

Paris, 5 March 2021

STRENGTHENING OF ESG REQUIREMENTS AND ENTRY INTO FORCE OF THE “DISCLOSURE REGULATION” FOR THE ODDO BHF GENERATION FUND

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Dear Sir/Madam,

We would like to thank you for the trust that you have placed in us by investing in ODDO BHF GENERATION (hereinafter the “**Fund**”).

I. The operation

The management company of the Fund, ODDO BHF Asset Management SAS (hereinafter the “**Management Company**”), has decided to change the Fund’s investment strategy in order to integrate the consideration of ESG (environmental, social and governance) criteria into the portfolio security selection process.

In addition, the Management Company has decided to put in place new strict exclusions for banks that have not committed to a policy that meets international standards for a fossil fuel phase-out and for companies that do not comply with the UN Global Compact.

In addition, the Management Company has amended the Fund’s prospectus in order to comply with the provisions of Regulation (EU) 2019/2088 (hereinafter the “Disclosure Regulation”). Published in November 2019 and entering into force on 10 March 2021, the Disclosure Regulation establishes new sustainability-related transparency obligations for financial market participants and the financial products they manage.

Lastly, the composition of the Fund’s assets has been slightly changed in relation to eligible shares. Therefore, the Fund may only invest a maximum of 10% of its net assets in shares of companies with a capitalisation of less than EUR 500 million (at the time they are first added to the portfolio).

To take account of these changes, the prospectus and the key investor information documents for the Fund have been amended, as described below.

This operation is not subject to approval by the AMF.

Pursuant to applicable regulations, the Management Company has set 10 March 2021 as the date on which these changes will take effect.

If you do not agree with these changes, you can request the redemption of your units at any time and free of charge. If you agree with these changes, no action is required on your part. Please do not hesitate to contact your usual adviser if you have any questions. As the Management Company does not charge a redemption fee, you may redeem your units free of charge at any time.

As a reminder, the Fund's management objective is to outperform the MSCI EMU Net Return Index over a five-year investment period, while taking into account ESG (environmental, social, and governance) criteria.

II. Changes resulting from the operation

Risk profile:

- Change to risk/return profile: NO
- Increase in risk/return profile: NO

Fee increase: NO

1. Amendments relating to ESG criteria:

The Fund's investment strategy will change as follows:

	BEFORE	AFTER
Investment strategy	<p>There are also strict sector exclusions on tobacco, gambling, activities relating to the extraction and production of energy from coal, and nuclear. The Fund cannot therefore invest in these sectors.</p> <p>The investment strategy is based upon a four-stage investment process:</p> <ul style="list-style-type: none"> - Stage 1: An initial qualitative filter based upon share ownership continuity and management quality facilitates the selection of companies with a long-term vision, many of which are owned by families. - Stage 2: A second filter based on companies' financial fundamentals to mainly pick companies with a high and/or rapidly improving ROCE and the ability to self-finance their growth and expand internationally. - Stage 3: A fundamental analysis of companies with a view to fully understanding their economic model and operations. Once the management team is convinced of a company's quality and positioning, it will value the company by creating pessimistic, standard and optimistic scenarios, thereby defining purchase and sale levels. <p>ESG (environmental, social, and governance) criteria are taken into consideration at the valuation stage. Our approach to adopting ESG</p>	<p>The investment universe is made up of the stocks that make up the Stoxx Europe Total Market Index (net return, EUR) with a capitalisation in excess of EUR 500 million (at the time they are first added to the portfolio). On an ancillary basis, the Fund may also invest in securities of companies with a market capitalisation of less than EUR 500 million (at the time they are first added to the portfolio).</p> <p>Initially, the management team takes into account extra-financial criteria in a significant way, thanks to a selectivity approach leading to the elimination of at least 20% of this universe. This selectivity approach can be broken down into three stages:</p> <p style="padding-left: 40px;">I. First stage: shareholder filter</p> <p>Companies that do not have a stable and long-term reference shareholder are systematically excluded from the eligible universe. A company with a stable, continuous reference shareholder is defined as a company directly or indirectly controlled by natural persons (in particular families) or legal entities (foundations, industrialists) exercising the power to appoint and dismiss company directors. This means holding a legal or de facto power over the management, without a minimum capital ownership threshold.</p> <p>This reference shareholder unequivocally envisages its long-term shareholder commitment with an industrial and/or financial vision as part of a rationale of transferring wealth to the next generation.</p> <p style="padding-left: 40px;">II. Second stage: sectoral exclusions</p> <p>The Fund may not invest in the tobacco, gambling, coal mining and energy generation and nuclear sectors. Likewise, banks that have not committed to a policy that meets international standards for a fossil fuel phase-out will be excluded. Similarly, companies that do not respect the UN Global Compact are strictly excluded.</p> <p style="padding-left: 40px;">III. Third stage: ESG rating</p>

BEFORE	AFTER
<p>criteria combines a “best-in-universe” and a “best-effort” approach, thereby favouring the development and improvement of best practices. Each company is rated in absolute terms in relation to the entire investment universe, regardless of its size and business sector, and we assess the progress made through direct discussions with issuers.</p> <p>The criteria analysed include e.g.:</p> <ul style="list-style-type: none"> • Environmental: energy consumption, water consumption, waste management, environmental certifications, products and services with environmental value-added, climate risk management, etc.; • Social: human capital (human resources management, executive team diversity, training, employee health and safety, etc.), supplier management, innovation, etc. • Governance: corporate governance (preservation of minority shareholder’s interests, composition of governance bodies, remuneration policy, etc.), fiscal responsibility, exposure to risk of corruption, etc. <p>An internal scoring system for securities held within the portfolio, based on proprietary analyses and external databases, aims to capture the risk of executing companies’ medium- and long-term strategies. While taking into account all of the criteria set out above, specific attention is paid to the analysis of human capital and corporate governance. The Management Company uses an internal rating scale divided into five ranks: High ESG Opportunity (5), ESG Opportunity (4), ESG Neutral (3), Moderate ESG Risk (2) and High ESG Risk (1).</p>	<p>This step involves taking into account the ESG rating of a large majority of the companies in the investment universe from our internal rating system or from an external non-financial data provider. This rating process once again reduces the Fund’s investment universe to obtain an eligible universe:</p> <ol style="list-style-type: none"> 1. companies that are not monitored by our internal model or by our external non-financial data provider are systematically excluded from the investment universe; 2. companies that do not follow our internal model and are assigned an ESG CCC or B rating by our external non-financial data provider MSCI ESG Ratings are also systematically excluded from the universe; 3. finally, companies rated 1 out of 5 on our internal rating scale on the “human capital” and/or “corporate governance” pillars are also systematically excluded from this universe. <p>Our internal ESG analysis process is twofold:</p> <ul style="list-style-type: none"> • “best-in-universe”: the management team favours the highest rated issuers regardless of their size and sector of activity. • “best effort”: the management team values the progress made over time by issuers, thanks to direct dialogue with them. <p>As part of the company rating process, the following criteria, among others, are analysed:</p> <ul style="list-style-type: none"> - Environmental: energy consumption, water consumption, waste management, environmental certifications, products and services with environmental value-added, climate risk management, etc. - Social: human capital (human resources management, executive team diversity, training, employee health and safety, etc.), supplier management, innovation, etc. - Governance: corporate governance (preservation of minority shareholder’s interests, composition of governance bodies, remuneration policy, etc.), fiscal responsibility, exposure to risk of corruption, etc. <p>Close attention is paid to analysing human capital and corporate governance, which account for 30% and 25% of each company’s score, regardless of its size or industry. We believe that poor human capital management or corporate governance failures</p>

BEFORE	AFTER
<p>This non-financial rating system impacts the overall structure of the portfolio, limiting exposure to issuers with lower ESG ratings, and is used to ensure the portfolio's global ESG quality. In particular, the average portfolio rating will always be greater than or equal to 3 out of 5 on our internal ESG rating scale. This effectively eliminates at least 20% of the Fund's investment universe.</p> <p>- Stage 4: Portfolio construction. Companies' "target valuation", defined in the previous stage, will be coupled with volatility and solvency criteria with a view to deciding the final weighting of each company within the portfolio.</p>	<p>pose a major risk to the execution of a company's strategy and therefore to its valuation.</p> <p>This internal ESG analysis results in an internal rating system on a scale of 1 (worst) to 5 (best): High ESG Opportunity (5), ESG Opportunity (4), ESG Neutral (3), Moderate ESG Risk (2) and High ESG Risk (1).</p> <p>The Fund adheres to the AFG Eurosif Code of Transparency for SRI funds open to the public, which is available from the website www.am.oddo-bhf.com. This Code describes in detail the extra-financial analysis method and the SRI selection process applied.</p> <p>The Management Company pledges that issuers representing at least 90% of the Fund's net assets have an ESG rating.</p> <p>Secondly, the investment strategy is based upon a three-stage investment process:</p> <ul style="list-style-type: none"> - <u>Stage 1</u>: A filter based on companies' financial fundamentals to mainly pick companies with a high and/or rapidly improving ROCE and the ability to self-finance their growth and expand internationally. - <u>Stage 2</u>: A fundamental analysis of companies with a view to fully understanding their economic model and operations. Once the management team is convinced of a company's quality and positioning, it will value the company by creating pessimistic, standard and optimistic scenarios, thereby defining purchase and sale levels. - <u>Stage 3</u>: Portfolio construction. Companies' "target valuation", defined in the previous stage, will be coupled with volatility and solvency criteria with a view to deciding the final weighting of each company within the portfolio.

2. Amendments relating to the entry into force of the Disclosure Regulation

In order to comply with the provisions of the Disclosure Regulation, the prospectus is amended as follows:

	BEFORE	AFTER
Benchmark index	Further information about the benchmark is available on the MSCI's website (www.msci.com).	The above index is a broad market index that does not necessarily reflect, in its composition or method of calculation, the ESG characteristics promoted by the Fund. For a description of the method used to calculate the index, see www.msci.com .
Risk profile	<i>No information</i>	The management team takes sustainability risks into account by integrating ESG (environmental and/or social and/or governance) criteria into its investment decision-making process, as described in the "Investment Strategy" section. The Management Company also takes ESG criteria into account through its own coal exclusion policy and by excluding companies that do not respect the principles of the United Nations Global Compact. The Management Company is a signatory to the United Nations Principles for Responsible Investment (PRI) and the CDP (formerly known as the Carbon Disclosure Project). Finally, the Management Company exercises the voting rights when shares are held by the Fund. Information relating to the Management Company's policies is available from am.oddo-bhf.com .
	<i>No information</i>	<u>In particular, the Fund will be exposed to the following risks:</u> [...] Sustainability risk: refers to an environmental, social or governance event or condition that, if it occurs, could have a real or potential negative impact on the value of the investments made by this Fund. Environmental: -sector risks associated with the company's environmental footprint; -physical and transition risks related to climate change; -the materiality of environmental controversies; and the management of related conflicts of interest; -the company's dependence on natural capital; -risks associated with the company's activities, products and services that may have an impact on the environment. Social: -sectoral health and safety risks -environmental and social risks in the supply chain; -social climate management and human capital development; -management of quality and consumer safety risks;

	BEFORE	AFTER
		-the management and materiality of social/societal controversies; -management of innovation capacities and intangible assets; Governance: -quality and transparency of financial and non-financial communication; -sectoral risks associated with corruption and cybersecurity; -the quality of corporate supervisory bodies -the quality and sustainability of the corporate governance framework; -management of conflicts of interest related to corporate governance; -regulatory risks; -the integration and management of sustainability in the company's strategy.

3. Change to the composition of the assets:

The composition of the assets will be changed as follows:

	BEFORE	AFTER
Composition of assets 1- <u>Assets</u> <u>(excluding</u> <u>derivatives)</u>	Equities: Characteristics of equities or equity securities held: - Shares of companies that are largely family-held; - Securities traded on regulated markets; - Equities from all business sectors; - Equities of all market capitalisations; - The equities purchased by the Fund are not necessarily part of the benchmark index.	Equities: Characteristics of shares or equity securities held: - Shares of companies that are largely family-held; - Securities traded on regulated markets; - Equities from all business sectors; - Capitalisation shares in excess of EUR 500 million (at the time they are first added to the portfolio). On an ancillary basis, the Fund may also invest in securities of companies with a market capitalisation of less than EUR 500 million (at the time they are first added to the portfolio). - Shares purchased by the Fund are not necessarily part of the benchmark index.

III. Important information for investors

Please note that it is important to read the Key Investor Information Documents for the Fund, available online in French, English, German, Spanish, Italian, Dutch, Portuguese, Norwegian and Swedish at <http://am.oddo-bhf.com>; as well as the prospectus, available online in French and English at <http://am.oddo-bhf.com>. You can also obtain these documents by making a written request to ODDO BHF Asset Management SAS - 12, bd de la Madeleine 75009 Paris.

Please do not hesitate to contact us if you require any additional information.

Yours faithfully,

Nicolas CHAPUT
Chairman