Funds-Axis
UCITS- Core (all jurisdictions)
Rule UCITS01 Review and Testing

Contents

Testing Approach

1. Activate Dummy Sandbox Schemes in FundWare for testing purposes; SB0 – SB7
2. Upload test data to these schemes
3. Funds-Axis to apply UCITS regulatory rules to these test schemes;
   a. Generate a minimum of 1 breach and 1 pass result per UCITS rule
   b. To validate a minimum of 1 breach and 1 pass result per UCITS rule
4. Funds Axis will provide documentation providing explanation of regulatory rule results

UCITS01: Assets must be Eligible Asset Types

Rule Setup Details

Rule Summary		
Rule Category	Rule Category	UCITS – CORE (ALL Jurisdictions)
Rule Sub-Category	Rule Sub-Category	1. Eligible Assets
Asset Selection	Asset Category	All Assets
Asset Selection	Asset Type Group	N/A
Asset Selection	Asset Type	N/A

Rule Custom Attributes		
RCA. Conditions	UCITS Asset Types	Commodities other than Gold Gold Real Estate
RCA. Conditions	Other Applicable	N/A

Rule Conditions		
Rule Conditions	Holding Level	All Holdings
Rule Conditions	Rule Level	In Scheme
Rule Conditions	Aggregator (Base Value in FW Rules Wizard)	Market Value*
Rule Conditions	Breach Condition	> 0
Rule Conditions	Pass Condition	<= 0
Rule Conditions	Denominator	No. of Securities in Scheme
Where Conditions	Pass Condition	N/A
Where Conditions	Breach Condition	N/A

The selection of denominator of "No. of Securities in Scheme" has the impact of causing the aggregator to be a "Count" of the instruments in the scheme, notwithstanding that the "Market Value" is in fact selected in the rules wizard.

UCITS01: Rule Results

Results:

7 of 8 sandbox schemes are passing UCITS01

Cause:
This rule considers eligible asset types.
For the purposes of UCITS01, ineligible asset types include direct investments in commodities; including gold; and real estate.

Testing

Example 1: Breach Result

Test Example 1:   Scheme: SB1 - Sandbox Equity Long Short Fund
Rule Result: Failed

Test Result: Success

FundWare Investment Compliance Result:

SB1 - Sandbox Equity Long Short Fund

Date: 01 June 2018   Valuation Date: -
Scheme NAV in Base Currency: 207,842,337.06
Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊟	**10429-C** ↑	UCITS01: Assets must be Eligible Asset Types	Failed	1	2.0000
		1A5FVAU - TUFTON STREET DEVCO LTD			1 Securities
		Gold - Gold			1 Securities

FundWare Holding Export Report:

The Rule Result shown above matches the below extract taken from FundWare:

Instrument Security Code	Security	RCA.UCITS Asset Types	Percentage Of Assets
1A5FVAU	TUFTON STREET DEVCO LTD	Real Estate	14.7314
Gold	Gold	Gold	0.4811

This scheme has a direct investment in real estate and gold which for the purposes of this rule is considered ineligible and therefore resulting in a breach.

High Level Holdings Overview:

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	Sum of Percentage Of Assets
Security - Standard Security	71.78
Real Estate	14.7314
Security - Closed End Fund	6.8045
Derivative on a Security	5.1756
FundAcc_Cash_Capital	1.0273
Gold	0.4811
Grand Total	**99.9999**

Test Example 2:   Scheme: SB2 – Sandbox CDS Fund

Rule Result: Pass

Test Result: Success

FundWare Investment Compliance Result:

SB2 - Sandbox CDS Fund

Date: 01 June 2018   **Valuation Date: -**

Scheme NAV in Base Currency: 34,087,657.79

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊟		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

FundWare Holding Export Report:

The Rule Result shown above does not show any assets as the fund does not contain any assets that would cause the rule to breach.

There are no direct investments in commodities or real estate; therefore the rule is passing as all holdings are considered eligible.

High Level Holdings Overview:

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	Sum of Percentage Of Assets
Security - Standard Security	72.9148
FundAcc_Cash_Capital	20.3569
Derivative Diversified Index Eligible Assets	10.1007
Derivative on Currency	0.1878
Derivative Index not diversified eligible assets	0.1477
Derivative on a Security	0.0995
Derivatives on Inflation rates	0.0653
Derivatives on Interest rates	0.0037
Payable Receivables	-0.2522
Forward FX	-0.8199
Grand Total	**102.8043**

SB0 - Sandbox Equity Mutli Income Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 82,368,872.99

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊟		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

SB1 - Sandbox Equity Long Short Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 207,842,337.06

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞	10429-C ↑	UCITS01: Assets must be Eligible Asset Types	Failed	1	2.0000

SB2 - Sandbox CDS Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 34,087,657.79

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

SB3 - Sandbox Fund of Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 74,086,960.18

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

SB4 - Sandbox Futures and Options fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 22,216,808.24

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

SB5 - Sandbox MMI Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 11,137,506,461.12

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

SB6 - Sandbox Fixed Income Fund

Date: 01 June 2018 **Valuation Date: -**

Scheme NAV in Base Currency: 232,189,721.95

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊞		UCITS01: Assets must be Eligible Asset Types	Passed		0.0000

Appendix A: Rule Construction in FundWare

UCITS01: Assets must be Eligible Asset Types

Rule Name * (Max 100 Chars)	UCITS01: Assets must be Eligible Asset Types
Rule Reference No * (Max 50 Chars)	UCITS01
Rule Short Name * (Max 100 Chars)	UCITS01: Assets must be Eligible Asset Types
Rule Commentary * (Max 5000 Chars)	UCITS01: Assets must be Eligible Asset Types
Resolution / Tips * (Max 255 Chars)	,
Resource (Max 1000 Chars)	

Rule Category UCITS - Core (All Jurisdictions) ▼
Rule Type * 1. Eligible Assets ▼
Rule Action Type * Others ▼

Rule Validation Level *
○ Asset Type ○ Company / Issuer ● Instrument / Security ○ Counterparty
○ Issuer Group ○ Sector ○ Country ○ Instrument Location
○ UL Issuer ○ UL Issuer Group ○ Currency ○ UL Instrument / Security
○ None ○ Counterparty Group ○ Ultimate Issuer Group

Asset Category

Derivatives	All Assets
Derivatives with Counterparties	
Securities	
Warrants	

Asset Type Group

Asset Backed Securities
Borrowing
Cash
Commodities
CPProxyHolding
CPProxyHoldingOffset
Currency
Custody Cash
Depository Receipt

Asset Type

1940Act
ABS Auto
ABS Card
ABS Other
Accrued Capital Expense
Accrued charges
Accrued Expense
Accrued Interest
ADR

LIST OF RULE CONDITIONS

RULE CONDITION

If holding for "**All Holdings**" in "**Scheme**" (considering "**Market Value**") (**UCITS Asset Types** includes 'Commodities other than Gold, Gold, Real Estate') is **> 0.0000** of "**No. of Securities in Scheme**" **THEN Breach.**

If holding for "**All Holdings**" in "**Scheme**" (considering "**Market Value**") (**UCITS Asset Types** includes 'Commodities other than Gold, Gold, Real Estate') is **<= 0.0000** of "**No. of Securities in Scheme**" **THEN (Pass).**

END