



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS12-14 Review and Testing

Contents

Testing Approach	3
UCITS12-14 Cover All: Max 10% of Security Issued Capital	4
Appendix A: Rule Construction in FundWare	10

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

UCITS12-14 Cover All: Max 10% of Security Issued Capital

Rule Setup Details

Rule Summary		
Rule Category	Rule Category	UCITS – CORE (ALL Jurisdictions)
Rule Sub-Category	Rule Sub-Category	6. Concentration
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	Fund – OpenClosedNotDefined Security – Closed End Fund Security – Standard Security Security – Structured Product not embedding a derivative Security – Structured Product embedding a derivative
RCA. Conditions	Is GOPS	No

Rule Conditions		
Rule Conditions	Holding Level	Instrument
Rule Conditions	Rule Level	In Scheme
Rule Conditions	Aggregator (Base Value in FW Rules Wizard)	Holding quantity
Rule Conditions	Breach Condition	> 10%
Rule Conditions	Pass Condition	</= 10%
Rule Conditions	Denominator	% to Instrument Issued Capital
Where Conditions	Pass Condition	N/A
Where Conditions	Breach Condition	N/A
Where Conditions	Denominator	N/A

UCITS12-14 Cover All: Rule Results

Results:

4 of 5 sandbox schemes are passing UCITS12-14 Cover All

Cause:

This rule considers the eligibility of Issued Capital per a single instrument. The allowable threshold to be held by any single instrument is 10%; if greater than 10% of issued capital is held on any one instrument, then this holding will breach UCITS12-14 Cover All.

Note any figures used relating to an Issuer's voting, non-voting or issued capital are only for demonstration purposes. They are not to be considered accurate and are used solely for the purposes of generating breach and pass results.

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) : 6. Concentration			
10129-N	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Failed	1	29.9862 %
	US94989RJ824 - WELLS FARGO BANK NA2.402513/11/2018			29.9862 %
	US86958JXX26 - SVENSKA HANDELSBANKEN NY2.1312523/08/2018			13.9000 %

FundWare Holding Export Report:

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

The below Securities have applicable UCITS Asset Types for the purpose of UCITS12-14 Cover All. Each Instrument is marked as having a non GOPS issuer; and each individually hold greater than 10% in issued capital; therefore they are meeting all breach criteria.

Formula:

$$(Quantity / Instrument Issued Share Capital) * 100 = \% \text{ of Issued (Share) Capital}$$

Example: US94989RJ824

$$(69,500,000 / 500,000,000) * 100\% = 13.90\%$$

RCA.UCITS Asset Types	Instrument Security Code	Security	RCA.Is GOPS	Quantity	Share class - issued share capital	% of Share class - issued share capital
Security - Standard Security	US94989RJ824	WELLS FARGO BANK NA2.402513/11/2018	No	1,506,000,000	5,022,303,027.00	29.99
Security - Standard Security	US86958JXX26	SVENSKA HANDELSBANKEN NY2.1312523/08/2018	No	69,500,000	500,000,000.00	13.90
Security - Standard Security	US06417GL558	BANK OF NOVA SCOTIA HOUS2.1527522/08/2018	No	75,000,000	800,000,000.00	9.38
Security - Standard Security	BY3R4S1	WESTPAC BANKING CORP2.3736325/05/2018	No	21,000,000	600,000,000.00	3.50
Security - Standard Security	56650	BHP GROUP PLC	No	2,669,197	5,000,000,000.00	0.05

High Level Holdings Overview:

The fund is made up of:

The majority of assets contained in the fund do not have the relevant UCITS Asset Type to be applicable to rule '12-14 Cover All'. These assets are given a 'dummy' value for "Share class - issued share capital" and the results for "% of Share class - issued share capital" are disregarded.

RCA.UCITS Asset Types	Share class - issued share capital	% of Share class - issued share capital	% Of Assets	Is Share Capital Applicable
Deposits	1.00	5,400,000,000.00	0.4848	No
FundAcc_Cash_Capital	2.00	9,305,342.00	0.0008	No
Money Market Instruments	95.00	917,900,000,000.00	82.3911	No
Payable Receivables	4.00	10,334,078,603.00	0.929	No
Security - Standard Security				Yes
56650	5,000,000,000.00	0.05	0.4005	
BY3R4S1	600,000,000.00	3.50	0.1896	
US06417GL558	800,000,000.00	9.38	0.6745	
US86958JXX26	500,000,000.00	13.90	0.625	
US94989RJ824	5,022,303,027.00	29.99	13.5192	
Grand Total			99.2145	

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) : 6. Concentration			
	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Passed		1.2245 %
	BYZS8L3 - LMI AEROSPACE INC7.37515/07/2019			1.2245 %
	BYVG9R4 - WALGREENS BOOTS ALLIANCE4.6501-Jun-2046			0.3515 %
	BYVG9S5 - WALGREENS BOOTS ALLIANCE3.4501/06/2026			0.2668 %
	B4T1HG6 - DISH DBS CORP7.87501/09/2019			0.1786 %
	2961138 - GOVERNMENT OF JAMAICA10.62520/06/2017			0.1380 %
	BL25JH9 - VECTOR GROUP LTD7.7515/02/2021			0.0600 %
	B30XVQ4 - NEXSTAR BROADCASTING INC6.87515/11/2020			0.0478 %
	3319521 - KINGFISHER PLC			0.0347 %
	3174300 - BURBERRY GROUP PLC			0.0344 %
	BWXC0Z1 - PADDY POWER BETFAIR PLC			0.0343 %
	677608 - PEARSON PLC			0.0332 %
	53673 - ASHTEAD GROUP PLC			0.0331 %
	B1KJ340 - WHITBREAD PLC			0.0331 %
	B8C3BLO - SAGE GROUP PLC/THE			0.0327 %
	BKKMKR2 - RSA INSURANCE GROUP PLC			0.0327 %
	BYYK2V8 - WORLDPAY GROUP PLC			0.0326 %
	D0744D3 - DUNZL PLC			0.0325 %
	B39J2M4 - UNITED UTILITIES GROUP PLC			0.0324 %
	B1RR840 - SMURFIT KAPPA GROUP PLC			0.0324 %
	B24BQC7 - JOHNSON MATTHEY PLC			0.0322 %
	B01C3S3 - RANDGOLD RESOURCES LTD			0.0321 %
	766937 - ST JAMES'S PLACE PLC			0.0320 %
	B1CRLC4 - MONDI PLC			0.0320 %
	B01FLG6 - G4S PLC			0.0319 %
	3064650 - GKN PLC			0.0319 %
	682538 - PERSIMMON PLC			0.0318 %
	B1WY233 - SMITHS GROUP PLC			0.0317 %
	3163836 - INTERTEK GROUP PLC			0.0317 %
	878230 - TAYLOR WIMPEY PLC			0.0316 %
	B1FH8J7 - SEVERN TRENT PLC			0.0315 %
	B033F22 - CENTRICA PLC			0.0313 %
	3127489 - MARKS & SPENCER GROUP PLC			0.0313 %
	81180 - BARRATT DEVELOPMENTS PLC			0.0309 %
	3398649 - ITV PLC			0.0304 %
	BLDYK61 - SCOTTISH MORTGAGE INV TR PLC			0.0302 %
	604316 - WM MORRISON SUPERMARKETS			0.0295 %
	242493 - DCC PLC			0.0282 %
	BMJ6DW5 - INFORMA PLC			0.0205 %
	56650 - BHP GROUP PLC			0.0134 %

FundWare Holding Export Report:

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

The below Securities have applicable UCITS Asset Types for the purpose of UCITS12-14 Coverall. The Instruments are marked as having a non GOPS issuer; however each holding is less than 10% of the total issued capital; therefore it is below the 10% threshold and as a result none of the securities will cause a breach.

RCA.UCITS Asset Types	Instrument Security Code	Security	RCA.Is GOPS	Quantity	Share class - issued share capital	% of Share class - issued share capital
Security - Standard Security	BYZS8L3	LMI AEROSPACE INC7.37515/07/2019	No	3,000,000	245,000,000	1.2244
Security - Standard Security	BYVG9R4	WALGREENS BOOTS ALLIANCE4.6501-Jun-2046	No	2,109,000	600,000,000	0.3515
Security - Standard Security	BYVG9S5	WALGREENS BOOTS ALLIANCE3.4501/06/2026	No	5,070,000	1,900,000,000	0.2668
Security - Standard Security	B4T1HG6	DISH DBS CORP7.87501/09/2019	No	2,500,000	1,400,000,000	0.1785
Security - Standard Security	2961138	GOVERNMENT OF JAMAICA10.62520/06/2017	No	2,700,000	1,956,681,629	0.1379
Security - Standard Security	BL25JH9	VECTOR GROUP LTD7.7515/02/2021	No	3,000,000	5,000,000,000	0.06
Security - Standard Security	BJOXVQ4	NEXSTAR BROADCASTING INC6.87515/11/2020	No	2,389,000	5,000,000,000	0.0477
Security - Standard Security	3319521	KINGFISHER PLC	No	738,002	2,128,490,633	0.0346
Security - Standard Security	3174300	BURBERRY GROUP PLC	No	141,347	411,367,659	0.0343
Security - Standard Security	BWXC0Z1	PADDY POWER BETFAIR PLC	No	27,436	80,101,669	0.0342
Security - Standard Security	677608	PEARSON PLC	No	259,662	781,067,196	0.0332
Security - Standard Security	53673	ASHTREAD GROUP PLC	No	159,099	480,104,281	0.0331
Security - Standard Security	B1KJJ40	WHITBREAD PLC	No	60,849	183,636,582	0.0331
Security - Standard Security	B8C3BL0	SAGE GROUP PLC/THE	No	354,896	1,085,319,742	0.0326
Security - Standard Security	BKKMKR2	RSA INSURANCE GROUP PLC	No	335,418	1,026,852,917	0.0326
Security - Standard Security	B0744B3	BUNZL PLC	No	109,468	336,393,407	0.0325
Security - Standard Security	BYYK2V8	WORLDPAY GROUP PLC	No	651,474	2,000,000,000	0.0325
Security - Standard Security	B1RR840	SMURFIT KAPPA GROUP PLC	No	76,781	237,212,887	0.0323
...

High Level Holdings Overview:

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	% Of Assets	Is Share Capital Applicable
Derivative Index not diversified ineligible assets	- 0.24	No
Payable Receivables	1.80	No
Security - Closed End Fund	2.12	Yes
Security - Standard Security	104.99	Yes
Grand Total	108.6684	

UCITS12-14 Cover All: 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) : 6. Concentration			
+	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Passed		1.2245 %

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) : 6. Concentration			
+	UCITS12-14 Cover All: Max 10% of Security Issued Capital	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) : 6. Concentration			
-	10129-N UCITS12-14 Cover All: Max 10% of Security Issued Capital	Failed	1	29.9862 %
	US94989R3824 - WELLS FARGO BANK NA2.402513/11/2018			29.9862 %
	US869583XX26 - SVENSKA HANDELSBANKEN NY2.1312523/08/2018			13.9000 %

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) : 6. Concentration			
+	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Passed		3.4091 %

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) : 6. Concentration			
+	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Passed		0.0000 %

Appendix A: Rule Construction in FundWare

UCITS12-14 Cover All: OTC Derivatives must be Capable of Reliable Valuation

Rule Name * (Max 100 Chars)	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Rule Category	UCITS - Core (All Jurisdictions)
Rule Reference No * (Max 50 Chars)	UCITS12-14	Rule Type *	6. Concentration
Rule Short Name * (Max 100 Chars)	UCITS12-14 Cover All: Max 10% of Security Issued Capital	Rule Action Type *	Others
Rule Commentary * (Max 5000 Chars)	UCITS12-14 Cover All: Max 10% of Security Issued Capital		
Resolution / Tips * (Max 255 Chars)			
Resource (Max 1000 Chars)			
Rule Validation Level *	<input type="radio"/> Asset Type <input type="radio"/> Company / Issuer <input checked="" type="radio"/> Instrument / Security <input type="radio"/> Counterparty <input type="radio"/> Issuer Group <input type="radio"/> Sector <input type="radio"/> Country <input type="radio"/> Instrument Location <input type="radio"/> UL Issuer <input type="radio"/> UL Issuer Group <input type="radio"/> Currency <input type="radio"/> UL Instrument / Security <input type="radio"/> None <input type="radio"/> Counterparty Group <input type="radio"/> Ultimate Issuer Group		
Asset Category	Derivatives Derivatives with Counterparties Securities Warrants	<input type="button" value="→"/> <input type="button" value="←"/> <input type="button" value="↔"/> <input type="button" value="↔"/>	All Assets
Asset Type Group	Asset Backed Securities Borrowing Cash Commodities CProxyHolding CProxyHoldingOffset Currency Custody Cash Depository Receipt	<input type="button" value="→"/> <input type="button" value="←"/> <input type="button" value="↔"/> <input type="button" value="↔"/>	
Asset Type	1940Act ABS Auto ABS Card ABS Other Accrued Capital Expense Accrued charges Accrued Expense Accrued Interest ADR	<input type="button" value="→"/> <input type="button" value="←"/> <input type="button" value="↔"/> <input type="button" value="↔"/>	
LIST OF RULE CONDITIONS Create New Rule Condition			
RULE CONDITION If holding for "Instrument" in "Scheme" (considering "Holding Quantity") (Is GOPS includes 'No' AND UCITS Asset Types includes 'Fund - OpenCloseNotDefined, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative') is > 10.0000 of "% of Instrument Issued Capital" THEN Breach.			ACTIVE <input type="button" value="⚡"/> <input type="button" value="✎"/>
If holding for "Instrument" in "Scheme" (considering "Holding Quantity") (Is GOPS includes 'No' AND UCITS Asset Types includes 'Fund - OpenCloseNotDefined, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative') is <= 10.0000 of "% of Instrument Issued Capital" THEN (Pass).			<input type="button" value="⚡"/> <input type="button" value="✎"/>

END