

# SYSTEMATICA

MUTUAL FUND  
UNDER LUXEMBOURG LAW

## CONSOLIDATED MANAGEMENT RULES

19 April 2017.

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These Management Rules were signed on 19 April 2017.

The notification of filing of the Management Rules with the Luxembourg Trade and Companies Register will be published in the *Recueil Electronique des Sociétés et Associations*.

These Management Rules shall enter into force on the 19 April 2017.

### **Article 1. Fund**

SYSTEMATICA is a mutual fund (hereinafter referred to as the "Fund") established in Luxembourg in accordance with Section I of the Law of 17 December 2010 specific to undertakings for collective investment in transferable securities, as amended from time to time (hereinafter referred to as the "Law of 2010") and registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number K1123.

The Fund represents a joint mass of securities composed and managed, in accordance with these Management Rules, by Ersel Gestion Internationale S.A. (hereinafter referred to as the "Management Company") in accordance with the risk-spreading principle, for the account of undivided owners (hereinafter referred to as the "Unit Holders") who are committed only up to their stake and whose rights are represented by Units.

The assets of a given sub-fund are accountable only for debts, commitments and obligations concerning that sub-fund. Each sub-fund is treated as a separate entity in relations between Unit Holders.

The Management Company may decide at all times to create new sub-funds and to cancel or reimburse one or more existing sub-funds.

The assets of the Fund are separate from those of the Management Company. The Fund shall not be accountable for the obligations of the Management Company or the Unit Holders. It is answerable only to obligations and expenses that it has to assume pursuant to these Management Rules. The assets of the Fund shall be in the custody of Caceis Bank acting through its Luxembourg branch (CACEIS Bank, Luxembourg Branch),, a public limited company incorporated under the laws of France, having its registered office at 1-3 Place Valhubert F-75013 Paris, France, registered with the

French Register of Trade and Companies under number 692 024 722 RCS Paris. CACEIS Bank, Luxembourg Branch is registered with the Luxembourg Register of Commerce and Companies under number B209310 (hereinafter referred to as the “Depositary Bank”).

The respective rights and obligations of the Unit Holders, the Management Company and the Depositary Bank are defined contractually by these Management Rules. In acquiring Units of the Fund, the Unit Holder shall accept all the clauses of the Management Rules.

The assets of the Fund are the joint and several property of the Unit Holders. Each Unit Holder shall have an undivided interest in the assets proportional to the number of his Units. The assets of each sub-fund shall be the joint and several property of the sub-fund’s Unit Holders.

The Fund’s accounts shall be held in Euros, and shall be closed on 31 December of each year.

## **Article 2. Management Company**

The Fund shall be managed by Ersel Gestion Internationale S.A., a “société anonyme” [public limited company], governed by Chapter 15 of the Law of 2010, established and having its registered and administrative office in Luxembourg.

Ersel Gestion Internationale S.A. may delegate, under its own responsibility and control, its remit of manager as well as all the rights and obligations arising from said remit, to one or more investment managers (the “Managers”) subject to the prior approval of the *Commission de Surveillance du Secteur Financier* (the “CSSF”).

The Manager is entitled to receive an investment management fee as further described in the prospectus of the Fund.

Moreover, the Manager may be assisted by an investment advisor (the “Advisor”). The Advisor may be entitled to receive an advisory fee as further described in the prospectus of the Fund.

The Management Company shall be vested with the most extensive powers to carry out any and all Fund management and administration actions for the account and in the exclusive interest of the Unit Holders; as such, it shall act in its own name, whilst indicating that it is doing so for the account of the Fund. The administration of its own assets is of an ancillary nature only.

It shall be particularly in charge (the list is not exhaustive) of: (1) issuing, reimbursing and converting the Units of the Fund; (2) contracting with any and all third parties, and in particular concluding such contracts as required to attain the objectives of the Fund; (3) buying, subscribing, selling, exchanging, receiving and delivering any and all transferable securities; (4) collecting all revenues generated by the assets of the Fund; (5) exercising all rights attached to the constituent securities of the Fund’s portfolio; and (6) keeping the Fund’s accounts and establishing the assets situation at regular intervals.

The Management Company may delegate all or part of its duties.

The Management Company may not use the Fund's assets for its own need. It may decide to discontinue its duties:

- if the Fund is dissolved in accordance with the procedure provided in Article 16; or
- when its commitments are assumed by another accredited management company in accordance with the Law of 2010, and such a replacement is carried out in compliance with these Management Rules.

### **Article 3. Depository Bank**

The Depository Bank has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the sub-funds' assets, and it shall fulfil the obligations and duties provided for by Part I of the Law of 2010. In particular, the Depository Bank shall ensure an effective and proper monitoring of the Fund's cash flows.

In due compliance with the Law of 2010 the Depository Bank shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of Units of the Fund are carried out in accordance with the law and the Management Rules;
- (ii) ensure that the value of the Units is calculated in accordance with the law and the Management Rules;
- (iii) carry out the instructions of the Management Company, unless they conflict with the law or the Management Rules;
- (iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) ensure that a Fund's income is applied in accordance with the Management Rules.

The Depository Bank may not delegate any of the obligations and duties set out in (i) to (v) of this clause.

In compliance with the provisions of the Law of 2010, the Depository Bank may, under certain conditions, entrust part or all of the assets which are placed under its custody and/or recordkeeping to correspondents or third party custodians as appointed from time to time. The Depository Bank's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the Law of 2010.

#### **Article 4. Investment policy and objectives**

The Fund's strategy is to identify macro-economic trends, then determine their probable effects on the capital, stock and money markets, and finally to adapt the structure of portfolios by taking account in particular of the weight of each economic sector and individual securities.

In fixing its investment policy, the Management Company considers that protection and growth of capital are of equal importance.

The Fund may be divided into several sub-funds and categories and/or subcategories in order to provide investors with diversified investment opportunities. The categories and/or subcategories may differ in their dividend distribution policy and the portfolio management costs. The net asset value of the Units of each sub-fund shall be denominated in the valuation currency of each sub-fund as defined in the prospectus.

The sub-funds shall in general invest in international securities and in units of UCITSs and UCIs in compliance with the limits stipulated in Part I of the Law of 2010.

More specifically, the investment policy of each sub-fund shall be determined by the Management Policy in accordance with the prevailing political, economic, financial and monetary situation.

The assets of each sub-fund are exposed to market fluctuations and to the risks inherent in all investments in transferable securities; therefore, achievement of the objectives of the various sub-funds cannot be guaranteed.

The Management Company reserves the right, according to its own requirements, to create new sub-funds. In such case, the prospectus will be amended accordingly.

To reduce the operating and administrative charges, whilst affording a wider diversification of investments, the Management Company may decide that all or parts of the assets of one or more sub-fund of the Fund will be co-managed with assets belonging to other sub-funds and/or other undertakings for collective investment in Luxembourg.

#### **Article 5. Investment limits**

The investments of each sub-fund of the Fund must comply with the following rules:

1. Each sub-fund must invest exclusively in:
  - A) transferable securities and money market instruments officially listed on a Stock Exchange of a Member State of the European Union or of the Organisation for Economic Development and Cooperation, of Asia, Oceania, the Americas and Africa;

- B) transferable securities and money market instruments traded on another regulated market of a State specified in point A, which operates regularly, is recognised and open to the public;
- C) newly-issued transferable securities and money market instruments provided that:
  - the terms of the issue require that an application be made for official listing on a Stock Exchange as set forth in point A or on another market as specified in point B
  - admission is obtained by and no later than one year from the starting date of the issue;
- D) units of UCITs authorised pursuant to Directive 2009/65/EEC, as amended from time to time (the "UCITS Directive"), and/or of other UCIs pursuant to article 1, paragraph (2), points a) and b) of the UCITS Directive, whether or not located in an EU Member State, subject to compliance with the conditions stipulated in Article 41 (1) (e) of the Law of 2010.
- E) deposits with credit institutions which are repayable on demand or may be withdrawn and maturing in no more than 12 months, subject to compliance with the conditions stipulated in Article 41 (1) (f) of the Law of 2010.
- F) financial derivative instruments, including equivalent instruments that are settled in cash, traded on a regulated market of the type specified in points A) and B) above and/or financial derivative instruments traded over the counter (OTC derivatives), subject to compliance with the conditions stipulated in Article 41 (1) (g) of the Law of 2010.
- G) money market instruments other than those traded on a regulated market if the issue or issuer of these instruments is itself regulated for the purpose of protecting investors and savings and provided that these instruments comply with the conditions of article 41 (1) (h) of the Law of 2010.

2. However:

Each sub-fund of the Fund may invest up to maximum 10% of its net assets in transferable securities and money market instruments other than those referred to in paragraph 1; direct investments in Russia will be included within the aforementioned 10% limit.

No sub-fund of the Fund may purchase precious metals or representative certificates thereof.

Each sub-fund may hold cash, on a residual basis. "Residual" shall mean less than 50% of the sub-fund's NAV. The sub-funds may exceed this threshold on a temporary basis.

3. 1) Each sub-fund may not invest more than 10% of its net assets in transferable securities or in money market instruments of the same issuer. A sub-fund may not invest more than 20% of its net assets in deposits with the same body. The counterparty risk of the sub-fund on an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is one of the credit institutions indicated in point 1.E, or 5% of its net assets in other cases subject to the exemptions provided in Articles 43 (2) ff. of the Law of 2010.

2) The total amount of transferable securities and of money market instruments held by the sub-fund in issuers in each of which it invests more than 5% of its assets may not exceed 40% of the value of the net assets of the sub-fund. This limit does not apply to deposits with financial institutions subject to prudential supervision and to OTC derivative transactions with these institutions. Notwithstanding the individual limits established in the first paragraph of point 3, no sub-fund may combine:

- investments in securities or money market instruments issued by one and the same issuer,
- deposits at the same issuer, and/or
- risks deriving from OTC derivative transactions with a single entity, which account for more than 20% of its assets.

3) The limit established in paragraph 1), first sentence may be maximum 35% when the securities or money market instruments are issued or guaranteed by an EU Member State, by its public territorial authorities, by a non-EU State or by international public institutions to which one or more EU Member States belong.

4) The limit established in paragraph 1) first sentence may be maximum 25% for bonds issued by credit institutions having their registered office in an EU Member State and which are subject by law to special public supervision to protect bond-holders. In particular, sums deriving from the issue of such bonds must be invested, in conformity with the law, in assets which, during the entire period of validity of the bonds, are capable of covering financial commitments tied to such bonds and which, in the event of default of the issuer, would be used on a priority basis for reimbursement of the principal and payment of accrued interest.

If a sub-fund invests more than 5% of its net assets in bonds described in the first subparagraph and issued by a single issuer, the total value of such investments may not exceed 80% of the value of the net assets of the sub-fund concerned.

5) The transferable securities and money market instruments referred to in paragraphs 3) and 4) are not taken into account for the application of the limit of 40% specified in paragraph 2).

The limits established in paragraphs 1), 2), 3) and 4) are not cumulative; therefore, investments in transferable securities or in money market instruments of the same issuer, in

deposits or in derivatives made with such issuer in accordance with paragraphs 1), 2), 3) and 4) may not exceed a total of 35% of the net assets of the sub-fund.

The same UCI may invest cumulatively up to 20% of its net assets in securities or money market instruments of the same group.

**In waiver of point 3, the CSSF may authorise a UCITS to invest, for each sub-fund, according to the principle of diversification of risks, up to 100% of its net assets in various issues of securities and money market financial instruments, issued or guaranteed by a Member State of the European Union, by its public territorial authorities, by a Member State of the OECD or by international public institutions to which one or more EU Member States belong.**

**The CSSF will grant such authorisation only if it does consider that the participants of the various sub-funds enjoy equivalent protection to that guaranteed to the participants of the various sub-funds that comply with the limits indicated in point 3.**

These sub-funds must hold securities belonging to at least six different issues and securities belonging to one and the same issue may not exceed 30% of the total amount.

4. Each sub-fund may purchase units of UCITSs and/or of other UCIs as indicated in paragraph 1. D) provided that it does not invest more than 20% of its net assets in the same UCITS or other UCI. Investments in units of UCIs that are not UCITSs shall not exceed, in total, 30% of the net assets of the sub-fund.
5. When a sub-fund invests in the units of other UCITSs and/or other UCIs that are managed directly by the same management company or by delegation, or by any other company with which the Management Company is connected in a management or control community or by a sizeable direct or indirect stake, said Management Company or the other company may not invoice subscription or redemption rights for the investment of the sub-fund in the units of other UCITSs and/or other UCIs.
6. Any sub-fund (the "Feeder UCITS") may invest permanently at least 85% of its net assets in units of one single UCITS or in units of one single sub-fund of a UCITS (the "Master UCITS") in compliance with the provisions of the Law of 2010.

In such case, the Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- liquid assets,
- financial derivative instruments, which may be used only for hedging purposes,
- movable and immovable property which is essential for the direct pursuit of its business, if the Feeder UCITS is an investment company.

7. A Management Company may not acquire voting shares that enable it to exert considerable influence on the management of an issuer, for all the mutual funds that it manages and which fall under the scope of part I of the Law of 2010.
8. The sub-funds may not purchase more than:
  - 10% of shares without voting rights of the same issuer;
  - 10% of bonds of the same issuer;
  - 25% of units of the same UCITS and/or other UCI;
  - 10% of money market instruments of the same issuer.

The limits defined in the second, third and fourth indent may be disregarded at the time of acquisition if at such time the gross amount of the bonds or of the money market instruments or the net amount of the securities issued cannot be calculated.

9. The sub-funds may borrow up to 10% of their net assets provided these are temporary borrowings.
10. a) Without prejudice to the application of points 1 and 2, credits may not be granted nor guarantees be given for the account of third parties by the Management Company or the Depositary Bank acting on behalf of the Mutual Fund.  
  
b) Paragraph a) does not constitute an obstacle to the acquisition, by the undertakings in question, of transferable securities, money market instruments or other financial instruments referred to in point 1., paragraphs D), F) and G), that are not fully paid up.
11. The Management Company may not proceed to short sales of transferable securities, money market instruments or other financial instruments mentioned in 1, paragraphs D), F) and G).
12. A sub-fund may subscribe, acquire and / or hold units to be issued or issued by one or more sub-funds of the Fund, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition, however, that:
  - The target sub-fund does not, in turn, invest in the sub-fund invested in this target sub-fund;
  - No more than 10% of the assets that the target sub-fund whose acquisition is contemplated may be invested in units of other target sub-funds of the Fund; and
  - Voting rights, if any, attaching to the relevant units are suspended for as long as they are held by the sub-fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - In any event, for as long as these units are held by the sub-fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by this law.

**Risk management methods and global risk tied to derivative instruments:**



With regard to the Fund, the Management Company must employ a risk management process which enables it to monitor and measure, at all times, the risk of the positions and their contribution to the overall risk profile of each sub-fund.

With regard to the Fund, the Management Company must employ, where applicable, a method for accurate and independent assessment of the value of OTC derivative instruments.

#### **Article 6. Financial techniques and instruments**

Without prejudice to what may be stipulated for one or more particular sub-fund, the Fund is authorised, for each sub-fund, to use techniques and instruments referring to transferable securities or currencies, as more fully described in the prospectus.

#### **Article 7. Definition of the Units**

Any natural or legal person may acquire one or more Units in the Fund, subject to the provisions of Article 10 of these Management Rules.

Each sub-fund may, by decision of the Management Company, comprise several categories or subcategories of Units (hereinafter referred to as the "Categories" and "Subcategories") which may have different characteristics such as: their distribution policy, their reference currencies, their fees or any other such characteristics as defined by the Management Company. Distribution Units (distributed profits) and capitalisation Units (accumulated profits) may be created accordingly. Such units may be issued only as registered. If distribution and capitalisation Units were to be issued by decision of the Management Company, Unit Holders could request, at all times and at their expense, to have the distribution Units they hold converted into capitalisation Units and vice-versa.

In the event of a transaction (subscription, conversion, redemption) leading to fractions of Units, such fractions may be issued up to one thousandth of a Unit.

All the Units of the same sub-fund, belonging to the same category or subcategory, shall have equal rights in terms of redemption, information liquidation or other matters.

Joint and several owners, as well as bare owners and usufructuaries, shall be represented by the same person in their relations with the Management Company or the Depositary Bank. The exercise of the rights attached to the Units may be suspended until these conditions are met.

No general meetings of Unit Holders will be held.

#### **Article 8. Net asset value**

The accounts of each sub-fund are kept in the valuation currency defined in the prospectus. The net asset value of each sub-fund is calculated by the Management Company or by the institution designated by the latter at intervals under no circumstances less than twice per month, according to the last known closing prices on the market on which the securities held in the portfolios are mainly

