 3.65   | USD      | 15,000,000               | 6,720.52             | 0.00         |
| USD/TWD OTC 02/2018 CALL 30.25   | USD      | 25,000,000               | 36,881.66            | 0.00         |
| USD/TWD OTC 02/2018 PUT 29.25  | USD      | -25,000,000              | -42,211.44           | 0.00         |
| USD/ZAR OTC 04/2018 CALL 13.25   | USD      | 50,000,000               | 657,902.44           | 0.04         |
| USD/ZAR OTC 04/2018 CALL 13.95   | USD      | -75,000,000              | -477,876.17          | -0.03        |
| USD/ZAR OTC 04/2018 PUT 12.15  | USD      | -25,000,000              | -328,346.88          | -0.02        |
| <b>TOTAL Over-the-counter conditional forward commitments</b>              |          |                          | <b>-1,377,221.15</b> | <b>-0.09</b> |
| <b>Conditional forward commitments on a regulated or equivalent market</b> |          |                          |                      |              |
| CBOT US TRES BD 30 A 01/2018 CALL 157                                      | USD      | -2,460                   | -320,099.10          | -0.02        |
| CBOT US TRES BD 30 A 01/2018 PUT 149                                       | USD      | 1,240                    | 193,620.92           | 0.01         |
| CBOT US TRES NT 5A 01/2018 CALL 117.25                                     | USD      | 8,000                    | 156,149.23           | 0.01         |
| CBOT US TRES NT 5A 01/2018 PUT 115.5                                       | USD      | -6,400                   | -291,475.02          | -0.02        |
| <b>TOTAL Conditional forward commitments on a regulated market</b>         |          |                          | <b>-261,803.97</b>   | <b>-0.02</b> |
| <b>TOTAL Conditional forward commitments</b>                               |          |                          | <b>-1,639,025.12</b> | <b>-0.11</b> |
| <b>Other forward financial instruments</b>                                 |          |                          |                      |              |
| <b>Other swaps</b>   |          |                          |                      |              |
| BRED30270317   | EUR      | 30,000,000               | 1,575,054.90         | 0.11         |
| SWAP BRED 11/07/18   | EUR      | 25,052,656               | -2,079,455.63        | -0.14        |
| <b>TOTAL Other swaps</b>   |          |                          | <b>-504,400.73</b>   | <b>-0.03</b> |
| <b>TOTAL Other forward financial instruments</b>                           |          |                          | <b>-504,400.73</b>   | <b>-0.03</b> |
| <b>TOTAL Forward financial instruments</b>                                 |          |                          | <b>-7,333,253.23</b> | <b>-0.50</b> |
| <b>Margin calls</b>  |          |                          |                      |              |
| C.A. Indo margin calls in British pounds sterling                          | GBP      | 880,140                  | 991,539.46           | 0.07         |
| C.A. Indo margin calls in US dollars                                       | USD      | -17,167,548.69           | -14,296,759.40       | -0.97        |
| C.A. Indo margin calls in euros  | EUR      | 20,010,730.95            | 20,010,730.95        | 1.36         |

## 5. Annual financial statements

| Security name                          | Currency | Qty No. or nominal value | Current value            | % Net assets   |
|--|----------|--------------------------|--------------------------|----------------|
| C.A. Indo margin calls in Japanese yen | JPY      | -1,535,000               | -11,347.67               | 0.00           |
| <b>TOTAL Margin calls</b>              |          |                          | <b>6,694,163.34</b>      | <b>0.46</b>    |
| <b>Total securities portfolio</b>      |          |                          | <b>1,462,090,014.54</b>  | <b>99.66</b>   |
| <b>Receivables</b>                     |          |                          | <b>7,348,752,649.12</b>  | <b>500.80</b>  |
| <b>Payables</b>                        |          |                          | <b>-7,312,821,684.49</b> | <b>-498.37</b> |
| <b>Financial accounts</b>              |          |                          | <b>-30,658,328.21</b>    | <b>-2.09</b>   |
| <b>Net assets</b>                      |          |                          | <b>1,467,362,650.96</b>  | <b>100.00</b>  |



# ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

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

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

(hereinafter: German Paying and Information Agent)

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

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

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

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

The issue and redemption prices, the net asset value as well as any notices to investors are also available from the German Paying and Information Agent. In addition, the issue and redemption prices are published on [www.fundinfo.com](http://www.fundinfo.com) and any notices to investors in the Federal Gazette ("[www.bundesanzeiger.de](http://www.bundesanzeiger.de)").

In addition, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the fund's rules which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.



**H2O**  
Asset Management

**H2O AM LLP**

Limited Liability Partnership under English law, authorised by the  
United Kingdom's Financial Services Authority under number 529105  
10 Old Burlington Street, London W1S 3AG, United Kingdom