



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS20 Review and Testing

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UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer

Rule Setup Details

Rule Summary		
Rule Category	Rule Category	UCITS – CORE (ALL Jurisdictions)
Rule Sub-Category	Rule Sub-Category	5. Diversification – Transferable Securities
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	Derivative Index not diversified eligible assets Derivative Index not diversified ineligible assets Derivative on a Security Fund – OpenClosedNotDefined Money Market Instruments Security - Closed End Fund Security - Standard Security Security - Structured Product not embedding a derivative Security Structured Product embedding a derivative
RCA. Conditions	Is GOPS	Yes

Rule Conditions		
Rule Conditions	Holding Level	UL Issuer Group
Rule Conditions	Rule Level	In Scheme
Rule Conditions	Aggregator (Base Value in FW Rules Wizard)	UL Commitment Exposure
Rule Conditions	Breach Condition	Between 1 & 5 No. of Securities in Scheme AND > 35 % to Assets of Scheme
Rule Conditions	Pass Condition #1	>= 6 No. of Securities in Scheme
Rule Conditions	Pass Condition #2	<= 0 No. of Securities in Scheme
Rule Conditions	Pass Condition #3	Between 1 & 5 No. of Securities in Scheme AND <= 35 % to Assets of Scheme

UCITS20: Rule Results

Results:

2 of 8 sandbox schemes are passing UCITS20.

Cause:

If the underlying issuer for a security is a GOPS issuer, UCITS20 aggregates these holdings and determines if it reaches a 35% limit on the value of the fund. If the 35% threshold is exceeded, then UCITS20 will look at the number of issues held, if the number of issues is 6 or more, then the rule will pass. However if it is between 1 and 5 the rule will breach. UCITS20 will also pass if less than 35% of the NAV is held no matter how many issues are held.

Whilst strictly the rule works at issuer level, for practical purposes this rule works off issuer group rather than issuer.

E.g. In example 1 – “UNITED STATES OF AMER TREAS BONDS” and “UNITED STATES OF AMER TREAS NOTES” should in any case have the same issuer group of “US Government”.

To test this rule there are three scenarios over which the rule should pass or breach. These scenarios are listed below:

1. If UL Issuer Group >35% with < 6 Issues: Breach
2. If UL Issuer Group >35% with =/>6 issues: Pass
3. If UL Issuer Group <35% with <6 Issues: Pass

Note:

This rule uses commitment exposure as a measurement rather than Market Value as it allows for a more representative view of derivatives for the purpose of UCITS20.

Commitment Exposure is calculated by the below formula:

$$\text{(Quantity x Underlying Price x Delta x Multiplier)} / \text{Underlying FX Rate}$$

Testing

Example 1: Breach Result

Test Example 1: Scheme: SB2 – Sandbox CDS fund

Rule Result: Failed

Test Result: Success

FundWare Investment Compliance Result:

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) : 5. Diversification – Transferable Securities			
10067-C ↑	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Failed	1	4.0000
	BBG001GR1YC1 - CBOT US Long Bond Future			4 Securities

FundWare Holding Export Report:

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

The below security is marked as having a GOPS issuer; which is also a 100% eligible GOPS issuer. It holds greater than 30% per issue (34.1%), as well greater than 35% per the UL Issuer Group (77.2%), therefore it is meeting all breach criteria for UCITS19; failing the rule.

UL Issuer Group	RCA.UCITS Asset Types	ISIN	RCA.Is GOPS	Exposure %
CBOT US Long Bond Future	Derivative on a Security	17409609G8JD2U	Yes	60.3779
CBOT US Long Bond Future	Derivative on a Security	TUM8	Yes	1.792
CBOT US Long Bond Future	Derivative Index not diversified eligible assets	FVm8 xcbt	Yes	27.759
CBOT US Long Bond Future	Derivative Index not diversified eligible assets	WNm8 xcbt	Yes	18.4421
Grand Total				108.371

Client Specific Mandate: GOPS > 35%:

Below is a list of government issuers that are deemed eligible to hold up to 100% of the funds value for scheme SB4.

GOVERNMENT & PUBLIC SECURITIES (GOPS) > 35%	
SR NO.	GOVERNMENT & PUBLIC SECURITIES (GOPS) > 35%
1	United States of America
2	United States Treasury Bill

High Level Holdings Overview:

The fund is made up of the below assets:

Asset Type	RCA.Is GOPS	% Of Assets	Sum of Exposure %
Accrued Expense	No	-0.1915	0
Australian	No	3.4994	3.4994
CASH CA	No	17.8692	0
CCP INTEREST RATE SWAP	No	-0.0214	19.2276
Corporate Bonds	No	2.8455	2.8453
CREDIT DEFAULT SWAP - INDEX	No	10.1007	-4.9979
CREDIT DEFAULT SWAP - SINGLE NAME	No	-0.005	0.2715
Currency Contracts	No	-0.8199	-67.6067
CURRENCY SECURITY	No	1.8376	1.8373
Derivative CP Exposure	No	21.1189	0
Derivative CP Exposure offset	No	-21.1189	0
Domestic MTN	No	15.3103	15.3097
Euro MTN	No	20.761	20.7601
Euro Non-Dollar	No	3.6924	3.6922
EURO-DOLLAR	No	13.9885	13.9877
Euro-Zone	No	0.5144	0.5143
FINANCIAL COMMODITY FUTURE.	No	-0.0037	0.0186
FINANCIAL COMMODITY OPTION.	Yes	-0.0015	60.3779
FX OPTION - VANILLA	No	0.1876	-3.5568
Global	No	5.2083	5.208
Government Bond Futures	No	0.2973	-11.3806
Government Bond Futures	Yes	-0.0148	47.9931
INFLATION SWAP	No	0.0653	4.8066
Interest Rate Swaps	No	0	0
Option	No	0.0002	0.0112
Priv Placement	No	0.564	0.5639
SECURITIES PURCHASED PAYABLE	No	-0.0607	0
Time deposit	No	0.6501	0.65
US Domestic	No	5.9484	5.9483
US Government	Yes	0.5826	0.5825

Example 2: Pass Result

Test Example 2: Scheme: SB5 - Sandbox MMI Fund

Rule Result: Pass

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) : 5. Diversification – Transferable Securities			
<input type="checkbox"/>	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		5.0000
	BBG001FHTPN1 - French Republic			5 Securities
	BBG001FQ6015 - Kingdom of Belgium			3 Securities
	BBG001HF3RL9 - Kingdom of the Netherlands			1 Securities
	BBG001FHXML5 - Republic of Korea			1 Securities
	BBG001FJ9F06 - Kingdom of Sweden			1 Securities

FundWare Holding Export Report:

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

All GOPs issuers below have a ‘% of Assets’ less than the breach limit of 35%.

UL Issuer Group	RCA.UCITS Asset Types	Issuer Is GOPS	ISIN	Security	% Of Assets	Exposure %
French Republic	Money Market Instruments	TRUE	FR0124855935	LA BANQUE POSTALE	0.6277	0.6277
French Republic	Money Market Instruments	TRUE	FR0124856263	LA BANQUE POSTALE	0.3221	0.322
French Republic	Money Market Instruments	TRUE	FR0125014060	LA BANQUE POSTALE	0.5359	0.5359
French Republic	Money Market Instruments	TRUE	XS1819666022	CAISSE DES DEPOTS ET CONSIGNATIONS	0.8937	0.8936
French Republic	Money Market Instruments	TRUE	XS1823372366	AGENCE CENTRALE DES ORGANISMES 0.0% 19/07/2018	0.8967	0.8966
				Total	3.2761	3.2758
Kingdom of Belgium	Money Market Instruments	TRUE	7A7HEZU	DEXIA CREDIT LOCAL (PARIS BRANCH)	0.1759	0.1758
Kingdom of Belgium	Money Market Instruments	TRUE	FR0124534399	DEXIA CREDIT LOCAL (PARIS BRANCH)	0.2707	0.2707
Kingdom of Belgium	Money Market Instruments	TRUE	FR0124854615	DEXIA FLT CP 18/1/19	0.3598	0.3598
Kingdom of Belgium	Payable Receivables	TRUE	XS1673109663	DEXIA CREDIT LOCAL PARIS BRANCH	0.1796	0
				Total	4.2621	4.0821
Kingdom of Sweden	Money Market Instruments	TRUE	XS1820080361	AKADEMISKA HUS AB	0.4467	0.4467
Republic of Korea	Money Market Instruments	TRUE	US50066BNG22	KOREA DEVELOPMENT BANK (NEW YORK B	0.4493	0.4492

High Level Holdings Overview:

The entirety of the fund is made up from:

Asset Type	RCA.Is GOPS	% Of Assets	Sum of Exposure %
CASH CA	No	-11.8731	0
CURRENCY FUTURES	No	-0.5148	0

CURRENCY OPTION.	No	0.0998	0
CURRENCY SECURITY	No	24.071	91.9523
Derivative CP Exposure	No	49.4904	0
Derivative CP Exposure offset	No	-49.4904	0
Equity Index Futures	No	-0.9303	-19.0314
Euro-Zone	Yes	25.8167	25.8165
FINANCIAL COMMODITY OPTION.	Yes	-0.1055	8.0693
Global	Yes	9.0346	9.0345
Government Bond Futures	Yes	-0.5417	-16.5012
Index Option	No	0.7578	63.4828
Option	Yes	-0.0316	0.0534
Physical index future.	No	-0.6552	-0.2874
Physical index option.	No	0.3124	64.1005
US Government	Yes	54.5595	54.5592

UCITS20: Overview of Rule Results

SB0 - Sandbox Equity Multi 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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		0.0000

SB10 - NURS Property II Fund

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 3,130,552,007.71

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

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	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) : 5. Diversification – Transferable Securities			
☒ 10067-C ↑	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Failed	1	4.0000

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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		0.0000

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) : 5. Diversification – Transferable Securities			
☒ 10068-C ↑	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Failed	1	4.0000

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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		5.0000

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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		2.0000

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) : 5. Diversification – Transferable Securities			
☐	UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer	Passed		0.0000

Appendix A: Rule Construction in FundWare

UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer

Rule Name * (Max 100 Chars) UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Iss

Rule Reference No * (Max 50 Chars) UCITS20

Rule Short Name * (Max 100 Chars) UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Iss

Rule Commentary * (Max 5000 Chars) UCITS20: IF GOPS Issuer >35%, Minimum 6 Issues of the Issuer

Resolution / Tips * (Max 255 Chars)

Resource (Max 1000 Chars)

Rule Validation Level *

Asset Type
 Company / Issuer
 Instrument / Security
 Counterparty
 Issuer Group
 Sector
 Country
 Instrument Location
 UL Issuer
 UL Issuer Group
 Currency
 UL Instrument / Security
 None
 Counterparty Group
 Ultimate Issuer Group

Asset Category

- Derivatives
- Derivatives with Counterparties
- Securities
- Warrants

Asset Type Group

- Asset Backed Securities
- Borrowing
- CASH
- Commodities
- CPProxyHolding
- CPProxyHoldingOffset
- Currency
- Derivative Cash

Asset Type

- 1940Act
- ABS Auto
- ABS Card
- ABS Other
- Accrued Capital Expense
- Accrued charges
- Accrued Expense
- Accrued Interest

Rule Category UCITS - Core (All Jurisdictions)

Rule Type * 5. Diversification - Transferabl

Rule Action Type * Others

All Assets

LIST OF RULE CONDITIONS	ACTIVE	Create New Rule Condition
<p>RULE CONDITION</p> <p>If holding for "UL Issuer Group" in "Scheme" (considering "Market Value") (Is GOPS includes "Yes" AND UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative") is between 1.0000 & 3.0000 of "No. of Securities in Scheme"</p> <p>AND</p> <p>If holding for "UL Issuer Group" in "Scheme" (considering "Underlying Commitment Exposure") (Is GOPS includes "Yes" AND UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative") is >= 33.0000 of "No to Assets of Scheme"</p> <p>THEN Breach.</p>	🔦	✎
<p>If holding for "UL Issuer Group" in "Scheme" (considering "Market Value") (Is GOPS includes "Yes" AND UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative") is >= 6.0000 of "No. of Securities in Scheme"</p> <p>THEN (Pass).</p>	🔦	✎
<p>If holding for "UL Issuer Group" in "Scheme" (considering "Market Value") (UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Standard Security, Security - Structured Product not embedding a derivative") is <= 0.0000 of "No. of Securities in Scheme"</p> <p>THEN (Pass).</p>	🔦	✎
<p>If holding for "UL Issuer Group" in "Scheme" (considering "Market Value") (Is GOPS includes "Yes" AND UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative") is between 1.0000 & 3.0000 of "No. of Securities in Scheme"</p> <p>AND</p> <p>If holding for "UL Issuer Group" in "Scheme" (considering "Underlying Commitment Exposure") (Is GOPS includes "Yes" AND UCITS Asset Types includes "Derivative Index not diversified eligible assets, Derivative Index not diversified ineligible assets, Derivative on a Security, Fund - OpenCloseNotDefined, Money Market Instruments, Security - Closed End Fund, Security - Standard Security, Security - Structured Product not embedding a derivative, Security Structured Product embedding a derivative") is <= 35.0000 of "No to Assets of Scheme"</p> <p>THEN (Pass).</p>	🔦	✎

END