Funds-Axis
UCITS- Core (all jurisdictions)
Rule UCITS04 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

UCITS04: CIS must invest max. 10% in other 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	CIS_UCITS CIU which is not UCITS Fund – OpenClosedNotDefined
RCA. Conditions	Max Investment in other CIS	10%-15%** 15%-30% 30PLUS

**Note: A 4th condition of <=10% is also available within FundWare; however this is a pass condition and will therefore not be included in the above list of applicable RCAs.

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.

UCITS04: Rule Results
Results:

7 of 8 sandbox schemes are passing UCITS04

Cause:
This rule considers the eligibility of funds. Funds held on UCITS schemes are allowed to invest a max of 10% in other CIS. If greater than 10% is allowable on a specified fund, then this fund is breaching the eligibility criteria of UCITS regulations.

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			
⊟	**10042-C** ↑	UCITS04: CIS must invest max. 10% in other CIS	Failed	1	1.0000
		BD8GMC6 - THREADNEEDLE INV STERLING SHORT DATED COP BD			1 Securities

FundWare Holding Export Report:

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

The security highlighted below has an applicable UCITS Asset Type and is marked as allowing a 15% investment in other CIS, therefore it is meeting all the breach criteria for this rule.

Instrument Security Code	Security	CA.Max Investment in Other CIS (%)	RCA.Max Investment in other CIS	RCA.UCITS Asset Types
BD8GMC6	THREADNEEDLE INV STERLING SHORT DATED COP BD	15	10%-15%	CIS_UCITS
143994	THREAD EUROPEAN-I ACC GBP	10	<=10%	CIS_UCITS
144447	THREAD UK SML CMPS-II-GBP2	10	<=10%	CIS_UCITS
144522	THREAD EUR SEL-I ACC GBP	10	<=10%	CIS_UCITS
144759	THREADNEEDLE AM SELCT-IAGBP	10	<=10%	CIS_UCITS
144793	THREAD UK SELECT-II-GBP	10	<=10%	CIS_UCITS
144867	THREADNEEDLE JAPAN-IA-GBP	10	<=10%	CIS_UCITS
144878	THREAD UK EQY INC-II-GBP2	10	<=10%	CIS_UCITS
153153	THREAD EU SM CMP-I ACC-GBP	10	<=10%	CIS_UCITS
3388532	THREADNEEDLE UK CP BD-I-G-A	10	<=10%	CIS_UCITS
B630YG2	THREADNEEDLE UK FUND- IA-GBP	10	<=10%	CIS_UCITS
BQ1YHS9	THREADNEEDLE UK PROP TR-IGA	10	<=10%	CIS_UCITS
144458	THREADNEEDLE AMER-I-ACC-GBP	10	<=10%	CIU which is not UCITS
B10SJC5	THREAD GB E MK EQ- I ACC GBP	10	<=10%	CIU which is not UCITS

High Level Holdings Overview:

The fund is made up of:

RCA.UCITS Asset Types	RCA.Max Investment in other CIS	Sum of Percentage Of Assets
CIS_UCITS	<=10%	65.7832
CIS_UCITS	10%-15%	0.2473
CIU which is not UCITS	<=10%	33.8477
FundAcc_Cash_Capital	(blank)	0.1155

Payable Receivables	(blank)	0.0061
Grand Total		**99.9998**

Example 2: Pass Result

Test Example 2:   Scheme: SB0 – Sandbox Equity Multi Income Fund
Rule Result: Pass

Test Result: Success

FundWare Investment Compliance Result:

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			
⊟		UCITS04: CIS must invest max. 10% in other 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 shown this fund contains no assets that are in scope for rule UCITS04.

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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊟	**10042-C** ↑	UCITS04: CIS must invest max. 10% in other CIS	Failed	1	1.0000
		BD8GMC6 - THREADNEEDLE INV STERLING SHORT DATED COP BD			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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊞		UCITS04: CIS must invest max. 10% in other 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			
⊞		UCITS04: CIS must invest max. 10% in other CIS	Passed		0.0000

Appendix A: Rule Construction in FundWare

UCITS04: CIS must Invest max. 10% in other CIS

END