



INNOVATION



COMMONWEALTH'S ACCOUNTING & ADMINISTRATION DATABASE SYSTEM

Overview

CommonWealth Fund Services is proud to utilize a third-party accounting and administration application system servicing the alternative fund administration industry. Because of its extensive functionality it is also used by administrators of conventional funds and those who desire to support both alternative and conventional funds.

The platform is revolutionary in that it integrates into one system all the processes that are normally performed on multiple systems. These include the securities portfolio, allocation system, general ledger, fee calculation and share registry module. Benefits of this approach include increased efficiency, reduced risk of error, faster valuations, ability to support complex structures and reduced IT costs. The system 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.

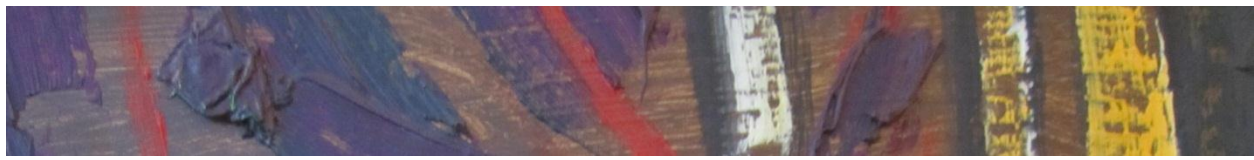


Key Facts

- Since establishment in 1999, the system has been utilised by a selection of the world's leading fund administrators and their hedge fund account needs
- Global representation, with 50 sites operating in at least 16 countries.
- In excess of USD300B AUM being managed on the platform.
- Continuous improvement, with two major releases every year and on demand ad-hoc enhancements, the system developers can move fast to meet client specific nuances and industry trends as they emerge.

Key Features

- All components of the system are integrated with the multi-currency General Ledger and NAV accounting. The platform was designed from the start as an integrated fund accounting system.
- Portfolio module includes accounting for a wide range of securities products; market leading features for fund of funds accounting; and a portfolio reconciliation module is provided.
- 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. API's are also provided.
- Security pricing and mark-to-market is performed via an interface with 3 major price source vendors.
- A functionally rich Shareholder Registry module supports the complex structures that exist in the alternatives industry such as multi-series structures, equalisation, partnerships and private equity.
- Performance fees functionality has been designed for the alternatives fund industry including High Water Marks, Equalization, Hurdles, Series Consolidations / Roll-up.
- Powerful allocation functionality is provided as standard including true Multi-currency series / class accounting with the ability to define the currency of each share series / class within the same accounting legal entity.
- Industry standard performance fee equalisation model.
- Fund fees calculated automatically include management, administration, performance / incentive and other types of periodic accrual.
- Supports master / feeder structures and FX hedging. Can revalue all tiers of fund-of-fund and master feeder structures in one process.
- All transactions and most standing data can be imported from Microsoft Excel worksheets.
- 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, Corporate Secretarial and share registry workflow module.
- Web-reporting is available through a portal.



Securities Module

DIRECT SECURITY INVESTMENT | Both long and short equity, fixed income, futures, CFD, options and a multitude of other products are supported.

CORPORATE ACTIONS | Supports automated accounting for stock splits (including correct accounting under FIFO), Dividends, Fixed Income coupons and maturities, Capital Adjustments and Schemes of arrangements.

FUND OF FUND STRATEGIES | Supports fund-of-fund portfolio accounting and 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. Advanced fund of funds liquidity analysis reports that take into account redemptions terms are available.

FOREIGN EXCHANGE | Spot and forward foreign exchange are supported.

FUND LEVEL ACCOUNTING OPTIONS | These include choice of trade date or settlement date accounting, FX bifurcation, commission treatment (expense or capitalise) and numerous other technical settings.

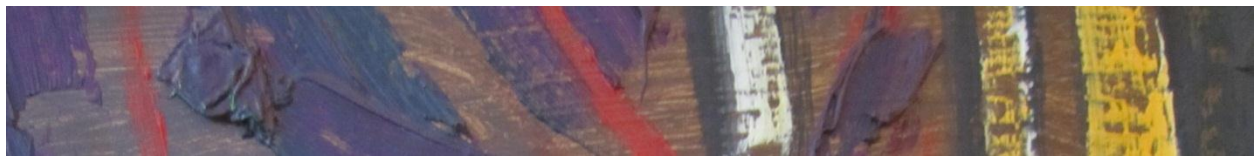
FUND LEVEL INVENTORY METHODS | 6 inventory methods are available including FIFO, average cost, lowest tax, LIFO and specified matching. Inventory methods are configurable at a fund and security type level.

PRIME-BROKER AND TRANSACTION UPLOADS | Securities masters, transactions and prices may be uploaded directly from Excel or text files. Trade files from 10 major Prime Brokers may be imported, alternatively users can design import templates through the GUI.

PRICE FEEDS | Has the ability to import securities market prices, foreign exchange rates and corporate actions automatically (subject to price vendor license) from 3 major price providers. In addition the system has a scheduling feature whereby the price feed can be scheduled to run at certain times.

SIDE POCKET SUPPORT | Supports side pockets in many ways, one of which is the ability to link a portfolio transaction to a group of partners / classes /share series. Having an integrated portfolio / allocation / general ledger / share registry system simplifies the side pocket process for such transactions in ways that can never be achieved with separate systems.

RECONCILIATION | Portfolio and cash reconciliation tools are provided as part of the standard package



Unit Pricing

PUSH BUTTON VALUATIONS | As an integrated system standard multi-series or equalisation funds can be valued automatically by running the valuation process without the need for manual adjustments.

POINT IN TIME VALUATIONS | The system's flexible general ledger can produce valuations based on a snapshot in time. For example if you need to adjust an old valuation this can be done seamlessly with the adjusted balances flowing through into subsequent periods automatically and even NAV's and the share registry transactions derived from them being automatically recalculated/adjusted.

MASTER / FEEDER PRICE UPDATES | NAV prices are automatically updated from underlying master funds to investing feeder funds, with automated generation of offset internal transactions also provided. Look though reports can produce P/L statements that look through these structures.

ADMINISTRATION, MANAGEMENT AND PERIOD ACCRUALS | The system calculates administration fees, management fees and multiple user defined periodic accruals per fund according to a number of different parameters.

INCENTIVE (PERFORMANCE) FEES | One of the strongest features 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.

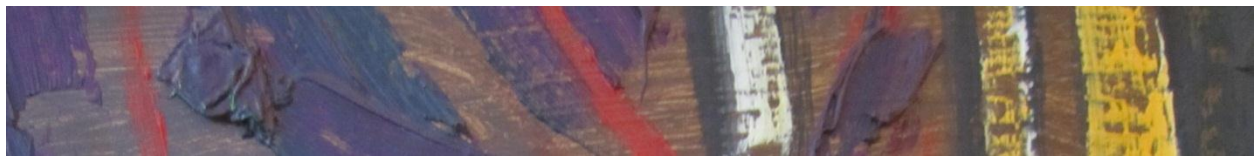
HURDLE RATES | Hurdle rates can be set up for each NAV valuation period and incorporated in the incentive fee calculations.

Fund Reporting

STANDARD REPORTS | Over 120 standard reports provide a number of different formats for financial statements, detailed workings of fee calculations, share registry reports and securities/portfolio related reports.

WEB ACCESS | We offer an optional web based module which permits investor, manager and financial advisor access to fund data in real time over the web. Alternatively there is an automated handoff for reporting purposes to a third party provider CorrectNet inc (www.correctnet.com).

CUSTOM REPORTS AND STATEMENTS | We can help develop custom reports and statements.



Share Registry Module

ACCOUNTING AND REGISTRY | Share registry transactions are entered directly to the system template or can be uploaded from a spreadsheet. Future trades can be entered without a final NAV price and will be updated when the NAV is struck.

SHAREHOLDER INFORMATION AND DETAILS | An extensive list of shareholder contact /classification details are stored globally. These can optionally store in encrypted format to meet specific jurisdictional requirements (e.g. Luxembourg).

SERIES CONSOLIDATIONS / ROLL-UPS | Share series can be automatically consolidated into a lead series.

INVESTOR STATEMENTS | Contract notes, NAV statements and 11 other types of investor communication can be generated for post, sent by email or sent from a facsimile server. Copies can be sent to an unlimited number of related third parties. The “Statement Builder” functionality included in the application allows users to design their own statement formats and link the designs to individual funds.

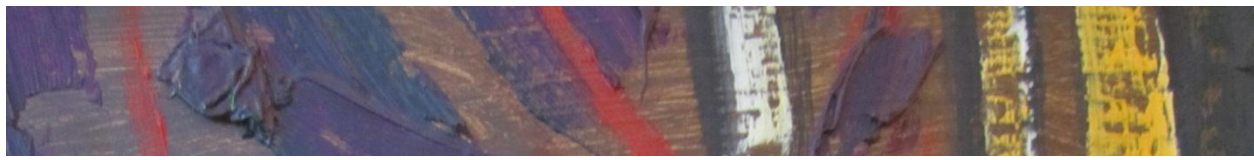
EQUALISATION | Offshore funds with incentive / performance fees generally have to choose between adopting the separate series of shares method or the equalisation method to ensure that incentive fees are equitably accounted for. In general, equalisation is a process of adjusting the numbers of shares held by shareholders to compensate for the effect of changing levels of capital on the calculation of incentive fees. The system supports the industry standard 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.

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

AML | An Anti-Money Laundering module allows users to define and maintain AML check lists depending on the fund / category / jurisdiction / location of the individual investors. Outstanding / follow up reports are produced by this module for user action. It is integrated with the Share registry module so that users are warned or blocked (depending on settings) when entering share registry transactions if AML outstandings exist.

CORPORATE SECRETARIAL | A corporate secretarial module allows for the storage of extensive information on company requirements, such as directors details, filing dates, accounts lodgment parties, license fee payment dates, date of incorporation, jurisdictions, agents, AGM dates and auditors.

WORKFLOW MODULE | A workflow module tracks user defined workflow checks against each share registry transaction and controls system actions according to fund level preferences. Automated chaser letters can be generated to follow up with investors for missing documentation.



General Ledger Module

STRUCTURE | The system contains a powerful multicurrency general ledger module for preparation of fund NAV and financial statements. The general ledger calculates balances at any point in time, meaning that operations like (a) running reports for old dates and (b) posting transactions/journals for future or past dates is a seamless operation.

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.

POWERFUL ALLOCATION FUNCTIONALITY | Four automatic allocation methods are provided at a fund level, including gross method, net method, committed capital method and periodic fixed percent. User friendly templates allow for easy posting of non-pro-rata journal entries to individual or groups of classes/series/partners. These can also be based on relative capital of selected class/partners/series, new (hot) issue participation or specified percentages. Balances can be posted at a “general” fund level or at class/series/partners level or groups thereof.

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

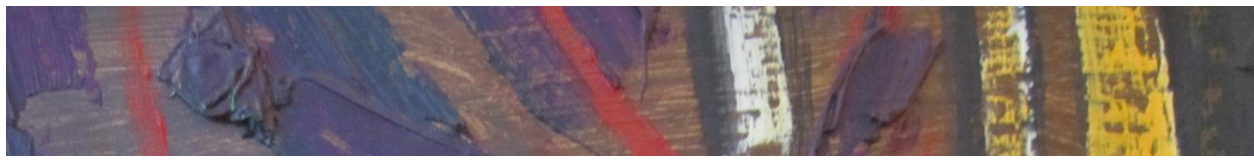
TRACEABILITY | Each shareholder, security and GL journal transaction can be traced directly to the underlying entries in the GL.

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

If you are interested in more information about how Commonwealth Fund Services utilizes innovative technology, please contact Mackenzie Crawford.

Mackenzie Crawford
Phone: (416) 687-6654
mackenzie@commonwealthfundservices.com

COMMONWEALTH FUND SERVICES LTD.
130 Adelaide Street West, Suite 3210
Toronto, ON, M5H 3P5
www.commonwealthfundservices.com



COMMONWEALTH'S WEB BASED PLATFORM

Overview

CommonWealth offers a real-time web portal that allows investors, fund managers and other authorized third-parties to access to database information online. The web portal communicates directly with the database system thus providing access to fund data, portfolio analysis, documents, graphs and much more. Most configuration options for web access are maintained in the core database, ensuring tight integration, minimal IT support requirements, maximum reliability and ease of use.

Investor Module

- Investors can log in and see their holdings, transactions and contract notes, including all historical information.
- Display of share registry transaction order status to Investors, including outstanding workflow and AML items.
- Transparency functionality – Investors with appropriate authorization can see fund portfolio positions and balance sheets, complete with export functionality to Excel, Word and PDF. A number of options exist to restrict this access, including delaying options.
- Financial advisor functionality – the ability for financial advisors to log in and see the holdings and transactions of their clients.
- Investors can change their contact details on-line, if authorized to do so.
- Investors can access graphs and tables that reflect the fund's NAV performance over specified periods of time.
- Highly automated administration of user credentials, including generation of e-mails/letters to Investors advising credentials.
- The website can be optionally branded with the Fund Manager's logo and color scheme.

Manager Module

- Manager access with the ability for Managers to see a wide range of reports such as portfolio reports, valuation reports and financial reports. If authorized, these can be real-time.
- A full Manager 'dashboard' feature, including top 10 positions and historical tables of Investor activity and AUM.
- Ability for Managers to see Investor holdings, market values and all historical transactions.
- Ability for Managers to approve share registry transactions online and automatically update the database system workflow module with these approvals.
- Ability for Managers to approve NAV calculations online and have the approval recorded in the database.
- Documents area where fund accountants can place documents (supporting spreadsheets etc) for access by the Managers. Documents will be able to be inserted via a menu function in the core database system.

For more information, please contact:

Mackenzie Crawford
Phone: (416) 687-6654

mackenzie@commonwealthfundservices.com

130 Adelaide Street West, Suite 3210
Toronto, ON, M5H 3P5

www.commonwealthfundservices.com