



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS02b Review and Testing

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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

UCITS02b: MMI must be eligible money market instruments

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:	Money Market Instruments
RCA. Conditions	MMI is UCITS Eligible:	No

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.*

UCITS02b: Rule Results

Results:

7 of 8 sandbox schemes are passing UCITS02b

Cause:

This rule considers the eligibility of Money Market Instruments.

MMI on UCITS schemes are considered as eligible if they are held on recognised exchanges and have a maturity of less than 397 days.

The rule custom attribute applied has additional considerations which are required for MMI to be considered eligible, e.g. Agency Ratings, acceptable deposit takers, etc.

The setup of the RCA. MMI is UCITS Eligible can be found in Appendix B.

Testing

Example 1: Breach Result

Test Example 1: Scheme: SB5 - Sandbox MMI Fund
Rule Result: Failed
Test Result: Success

FundWare Investment Compliance Result:

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			
10144-C ↑	UCITS02b: MMI must be eligible money market instruments	Failed	1	2.0000
	XS1823372366 - AGENCE CENTRALE DES ORGANISMES 0.0% 19/07/2018			1 Securities
	XS1785320810 - KUNTARAOITUS OYJ			1 Securities

FundWare Holding Export Report:

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

Note: The below MMI highlighted in red have applicable UCITS Asset Types and are meeting at least one of the conditions within the RCA. MMI Is UCITS Eligible = No. The RCA has 5 separate groupings for the “No” condition. This can be seen in Appendix B.

Instrument Security Code	Security	RCA.UCITS Asset Types	RCA. MMI Is UCITS Eligible	Is Approved MMI
XS1785320810	KUNTARAOITUS OYJ	Money Market Instruments	No	No
XS1823372366	AGENCE CENTRALE DES ORGANISMES 0.0% 19/07/2018	Money Market Instruments	No	NA
FR0125014060	LA BANQUE POSTALE	Money Market Instruments	Yes	Yes
GB00BDXHXF49	NTNWIDE 2.06% CD 4/6/18	Money Market Instruments	Yes	Yes

Instrument Security Code	RCA.Is approved MMI	Instrument Exchange Name	Instrument Exchange Is Eligible EEA	Instrument Exchange Is Eligible Market	Reason	RCA Group Breached
XS1823372366	NA	NASDAQ XNMS	FALSE	FALSE	Ineligible exchange	2
XS1785320810	No	OTC	FALSE	FALSE	Manually flagged	1
GB00BDXHXF49	Yes	OTC	FALSE	FALSE	N/A	
FR0125014060	Yes	FRANKFURT WERTPAPIER XFRA	TRUE	TRUE	N/A	

Note: For XS1785320810 this security was manually flagged by the user as an ‘unapproved’ MMI and the field ‘Is Approved MMI’ was set to ‘No’ within FundWare. This action caused this security to breach for this rule.

High Level Holdings Overview:

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	Sum of Percentage Of Assets
Money Market Instruments	82.3911
Security - Standard Security	15.4088
Payable Receivables	0.929
Deposits	0.4848
FundAcc_Cash_Capital	0.0008
Grand Total	99.2145

Example 2: Pass Result

Test Example 2: Scheme: SB1 – Sandbox Equity Long Short Fund

Rule Result: Pass

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			
<input type="checkbox"/>	UCITS02b: MMI must be eligible money market instruments	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.

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

As shown above the fund contains no securities that are within scope of rule UCITS02b (i.e. Money Market Instruments)

UCITS02b: Overview of Rule Results

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			
☒	UCITS02b: MMI must be eligible money market instruments	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			
☒	UCITS02b: MMI must be eligible money market instruments	Passed		0.0000

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			
☒	UCITS02b: MMI must be eligible money market instruments	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			
☒	UCITS02b: MMI must be eligible money market instruments	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			
☒	UCITS02b: MMI must be eligible money market instruments	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			
☒ 10144-C ↑	UCITS02b: MMI must be eligible money market instruments	Failed	1	2.0000
	XS1823372366 - AGENCE CENTRALE DES ORGANISMES 0.0% 19/07/2018			1 Securities
	XS1785320810 - KUNTARAOHITUS OYJ			1 Securities

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			
☒	UCITS02b: MMI must be eligible money market instruments	Passed		0.0000

SB7 - Sandbox Feeder Fund

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 140,560,227.95

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
☒	UCITS02b: MMI must be eligible money market instruments	Passed		0.0000

Appendix A: Rule Construction in FundWare

UCITS02b: MMI must be eligible money market instruments

Rule Name * (Max 100 Chars)

Rule Reference No * (Max 50 Chars)

Rule Short Name * (Max 100 Chars)

Rule Commentary * (Max 5000 Chars)

Resolution / Tips * (Max 255 Chars)

Resource (Max 1000 Chars)

Rule Validation Level *

- Asset Type
- Issuer Group
- UL Issuer
- None
- Company / Issuer
- Sector
- UL Issuer Group
- Counterparty Group
- Instrument / Security
- Country
- Currency
- Ultimate Issuer Group
- Counterparty
- Instrument Location
- UL Instrument / Security

Asset Category

- Derivatives
- Derivatives with Counterparties
- Securities
- Warrants

Asset Type Group

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

Asset Type

- 1949Act
- ABS Auto
- ABS Card
- ABS Other
- Accrued Capital Expense
- Accrued charges
- Accrued Expense
- Accrued Interest
- ADR

Copy this record * Mandatory Fields

Rule Category UCITS - Core (All Jurisdictions) ▼

Rule Type * 1. Eligible Assets ▼

Rule Action Type * Others ▼

LIST OF RULE CONDITIONS Create New Rule Condition

RULE CONDITION	ACTIVE
If holding for "All Holdings" in "Scheme" (considering "Market Value") (MMI is UCITS Eligible Includes 'No' AND UCITS Asset Types includes 'Money Market Instruments') is > 0.0000 of "No. of Securities in Scheme" THEN Breach.	🔴
If holding for "All Holdings" in "Scheme" (considering "Market Value") (MMI is UCITS Eligible Includes 'Yes' AND UCITS Asset Types includes 'Money Market Instruments') is <= 0.0000 of "No. of Securities in Scheme" THEN (Pass).	🟢

Appendix B: RCA Construction in FundWare

ATTRIBUTE DETAIL * Mandatory Fields

Code * No

Name * No

Filter Category * MMI is UCITS Eligible

Data Source * Detailed Instruments

Sequence * 2

Active Yes No

Maker Comment *

Attribute(s)	SEQ.	FIELD NAME	CONDITION	COMPARE	VALUE	AND/OR	GROUP NO	
	1	Asset Type Group Name	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	Money Market Instruments	AND	1	*
	2	Is approved MMI	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	No	OR	1	*
	3	Asset Type Group Name	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	Money Market Instruments	AND	2	*
	4	Exchange Is Eligible EEA	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input type="radio"/> True <input checked="" type="radio"/> False	AND	2	*
	5	Exchange Is Eligible Market	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input type="radio"/> True <input checked="" type="radio"/> False	AND	2	*
	6	Is approved MMI	Show Only	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input checked="" type="radio"/> Not Defined Values <input type="radio"/> Defined Values	OR	2	*
	7	Instrument Long Term Agency Rating Name	Not In	<input checked="" type="radio"/> Value <input type="radio"/> Column	AAA,AA+,AA,AA-,A+,A,A-,BBB+,BBB,BB <small>Enter Values by comma separation i.e UK, India</small>	AND	3	*
	8	Is approved MMI	Show Only	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input checked="" type="radio"/> Not Defined Values <input type="radio"/> Defined Values	AND	3	*
	9	Asset Type Group Name	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	Money Market Instruments	OR	3	*
	10	Asset Type Group Name	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	Money Market Instruments	AND	4	*
	11	Company Is Acceptable Deposit Taker	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input type="radio"/> True <input checked="" type="radio"/> False	AND	4	*
	12	Is approved MMI	Show Only	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input checked="" type="radio"/> Not Defined Values <input type="radio"/> Defined Values	OR	4	*
	13	Asset Type Group Name	=	<input checked="" type="radio"/> Value <input type="radio"/> Column	Money Market Instruments	AND	5	*
	14	Instrument Days To Maturity	>	<input checked="" type="radio"/> Value <input type="radio"/> Column	397	AND	5	*
	15	Is approved MMI	Show Only	<input checked="" type="radio"/> Value <input type="radio"/> Column	<input checked="" type="radio"/> Not Defined Values <input type="radio"/> Defined Values	[Select]	5	*

END