Global Systematic Investors LLP

Members' report and financial statements

For the year ended 31 December 2016

Registered number: OC370686

Information

Designated Members	B Hanke G Quigley A Cain
LLP registered number	OC370686
Registered office	1st Floor 45 King William Street London EC4R 9AN
Independent auditor	Buzzacott LLP Statutory Auditor 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank PLC 79 Piccadilly London W1J 8EU

Contents

Members' report

For the year ended 31 December 2016

The members present their report together with the audited financial statements of Global Systematic Investors LLP ('the LLP') for the year ended 31 December 2016.

Principal activities

The principal activity of the LLP is to conduct research on a global portfolio strategy and manage equity portfolio investments.

Business review and future developments

Turnover for the year represented investment management fees. Total members' interests at 31 December 2016 were £85,897.

The LLP has been established with a view to providing quantitative investment management services to UK investment advisors, wholesale and institutional sales markets.

During 2015, the members launched a global equity fund. During 2016, the members managed this fund, marketed it to qualified investors and continued to conduct research into global equity portfolio management.

Designated Members

B Hanke, G Quigley and A Cain were designated members of the LLP throughout the year.

Members' capital and interests

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 December 2016 are set out in the Reconciliation of Members' Interests.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

Members' report (continued)
For the year ended 31 December 2016

Members' responsibilities statement (continued)

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the members on 20 April 2017 and signed on their behalf by:

Garrett Quigley

G Quigley
Designated member

Independent auditor's report to the members of Global Systematic Investors LLP

For the year ended 31 December 2016

We have audited the financial statements of Global Systematic Investors LLP for the year ended 31 December 2016, set out on pages 5 to 16. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' responsibilities statement on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Independent auditor's report to the members of Global Systematic Investors LLP (continued)

For the year ended 31 December 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Buzzacott LLP

Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

20 April 2017

Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016	2015 £
Turnover	4	**23,434**	3,641
Gross profit		**23,434**	3,641
Administrative expenses		**(218,078)**	(164,421)
Operating loss	5	**(194,644)**	(160,780)
Loss for the year before members' remuneration and profit shares available for discretionary division among members		**(194,644)**	(160,780)

All amounts relate to continuing operations.

There was no other comprehensive income for 2016 (or 2015)

The notes on pages 9 to 16 form part of these financial statements.

Statement of financial position
As at 31 December 2016

	Note		2016 £		2015 £
Fixed assets					
Tangible assets	9		**2,094**		907
Current assets					
Debtors: amounts falling due within one year	10	**525,777**		351,452	
Cash at bank and in hand	11	**99,664**		167,830	
		625,441		519,282	
Creditors: amounts falling due within one year	12	**(35,824)**		(21,330)	
Net current assets			**589,617**		497,952
Total assets less current liabilities			**591,711**		498,859
Provisions for liabilities					
Other provisions		**(26,716)**		-	
			(26,716)		-
Net assets			**564,995**		498,859
Represented by:					
Loans and other debts due to members within one year					
Members' other interests					
Members' capital classified as equity		**759,639**		659,639	
Other reserves classified as equity		**(194,644)**		(160,780)	
			564,995		498,859
			564,995		498,859
Total members' interests					
Amounts due from members (included in debtors)	10		**(479,098)**		(318,318)
Members' other interests			**564,995**		498,859
			85,897		180,541

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 20 April 2017.

Garrett Quigley

G Quigley
Designated member

The notes on pages 9 to 16 form part of these financial statements.

Reconciliation of members' interests

For the year ended 31 December 2016

	Equity Members' other interests			Debt Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
Amounts due from members				(185,706)	(185,706)	
Balance at 1 January 2015	659,639	(132,613)	527,026	(185,706)	(185,706)	341,320
Loss for the year available for discretionary division among members	-	(160,780)	(160,780)	-	-	(160,780)
Members' interests after profit for the year	659,639	(293,393)	366,246	(185,706)	(185,706)	180,540
Allocated loss for the year	-	132,613	132,613	(132,613)	(132,613)	-
Amounts due from members				(318,318)	(318,318)	
Balance at 31 December 2015	659,639	(160,780)	498,859	(318,318)	(318,318)	180,541
Loss for the year available for discretionary division among members	-	(194,644)	(194,644)	-	-	(194,644)
Members' interests after profit for the year	659,639	(355,424)	304,215	(318,318)	(318,318)	(14,103)
Allocated loss for the year	-	160,780	160,780	(160,780)	(160,780)	-
Amounts introduced by members	100,000	-	100,000	-	-	100,000
Amounts due from members				(479,098)	(479,098)	
Balance at 31 December 2016	759,639	(194,644)	564,995	(479,098)	(479,098)	85,897

The notes on pages 9 to 16 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	**(194,644)**	(160,780)
Adjustments for:		
Depreciation of tangible assets	**1,640**	1,524
(Increase) in debtors	**(13,544)**	(20,655)
Increase in creditors	**14,494**	2,022
Increase in provisions	**26,716**	-
Net cash generated from operating activities	**(165,338)**	(177,889)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(2,828)**	(2,040)
Net cash from investing activities	**(2,828)**	(2,040)
Cash flows from financing activities		
Members' capital contributed	**100,000**	-
Net cash used in financing activities	**100,000**	-
Net (decrease) in cash and cash equivalents	**(68,166)**	(179,929)
Cash and cash equivalents at beginning of year	**167,830**	347,759
Cash and cash equivalents at the end of year	**99,664**	167,830
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**99,664**	167,830
	99,664	167,830

The notes on pages 9 to 16 form part of these financial statements.

Notes to the financial statements

1. General information

The LLP is a limited liability partnership incorporated in the United Kingdom. Its registered office is First floor, 45 King William Street, London, EC4R 9AN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', ('FRS 102), the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (issued in January 2017).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the entity's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Statement of changes in equity

A reconciliation of members' interests has been presented as a primary statement instead of a statement of changes in equity per paragraph 60A of the LLP SORP.

2.3 Turnover

Turnover is accrued quarterly and represents income derived from the provision of research services in accordance with the Investment Management Agreement.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The LLP adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the LLP. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment - 33.33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the LLP's cash management.

2.8 Financial instruments

The LLP only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors and amounts due from members.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net

Notes to the financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.8 Financial instruments (continued)

basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 'Statement of comprehensive income' except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the 'Statement of comprehensive income' within 'interest receivable or payable'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within administrative expenses.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the LLP a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the LLP becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The members do not consider there to be any critical judgements or key sources of estimation uncertainty involved in the preparation of the LLP's financial statements.

Notes to the financial statements
For the year ended 31 December 2016

4. Turnover

The whole of the turnover is attributable to the LLP's principal activity.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	**1,640**	1,524
Exchange differences	**(2,494)**	(3,477)
Operating lease rentals	**24,691**	24,446

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	**7,500**	7,500
	7,500	7,500
Fees payable to the LLP's auditor and its associates in respect of:		
Audit related assurance services	**1,000**	1,000
Tax compliance services	**2,500**	3,000
Other services	**8,625**	9,550
	12,125	13,550

7. Staff costs and average number of employees

The entity has no employees other than the members, who did not receive any remuneration during the year (2015 - £NIL).

8. Information in relation to members

	2016 Number	2015 Number
The average number of members during the year was	**3**	3

Notes to the financial statements
For the year ended 31 December 2016

9. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2016	**4,047**
Additions	**2,828**
At 31 December 2016	**6,875**
Depreciation	
At 1 January 2016	**3,141**
Charge for the year	**1,640**
At 31 December 2016	**4,781**
Net book value	
At 31 December 2016	**2,094**
At 31 December 2015	907

10. Debtors

	2016 £	2015 £
Other debtors	**8,535**	5,825
Prepayments and accrued income	**38,144**	27,309
Amounts due from members	**479,098**	318,318
	525,777	351,452

11. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	**99,664**	167,830
	99,664	167,830

Notes to the financial statements
For the year ended 31 December 2016

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	**26,224**	6,580
Accruals and deferred income	**9,600**	14,750
	35,824	21,330

13. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	**99,664**	167,830
Financial assets that are debt instruments measured at amortised cost	**515,414**	327,784
	615,078	495,614
Financial liabilities		
Financial liabilities measured at amortised cost	**(62,540)**	(21,330)
	(62,540)	(21,330)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise other debtors, accrued income and amount due from members.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and provisions.

14. Provisions

	Global Value Fund Provision £
At 1 January 2016	-
Charged to profit or loss	26,716
At 31 December 2016	**26,716**

The LLP had an obligation at 31 December 2016 to pay management fee cap expenses relating to Q4 2015 and Q1 2016 to the administrator of the Global Value Fund. The provision can be reliably estimated from the figures provided by the fund administrator in US dollars, which has been translated to GBP at the spot rate at 31 December 2016. These expenses are expected to be paid in the year ending 31 December 2017.

15. Contingent liabilities

There is a contingent liability amounting to £45,319 (2015: £9,788) with regards to the management fee cap expense for Q2 and Q3 2016. The fee is variable and is dependent on the AUM of the fund and will not be payable if this grows to a certain level within a year of the end of each quarter. The potential obligation is considered possible but uncertain as the AUM of the fund is expected to exceed the threshold level by the end of Q2 2017. Therefore recognition as a provision is not required by FRS 102 section 21.

There were no other contingent liabilities at 31 December 2016 or 31 December 2015.

16. Capital commitments

The LLP had no capital commitments at 31 December 2016 or 31 December 2015.

17. Commitments under operating leases

At 31 December 2016, the LLP had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2016 **£**	2015 £
Not later than 1 year	-	22,000
	-	22,000

18. Related party transactions

There are no key management personnel other than the members. There was also no key management personnel compensation during the year.

Notes to the financial statements
For the year ended 31 December 2016

19. Controlling party

Global Systematic Investors LLP is jointly controlled by G Quigley, B Hanke and A Cain who are also the designated members of the LLP.

FCA Pillar 3 Disclosures
for the year ended 31 December 2016

Introduction

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain.

In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk capital requirement.
- Pillar 2 requires the firm to assess whether its capital reserves, processes, strategies and systems are adequate to meet pillar 1 requirements and further determine whether it should apply additional capital, processes, strategies or system's to cover any other risks that it may be exposed to.
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position to encourage market discipline.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

The Pillar 3 disclosure document has been prepared by Global Systematic Investors LLP ("The Firm") in accordance with the requirements of BIPRU 11 and is verified by the Management Committee. Unless otherwise stated, all figures are as at the financial year-end.

Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical with the annual accounts.

We (as the designated members of the Firm) are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions about the firm.

In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Scope and application of the requirements

Global Systematic Investors LLP is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a "Limited Licence Firm" by the FCA for capital purposes.

It is an investment management firm and as such has no trading book exposures.

The Firm is not a member of a group and so is not required to prepare consolidated reporting for prudential purposes.

Risk management

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Compliance Officer, with the Management Committee taking overall responsibility for this process and the fundamental risk appetite of the firm. The Compliance officer has responsibility for the implementation and enforcement of the Firm's risk principles.

Senior Management meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management. Senior Management engage in the Firm's risks though a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Senior Management team has identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually the Senior Management team formally review the risks, controls and other risk mitigation arrangements and assess their effectiveness.

A formal update on operational matters is provided to the Management Committee on a regular basis. Management accounts demonstrate continued adequacy of the firm's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

Business Risks

Specific risks applicable to the Firm come under the headings of business, operational, credit and market risks.

Business risk

The Firm's revenue is reliant on the performance of the existing funds under management and its ability to launch new funds/obtain new mandates. As such, the risk posed to the firm relates to underperformance resulting in a decline in revenue and adverse market conditions hindering the launch of new funds and ultimately the risk of redemptions from the funds managed by the firm. This risk is mitigated by ensuring that the firm maintains appropriate levels of capital which will continue to cover all the expenses of the business.

Operational risk

The Firm places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The Firm has identified a number of key operational risks to manage. These relate to e.g. systems failure, failure of a third party provider, key man, potential for serious regulatory breaches, market abuse. Appropriate polices are in place to mitigate these risks.

Credit risk

The Firm is exposed to credit risk in respect of its debtors, commissions, investment management fees billed and cash held on deposit.

The number of credit exposures relating to the Firm's investment management clients is limited. The Firm considers that there is little risk of default by its clients. All bank accounts are held with large international credit institutions.

Given the nature of the Firm's exposures, no specific policy for hedging and mitigating credit risk is in place. The Firm uses the simplified standardised approach detailed in BIPRU 3.5.5 of the FCA Handbook when calculating risk weighted exposures of 1.6% (Cash in Bank) and 8% in respect of its other assets.

Credit risk summary

Credit risk exposure	Risk weighting	Risk weighted exposure
Cash in the bank	1.6% or 8% subject to institution and FCA rules	£1,595
Inter-company	8%	£-
Trade debtor	8%	£-
Prepayments and accrued income	8%	£3,052
Other debtors (<1 year)	8%	£-
Other debtors (>1 year)	8%	£176
Other assets	8%	£168

Market risk

The Firm takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than GBP.

Since the Firm takes no trading book positions on its balance sheet, it has only indirect market risk exposure. The Firm's foreign exchange risk therefore would only arise in respect of its accounts receivable and cash balances held in currencies other than GBP.

No specific strategies are adopted in order to mitigate the risk of currency fluctuations.

Positions in foreign currencies are monitored on a regular basis and reported to senior management via the management accounts.

The Firm calculates its foreign exchange risk by reference to the rules in BIPRU 7.5.1 of the FCA Handbook and applies an 8% risk factor to its foreign exchange exposure.

Market risk summary

Market risk exposure	Risk weighting	Risk weighted exposure
Foreign currency assets and liabilities	8%	£1,046

Liquidity risk

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or to ensure that it can secure additional financial resources in the event of a stress scenario.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits its holds. The cash position of the firm is monitored by the Management Committee on a regular basis, and the Firm would be able to call on its partners for further capital as required.

Regulatory capital

The Firm is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital is summarised as follows:

	31/12/2016 £
Members' capital classified as equity	759,639
Total capital	759,639

The main features of the Firm's capital resources for regulatory purposes are as follows:

	31/12/2016 £
Tier 1 capital*	759,639
Tier 2 capital	-
Tier 3 capital**	-
Deductions from Tiers 1 and 2	(673,742)
Total capital resources	85,897
*No hybrid tier one capital is held **Note: Tier 3 capital is to be removed under the CRD IV	

Our Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management fees receivable from the funds under its management. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk.
Limited Licence - The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the firm is a limited licence firm and as such its capital requirements are:

For a limited licence firm that is a UCITS Investment Firm:

- €50,000; and
- The sum of the market & credit risk requirements; or
- The fixed overheads requirement ('FOR') which is essentially 25% of the firm's operating expenses less certain variable costs.

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial.

The FOR is calculated, in accordance with FCA rules, based on the firm's previous years audited expenditure. The firm has adopted the simplified standardised approach to credit and market risk and the above figures have been produced on that basis. The firm is not subject to an operational risk requirement.

It is the Firm's policy that the Fixed Overhead Requirement establishes its capital requirements. The Firm's FOR of £41,105 was calculated based on 25% of the annual fixed expenditure as per the audited accounts for the year ended 31 December 2015. This is not expected to materially change in the future and the Firm has adequate resources as at 31 December 2016 to meet this requirement.

Capital requirement

The Firm's Pillar 1 capital requirement has been determined by reference to the base capital requirement of €50,000 (£42,915) in accordance with the FCA's General Prudential Sourcebook ("GENPRU") at GENPRU 2.1.48. The requirement is based on the base capital requirement as this exceeds both the sum of market and credit risk and also exceeds the Fixed Overheads Requirement (FOR). As at 31 December 2016, the firm had a regulatory capital surplus of £42,982.

The FOR is based on annual expenses net of variable costs deducted, which include discretionary bonuses paid to staff, allowable commission and fees and other variable expenditure which has been deducted. The Firm monitors its expenditure on a quarterly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

This is monitored by the Management Committee on a quarterly basis.

UK Financial Reporting Council's Stewardship Code

Under Rule 2.2 of the FCA's Conduct of Business Sourcebook (COBS), Global Systematic Investors LLP is required to include on this website a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy.

Global Systematic Investors LLP's investment strategy is to deliver highly diversified exposure to broad factors in equity markets with a focus on mid-small cap stocks. Therefore the Firm will generally have small positions in a very large number of securities across the regions it invests in. The individual stakes that the Firm has in a given company will therefore be small and not significant. Consequently, while the Firm supports the objectives that underlie the Code, the provisions of the Code are not relevant to the type of trading currently undertaken by the Firm.

If the Firm's investment strategy changes in such a manner that the provisions of the Code become relevant, the Firm will amend this disclosure accordingly.

Remuneration Code disclosure

Global Systematic Investors LLP ("the Firm") is authorised and regulated by the Financial Conduct Authority as a Limited Licence Firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide investment management services to its clients.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promote sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into 4 tiers. The Firm falls within the FCA's fourth proportionality tier and as such this disclosure is made in line with the requirements for a Tier 3/4 Firm.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm's remuneration policy including use of external benchmarking consultants where relevant.
   - The Firm's policy has been agreed by the Management Committee in line with the RemCode principles laid down by the FCA.
   - Due to the size, nature and complexity of the Firm, we are not required to appoint an independent remuneration committee.
   - The Firm's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
     - Investment Management Firm - The Firm's ability to pay bonus is based on the performance of the Firm overall and derived after its fund's managed returns have been calculated by third party administrators.
   - There is no involvement of the Firm in deriving asset prices as the majority of assets held are in liquid securities and prices in funds managed by the Firm are independently provided by the Administrator.

2. Summary of how the firm links between pay and performance (see Remuneration Code).
   - Individuals are rewarded based on their contribution to the overall strategy of the business.
     a. Investment Strategy and Research
     b. Investment Trading
     c. Sales & Marketing
     d. Operations

- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

3. Aggregate quantitative information on remuneration broken down by significant business division

Business Area	Aggregate compensation expense for prior fiscal year
Investment Management and Trading	NA
Non-Trading	NA

4. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the firm.

Code Staff	Aggregate compensation expense in 2016
Senior Management:	NA
Others (If applicable)	NA

5. Amounts of remuneration for the financial year and the number of beneficiaries (Tier 3 only)

Code Staff (Number)	3

	Total amounts of remuneration
Fixed Remuneration	Nil
Variable Remuneration	Nil

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.

A note on materiality

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

CEBS has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of Code Staff then the firm may consider such omissions.

See FCA Templates on Remuneration Code and FAQ for further consideration.