

CLIENT

HighWire Minimum Governance Oversight

FUNDS  AXIS

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Introduction

This document sets out the minimum recommended oversight to be performed for Funds-Axis' HighWire clients, followed by a short description of how to perform each oversight activity.

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Summary

A high-level overview of the system is available as part of the System health Check module. This includes today's compliance results, NAV tolerance, Exposures, rules and portfolios check, counterparty risk, and Portfolio setups.

Further detailed analysis is then available as part of additional modules such as investment compliance workflow, market risk and counterparty risk.

Daily Process

1. **NAV Tolerance Check** - Review the NAV Tolerance exceptions in the Governance tab and check that the value of the uploaded holdings is within the threshold of 98% to 102% of the Official NAV. This gives confidence that the holdings have been correctly uploaded. If the holdings have not uploaded correctly, or the official NAV is incorrect, this will undermine the investment compliance results. Alternatively, where "plugs" are posted to ensure that uploaded and official NAV are 100% reconciled, then ensure that the size of these plugs are within +/-2%
2. **Derivatives Commitment Exposure** - Review the exposure report daily to ensure that exposures remain in line with expectations.
3. **Counterparty Exposure** - Review the Counterparty Risk report to confirm that counterparty exposures are as expected and that changes from the previous week are not greater than expected.
4. **Breach Analysis** - Review any new breaches which have occurred on the day via Investment Compliance Workflow and validate them.





Weekly Process

1. **Investment Compliance Review** - In Investment Compliance Overview, Breach Analysis will show the number of new breaches and warnings over the past 7 days whilst Breach Detail will provide details of each breach and warning result.
2. **Weekly Derivatives Check** - Perform the derivatives data quality checks in the Data Quality module to confirm that all derivatives are set-up correctly, including their underlying, multiplier, pricing and delta. The set-up of derivatives includes some manual efforts and will therefore require appropriate oversight. Significant errors to the set-up of a derivative should have been picked up in Part 3 of the Daily Checks (Derivative Commitment Exposure review).

Monthly Process

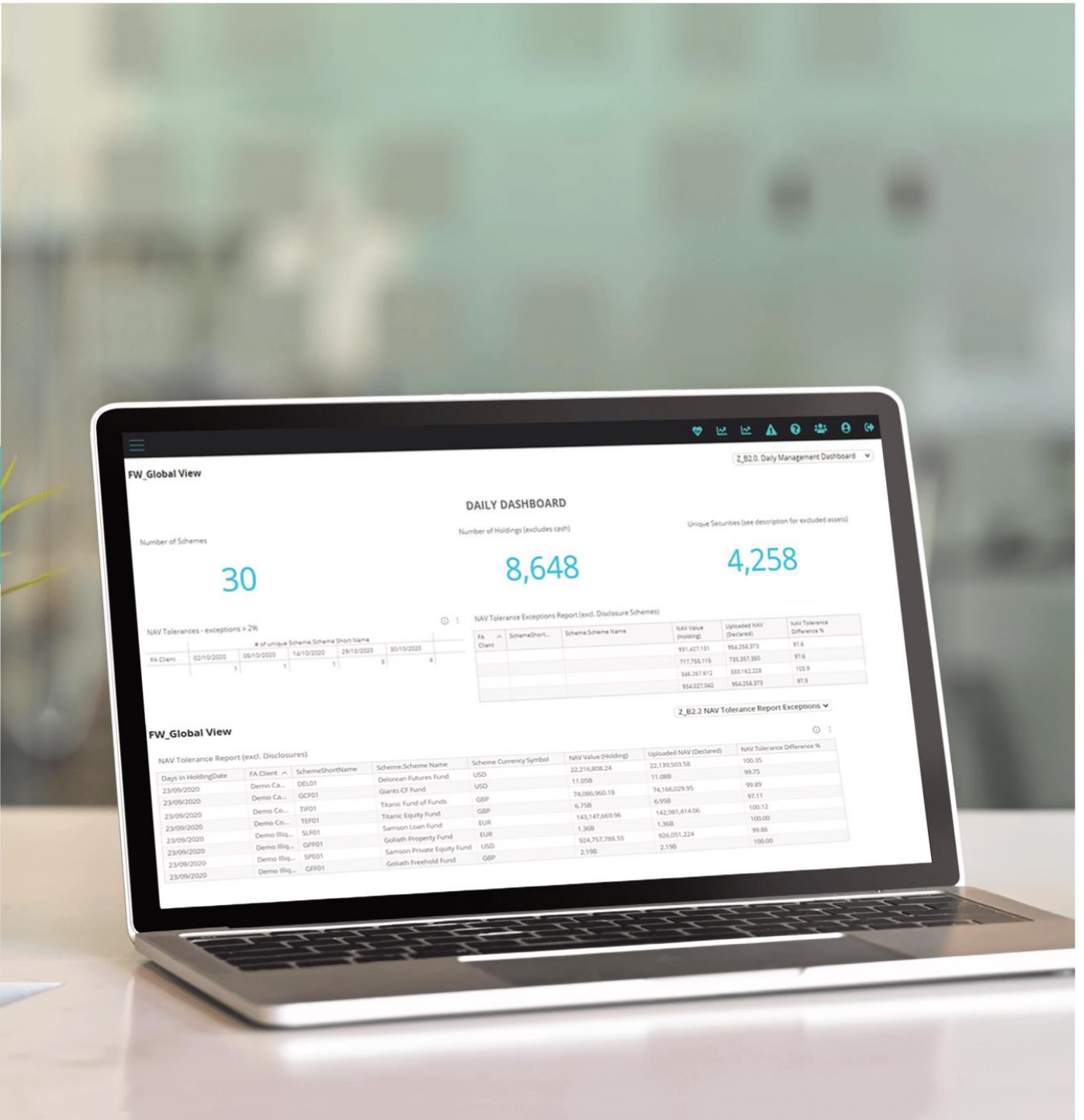
1. **Rules and Portfolio Check** - Review the Rules and Portfolio Check dashboard. This gives an at-a-glance view of the number of rules, by type, applied to each fund. It gives high level assurance, for example, that all the UCITS rules have been applied to the UCITS funds.
2. **Data Quality Review** - Review the key data quality reports which impact on the system, including:
 - \ **DQ Government Issuers** - which issuers have been set as Government and Public Issuers and therefore benefit from the 35% rule rather than 5/10 and 40 Rule;
 - \ **DQ Cash & Deposit Eligible Institutions** - which issuers have been marked as being eligible Deposit Takers;
 - \ **DQ Counterparties** - which issuers have been marked as Eligible Counterparties and whether a 5% or 10% limit has been applied;
 - \ **DQ Country of Exposure** - securities where the country of economic exposure is different to the country of listing (where this is manually set)
 - \ **Difficult to Price securities** - which have been determined to be difficult to price by built-in system logic or manually set.
 - \ **Derivatives Reliable Valuation overrides** - instruments which have been manually set to be Reliable Valuation, being an over-ride to the Default settings.



Daily

NAV Tolerance Check

Review the NAV Tolerance Exceptions summary within System Health Check module and check that the value of the uploaded holdings is within the threshold of 98% to 102% of the Official NAV. This gives confidence that the holdings have been correctly uploaded.



To review all NAV tolerances, regardless of tolerance difference, users may use the NAV Tolerance dashboard within the System Health Check module

Exposure

Users should review exposures and ensure that they remains in line with expectations. This can be seen in the Daily Management Dashboard within the System Health Check module.

Commitment Exposure move since previous week (greater than 5%)

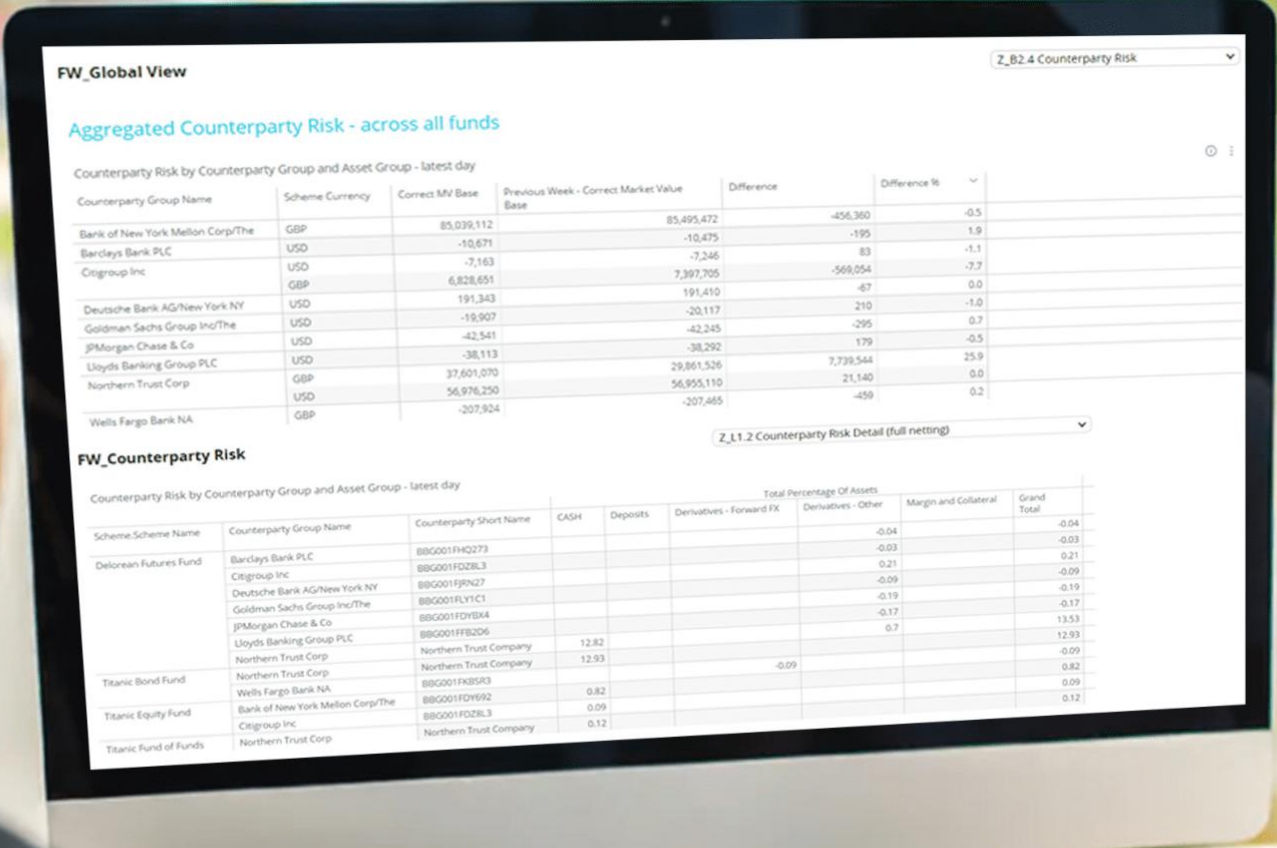
FA Client	Scheme.Scheme Name	Portfolio Commitment Exposure %	Past Week Commitment Exposure %	Commitment Exposure Weekly Movement	Abs Commitment Exposure Weekly Movement
Demo Cashflow	Delorean Futures Fund	169.32	181.27	-11.95	11.95

The exposures for all funds can be viewed in the System Health Check module's Exposure Movement report

Exposures Summary

FA Client	Scheme.Scheme Name	Custom Attribute.Global Exposure Calculation Method	Commitment Exposure - Current Day (%)	Previous Week (%)	Movement	Absolute Movement
Demo I...	Goliath Freehold Fund	Market Risk	81.85	81.91	-0.06	0.06
	Goliath Property Fund	Leverage	98.55	98.93	-0.38	0.38
	Samson Loan Fund	Market Risk	140.7	140.74	-0.04	0.04
	Samson Private Equity Fund	Leverage	100	100	0	0
Demo ...	Titanic Bond Fund	Leverage	103.14	103.29	-0.15	0.15
	Titanic Equity Fund	Leverage	101.43	100.51	0.92	0.92
	Titanic Fund of Funds	Leverage	99.87	99.87	0	0
	Windsor Prices Fund 1	Leverage	100	100	0	0
Demo ...	Delorean Futures Fund	Market Risk	169.32	181.27	-11.95	11.95
	Giants CF Fund	Market Risk	96.93	96.94	0	0

The exposures of each holding within each Portfolio can be viewed in the Holdings Report Detail dashboard within Holdings Analysis



Counterparty Exposure

Counterparty exposures should be reviewed daily to ensure that they remain in line with expectations. Monitor for any changes of counterparty exposure of greater than +/- 2% from the previous week using the Counterparty Risk report within System Health Check module.

Further counterparty risk reports can be found in the Counterparty Risk module including the Counterparty Risk Detail report which breaks down counterparty exposure by counterparty and asset type group for each Portfolio.

Breach Analysis

FW_Global View Z_B2.0: Daily Management Dashboard

PERSISTING BREACHES & WARNINGS

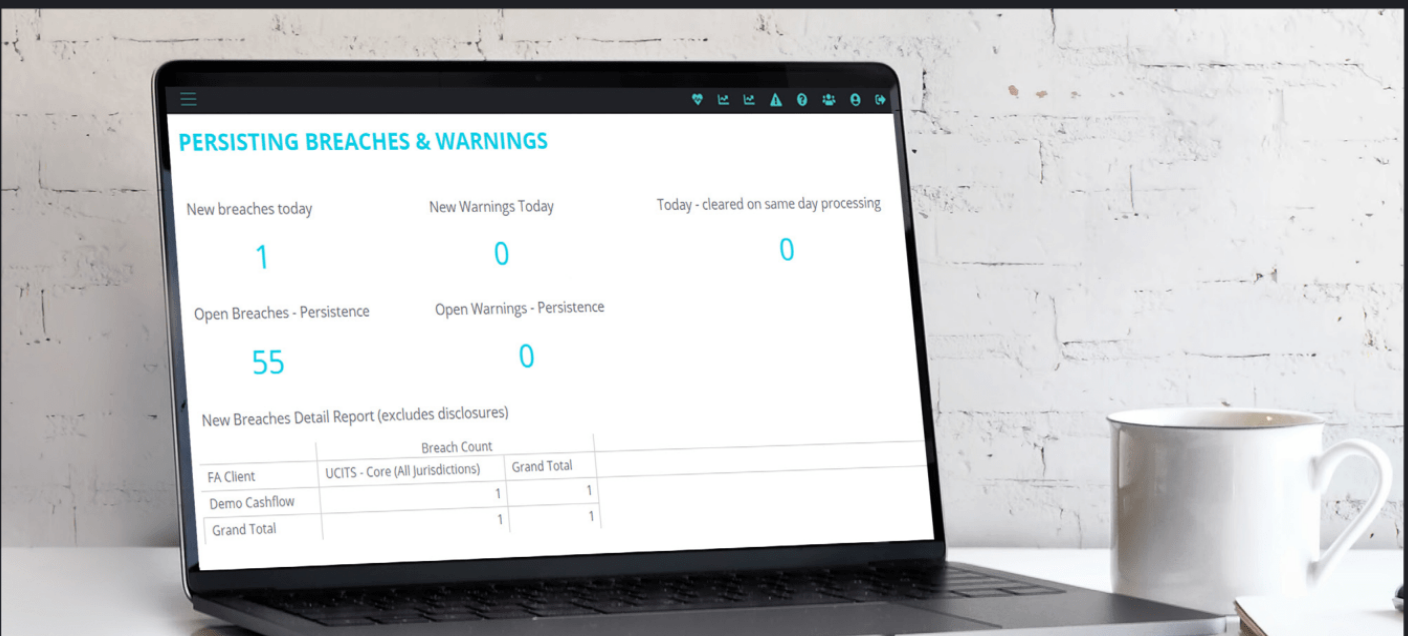
New breaches today: **13** New Warnings Today: **4** Today - cleared on same day processing: **24**

Open Breaches - Persistence: **0** Open Warnings - Persistence: **2**

New Breaches Detail Report (excludes disclosures)

FA Client	Breach Count		Grand Total
	Prospectus	UCITS - Core (All Jurisdictions)	
	11	2	13
Grand Total	11	2	13

Breaches must be reviewed daily and all new breaches should be investigated and verified. New and continuous breach MI is provided in System Health Check module's Daily Management Dashboard



To begin reviewing these breaches, the Breach Detail report within the Investment Compliance Workflow module should be used to understand which rules have been breached and for which portfolios

DIVERSIFICATION

COLL Reference: 5.2.11 R (5)
FundWare Rule: UCITS16

The UCITS regulations require that no more than 10%, in respect of up to 40% in value of the scheme property, may be invested in transferable securities or MMIs issued by a single body. You can use this report to identify any issuers of transferable securities or MMIs that have greater than 9% of the Scheme NAV. These limits do not apply to Government and Public Securities or to investment through derivatives on eligible financial indices.

Report Date: 20/11/2020

Percentage in any one Underlying Issuer (ex GOPS) > 10% Breach (excludes GOPS and equity index futures)

Scheme Name	Scheme CIS Type Name	UL Issuer Group	Asset Type	Security	Underlying ISIN	Absolute AIF Exposure % to NAV
Titanic Equity Fund	UCITS	Unilever PLC	EQUITY	UNILEVER PLC ORD GBP0.031111	GB00B10RZP78	9.28

To validate UCITS and Non-UCITS rule exceptions, users may use the full range of reports available within the Investment Compliance Overview module

Weekly

Investment Compliance Review

The Breach Analysis report within Investment Compliance Workflow provides a summary of all new and open breaches plus a history of breaches during the time period selected.



A detailed review of these breaches can be viewed through Breach Detail as mentioned previously in this document

Derivative Setup Checks

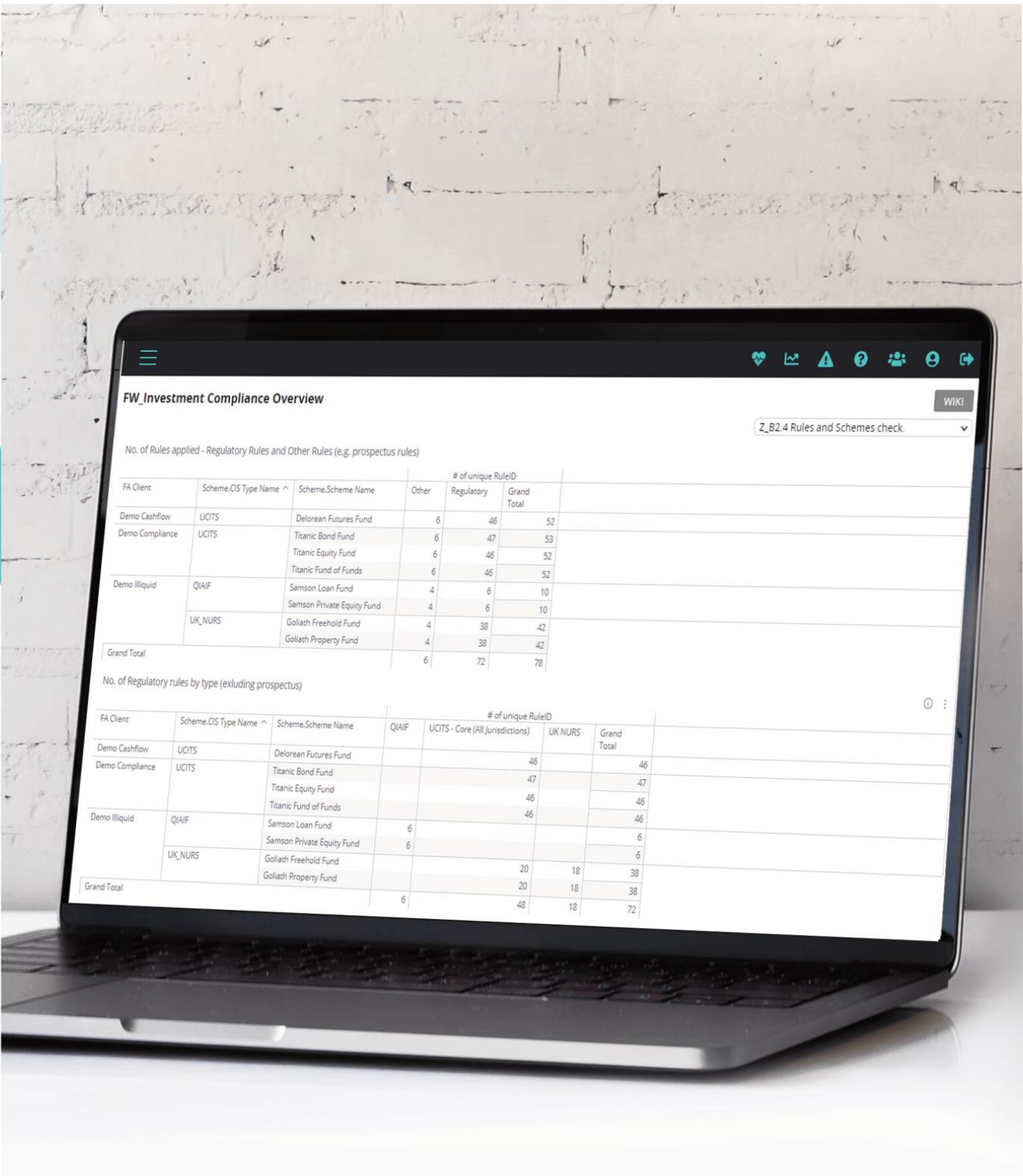
A range of Derivative data quality reports are available within the Data Quality module to enable to user to complete derivative setup checks, ensuring that derivatives are setup with the correct information such as underlying asset, multiplier, delta and more.



Monthly

Rule and Portfolio Check

Reviewing the Rules and Portfolio Check report in System Health Check module gives the user summarised view of the number of rules, by type, applied to each Portfolio. This provides high level assurance that, for example, all UCITS rules have been applied to the client's UCITS funds.



Data Quality Reports

Data Quality Reports offer quick transparency into how data has been set-up within the system, particularly manual data. The key data quality reports which impact on the system, and which we recommend clients regularly review include:

FW DQM General
Missing or Unknown GIPS Country of Exposure

Fk Client	Issuer	Issuer Group	Holding Company is GIPS	Country Of Economic Exposure Code
	AFRICAN DEVELOPMENT BANK	AFRICAN DEVELOPMENT BANK	TRUE	UNKNOWN
	ASIAN DEVELOPMENT BANK	ASIAN DEVELOPMENT BANK	TRUE	UNKNOWN
	EUROPEAN BANK FOR REC & DEV	EUROPEAN BANK FOR REC & DEV	TRUE	UNKNOWN
	EUROPEAN INVESTMENT BANK	EUROPEAN INVESTMENT BANK	TRUE	UNKNOWN
	INTER-AMERICAN DEVELOPMENT BANK	INTER-AMERICAN DEVELOPMENT BANK	TRUE	UNKNOWN
	INTERNATIONAL BANK FOR REC & DEV	INTERNATIONAL BANK FOR REC & DEV	TRUE	UNKNOWN
	INTERNATIONAL FINANCE CORP	INTERNATIONAL FINANCE CORP	TRUE	UNKNOWN
	NORDIC INVESTMENT BANK	NORDIC INVESTMENT BANK	TRUE	UNKNOWN

Missing or Unknown GIPS Issuers Groups

Fk Client	Issuer	Issuer Group	Holding Company is GIPS	Country Of Economic Exposure Code
	ASIAN DEVELOPMENT BANK	Australia	TRUE	XB
	BSIC BANK N.V.		TRUE	NL
	BDC HONG KONG (HONGKONG) LTD		TRUE	HK
	BRITISH COLUMBIA PROV EDN		TRUE	CA
	CANADA GOVT		TRUE	CA
	CHINA CONSTRUCTION BANK		TRUE	CN
	CHINA RESOURCES LAND		TRUE	KY
	CORPORACION ANDINA DE INVERSIONES		TRUE	XB
	DEUTSCHE BANK FINANCE S.V.		TRUE	DE
	EUROPEAN INVESTMENT BANK		TRUE	EU

GIPS Issuers

Fk Client	Issuer	Issuer Group	Issuer is GIPS	Security	Country Of Economic Exposure Code	Rule Custom Attribute Sub Asset Type
	AFRICAN DEVELOPMENT BANK	AFRICAN DEVELOPMENT BANK	TRUE	AFRICAN DEV BANK 0.875% SVR 2013/21 GBP1000	XB	
	ASIAN DEVELOPMENT BANK	ASIAN DEVELOPMENT BANK	TRUE	ASIAN DEV BANK 0.75% SVR MTN 24/09/22 GBP	XB	
	CANADIAN IMPERIAL BANK OF COMMERCE	CANADIAN IMPERIAL BANK OF COMMERCE	TRUE	CANADIAN IMP BANK PRA QTD SVR 01/02 GBP1000000	CA	
	COMMONWEALTH BANK OF AUSTRALIA	COMMONWEALTH BANK OF AUSTRALIA	TRUE	COMMONW BK CP AUST 1.125% SVR 22/12/2021 GBP	AU	
				COMMONW BK CP AUST PRA QTD SVR SEC 01/025 GBP	AU	

DQ Government Issuers– This report shows users which issuers have been set as Government and Public Issuers and therefore benefit from the UCITS 35% rule rather than 5/10 and 40 Rule;

FW DQM General
Deposit Takers Used - but is Acceptable = False (excludes where wrongly set as Cash, unknown or currency)

Issuer	Issuer Group	Issuer is Acceptable Deposit Taker
Citigroup	Citigroup	FALSE
CREDIT SUISSE		FALSE
GOLDMAN SACHS INTL	GOLDMAN SACHS INTL	FALSE
Goldman Sachs London	Northern Trust	FALSE
GS	GS	FALSE
JPMORGAN	LLOYDS BANK CORP	FALSE
LLOYDS BANK CORP		FALSE
Northern Trust		FALSE
Northern Trust Cash	UBS	FALSE
UBS	RBS Group	FALSE
Unit Trust Manager		

DQ Cash & Deposit Eligible Institutions – This report provides a summary of which issuers have been approved as being eligible Deposit Takers;

FW Data Quality / FW_DQM_Derivatives / 42 Z_A2.1. DQ Counterparties

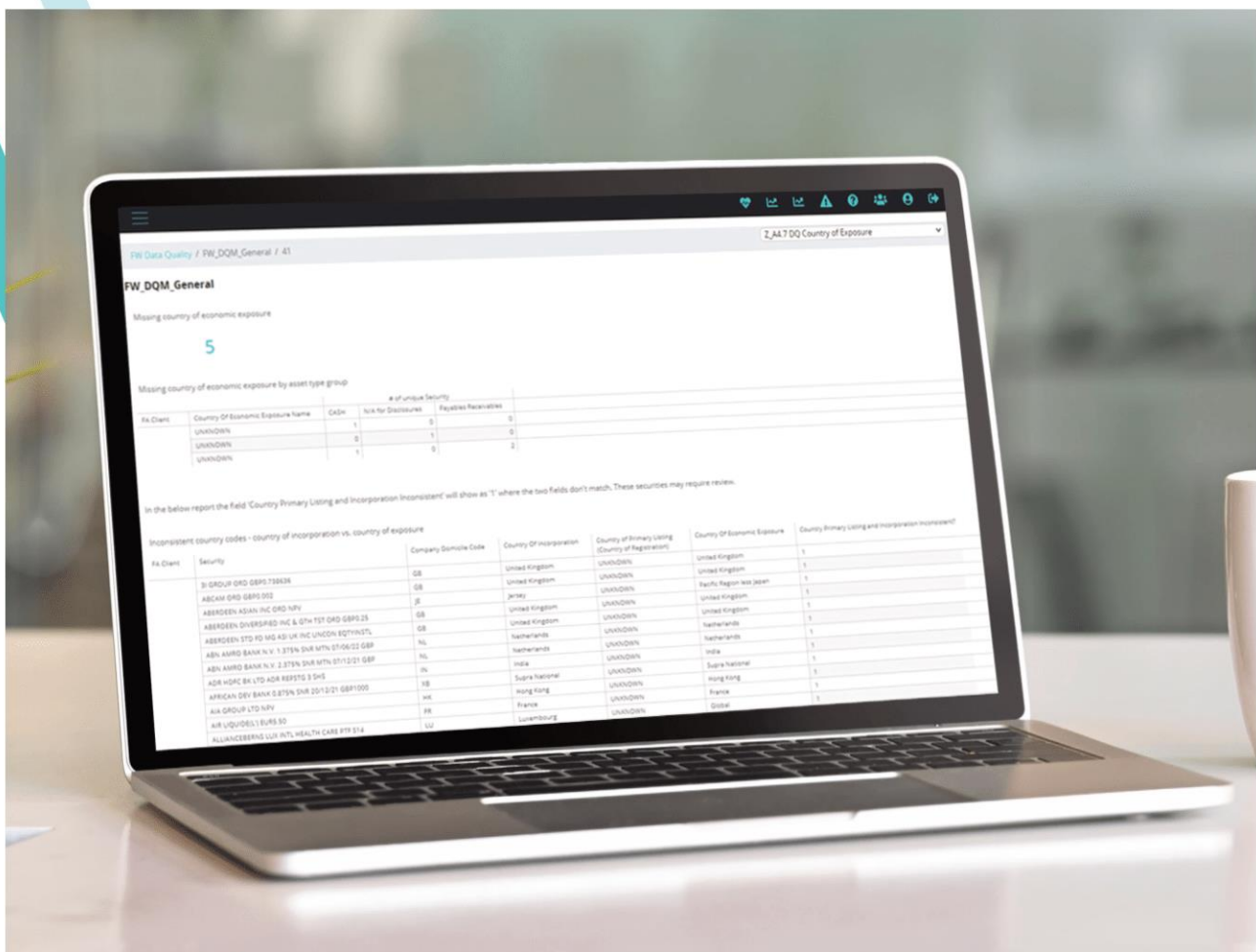
FW_DQM_Derivatives

Number of Missing Counterparties: 10 Counterparties used but not marked as acceptable: 0

Number of Missing Counterparties: 0

FA Client	Instrument Security Code	# of unique Instrument Security Code					Grand Total
		CASH	CPProxyHoldingO...	Derivatives - Forward FX	Margin and Collateral		
Demo Illiquid	1709489CASH01GBP	1	0	0	0	1	
	1709489CASH02GBP	1	0	0	0	1	
	CollateralEUR	0	0	0	1	1	
	CPCR/Northern Trust CompanyGBP	0	1	0	0	1	
	EUR	1	0	0	0	1	
	FX TradesEURBny	0	0	1	0	1	
	FX TradesGBPFloty	0	0	1	0	1	
	FX TradesUSDBNY	0	0	1	0	1	
	GBP	1	0	0	0	1	
	USD	1	0	0	0	1	
Grand Total		5	1	3	1	10	

DQ Counterparties – Missing counterparty information and counterparties marked as Eligible Counterparties are reported in this dashboard. Whether a 5% or 10% limit has been applied is also visible.



DQ Country of Exposure – In this report, securities where the country of economic exposure is different to the country of listing (where this is manually set) are flagged to the user for review.

FW_DQM_General

Difficult to price securities

Scheme.Scheme Name	Asset Type Group Name	Asset Type	Security	Rule Custom Attribute.Difficult2Price	Total Percentage Of Assets
Delorean Futures Fund	Derivatives - Other	CURRENCY OPTION.	OPT. EURO FX CURR JUN18 PUT 1.19 08/06/2018	Difficult	0.04
			OPT. EURO FX CURR JUN18 PUT 1.2 08/06/2018	Difficult	0.06
	FINANCIAL COMMODITY OPTION.	OPT. US LONG BOND(CBT) JUN18 PUT 140 25/05/2018	Difficult	0	
		OPT. US LONG BOND(CBT) JUN18 PUT 142 25/05/2018	Difficult	-0.05	
		OPT. US LONG BOND(CBT) SEP18 PUT 138 22/6/2018	Difficult	-0.02	
		OPT. US LONG BOND(CBT) SEP18 PUT 139 22/06/2018	Difficult	-0.03	
		Index Option	OPT. DAX IDX. CALL 12450 15/06/2018	Difficult	0.18
	OPT. DAX IDX. CALL 12500 15/06/2018	Difficult	0.17		
	OPT. DAX IDX. CALL 12550 15/06/2018	Difficult	0.15		
	OPT. DAX IDX. CALL 12600 15/6/18	Difficult	0.14		
	OPT. DAX IDX. CALL 12650 15/6/18	Difficult	0.13		
	OPT. DAX IDX. CALL 12700 15/06/2018	Difficult	0.12		
	OPT. DAX IDX. CALL 12750 15/06/2018	Difficult	0.22		
	OPT. DAX IDX. CALL 12950 15/06/2018	Difficult	-0.07		
	OPT. DAX IDX. CALL 13050 7/20/2018	Difficult	0.08		


Difficult to Price Securities– This report provides users with a list of securities which have been defined as being difficult-to-price based on automated system logic or via a manual override and should be reviewed to ensure they are correctly identified.




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