

<b>Description</b>	A conservative global macro strategy that aims to outperform cash through multiple alpha sources within a specified risk budget, while minimising volatility and maintaining a low correlation to risk assets.
<b>Investment Objective</b>	To outperform the UBS Bank Bill Index plus 4.5% p.a. (before fees and expenses) over a minimum 3-year investment horizon. With an annual ex-post volatility target of 6%.
<b>Primary Investments</b>	The Strategy may invest in sovereign debt markets, investment grade credit, high-yield securities, equities and currencies. Within each of these asset classes, the Strategy may invest in both the developed and the emerging markets.
<b>Style</b>	Absolute Return.
<b>Active Strategies</b>	Directional, relative value & thematic/specific strategies.
<b>Investment Philosophy</b>	The investment philosophy of H2O is based on the conviction that diversification is a stable and robust source of alpha over time. From this perspective, the H2O Global Macro-Conservative Strategy seeks to take advantage of as many opportunities as possible in the global bond, equity and currency investment universe.
<b>Process</b>	The H2O Global Macro-Conservative Strategy is managed on the basis of a highly responsive macroeconomic analysis of global bond, equity and currency markets. As part of their resolutely top-down approach, the Strategy will take long or short directional positions in the various asset classes, as well as relative value positions aimed at taking advantage of the trend in one market segment relative to another. These strategies are supplemented with specific overlays, involving the selection of securities within each market segment and trading positions. The Strategy is managed to achieve a low correlation to risk assets.
<b>Portfolio Construction</b>	<p>The H2O Global Macro-Conservative Strategy is constructed on the basis of an allocation of the overall active risk budget across various strategies. The investment team has developed dedicated management tools to quantify, allocate and manage the active risk for each underlying strategy in near real-time. The managers, therefore, favour positions which historically have the least correlation, in order to incorporate as many added-value sources as possible without increasing the Portfolio's overall risk.</p> <p>Independent second-level risk control is carried out by Natixis Asset Management.</p>
<b>Portfolio Fit</b>	Suitable for investors looking for a conservative alpha strategy with superior transparency and liquidity to complement an alternatives portfolio.
<b>Currency</b>	Active source of alpha.
<b>Management Fees</b>	Available upon request.
<b>Vehicle</b>	Mandate.
<b>Investment Manager</b>	H2O Asset Management LLP.
<b>Portfolio Team</b>	The investment team is made up of seven investment professionals; three "architects" – Bruno Crastes, Vincent Chailley and Loic Cadiou, and four "specialists" – Jean-Baptist Roux, Gonzague Legoff, Julio Obeso and Jeremy Touboul. The core members of H2O have an established 17 year track record in global fixed income and global macro multi-strategy management.

## Typical Characteristics

H2O Global Macro-Conservative Strategy	
<b>Benchmark:</b>	UBS Bank Bill Index
<b>Gross Performance Objective:</b>	Benchmark plus 4.5% p.a. <sup>1</sup>
<b>Ex-Post Volatility Target:</b>	6% p.a. <sup>1</sup>
<b>Sharpe Ratio Objective:</b>	0.75 <sup>1</sup>
	Maximum
Modified Duration Brackets	-8 to +8
OECD Government Bonds	100%
OECD Corporate Bonds (includes ABS/MBS)	50%
Non OECD Government Bonds	
OECD High Yield	40%
Non OECD Corporate Bonds	
AUD Currency Hedge	Nil
OECD Currencies	No restriction
Non-OECD Currencies	No restriction
Equities	-30% to 30%
Leverage <sup>2</sup>	Nil

<sup>1</sup> Over rolling 3 year periods.

<sup>2</sup> Leverage defined as total commitment of long and short off-balance sheet positions in excess of 100% NAV.

## Active Strategies

	Govies	Credit	Currency	Equities
<b>Beta</b>				
<b>Directional</b>	✓	✓	✓	✓
<b>Relative value</b>	✓	✓	✓	✓
<b>Specific</b>	✓	✓	✓	✓

**Beta:** structural exposure to long-term market trends.

**Directional:** opportunistic directional position-taking, long or short in the medium term (< 1 year).

**Relative value:** positions in relative value aiming to take advantage of one segment of the market in relation to another (e.g.: arbitrage strategies).

**Specific:** selection of securities in a market segment and overlay trading positions.