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

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-Category	Rule 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

Rule Conditions		
Rule Conditions	Holding Level	Instrument
Rule Conditions	Rule Level	In Scheme
Rule Conditions	Aggregator (Base Value in FW Rules Wizard)	Market Value
Rule Conditions	Breach Condition	> 25%
Rule Conditions	Pass Condition	</= 25%
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

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

Date: 01 June 2018
Scheme NAV in Base Currency: 74,086,960.18
Valuation Date: -

Click on rule to view rule details

	Breach ID	Rule	Status	Breach Days	Exposure
		UCITS - Core (All Jurisdictions) : 6. Concentration			
⊟	10052-C ↑	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 Security Code	Security	RCA.UCITS Asset Types	Base Instrument Market Capital	MV in Scheme Currency	MV - % to Instrument Market Capital
B10SJC5	**THREAD GB E MK EQ- I ACC GBP**	**CIU which is not UCITS**	**25,888,842.76**	**7,446,242.57**	**28.76**
144867	**THREADNEEDLE JAPAN-IA-GBP**	**CIS_UCITS**	**25,888,842.76**	**6,638,164.81**	**25.64**
BQ1YHS9	THREADNEEDLE UK PROP TR-IGA	CIS_UCITS	70,435,993.10	7,134,707.07	10.13
BD8GMC6	THREADNEEDLE INV STERLING SHORT DATED COP BD	CIS_UCITS	1,829,846.30	183,250.11	10.01
143994	THREAD EUROPEAN-I ACC GBP	CIS_UCITS	70,184,007.90	7,018,400.79	10.00
144447	THREAD UK SML CMPS-II-GBP2	CIS_UCITS	4,558,292.60	455,829.26	10.00
144458	THREADNEEDLE AMER-I-ACC-GBP	CIU which is not UCITS	176,304,991.90	17,630,499.19	10.00
144522	THREAD EUR SEL-I ACC GBP	CIS_UCITS	9,699,778.40	969,977.84	10.00
144759	THREADNEEDLE AM SELCT-IAGBP	CIS_UCITS	58,669,233.10	5,866,923.31	10.00
144793	THREAD UK SELECT-II-GBP	CIS_UCITS	23,326,812.10	2,332,681.21	10.00
144878	THREAD UK EQY INC-II-GBP2	CIS_UCITS	1,507,257.60	150,725.76	10.00
153153	THREAD EU SM CMP-I ACC-GBP	CIS_UCITS	2,240,724.30	224,072.43	10.00
3388532	THREADNEEDLE UK CP BD-I-G-A	CIS_UCITS	68,092,172.70	6,809,217.27	10.00
B630YG2	THREADNEEDLE UK 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 Currency' * 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
1717035CASH02GBP	INCOME CASH	FundAcc_Cash_Capital	424,429.73	42,442,973	0.5729
1717035CASH01GBP	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
GBPCORPORATION 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

Test Example 2:   Scheme: SB0 - Sandbox Equity Mutli 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) : 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**

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			
⊟		UCITS15Inst: 25% max. in the units in issue of any single CIS	Passed		0.0000 %
		-			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) : 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 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) : 6. Concentration			
⊞		UCITS15Inst: 25% max. in the units in issue of any single 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) : 6. Concentration			
⊟	10052-C ↑	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

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

Appendix A: Rule Construction in FundWare

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

END