



AN ESTABLISHED SOLUTION FOR INDUSTRY LEADERS

KEY FACTS

- Since establishment in 1999, PFS-PAXUS has been utilised by a selection of the worlds leading investment managers and fund administrators for their hedge fund accounting needs.
- Global representation, with >20 clients operating in >8 countries.
- Critical Mass, with >USD50b AUM being managed on the platform, PFS-PAXUS is in a position of strength.
- Continuous Improvement, with 2 major releases every year and on demand ad-hoc enhancements, PFS-PAXUS can move fast to meet client specific nuances and industry trends as they emerge.
- PFS-PAXUS has been designed and is supported by experienced fund accountants from a business perspective.
- Relatively short configuration and conversion time from existing systems. Smaller sites can normally be up and running in 1-2 weeks including staff training and a sample of funds (depending on conversion and data history requirements).
- Support representatives based in Sydney, London and St Petersburg provide high quality support.

THE PFS-PAXUS SOLUTION

The PFS-PAXUS product is a fully integrated solution for fund administrators and investment managers who want to address the infrastructure and regulatory challenges of their business and increase their level of service to clients.

PFS-PAXUS is revolutionary in that it integrates into one system all the processes that may currently be performed on multiple systems. Benefits of this approach include increased efficiency, reduced risk of error, faster valuations and reduced IT costs. PFS-PAXUS also brings all the benefits of a state of the art relational database design such as robustness, scalability and ease of extraction of data from the database.

KEY FEATURES

- All components of the system are integrated with the multi-currency General Ledger and NAV accounting. PFS-PAXUS was designed from the start as an integrated system. However individual modules may be used exclusively.
- Uploads – all major transactional data can be uploaded from Microsoft Excel files or text files. E.G. portfolio transactions, journal entries, share registry transactions., FX transactions.
- Portfolio module includes accounting for both long and short positions including equities, fixed income, fund of funds, options, futures and CFD's. PFS-PAXUS contains market leading features for fund of funds accounting.
- Security pricing and mark-to-market is performed via an interface from a major price source provider.
- Shareholder registry and performance fee calculations support multi-series, equalisation and partnership structures.
- Performance Fees functionality has been designed for the hedge fund industry including High Water Marks, Hurdles and Series Consolidations/Roll-ups

- Fund fees calculated automatically by PFS-Paxus include management, administration, performance/incentive and custody fees.
- PFS-PAXUS supports master/feeder structures and FX hedging. PFS-PAXUS can revalue all tiers of fund-of-fund and master feeder structures in one process.
- All transactions and standing data can be imported into PFS-Paxus from Excel.
- Shareholder contract notes and statements are customised for each investment manager with a tailored reporting tool.
- Additional modules included in the package include Anti Money Laundering and Corporate and Secretarial Functionality/Reporting.
- Web-reporting is available via an automated hand-off to a widely used industry web-reporting provider.
- An extensive security system controls user access to funds and individual menu access. Separate authoriser functionality can be enforced if required.

SECURITIES MODULE

DIRECT SECURITY INVESTMENT | Both long and short equity and fixed income securities are supported. The system generates and posts accounting entries to the general ledger for realized gain/loss, unrealized gain/loss, interest accruals, commission and other charges.

FUND OF FUND STRATEGIES | PFS-PAXUS supports fund-of-fund portfolio accounting and valuation for master/feeder structures. There are many fund of funds specific design features, such as the ability of entered trades to automatically adjust based on changing underlying NAV prices, split/deferred payouts from portfolio fund investments (e.g. 90%/10% deferred payouts) and storage of redemption terms.

COUPONS, DIVIDENDS AND MATURITY EVENTS | PFS-PAXUS will automatically schedule coupon interest for posting the interest or dividend receipt to the GL and maturity of bonds.

DERIVATIVE INSTRUMENTS | The securities module allows for the booking of contracts for difference (CFDs), futures and options. The mark-to-market revaluation of derivatives is supported by PFS-PAXUS, but the pricing must come from an external source.

INVENTORY METHODS | FIFO, average cost and specified matching inventory methods are configurable at a fund level.

FLEXIBLE REVALUATION PARAMETERS | Revaluation of securities can be run daily, weekly, monthly or any other frequency specified by the user. All accounting entries will be automatically adjusted and will flow through into a revised NAV and financial statements.

PRIME-BROKER AND TRANSACTION UPLOADS | Securities masters, transactions and prices may be uploaded directly from Excel or text files. Trade files from 10 well-know Prime Brokers may be imported.

PRICE FEEDS | PFS-PAXUS has the ability to import securities market prices and foreign exchange rates from a major price provider or Excel. PFS-PAXUS has the ability to store CUSIP/ISIN/SEDOL and other external securities identification codes which are required by the pricing providers. In addition PFS-PAXUS has a scheduling feature whereby the price feed can be scheduled to run at certain times. For example prices could be automatically imported in the early hours of the morning so that all prices are updated before employees arrive at work.

ORDERS | Users can enter a trade as an order. Orders do not become part of the accounting until a user flags them as an accounting trade. This is particularly useful for fund of funds situations where the transaction confirmation may take some time.

FOREIGN EXCHANGE | Spot and forward foreign exchange are supported on PFS-PAXUS.

NAV ACCOUNTING AND FEES

The flexibility of the PFS PAXUS system allows for a wide range of different and complex fee structures to be defined and applied. This includes the functionality of defining multiple fee structures within a fund and for individual investors.

Calculations of administration fees, management fees and performance/incentive fees are automatically performed by the system and posted to the general ledger. The incentive fee calculations currently support the “Series of shares and consolidation” method and an industry leading per share offshore equalisation model, including high watermarks and hurdle rate calculations.

UNIT PRICING

UNIT PRICING | PFS-PAXUS calculates unit pricing per share after revaluation of the investment portfolio and deduction of fees.

PUSH BUTTON VALUATIONS | Most standard multi-series or equalisation funds can be valued automatically by running the valuation process without the need for manual adjustments. Valuations can be run for companies individually, for fund-of-funds or master feeder groups or all funds together in one process. If underlying shares or portfolio valuation changes the fees and valuation can be recalculated at the push of a button. This is particularly useful for “fund of funds” where estimated values of underlying funds often change, requiring recalculation of fees and unit pricing.

MASTER/FEEDER PRICE UPDATES | NAV prices are automatically updated from underlying master funds to investing feeder funds. The pricing of internal transactions between masters and feeders is automatically regenerated by PFS-PAXUS if a NAV changes in the structure.

BATCH VALUATIONS | Users can create batches of valuations for closely related funds. E.G. if 5 related funds are to be valued at the same time all 5 valuations can be initiated at the push of a button, with any defined master/feeder fund prices automatically updated.

ADMINISTRATION, MANAGEMENT AND CUSTODY FEES | PFS-PAXUS calculates administration, management and custody fees according to a number of different parameters. Fees can be calculated based on asset values as of the opening date, adjusted opening capital or end date asset balance for the valuation period. Certain categories in the general ledger can be excluded from the asset calculation. Tiered administration fee calculations and minimum periodic charges are also catered for. Accounting entries are generated and automatically posted to the general ledger.

INCENTIVE (PERFORMANCE) FEES | One of the strongest features of PFS PAXUS is its ability to perform incentive fee calculations for multi-series funds (using the “Series of shares and consolidation” method), equalisation funds (using the offshore per share equalisation model) and partnerships.

PERFORMANCE FEE CRYSTALLISATION | When a fund reaches a HWM, the performance fees are crystallised automatically, including automated GL postings. In addition, when a shareholder redeems in an interim period the performance fee can be crystallised automatically.

HURDLE RATES | Hurdle rates can be set up for each NAV valuation period and incorporated in the incentive fee calculations.

FEE PAYMENTS | Cash payments of fees can be automated using the PFS-PAXUS fee payments template.

GENERAL LEDGER MODULE

STRUCTURE | PFS-PAXUS contains a powerful multi-currency general ledger module for preparation of fund NAV and financial statements. PFS-Paxus maintains an individual trial balance for each partner in a partnership or each series in a fund as well as an aggregate trial balance for the overall entity. Thus each share series or partners assets can be tied directly to the underlying balance sheets and P&L performance.

VALUE DATE POSTING | Journal entries can be posted to future, present and past value dates in any currency.

CLOSE OFF ABILITY | Once a fund valuation is finalised a period can be locked off, preventing inadvertent postings of transactions to that period. .

TRACEABILITY | Each shareholder, security and GL journal transaction can be traced directly to the underlying entries in the GL.

AUTOMATED CURRENCY REVALUATION | An automated currency revaluation marks to market the general ledger balances at the applicable foreign exchange rates.

SPECIAL ALLOCATIONS | Non pro-rata journal entries may be booked and marked against specific series/partners. These can also be based on relative capital of selected partners/series or new (hot) issue participation.

UPLOADS | Users can upload journal entries directly from a spreadsheet or use the standard input screens, depending on their preference.

SHARE REGISTRY MODULE

ACCOUNTING AND REGISTRY | Share registry transactions are entered directly to the system template or can be uploaded from a spreadsheet. Where the NAV for the share transaction has not been finalised, the user has the option to 'lock' the subscription amount so that the number of units for the transaction is automatically regenerated once the NAV price is finalised for the transaction date. For redemptions, the user has the option to lock the redemption units or value. The system regenerates the transaction as the price is finalised and posts the accounting entries.

SERIES CONSOLIDATIONS/ROLL-UPS | Under the PFS-PAXUS multi-series model, series can be automatically consolidated into a lead series. This normally takes place once a HWM has been set for the lead and source series.

INVESTOR STATEMENTS | All contract notes and detailed investor net asset value statements can be printed for post, interfaced with Microsoft Outlook for email or sent from a facsimile server. Copies can be sent to an unlimited number of third parties. In order to customize client statements to business requirements and preferences, Pacific Fund Systems has developed a client reporting package to generate customised statements for each site, and if necessary further customize statements for individual funds.

WEB REPORTING | Investor statements and numerous financial and portfolio reports can be published on the Web via an automated hand off to CorrectNet's Infipoint system. More information is available at www.correctnet.com.

EQUALISATION

Offshore funds normally have to chose between adopting the separate series of shares method or the equalisation method to ensure that incentive fees are equitably accounted for.

In general, equalisation is a process of adjusting the numbers of shares held by shareholders to compensate for the effect of changing levels of capital on the calculation of inventive fees. Equalisation calculations can be complex and difficult to explain to investors.

PFS-PAXUS has an industry leading per share equalisation model and for backward compatibility purposes also provides some support for the older depreciation deposit model.

While many funds prefer the separate series of shares method for its relative simplicity and transparency, equalisation may be preferable in some situations e.g. where only one series is practical because of stock exchange listing requirements.

The PFS-PAXUS equalisation model calculates equalisation deficits and credits depending on the per share relative performance of the fund in comparison to the High Water Marks and re-values the deficits or credits on each NAV date depending on the performance of the fund. Upon redemption or HWM date, the equalisation units are converted to shares as appropriate.

FUND REPORTING

STANDARD REPORTS | PFS-PAXUS Over 70 standard reports provide a number of different formats for financial statements, detailed workings of fee calculations (administration, management, custody, incentive and equalisation), share registry reports and securities/portfolio related reports. Groups of frequently run reports can be defined in a batch, thus saving a user from running the reports individually. All standard reports can be saved in spreadsheet, HTML and other formats.

WEB REPORTING FOR PFS PAXUS | PFS Paxus is fully integrated with Correctnet's infiPOINT product allowing for the seamless publishing of Paxus reports and investor statements on the internet. The reporting function can be quickly customized to meet client requirements. More information on CorrectNet Inc. can be found at www.correctnet.com

CUSTOM REPORTS AND STATEMENTS | Pacific Fund Systems will develop custom reports and statements on request. Because many of these are specific to a particular site (such as NAV statements or contract notes) they are developed outside of the system and included in the reporting package provided for the exclusive use of that site. Users are also free to develop their own reports, which are easily facilitated through the open relational database architecture.

CORPORATE SECRETARIAL | PFS-PAXUS provides support for corporate secretarial functions through its Corporate Secretarial Module. Extensive information on Company requirements is stored, such as directors details, filing dates, accounts lodgement parties, license fee payment dates, date of incorporation, jurisdictions, agents, AGM dates and auditors.

ANTI MONEY LAUNDERING MONITORING | PFS-PAXUS allows for users to record and monitor the status of important anti-money laundering checks functions such as disclosure of beneficial ownership, provision of passport details. The checklist is user defined. Users entering share registry transactions are warned if shareholders have outstanding AML requirements.

DOCUMENT AND IMAGE LINKING | Documents and images stored on the network can be linked to certain PFS-PAXUS system tables. For example images of authorised signatory lists can be linked to investors and information memoranda can be linked to funds.

TECHNICAL ARCHITECTURE

PFS-PAXUS is a two tier client server system. The relational database is Microsoft SQL server 2000 and the front end is developed in Powerbuilder v9.0. We recommend that client workstations use Microsoft Windows 2000, XP or greater.

As an open relational database users can access the system via any Microsoft ODBC report writing tool (e.g. Access, Excel, Delphi, Crystal Reports). The application's security is integrated into such report writing access.

Because PFS-PAXUS is a client server application it can operate across a wide area network (WAN) or internet connection. Nearly all system processing is performed on the server in order to reduce network traffic and enhance security. Frequently used data is cached in the local client workstation to optimise WAN/internet performance.

PFS-PAXUS SUPPORT

Pacific Fund Systems prides itself on providing the highest level of support. Technical support offices are located in Sydney, Australia and St Petersburg, Russia with additional business support also available from London. Should a system problem or query be encountered users can log the problem via the Pacific Fund Systems website into a support tracking database. The support team will immediately investigate the problem and track its resolution through to its ultimate conclusion. The current status of all items can be seen from the web-site.

To assist in the resolution of queries Pacific Fund Systems provides a method of exporting a sanitised (i.e. scramble confidential details such as investor names and securities held) database to the support offices for analysis. Although this is optional, it assists in rapid resolution of any issues.

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