



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS03 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

UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS

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	CIU which is not UCITS Fund – OpenClosedNotDefined
RCA. Conditions	Fund Is UCITS Equivalent	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.*

UCITS03: Rule Results

Results:

7 of 8 sandbox schemes are passing UCITS03

Cause:

This rule considers the eligibility of CIS with regards to their asset type and whether a fund is equivalent to a UCITS. Assets must **not** fall within the category defined above under the RCA Conditions of 'UCITS Asset Types' and 'Fund Is UCITS Equivalent' in order to pass the rule.

Testing

Example 1: Breach Result

Test Example 1: Scheme: SB3 – Sandbox Fund of Fund

Rule Result: Failed

Test Result: Success

FundWare Investment Compliance Result:

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			
10427-C ↑	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	Failed	1	2.0000
	144458 - THREADNEEDLE AMER-I-ACC-GBP			1 Securities
	B10SJCS - THREAD GB E MK EQ- I ACC GBP			1 Securities

FundWare Holding Export Report:

The Rule Result matches the below extract taken from FundWare:

Instrument Security Code	Security	RCA.UCITS Asset Types	RCA.Fund Is UCITS Equivalent
144458	THREADNEEDLE AMER-I-ACC-GBP	CIU which is not UCITS	No
B10SJCS	THREAD GB E MK EQ- I ACC GBP	CIU which is not UCITS	No
143994	THREAD EUROPEAN-I ACC GBP	CIS_UCITS	Yes
144447	THREAD UK SML CMPS-II-GBP2	CIS_UCITS	Yes
144522	THREAD EUR SEL-I ACC GBP	CIS_UCITS	Yes
144759	THREADNEEDLE AM SELCT-IAGBP	CIS_UCITS	Yes
144793	THREAD UK SELECT-II-GBP	CIS_UCITS	Yes
144867	THREADNEEDLE JAPAN-IA-GBP	CIS_UCITS	Yes
144878	THREAD UK EQY INC-II-GBP2	CIS_UCITS	Yes
153153	THREAD EU SM CMP-I ACC-GBP	CIS_UCITS	Yes
3388532	THREADNEEDLE UK CP BD-I-G-A	CIS_UCITS	Yes
B630YG2	THREADNEEDLE UK FUND- IA-GBP	CIS_UCITS	Yes
BD8GMC6	THREADNEEDLE INV STERLING SHORT DATED COP BD	CIS_UCITS	Yes
BQ1YHS9	THREADNEEDLE UK PROP TR-IGA	CIS_UCITS	Yes

Note the securities above not breach rule UCITS03 have been manually marked as UCITS equivalent by the user.

High Level Holdings Overview:

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	RCA.Fund Is UCITS Equivalent	Sum of Percentage Of Assets
CIS_UCITS	Yes	66.0305
CIU which is not UCITS	No	33.8477
FundAcc_Cash_Capital	N/A	0.1155
Payable Receivables	N/A	0.0061
Grand Total		99.9998

Example 2: Pass Result

Test Example 2: Scheme: SBO – Sandbox Equity Multi Income Fund
Rule Result: Pass
Test Result: Success

FundWare Investment Compliance Result:

SBO - 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			
	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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	104.9906
Security - Closed End Fund	2.12
Payable Receivables	1.8008
Derivative Index not diversified ineligible assets	-0.243
Derivative Diversified Index Eligible Assets	-8.6684
Grand Total	100

As note previously, this fund contains no assets which would come under scope of rule UCITS03.

UCITS03: 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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊖ 10427-C ↑	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	Failed	1	2.0000
	144458 - THREADNEEDLE AMER-I-ACC-GBP			1 Securities
	B105JCS - THREAD GB E MK EQ- I ACC GBP			1 Securities

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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	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			
⊕	UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS	Passed		0.0000

Appendix A: Rule Construction in FundWare

UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS

Rule Name * (Max 100 Chars)
UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS

Rule Reference No * (Max 50 Chars)
UCITS03

Rule Short Name * (Max 100 Chars)
UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS

Rule Commentary * (Max 5000 Chars)
UCITS03: CIS must be UCITS or Equivalent Non-UCITS CIS

Resolution / Tips * (Max 255 Chars)

Resource (Max 1000 Chars)

Rule Validation Level *

- Asset Type
- Issuer Group
- UL Issuer
- Counterparty Group
- Ultimate Issuer Group
- Company / Issuer
- Sector
- UL Issuer Group
- Counterparty
- Instrument / Security
- Country
- Currency
- 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

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

Rule Category UCITS - Core (All Jurisdictions)

Rule Type * 1. Eligible Assets

Rule Action Type * Others

Copy this record * Mandatory Fields

LIST OF RULE CONDITIONS Create New Rule Condition

RULE CONDITION	ACTIVE
If holding for "All Holdings" in "Scheme" (considering "Market Value") (Fund Is UCITS Equivalent includes 'No' AND UCITS Asset Types includes 'CIU which is not UCITS, Fund - OpenClosed(NotDefined)) is > 0.0000 of "No. of Securities in Scheme" THEN Breach.	💡 ✎
If holding for "All Holdings" in "Scheme" (considering "Market Value") (Fund Is UCITS Equivalent includes 'No' AND UCITS Asset Types includes 'CIU which is not UCITS, Fund - OpenClosed(NotDefined)) is <= 0.0000 of "No. of Securities in Scheme" THEN (Pass).	💡 ✎

END