

Funds-Axis UCITS- Core (all jurisdictions) Rule UCITS15Inst 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



UCITS15Inst: 25% max. in the units in issue of any single CIS

Rule Setup Details

Rule Summary				
Rule Category Rule Category		UCITS – CORE (ALL Jurisdictions)		
Rule Sub-CategoryRule Sub-Category		6. Concentration		
Asset Selection	Asset Category	All Assets		
Asset Selection	Asset Type Group	Funds		
Asset Selection	Asset Type	N/A		

Rule Custom Attributes				
RCA. Conditions	UCITS Asset Types	CIU which is not UCITS CIU_UCITS Fund - OpenClosedNotDefined		
RCA. Conditions		Fund - OpenClosedNotDefined		

Rule Conditions				
Rule Conditions	Holding Level	Instrument		
Rule Conditions	Rule Level	In Scheme		
Rule Conditions	ule Conditions Aggregator (Base Value in FW Rules Wizard)			
Rule Conditions Breach Condition		> 25%		
Rule Conditions Pass Condition		= 25%</th		
Rule Conditions	Denominator	% of Instrument - Market Capital		
Where Conditions	Pass Condition	N/A		
Where Conditions Breach Condition		N/A		
Where Conditions	Denominator	N/A		



UCITS15Inst: Rule Results

Results:

6 of 7 Sandbox schemes are passing UCITS15Inst

Cause:

This rule considers the eligibility of funds. A UCITS fund may acquire no more than 25% of the units of any CIS.

The percentage held is determined in FundWare by dividing the Market Value (base) held on a single fund, by the total mutual fund size. The maximum amount eligible for UCITS schemes is 25%; if there is greater than 25% held in any CIS, then rule UCITS15Inst will breach.

The denominator in the rule is "% of Instrument – Market Capital"; this terminology is incorrect as we are in reality using the "mutual fund size" which is updated manually via a file upload.

Be aware that any figures used relating to a fund's market size 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

Date: 01 June 2018

Example 1: Breach Result

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

FundWare Investment Compliance Result:

SB3 - Sandbox Fund of Fund

Valuation Date: -

Scheme NAV in Base Currency: 74,086,960.18

	Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 6. Concentration				
=	10052-C T	UCITS15Inst: 25% max. in the units in issue of any single CIS	Failed	1	28.7624 %
		B10SJC5 - THREAD GB E MK EQ- I ACC GBP			28.7624 %
		144867 - THREADNEEDLE JAPAN-IA-GBP			25.6410 %

FundWare Holding Export Report:

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

The below funds have applicable UCITS Asset Types for the purpose of UCITS15Inst. The scheme holds greater than 25% in the units of a single CIS for both funds; therefore they are meeting the breach criteria.

The % of Instrument market capital *(% of Mutual Fund Size)* is calculated using the below formula:



Formula:

(Market Value (Base) / Base Instrument Market Capital) * 100 = % Mutual Fund

Example: B10SJC5

(7,385,730.64/25,888,842,76) *100 = 28.419999%

Instrument		RCA.UCITS	Base Instrument	MV in Scheme	MV - % to Instrument
Security Code	Security	Asset Types	Market Capital	Currency	Market Capital
	THREAD GB E MK EQ- I	CIU which is			
B10SJC5	ACC GBP	not UCITS	25,888,842.76	7,446,242.57	28.76
	THREADNEEDLE JAPAN-				
144867	IA-GBP	CIS_UCITS	25,888,842.76	6,638,164.81	25.64
	THREADNEEDLE UK				
BQ1YHS9	PROP TR-IGA	CIS_UCITS	70,435,993.10	7,134,707.07	10.13
	THREADNEEDLE INV				
	STERLING SHORT DATED				
BD8GMC6	COP BD	CIS_UCITS	1,829,846.30	183,250.11	10.01
	THREAD EUROPEAN-I				
143994	ACC GBP	CIS_UCITS	70,184,007.90	7,018,400.79	10.00
	THREAD UK SML CMPS-				
144447	II-GBP2	CIS_UCITS	4,558,292.60	455,829.26	10.00
	THREADNEEDLE AMER-I-	CIU which is			
144458	ACC-GBP	not UCITS	176,304,991.90	17,630,499.19	10.00
	THREAD EUR SEL-I ACC				
144522	GBP	CIS_UCITS	9,699,778.40	969,977.84	10.00
	THREADNEEDLE AM				
144759	SELCT-IAGBP	CIS_UCITS	58,669,233.10	5,866,923.31	10.00
	THREAD UK SELECT-II-				
144793	GBP	CIS_UCITS	23,326,812.10	2,332,681.21	10.00
	THREAD UK EQY INC-II-				
144878	GBP2	CIS_UCITS	1,507,257.60	150,725.76	10.00
	THREAD EU SM CMP-I				
153153	ACC-GBP	CIS_UCITS	2,240,724.30	224,072.43	10.00
	THREADNEEDLE UK CP				
3388532	BD-I-G-A	CIS_UCITS	68,092,172.70	6,809,217.27	10.00
	THREADNEEDLE UK				
B630YG2	FUND- IA-GBP	CIS_UCITS	111,361,169.40	11,136,116.94	10.00

High Level Holdings Overview:

The fund is made up of the below assets:

Note: The Instrument Market Capital (fund size) for securities that are not funds is defaulted to '1'. This results in the 'MV - % to Instrument Market Capital' being equal to 'Market Value in Scheme Curreny' * 100%.

Instrument Security Code	Security	RCA.UCITS Asset Types	MV in Scheme Currency	MV - % to Instrument Market Capital	% Of Assets
B630YG2	THREADNEEDLE UK FUND- IA-GBP	CIS_UCITS	11,136,116.94	10.00	15.03



BQ1YHS9	THREADNEEDLE UK PROP TR-IGA	CIS_UCITS	7,134,707.07	10.13	9.63
143994	THREAD EUROPEAN-I ACC GBP	CIS_UCITS	7,018,400.79	10.00	9.47
3388532	THREADNEEDLE UK CP BD-I-G-A	CIS_UCITS	6,809,217.27	10.00	9.19
144867	THREADNEEDLE JAPAN-IA-GBP	CIS_UCITS	6,638,164.81	25.64	8.96
144759	THREADNEEDLE AM SELCT-IAGBP	CIS_UCITS	5,866,923.31	10.00	7.92
144793	THREAD UK SELECT-II-GBP	CIS_UCITS	2,332,681.21	10.00	3.15
144522	THREAD EUR SEL-I ACC GBP	CIS_UCITS	969,977.84	10.00	1.31
144447	THREAD UK SML CMPS-II-GBP2	CIS_UCITS	455,829.26	10.00	0.62
153153	THREAD EU SM CMP-I ACC-GBP	CIS_UCITS	224,072.43	10.00	0.30
BD8GMC6	THREADNEEDLE INV STERLING SHORT DATED COP BD	CIS_UCITS	183,250.11	10.01	0.25
144878	THREAD UK EQY INC-II-GBP2	CIS_UCITS	150,725.76	10.00	0.20
144458	THREADNEEDLE AMER-I-ACC-GBP	CIU which is not UCITS	17,630,499.19	10.00	23.80
B10SJC5	THREAD GB E MK EQ- I ACC GBP	CIU which is not UCITS	7,446,242.57	28.76	10.05
1717035CASH02G BP	INCOME CASH	FundAcc_Cash_Capital	424,429.73	42,442,973	0.5729
1717035CASH01G BP	PRINCIPAL CASH	FundAcc_Cash_Capital	-338,850.5	-33,885,050	-0.4574
GBPCAPITAL SHARES					
RECEIVABLE	GBPCAPITAL SHARES RECEIVABLE	Payable Receivables	388,828.3	38,882,830	0.5248
GBPAccrued Expense	GBPAccrued Expense	Payable Receivables	240,42.16	2,404,216	0.0325
GBPAccrued Capital Expense	GBPAccrued Capital Expense	Payable Receivables	7,347.15	734,715	0.0099
GBPOTHER RECEIVABLES	northerGBPOTHER RECEIVABLES	Payable Receivables	2,921.67	292,167	0.0039
GBPOTHER PAYABLES	GBPOTHER PAYABLES	Payable Receivables	-438.39	-43,839	-0.0006
GBPCAPITAL SHARES PAYABLE	northernGBPCAPITAL SHARES PAYABLE	Payable Receivables	-58,473.28	-5,847,328	-0.0789
GBPCORPORATIO N TAX	GBPCORPORATION TAX	Payable Receivables	-92,649.74	-9,264,974	-0.1251
GBPSECURITIES		.,			
PURCHASED PAYABLE	GBPSECURITIES PURCHASED PAYABLE	Payable Receivables	-115,385.79	-11,538,579	-0.1557
GBPSECURITIES SOLD RECEIVABLE	GBPSECURITIES SOLD RECEIVABLE	Payable Receivables	-151,619.69	-15,161,969	-0.2047
Grand Total					99.9998



Example 2: Pass Result

<u>Test Example 2:</u>	Scheme: SBO - Sandbox Equity Mutli Income Fund
<u>Rule Result:</u>	Pass
Test Result:	Success

FundWare Investment Compliance Result:

SB0 - Sandbox Equity Mutli Income Fund

Valuation Date: -

Date: 01 June 2018 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			
-		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %
		-			0.0000 %

FundWare Holding Export Report:

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

As there are no applicable UCITS Asset types on Scheme SB0, UCITS15Inst will automatically pass as no thresholds will/can be breached.

High Level Holdings Overview:

The entirety of the fund is made up from:

Rule Custom Attribute.UCITS Asset Types	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



UCITS15Inst: Overview of Rule Results

Date: 01 June 2018

Date: 01 June 2018

SB0 - Sandbox Equity Mutli Income Fund

Valuation Date: -

Scheme NAV in Base Currency: 82,368,872.99

	Breach ID	Rule	Status	Breach Days	Exposure
UCITS - Core (All Jurisdictions): 6. Concentration					
-		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %
					0.0000 %

SB1 - Sandbox Equity Long Short Fund

Valuation Date: -

Scheme NAV in Base Currency: 207,842,337.06

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions): 6. Concentration			
+		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %

SB2 - Sandbox CDS Fund

Date: 01 June 2018

Date: 01 June 2018

Scheme NAV in Base Currency: 34,087,657.79

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions): 6. Concentration			
+		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %

SB3 - Sandbox Fund of Fund

Scheme NAV in Base Currency: 74,086,960.18

	Breach ID	Rule	Status	Breach Days	Exposure	
	UCITS - Core (All Jurisdictions) : 6. Concentration					
-	10052-C T	UCITS15Inst: 25% max. in the units in issue of any single CIS	Failed	1	28.7624 %	
	B10SJC5 - THREAD GB E MK EQ- I ACC GBP			28.7624 %		
	144867 - THREADNEEDLE JAPAN-IA-GBP			25.6410 %		

SB4 - Sandbox Futures and Options fund

Valuation Date: -

Valuation Date: -

Date: 01 June 2018 Scheme NAV in Base Currency: 22,216,808.24

Citals are under the extension of a	d-t-t-
Click on rule to view rule	details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 6. Concentration			
+		UCITS15Inst: 25% max, in the units in issue of any single CIS	Passed		0.0000 %

SB5 - Sandbox MMI Fund

Date: 01 June 2018

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			
-		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %
					0.0000 %

SB6 - Sandbox Fixed Income Fund

Date: 01 June 2018 Scheme NAV in Base Currency: 232,189,721.95

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions): 6. Concentration			
=		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %
					0.0000 %

Valuation Date: -

Valuation Date: -

Valuation Date: -



Appendix A: Rule Construction in FundWare

Rule Name *						
(Max 100 Chars)	UCITS15Inst: 25% max. in the units in issue of any single CI		Rule Category	UCITS - Core (All Jurisdictions) 🔻		
Rule Reference No * (Max 50 Chars)	UCITS15Inst: 25% max. In the units in Issue of any		Rule Type *	6. Concentration		
Rule Short Name * (Max 100 Chars)	UCITS15Inst:		Rule Action Type *	Others v		
Rule Commentary * (Max 5000 Chars)	UCITS15Inst: 25% max. in the units in issue of any sing	le CIS				
Resolution / Tips * (Max 255 Chars)		<i>A</i>	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~			
Resource						
(Max 1000 Chars) Rule Validation Level *	Asset 1ype Company / Issuer Stauer Group Sector UL Issuer Group UL Issuer Group UL Issuer Group None	 Instrument Location UL Instrument / Security 				
Asset Category	All Assets Derivatives Derivatives with Counterparties Securities Warrants	* *			* *	
Asset Type Group	Asset Backed Securities Borrowing Cash Commodities OPProxyHoldingOffset Currency Curstody Cosh Depository Receipt	> > < <	Funds		*	
Asset Type	CLOSED END MANAGEMENT CO CLOSED ENDED FUND CLOSED ENDED FUNDS ETF Finds Investment Fund Investment Trust DEIC Open End Funds	* * *			*	
LIST OF RULE CONDITIONS					Courte New D	de Caralha
RULE CONDITIONS					Create New R	ule Condition
If holding for "Instrument" in "Scheme" (considering "Mar	ket Value") (UCITS Asset Types includes 'CIS_UCITS, CIU wh	ich is not UCITS, Fund - OpenClosedNotDefi	ned") is > 25.0000 of "% of Instrumen	it - Market Capital"	9	đ
THEN Breach. If holding for "Instrument" in "Scheme" (considering "Mar	ket Value") (UCITS Asset Types includes 'CIS_UCITS, CIU wh	which is not LICITE. Fund - OnenClosedNotDefu	and) is <= 25 0000 of "06 of Instrume	ant - Market Canital"		
Thoung for Instrument in Scheme (considering Mar THEN (Pass).	Net voide () (out o Asset Types moures ct5_0(115) (10 Wi	inter to not offer by rand - open closed not bein		and manage capital		Ø

UCITS15Inst: 25% max. in the units in issue of any single CIS

<u>END</u>