

# 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 “Depository Bank”).

The respective rights and obligations of the Unit Holders, the Management Company and the Depository 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. Depositary Bank**

The Depositary 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 Depositary Bank shall ensure an effective and proper monitoring of the Fund's cash flows.

In due compliance with the Law of 2010 the Depositary 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 Depositary 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 Depositary 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 Depositary 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 UCITSs 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

traded (Calculation Date). The net asset value is expressed in the valuation currency. It may also be expressed in any other currency as decided by the Management Company by applying to the net asset value, in the valuation currency, the exchange rate applicable on the date when the net asset value concerned is determined.

If the Calculation Date of the net asset value is not a full banking day in Luxembourg, the Calculation Date of the net asset value is postponed to the next banking day.

When the valuation date of the net asset value (hereinafter referred to as the “Valuation Day”) is not a banking day in Luxembourg, it will be postponed to the next banking day. In such a case, the Calculation Date of the net asset value will be moved forward to the banking day in Luxembourg following the Valuation Day.

For each sub-fund, the net asset value is equal to the aggregate value of the assets of the sub-fund, minus liabilities.

The net asset value per Unit of each category or subcategory differs in accordance with the characteristics thereof: their distribution policy, their reference currencies, their commission rates or any other such characteristics as defined by the Management Company. The net asset value per category or subcategory is determined by dividing the net assets of the category or subcategory by the total number of Units of the category or subcategory in circulation in the sub-fund on the Calculation Date in question.

Payment of dividends generates an increase in the ratio between the value of the capitalisation Units and the value of the distribution Units. This ratio is referred to as “parity”. Parity is obtained by dividing, on the ex-coupon day, the net asset value of the capitalisation Unit by the net asset value of the ex-coupon distribution Unit.

For each sub-fund, the net asset value of the capitalisation Unit is equal to the net asset value of the distribution Unit multiplied by the “parity” relating to this sub-fund.

The net asset value of the distribution Unit is obtained applying the following formula:

$$\frac{\text{Total net assets of the sub-fund}}{\text{Number of distribution Units} + (\text{number of capitalisation Units} \times \text{parity})}$$

The afore-illustrated calculation method shall apply to each sub-fund.

Assets shall be priced as follows:

- a. securities listed on an official Stock Exchange or other regulated market, recognised as regularly functioning and open to the public are priced according to the most recent price

known on the Calculation Date, unless such price is not considered representative. If the security is listed on several markets, it is priced according to the price on the main market;

- b. securities not listed on a stock exchange or other regulated market, recognised as regularly functioning and open to the public, and listed securities whose price is not representative are priced at presumed realisable value, according to valuation criteria considered prudent by the Management Company;
- c. liquid assets will be priced according to their nominal value plus interest accrued up to the end of the previous banking day;
- d. assets denominated in a different currency from that of valuation are converted into the latter currency at the average exchange rate available on Calculation Date.
- e. UCITS and UCI units open for redemption are assessed on the basis of the last known net asset value; when the calculation date of this net asset value does not coincide with the Valuation Day of the sub-fund and this value appears as having undergone a substantial change since its calculation date, the value taken into account could be adjusted accordingly by the Board of Directors with caution and in good faith.

Where possible, income from investments, interest payable, expenses and other charges are valued on each Calculation Date. They will be added up to the end of the banking day prior to the related Calculation Date. Any commitment of the Fund according to the valuation made, in good faith, by the Management Company is taken into account.

In the case in which, due to exceptional events, it is not possible or suitable to determine the values according to the above rules, the Management Company is authorised to adopt other more suitable valuation criteria.

In the case of major subscription or redemption requests, the Management Company reserves the right to value the sub-fund Unit in question on the basis of the price of the Stock Exchange session during which it was able to make the necessary purchases or sales of securities on behalf of the Fund. In this case, a single method of calculation is applied to subscription and redemption requests presented concurrently.

The net asset value of each sub-fund is available at the registered office of the Management Company and of the Depositary Bank.

#### **Article 9. Suspension of calculation of net asset value, of the issue, redemption and conversion of the Units**

By prior agreement with the Depositary Bank, the Management Company is authorised to temporarily suspend calculation of the net asset value of the Fund or, where necessary, of one or

more sub-funds, and the issue, conversion or redemption of the Units of the Fund, or of one or more sub-funds, in the following cases:

- when one or more Stock Exchanges that provide the basis of valuation of a major part of one or more sub-fund assets or one or more money markets in the currencies in which a major part of one or more sub-fund deposits is denominated are closed for different periods other than normal holiday periods or when trading is suspended, restricted or subject, in the short term, to major fluctuations;
- when the political, economic, military, monetary or social situation, strikes or circumstances of force majeure beyond the control or responsibility of the Management Company, prevent reasonable and normal access to the assets of one or more sub-funds and such access would cause serious detriment to the Unit Holders;
- in the case of interruption of the means of communication normally used to determine the value of one or more sub-fund deposits or when, for any reason, it is not possible to know the value of an asset quickly enough and with the necessary precision;
- when exchange or capital transfer restrictions prevent transactions of one or more sub-funds, or when purchase or sale transactions of one or more sub-funds assets of the Fund cannot be carried out at normal exchange rates;
- as well as in all cases in which the Management Company considers, for justified reasons, that such suspension is necessary to protect the general interests of Unit Holders.

In exceptional circumstances that may negatively affect the interest of the Unit Holders, the Management Company reserves the right to fix the value of a Unit only after selling the necessary securities, as soon as possible, on behalf of the sub-fund. In this case, subscription, redemption and conversion instructions awaiting execution will be dealt with simultaneously according to the net value thus calculated.

The Management Company shall promptly notify its decision to suspend calculation of the net asset value, of the issue and redemption of the Units to the Luxembourg Supervisory Authority and to the authorities of the other countries in which the Units are sold. The aforesaid suspension is notified to the public according to the provisions of Article 13 below.

In the case in which the net asset value of a sub-fund is suspended, the possibility provided in Article 10 below, and permitting the transfer from one sub-fund to another, is also suspended.

Suspension of the calculation of the net asset value of one sub-fund does not have any effect on the calculation of the net asset value of the other sub-funds.

If, on a given date, and in the event of a redemption request that exceeds the net asset value by 10%, payment may not be made by means of assets of the sub-fund or by an authorised loan, the

Fund may also decide, with the prior consent of the Depositary Bank, to postpone such redemptions for the portion representing more than 10% of the net asset value of the Units in the sub-fund, to enable it to sell a portion of the assets of the sub-fund as soon as possible so as to be able to meet these sizeable redemption requests. In such a case, a single price will be calculated for all redemption and subscription requests presented at the same time.

#### **Article 10. Issue, subscription price and conversion**

The Units of the Fund may be subscribed at the Depositary Bank or at the Management Company and at other banks and institutions authorised to accept subscription orders subject to acceptance by the Management Company.

The Units are issued by the Management Company at the price determined on the first Calculation Date of the net asset value following the acceptance of the request by the Management Company. The subscription lists are closed at the latest on the banking day prior to the Calculation Date. The closing times for the subscription lists will be indicated in the prospectus.

The subscription price, denominated in the valuation currency, corresponds to the net asset value determined according to Article 8, plus, where necessary, an issuance fee which may not exceed 3% of the net asset value per Unit of the sub-fund concerned, for the benefit of the beneficiary designated by the Management Company and indicated in the prospectus.

The Units are issued by the Management Company against payment of the equivalent of the subscription price in the assets of the Fund, which must be made with a maximum period of 7 days. A shorter payment period may be decided by the Management Company and will be indicated in the prospectus.

The subscription shall be paid in the sub-fund's valuation currency or in any such other currency as decided by the Management Company, and in particular in all other currencies in which the net asset value is denominated pursuant to the provisions of Article 8, paragraph 1 of these Management Rules.

Any taxes, levies and stamp duties due in the different subscription countries may be added to the issue price.

The Units may also be used in return for contributions in kind, but in compliance with the requirement for an assessment report to be submitted by the Fund's Auditor designated by the Management Company in accordance with these Management Rules, with the prospectus, and with the investment limits of the sub-fund concerned. The securities accepted in payment of a subscription are assessed, for the transaction's needs, at the last buyer rate on the market at the time of the assessment. Such accepted securities must be compliant with the investment policy of the sub-fund concerned. The investor who has requested the contribution in kind, will assume the costs. The Management Company has the right to refuse any contribution in kind without having to justify its decision.

The Management Company may, at any time, at its discretion and without further justification, refuse subscription of the Units of one or more sub-funds in one or more countries. If a request is rejected, the Company will return, at the risk of the requesting party, payments with the request or the balance thereof within five business days from the date of refusal. Such payments may be made by cheque or by telegraphic bank transfer, at the expense of the subscriber.

#### CONVERSION BETWEEN UNITS OF DIFFERENT SUB-FUNDS:

Unit Holders may, upon request in writing and against confirmation, have Units of one sub-fund converted into Units of another, except during any period when the calculation of the net value is suspended.

The conversion shall be carried out by reference to the net inventory values of the sub-funds concerned, calculated on the "Calculation Date" after the date on which the conversion request was accepted by the Management Company. Units of one sub-fund shall be converted into Units of another sub-fund at a maximum fee of 5% of the net asset value per converted Unit of the sub-fund, if so provided in the prospectus. The beneficiary of this fee shall be designated by the Management Company and indicated in the prospectus.

The conversion lists shall be closed at the latest on the bank business day preceding the "Calculation Date." The closing time of the conversion lists shall be indicated in the prospectus.

#### CONVERSION BETWEEN CATEGORIES OR SUBCATEGORIES OF UNITS OF A SUB-FUND:

Unit Holders may, upon request in writing and against confirmation, convert, where required, Units from one category or subcategory to the other within the same compartment, except during any period when the calculation of the net value is suspended.

The conversion shall be carried out by reference to the net values of the Units concerned, calculated on the "Calculation Date" after the date on which the conversion request was accepted by the Management Company. No fee shall be charged for this transaction.

The conversion lists shall be closed at the latest on the bank business day preceding the "Calculation Date."

#### **Article 11. Redemption**

Unit Holders may request redemption of their Units at any time against the certificates representative thereof from the Depositary Bank or any financial institution authorised for that purpose. The request may also be made to the Management Company.

The redemption is made at the net asset value calculated, in accordance with Article 8 supra, on the first Calculation Date after the date of acceptance of the redemption request by the Management Company in the valuation currency of the sub-fund concerned, or in any other currency to be

determined by the Management Company in agreement with the holder concerned, and in particular in the other currencies in which the net asset value may be denominated in accordance with the provisions of the first paragraph of Article 8 of these Management Rules. Redemption lists are closed at the latest on the banking day prior to the Calculation Date of the net asset Value. The closing times of reimbursement lists shall be indicated in the prospectus.

Any expenses, taxes, levies and stamp duties payable on such an occasion may be deducted from the amount reimbursed.

The reimbursement shall be made within seven bank business days maximum following the Calculation Date of the net asset value applicable to the reimbursement. A shorter reimbursement period may be set by the Management Company, in which case it shall be indicated in the prospectus.

The Management Company may, at the request of the Unit Holder who wishes to redeem his Units, grant, in whole or in part, a distribution in kind of securities of any category of Units to the latter, instead of redeeming the Units in cash. The investor who has requested to redeem his Units in kind, will assume the costs. The Management Company will proceed thus if it should deem that such a transaction is not carried out to the detriment of the interests of the remaining Unit Holders of the category concerned. The assets to be transferred to this Unit Holder shall be determined by the Management Company and the Manager, in consideration of the practical aspect of the transfer of assets, the interests of the Category of Units and the other Holders, and the Holder of the Unit. This Unit Holder may be liable for expenses including, but not limited to, brokerage fees and/or local taxes on the transfer or sale of securities thus received in return for the redemption. The net proceeds from the sale of these securities by the Unit Holder requesting the redemption may be less than or equal to the corresponding price of redemption for the Units of the Category concerned, in view of the conditions of the market and/or the differences in the prices charged for such sales or transfers and for the calculation of the net asset value of this Category of Units. The choice of assessment and the transfer of assets will be indicated in an assessment report by the Auditor of the Fund.

The Management Company shall maintain a suitable degree of liquidity for the Fund's assets so that Units of the Fund may be redeemed, and the redemption price paid without delay, under normal circumstances.

The Depositary Bank shall be required to proceed to reimbursements only insofar as the relevant legal provisions, and in particular the exchange regulations, or events beyond its control such as strikes, do not prevent it from making the transfer or paying the counter value in the country where the reimbursement is requested.

The reimbursement of Units may be suspended by decision of the Management Company, in agreement with the Depositary Bank, in the cases provided under Article 9, or by decision of the Supervisory Authority, when so required in the general interest or in the interest of the participants,

and in particular when the legislative, regulatory or contractual provisions concerning the Fund's activity are not observed.

#### **Article 12. Fund fees and expenses**

The following expenses shall be borne by the Fund:

- A management fee at the maximum annual rate of 2% shall be paid to the Management Company as a consideration for its activities, calculated on the average net asset value of the sub-fund during the relevant quarter. The rate of the management fee shall be fixed for each of the sub-funds in the prospectus. The maximum management fee charged in the target funds shall be 3%; no fee will be charged for the share of the assets invested in the same target funds of the same promoter, unless the relevant sub-fund sheet already provides that the target funds of the same promoter will cede back all (100%) of their management fee to the sub-fund.
- The Management Company may also apply a performance fee according to the methods detailed in the prospectus.
- Operating expenses are paid by the Management Company:
  - Bank charges on portfolio transactions and any related fees;
  - Extraordinary expenses such as expert opinions or lawsuits to protect the interests of the Unit Holders;
  - Depositary Bank fees, Central Administration fees, registrar, transfer agent and paying agent fees defined in a joint agreement by the Management Company and by the Bank, according to established practice in Luxembourg, payable at the end of each month and calculated on the average net assets.
  - Expenses related to risk management, including the production of risk management reports by external providers;
  - Fees payable to legal advisors and to the Auditor;
  - Any and all taxes and dues payable on the assets and income of the Fund, in particular the annual *taxe d'abonnement* on the net assets of the Fund;
  - Certificate printing costs;
  - The costs for preparing, printing and filing administrative documents and explanatory memoranda with any authority or institution;
  - The costs for preparing, translating, printing, filing, distributing prospectuses, Key Investor Information Documents, periodical reports and other documents required in accordance with the Law of 2010 and the Management Rules;
  - Fees payable for registration and maintenance of the Fund with the authorities and the Stock Exchange;



- The cost of preparation, distribution and publication of notices to Unit Holders;
- Any other similar administration and operating costs.

Advertising costs and expenses, other than those listed above, directly relating to the offer and distribution of the Units, are not paid by the Fund.

The specific expenses of each sub-fund are charged to the sub-fund that has generated them.

Where made necessary by the amounts concerned, other expenses are allocated proportionally to the assets of the respective sub-funds.

### **Article 13. Publication**

The net asset value of the Unit, the issue price and the reimbursement price shall be made public in Luxembourg at the registered office of the Management Company and of the Depositary Bank, each day following the valuation of the Fund.

A consolidated annual report checked by an auditor and a semi-annual report, which need not necessarily be checked, shall be published within four and within two months respectively as of the end of the period to which they pertain. Reports shall be held at the disposal of Unit Holders at the registered office of the Management Company, the Depositary Bank and designated banks and institutions.

The annual and semi-annual reports shall be distributed free of charge to participants who request them from the Management Company.

Notices to registered Unit Holders shall be sent at the address indicated in the register of Units, unless provided otherwise by the Law of 2010 and shall moreover be available at the registered office of the Management Company and of the Depositary Bank. In any event, notices to Unit Holders may also be published in one or more daily newspapers distributed in the country where the Units are offered or sold.

### **Article 14. Financial year and audit**

The Fund's accounts shall be closed on 31 December of each year.

The accounting data contained in the annual report shall be verified by an accredited auditor appointed by the Management Company. The Management Company's documents and accounts shall be verified by an accredited auditor who may be the same as above.

### **Article 15. Distribution policy**

The income of Unit Holders is to be capitalised or, where appropriate, distributed, depending on the Unit category.

For each sub-fund, the portion of the income relating to capitalisation units will remain invested in the sub-fund concerned and will be added to the portion of the net assets corresponding to these Units. The Management Company shall not, however, refrain from distributing the Fund's net assets to holders of capitalisation Units from time to time, if such a move is deemed to be in the interest of the participants.

In respect to the portion of the income related to the distribution Units, it will be distributed, entirely or partially, in the form of a dividend, and the balance will be added to the portion of the net assets corresponding to the distribution Units. The dividends payable to the Unit Holders of distribution Units will be paid in the currency of valuation of the sub-fund concerned, or in any other currency to be determined by the Management Company and in particular in other currencies in which the net asset value may be denominated in accordance with the provisions of the first paragraph of Article 8 of these Management Rules.

The Management Company may distribute interim dividends to the participants. However, the net assets of the Fund, following distribution, may not be less than €1,250,000.

#### **Article 16. Duration of the Fund, winding up, liquidation and merging of sub-funds**

The Fund has been created without limitation as to time or amount.

Liquidation and allotment of the Fund may not be requested by a Unit Holder or by his/her heirs or rightful claimants.

The Management Company, with the prior agreement of the Depositary Bank, may decide to wind up the Fund without prejudice to the relevant legal provisions.

The Fund must be wound up in the cases established by the Law of 2010 and if:

- The net assets of the Fund have become less than €1,250,000 for more than 6 months;
- The Management Company is wound up and discontinues its activities without, in the latter case, having been replaced pursuant to the provisions of Article 2.

In case of winding up, the decision must be published in the *Recueil Electronique des Sociétés et Associations* and in at least two newspapers having suitable circulation, of which at least one is a Luxembourg newspaper.

The Management Company, as liquidator, shall liquidate the assets of the Fund, protecting the interests of the Unit Holders in the best possible way, and shall instruct the Depositary Bank to allot the net sums arising from liquidation, after deducting liquidation costs, amongst the Unit Holders proportionally to their stake in each sub-fund.

Starting from the time of occurrence of the event resulting in the liquidation of the Fund, the issue of Units is forbidden under penalty of cancellation. The Units can still be redeemed provided that the Unit Holders can be treated equally.

The different sub-funds and/or Categories or Subcategories are in principle established for an unspecified period. The Management Company of the Fund may decide to liquidate a sub-fund if its net assets are less than €5,000,000 or if such liquidation is justified by a change in the economic and political situation affecting that sub-fund. The liquidation decision will be published and will indicate the reasons and method of liquidation. As soon as the decision to liquidate a sub-fund has been taken, the issue of Units of such sub-fund will no longer be authorised. Assets not distributed to those entitled on the date of closing of the liquidation process of the sub-fund will be deposited with the *Caisse de Consignation*.

In the same case as provided for the winding up above, the Management Company may decide to close (i) a sub-fund by merging it with another sub-fund within the Fund or with a sub-fund of another Undertaking for Collective Investment (whether subject to Luxembourg law or not) or (ii) the Fund by merging it with another undertaking for collective investment in transferable securities (whether subject to Luxembourg law or not) in accordance with the provisions set out in the Law of 2010 and the provisions as further detailed in the prospectus of the Fund. Furthermore, such a merger could be decided by the Management Company whenever justified by the interest of the Unit Holders of the sub-funds concerned. Such a decision shall be published along with information about the new sub-fund or the new fund. This publication must appear at least one month prior to the date on which the merger with another sub-fund or with another fund enters into force to enable Unit Holders to request, at no expense, the redemption of their Units before the merger transaction enters into force.

#### **Article 17. Co-management**

In order to reduce operating and administrative expenses, while at the same time permitting greater diversification of investments, the board of directors of the Management Company may decide that the assets of one or more sub-funds are co-managed entirely or in part with assets belonging to other sub-funds or other undertakings for collective investment in Luxembourg. In the paragraphs which follow, the term "co-managed entities" will refer globally to the sub-funds of the Fund and all other entities with which a co-management arrangement exists and the term "co-managed assets" will refer to all the assets belonging to the same co-managed entity on the basis of the same co-management arrangement.

With regard to co-management, the Management Company may take, for each co-managed entity, investment, divestment or portfolio adjustment decisions that will affect the composition of the portfolios of the individual sub-funds. Each co-managed entity will own a portion of the total co-managed assets corresponding to the proportion of its net assets in relation to the total value of the co-managed assets. This proportional holding shall be applicable to each and every line of portfolios held or acquired under co-management. In the case of investment and/or divestment decisions,

these proportions shall not be affected, and additional investments shall be allotted to the co-managed entities in the same proportions, and assets sold shall be levied proportionately on the co-managed assets held by each co-managed entity.

In the case of new subscriptions in one of the co-managed entities, subscription proceeds will be allotted to the co-managed entities in accordance with the modified proportions resulting from the increase in the net assets of the co-managed entity that has benefited from the subscriptions, and all portfolio lines will be modified by transfer of assets from one co-managed entity to the other for adjustment of the modified proportions. Similarly, in the case of redemptions in one of the co-managed entities, the cash required may be taken from the cash held by the co-managed entities according to the modified proportions resulting from the reduction of the net assets of the co-managed entity to which the redemptions refer and, in such case, all lines of investment will be adjusted to the modified proportions. Unit Holders should be aware that, in the absence of any specific action by the competent entities of the Fund, as a result of the co-management arrangement, the composition of the assets of the sub-funds may be affected by events related to the other co-managed entities, such as subscriptions and redemptions. Thus, all things being otherwise equal, subscriptions in one of the entities with which a sub-fund is co-managed will entail a liquidity increase in that sub-fund. Conversely, redemptions in one of the entities co-managed with a sub-fund, will entail a liquidity decrease in the sub-fund concerned. However, subscriptions and redemptions must be held in a specific account of each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions will pass systematically. Allocation of subscriptions and redemptions of a major amount to this specific account and the possibility for the competent entities of the Fund of deciding, at any time, to interrupt co-management will make it possible to reduce readjustment of the portfolios of the sub-funds in the case in which the latter are considered contrary to the interests of the Unit Holders of the related sub-funds.

In the case in which a change in the composition of the portfolios of a sub-fund, made necessary by redemptions and payments of expenses related to another co-managed entity (i.e. not attributable to the sub-fund), may result in infringement of the related investment limits, the assets concerned will be excluded from co-management prior to application of the change, so that these are not affected by portfolio adjustments.

Co-managed assets will be managed jointly only with assets intended to be invested with the same objectives as the co-managed assets in order to ensure that investment decisions are fully compatible with the investment policies of the related sub-funds. The co-managed assets will be managed jointly only with assets for which the Depositary Bank also acts as Depositary, in order to ensure that the Depositary Bank is able to comply fully with its functions and responsibilities towards the Fund in accordance with the provisions of the Law of 2010. The Depositary Bank shall at all times guarantee strict segregation of the assets of the Fund from the assets of other co-managed entities and shall, therefore, be able at any time to identify the assets of the Fund. As certain co-managed entities may adopt investment policies which are not precisely identical to the investment

policy of the sub-funds of the Fund, the joint policy applied may be more restrictive than that of the sub-funds concerned.

The Management Company may decide to interrupt co-management at any time without any prior notice.

Unit Holders may, at any time, apply to the registered office of the Management Company for information regarding the percentage of assets co-managed by each sub-fund and the entities with which co-management is applied at the time of the request for information. The periodic reports provide information regarding the composition and percentage of co-managed assets at the end of each annual or semi-annual period.

#### **Article 18. Alterations of the Management Rules**

The Management Company may, subject to the prior written consent of the Depositary Bank and to such authorisations as may be required by law, make any alterations to these Management Rules that it shall deem useful in the interest of the Unit Holders.

A notice that the alterations of the Management Rules have been filed with the Luxembourg Trade and Companies Register shall be published in the *Recueil Electronique des Sociétés et Associations* unless required otherwise in the document amending the Management Rules. Such alterations shall enter into force at the date of the signature of the amended Management Rules.

#### **Article 19. Liability**

In accordance with Luxembourg law, the Depositary Bank is liable to the Management Company and the participants, for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or its improper performance of them.

#### **Article 20. Prescriptions**

Unit Holders' claims against the Management Company or the Depositary Bank will be prescribed five years from the date of the event that originated such claim.

#### **Article 21. Legal system, official language**

These Management Rules shall be governed by Luxembourg law.

The English version of these Management Rules is the official version; however, the Management Company and the Depositary Bank may consider translations into the languages of the countries in which the Units are sold to be binding for them and on behalf of the Fund, with reference to the Units sold in the countries concerned.

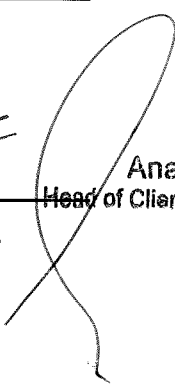
19 April 2017.



ERSEL GESTION INTERNATIONALE S.A.



CACEIS BANK, LUXEMBOURG BRANCH



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