



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS12Manager 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

UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body

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
RCA. Conditions	Has Voting Rights	Yes

Rule Conditions		
Rule Conditions	Holding Level	Issuer
Rule Conditions	Rule Level	In Management Fund House
Rule Conditions	Aggregator (Base Value in FW Rules Wizard)	Voting Rights
Rule Conditions	Breach Condition	> 20%
Rule Conditions	Pass Condition	</= 20%
Rule Conditions	Denominator	% of issuer voting rights
Where Conditions	Pass Condition	N/A
Where Conditions	Breach Condition	N/A
Where Conditions	Denominator	N/A

UCITS12Manager: Rule Results

Results:

1 of 2 Sandbox Management Fund Houses are passing UCITS12Manager

Cause:

This rule considers the eligibility of Voting Shares per a single Issuing Body. UCITS12Manager is a management level rule; it aggregates the total voting shares per a single issuing body under a single management company. If greater than 20% is held in a single, non-government Issuer with Voting across any number of schemes that share the same Management Fund House; UCITS12Manager will breach. Applicable asset types include Equity & Closed End Funds which have voting rights.

The organisational structure for the relevant Sandbox Funds is below:

Management Company:	Sandbox Asset Management	Sandbox Wealth Management
Umbrella:	Sandbox Umbrella	SB Court Umbrella
Funds:	SB1 - Sandbox Equity Long Short Fund SB2 - Sandbox CDS Fund SB3 - Sandbox Fund of Fund	SB0 - Sandbox Equity Mutli Income Fund SB4 - Sandbox Futures and Options fund SB5 - Sandbox MMI Fund SB6 - Sandbox Fixed Income Fund SB7 - Sandbox Feeder Fund

Be aware that any figures used relating to an instrument's or 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 within FundWare.

Testing

Example 1: Breach Result

Test Example 1: Management Fund House: Sandbox Asset Management

Rule Result: Failed

Test Result: Success

Note:

If there are no "Voting Shares", the denominator will default to '1' in FundWare for calculation purposes.

Formula:

$$(\text{Quantity} / \text{Issuer Voting Shares}) * 100 = \% \text{ Voting Shares}$$

Example: Canon Inc

$$(392,000 / 1,900,000) * 100 = 20.6315\%$$

FundWare Investment Compliance Result:

Sandbox Asset Management

Date: 01 June 2018

Valuation Date: -

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

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 6. Concentration			
10048-N	UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body	Failed	1	20.6316 %
	BBG001FFCLP0 - Canon Inc			20.6316 %

FundWare Holding Export Report:

The Rule Result shown on the previous page matches the below extract taken from FundWare. The below holding has an applicable UCITS Asset Types for the purpose of UCITS12Manager. The instrument is breaching at the management company level as the schemes in aggregate hold more than 20% of the voting rights of the issuer. The security in question is issued by Non-Government Issuers, and considered to have voting rights.

RCA.UCITS Asset Types	Security	Issuer	RCA.Is GOPS	RCA.Has Voting Rights	Quantity	Issuer Voting Rights	% of issuer total voting rights
Security - Standard Security	CANON INC	Canon Inc	No	Yes	392,000	1,900,000	20.6315

High Level Holdings Overview:

The entirety of the management company is made up from the remaining assets:

Note: The below has been filtered on assets that are applicable to rule UCITS12Manager

RCA.UCITS Asset Types	Issuer	RCA.Is GOPS	RCA.Has Voting Rights	Quantity	Issuer Voting Rights	% of issuer total voting rights
Security - Standard Security	Canon Inc	No	Yes	392,000	1,900,000	20.6315
Security - Standard Security	Shoei Co Ltd	No	Yes	150,000	1,377,240	10.8913
Security - Standard Security	Tsubaki Nakashima Co Ltd	No	Yes	319,600	3,992,900	842
Security - Standard Security	Gakkyusha Co Ltd	No	Yes	388,700	111,701	3.4798
Security - Standard Security	GCA Corp	No	Yes	400,000	389,600	1.0266
Security - Standard Security	Nippon Parking Development Co Ltd	No	Yes	1,814,500	3,483,986	0.5208
Security - Standard Security	Nomura Co Ltd	No	Yes	200,000	599,482	0.3336
Security - Standard Security	Noevir Holdings Co Ltd	No	Yes	85,000	341,566	0.2488
Security - Standard Security	TechnoPro Holdings Inc	No	Yes	90,000	362,549	0.2482
Security - Standard Security	Kakaku.com Inc	No	Yes	390,000	2,106,050	0.1851
Security - Standard Security	Amada Holdings Co Ltd	No	Yes	510,000	3,781,152	0.1348
Security - Standard Security	Park24 Co Ltd	No	Yes	146,000	1,466,686	0.0995
Security - Standard Security	Mabuchi Motor Co Ltd	No	Yes	67,700	691,259	0.0979
Security - Standard Security	SBI Holdings Inc/Japan	No	Yes	220,000	2,245,617	0.0979

Security - Standard Security	Hikari Tsushin Inc	No	Yes	41,300	477,496	0.0864
Security - Standard Security	Tokyo Century Corp	No	Yes	88,000	1,066,246	0.0825
Security - Standard Security	Aozora Bank Ltd	No	Yes	70,300	1,182,894	0.0594
Security - Standard Security	Pola Orbis Holdings Inc	No	Yes	114,000	2,291,361	0.0497
Security - Standard Security	Oracle Corp	No	Yes	79,200	2,557,452	0.0309
Security - Standard Security	Daiwa House Industry Co Ltd	No	Yes	193,500	6,662,382	0.029
Security - Standard Security	Subaru Corp	No	Yes	167,500	7,691,758	0.0217
Security - Standard Security	Komatsu Ltd	No	Yes	200,000	9,719,676	0.0205
Security - Standard Security	Kao Corp	No	Yes	101,000	4,950,000	0.0204
Security - Standard Security	Japan Tobacco Inc	No	Yes	232,000	20,000,000	0.0116
Security - Standard Security	Bridgestone Corp	No	Yes	176,000	16,262,046	0.0108
Security - Standard Security	NTT DOCOMO Inc	No	Yes	281,000	38,995,630	072
Security - Standard Security	KDDI Corp	No	Yes	170,800	25,872,135	066
Security - Standard Security	Nissan Motor Co Ltd	No	Yes	370,000	84,414,302	043
Security - Standard Security	Mitsubishi UFJ Financial Group Inc	No	Yes	1,000,000	280,553,898	035
Security - Standard Security	Toyota Motor Corp	No	Yes	119,500	65,259,948	018
Security - Standard Security	Tokio Marine Holdings Inc	No	Yes	170,000	719,700,000	002
Security - Standard Security	Resona Holdings Inc	No	Yes	630,000	23,241,180	-0.0271

Example 2: Pass Result

Test Example 2: Management Fund House: Sandbox Asset Management

Rule Result: Pass

Test Result: Success

FundWare Investment Compliance Result:

Sandbox Wealth Management

Date: 01 June 2018

Valuation Date: -

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

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 6. Concentration			
[-]	UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body	Passed		2.6894 %
	BBG001FFCLP0 - Canon Inc			2.6894 %
	BBG001P40BP9 - Atlantica Tender Drilling Ltd			0.4116 %
	BBG004TCCR55 - OUE Hospitality Trust			0.2119 %
	BBG001FFB0R5 - Kingfisher PLC			0.0347 %
	BBG001GJXCP8 - Burberry Group PLC			0.0344 %
	BBG001FMKZR3 - Paddy Power Betfair PLC			0.0343 %
	BBG001FFB898 - Pearson PLC			0.0332 %
	BBG001FF99K6 - Ashtead Group PLC			0.0331 %
	BBG001FFBQW2 - Whitbread PLC			0.0331 %
	BBG001FFBL62 - Sage Group PLC/The			0.0327 %
	BBG001FFBJ25 - RSA Insurance Group PLC			0.0327 %
	BBG00B0TKFX9 - Worldpay Group Ltd			0.0326 %
	BBG001FF9HG3 - Bunzl PLC			0.0325 %
	BBG001FFB6X5 - United Utilities Group PLC			0.0324 %
	BBG001FRT973 - Smurfit Kappa Group PLC			0.0324 %
	BBG001FFB068 - Johnson Matthey PLC			0.0322 %
	BBG001G1JQH1 - Randgold Resources Ltd			0.0321 %
	BBG001FFBJ21 - St James's Place PLC			0.0320 %
	BBG001H9PHL1 - G4S PLC			0.0319 %
	BBG001FF9TZ6 - GKN PLC			0.0319 %
	BBG001FFB8Q9 - Persimmon PLC			0.0318 %
	BBG001FFBH98 - Smiths Group PLC			0.0317 %
	BBG001FFBKQ2 - Taylor Wimpey PLC			0.0316 %
	BBG001FFBG18 - Severn Trent PLC			0.0315 %
	BBG001FJW7N3 - Centrica PLC			0.0313 %
	BBG001FFB3Y1 - Marks & Spencer Group PLC			0.0313 %
	BBG001FF9BX7 - Barratt Developments PLC			0.0309 %
	BBG001H64RC8 - ITV PLC			0.0304 %
	BBG001FG61P9 - Scottish Mortgage Investment Trust PLC			0.0302 %
	BBG001GCNL47 - Wm Morrison Supermarkets PLC			0.0295 %
	BBG001H6VHY6 - DCC PLC			0.0282 %
	BBG001FYN3C1 - Mondi PLC			0.0242 %
	BBG001FMYP36 - Informa PLC			0.0205 %

FundWare Holding Export Report:

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

RCA.UCITS Asset Types	Issuer	RCA.Is GOPS	RCA.Has Voting Rights	Quantity	Issuer Voting Rights	% of issuer total voting rights
Security - Standard Security	Canon Inc	No	Yes	51,099	1,900,000	2.6894
Security - Standard Security	OUE Hospitality Trust	No	Yes	3,853,099	1,818,651,450	0.2118
Security - Standard Security	Kingfisher PLC	No	Yes	738,002	2,128,490,633	0.0346
Security - Standard Security	Burberry Group PLC	No	Yes	141,347	411,367,659	0.0343
Security - Standard Security	Paddy Power Betfair PLC	No	Yes	27,436	80,101,669	0.0342
Security - Standard Security	Pearson PLC	No	Yes	259,662	781,067,196	0.0332
Security - Standard Security	Ashtead Group PLC	No	Yes	159,099	480,104,281	0.0331
Security - Standard Security	Whitbread PLC	No	Yes	60,849	183,636,582	0.0331
Security - Standard Security	RSA Insurance Group PLC	No	Yes	335,418	1,026,852,917	0.0326
Security - Standard Security	Sage Group PLC/The	No	Yes	354,896	1,085,319,742	0.0326
Security - Standard Security	Bunzl PLC	No	Yes	109,468	336,393,407	0.0325
Security - Standard Security	Worldpay Group Ltd	No	Yes	651,474	2,000,000,000	0.0325
Security - Standard Security	Smurfit Kappa Group PLC	No	Yes	76,781	237,212,887	0.0323
Security - Standard Security	United Utilities Group PLC	No	Yes	220,890	681,900,000	0.0323
Security - Standard Security	Johnson Matthey PLC	No	Yes	62,318	193,533,430	0.0322
Security - Standard Security	Randgold Resources Ltd	No	Yes	30,343	94,417,160	0.0321
Security - Standard Security	St James's Place PLC	No	Yes	169,336	529,338,560	0.0319
Security - Standard Security	G4S PLC	No	Yes	494,585	1,551,594,436	0.0318
Security - Standard Security	GKN PLC	No	Yes	549,396	1,724,605,373	0.0318
Security - Standard Security	Persimmon PLC	No	Yes	100,484	315,947,901	0.0318
Security - Standard Security	Smiths Group PLC	No	Yes	125,371	395,933,553	0.0316
Security - Standard Security	Taylor Wimpey PLC	No	Yes	1,034,755	3,276,671,471	0.0315
Security - Standard Security	Severn Trent PLC	No	Yes	74,630	237,149,134	0.0314
Security - Standard Security	Centrica PLC	No	Yes	1,785,156	5,696,376,952	0.0313
Security - Standard Security	Marks & Spencer Group PLC	No	Yes	508,208	1,624,892,103	0.0312
Security - Standard Security	Barratt Developments PLC	No	Yes	313,331	1,014,148,407	0.0308
Security - Standard Security	ITV PLC	No	Yes	1,225,737	4,025,409,194	0.0304
Security - Closed End Fund	Scottish Mortgage Investment Trust PLC	No	Yes	439,857	1,455,805,880	0.0302
Security - Standard Security	Wm Morrison Supermarkets PLC	No	Yes	699,678	2,367,891,442	0.0295
Security - Standard Security	DCC PLC	No	Yes	27,750	98,240,132	0.0282
Security - Standard Security	Mondi PLC	No	Yes	117,345	485,553,780	0.0241
Security - Standard Security	Informa PLC	No	Yes	257,129	1,251,620,964	0.0205

High Level Holdings Overview:

The previous FundWare Holding Report Export contains all issuers applicable to rule UCITS12Manager contained with the Management Fund House.

UCITS12Manager: Overview of Rule Results

Sandbox Asset Management

Date: 01 June 2018

Valuation Date: -

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

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 6. Concentration			
10048-N	UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body	Failed	1	20.6316 %

Sandbox Wealth Management

Date: 01 June 2018

Valuation Date: -

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

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 6. Concentration			
	UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body	Passed		2.6894 %

Appendix A: Rule Construction in FundWare

UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body

Rule Name * (Max 100 Chars)	UCITS12Manager: 20% Max. of Voting Shares per Single Issi	Rule Category	UCITS - Core (All Jurisdictions)
Rule Reference No * (Max 50 Chars)	UCITS12Manager	Rule Type *	6. Concentration
Rule Short Name * (Max 100 Chars)	UCITS12Manager: 20% Max. of Voting Shares per Single Issi	Rule Action Type *	Others
Rule Commentary * (Max 5000 Chars)	UCITS12Manager: 20% Max. of Voting Shares per Single Issuing Body		
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 CPProxyHolding CPProxyHoldingOffset 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			ACTIVE
If holding for "Issuer" in "Management Fund House" (considering "Voting Rights") (Has Voting Rights includes 'Yes' AND Is GOPS includes 'No' AND UCITS Asset Types includes 'Fund - OpenClosedNotDefined, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative') is > 20.0000 of "% of issuer voting rights" THEN Breach.			<input type="checkbox"/> <input type="button" value="✎"/>
If holding for "Issuer" in "Management Fund House" (considering "Voting Rights") (Has Voting Rights includes 'Yes' AND Is GOPS includes 'No' AND UCITS Asset Types includes 'Fund - OpenClosedNotDefined, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative') is <= 20.0000 of "% of issuer voting rights" THEN (Pass).			<input type="checkbox"/> <input type="button" value="✎"/>

END