



FUNDS-AXIS

FUNDWARE LIQUIDITY RULES
FUNDS-AXIS PROCEDURE

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1. Introduction

As an introduction to these rules, please also see the Document explaining “FundWare Liquidity Data.”

That document summarises how there are 3 approaches to Liquidity within FundWare:

- Approach 1: “Days to Liquidate”/ “Days to Liquidate 20 PRC” – this is a value based calculation
- Approach 2: FTS Days to Liquidate (Volume) – this is a quantity based calculation
- Approach 3: The Custom Attribute Definitions for AIFMD Liquidity – which can reference in the above 2 approaches.

From a Rules perspective, we can write rules based on Approaches 2 and 3.

For Approach 2, we can write rules based on:

- Securities where the days to liquidate is greater / less than x days
- Portfolios where the average weighted days to liquidate is greater / less than x days

For Approach 3, we can write rules based on:

- Securities which are in / not in the various AIFMD Liquidity Buckets.
- Portfolios where greater / less than x % is in / not in the various AIFMD Buckets.

2. "Days to Liquidate (Volume)" Calculation Rules

We can write rules based on Days to Liquidate Volume and Average Weighted Portfolio Liquidity.

Scheme No	Asset Type	Instrument Short	Security	Quantity	Average daily Trading Volume	Days To Liquidate (Volume)	Percentage Of Assets	Weighted days to liquidate
Fund 1	EQUITY	3367393	RWS HOLDINGS PLC ORD GBP0.05	19947	178987.3413	0.111443635	5.304%	
Fund 1	EQUITY	B1722W1	DART GROUP ORD GBP0.0125	133430	317854.4421	0.419972108	10.754%	
Fund 1	EQUITY	293819	IDOX ORD GBP0.01	642933	156037.0421	4.120387002	8.274%	
Fund 1	EQUITY	292595	ISG PLC ORD GBP0.01	60680	70133.47047	0.865207434	5.206%	
Fund 1	EQUITY	B00P606	K3 BUSINESS TECH ORD GBP0.25	191988	121477.461	1.58044133	12.274%	
Fund 1	EQUITY	B1TR031	INLAND HOMES ORD GBP0.10	1196260	146757.0376	8.151295652	16.712%	
Fund 1	EQUITY	B3NW1T7	ANPARIO ORD GBP0.23	58182	40354.32293	1.4414	5.018%	
Fund 1	EQUITY	B12R0D0	H & T GROUP ORD GBP0.05	202248	70496.25928	2.868918182	10.135%	
Fund 1	EQUITY	B01GL70	OFFICE2OFFICE ORD GBP0.01	565000	26355.04063	21.43802424	4.247%	
Fund 1	EQUITY	B3P9187	MECOM GROUP ORD GBP0.60	230000	41766.50636	5.506804854	7.195%	
Fund 1	EQUITY	B0YMTT3	ACCUMULI ORD GBP0.0025	1417170	62349.53519	22.72943969	11.298%	
Fund 1	EQUITY	B290WY9	CHINA FOOD COMPANY ORD GBP	1475000	17668.24134	83.483125	3.584%	

At a stock level we can write rules in respect of the days to liquidate each stock

At an overall portfolio level, we can calculate and write rules in respect of the weighted average days to liquidate

Days to Liquidate

Here the calculation of Days to Liquidate (Volume) is calculated as Quantity / Traded Volume.

For example the rule conditions could be:

LIST OF RULE CONDITIONS		ACTIVE	
If holding for "Instrument" (considering "Market Value") (considering "Contractual" holding) is > 3.0000 of "Days To Liquidate" THEN Breach.			Edit
If holding for "Instrument" (considering "Market Value") (considering "Contractual" holding) is < 3.0000 of "Days To Liquidate" THEN approval of (Pass) is required.			Edit

The average weighted portfolio liquidity

This is calculated for each stock as "Days to Liquidate Volume" * "Percentage of Assets". This is then summed at a portfolio level.

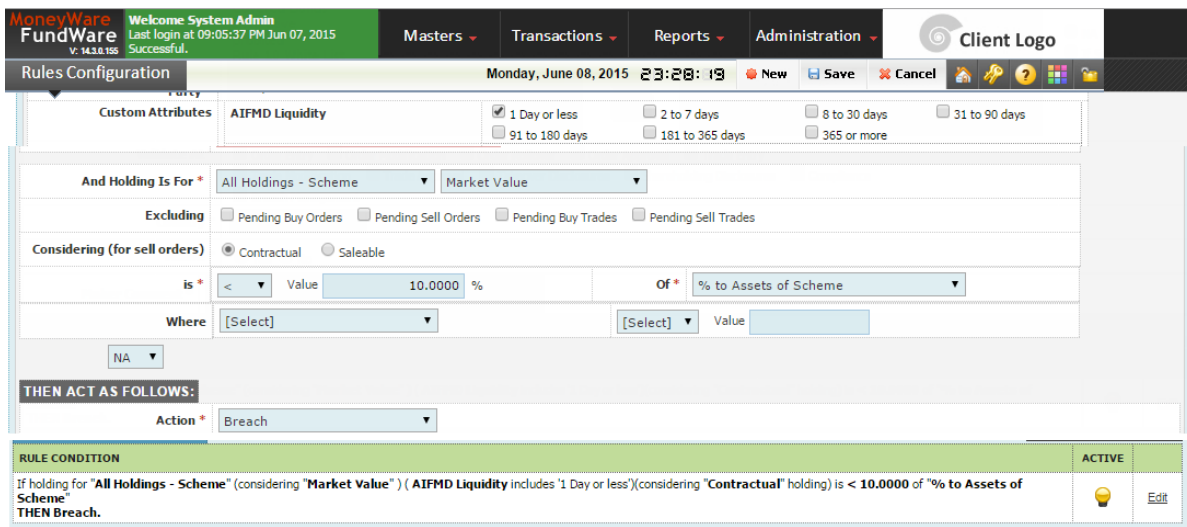
LIST OF RULE CONDITIONS		ACTIVE	
If holding for "All Holdings - Scheme" (considering "Market Value") (considering "Contractual" holding) is > 3.0000 of "Average Weighted Days To Liquidate" THEN Breach.			Edit
If holding for "All Holdings - Scheme" (considering "Market Value") (considering "Contractual" holding) is < 3.0000 of "Average Weighted Days To Liquidate" THEN approval of (Pass) is required.			Edit

3. AIFMD Liquidity Bucket Rules

Rules can also be written having regard to the AIFMD Liquidity Buckets. The result appearing in the Fund Level Summary should match exactly the result in the AIFMD Liquidity Report.

However, this will only be the case where the AIFMD Liquidity Buckets have been defined in the custom attributes in a discrete way with no overlaps. If there are overlaps, then, within the report, a prioritisation occurs, whereas within the rule results any holding meeting the specified criteria will be included.

Example rule set-up





The screenshot shows the 'Rules Configuration' window in MoneyWare FundWare. The rule is named 'AIFMD Liquidity'. Under 'Custom Attributes', the '1 Day or less' bucket is selected. The rule condition is set to 'And Holding Is For' with 'All Holdings - Scheme' and 'Market Value'. It is configured to be 'Contractual' and 'is <' 10.0000 % of '% to Assets of Scheme'. The action is set to 'Breach'. The rule is currently 'ACTIVE'.

Example result

TEST : System Test						
<input type="checkbox"/>	448443-N	Min 10PRC holdings in AIFMD liquidity bucket 1 day	Failed	1	8.5035 %	C-USD-80873 - Cash USD Bank of New Mellon (BNY)
	448443 N	C-USD-80873 - Cash USD Bank of New York Mellon (BNY)			8.1664 %	
		C-GBP-80873 - Cash GBP Bank of New York Mellon (BNY)			0.1996 %	
		IT_TB1 - Trial Balance			0.1374 %	
		C-AUD-80873 - Cash AUD Bank of New York Mellon (BNY)			0.0000 %	
		C-EUR-80873 - Cash EUR Bank of New York Mellon (BNY)			0.0000 %	
		C-ZAR-80873 - Cash ZAR Bank of New York Mellon (BNY)			0.0000 %	

This should tie into the AIFMD Liquidity Report, but may not where the Custom Attribute Definitions have not been defined discretely and have some overlap.

MoneyWare FundWare Liquidity Profile Report   						
Printed By: System Admin						
Liquidity Profile as on : 30-Dec-2014						
Scheme	1 Day or less	2 to 7 days	8 to 30 days	31 to 90 days	181 to 365 days	365 or more
1. The [redacted] PLC	9.0019%	23.6580%	48.9188%	17.0991%	0.0729%	1.2489%