



INTRODUCTION TO THE FUNDCALCS PERFORMANCE FEES SOLUTION

Functionality Overview

The FundCalcs Performance Fees tool is a cloud based application for calculation and reporting of performance fee figures that caters for:

- Equalisation with floating hurdles
- Series Accounting
- Custom performance fee methods
- All Valuation and Crystallisation frequencies (daily, weekly, etc.)
- Ad hoc calculations and instant calculation of bulk data for testing or verification

System Architecture

The FundCalcs system is built with a state of the art design following current best practices in lean software architecture. By aligning system architecture with the business domain landscape, FundCalcs delivers levels of usability, flexibility and transparency way beyond those of traditional monolithic systems.

In the case of the FundCalcs Equalisation engine, the software is comprised of the following independent modules:

1) Net NAV calculation

- invokes the hurdle calculations (including floating and combined/weighted hurdles) and calculates the performance fee per share

2) Update of Lot HWMs

- Updates Lot High Water Marks and lot equalisation per share values

3) Crystallisation

- Crystallises the class, resetting values for the next performance period
- Crystallises the lots, generating automatic trades and resetting the lot values

4) Trade Processing

- Pending trades are processed to create and update lots
- Redemptions update lots on a FIFO basis by default, unless the inputs preassign a redemption to specific lots. E.G. Each equalisation redemption is preassigned

to a specified lot

Modes of Use

By combining the above modules into a "black box" application, bulk calculations and parallel verification of live performance fee figures are readily performed from basic data extracts.

Additionally, by interfacing with the public API available into the above modules, all functionality can be invoked as required by an external system for use in live data processing. The FundCalcs system is fully defined by its public interfaces, meaning its functionality is not dependent on the internal database. This gives complete freedom into how an external system may utilise the functionality. For example, an existing Transfer Agency (TA) system may store all investment tranche state internally, passing in each tranche and receiving new and updated tranches through the FundCalcs API, while another TA system may only want to hold the Net NAV and receive the equalisation transactions to be processed. As a result, information pertaining to investment composition and lot high water marks can reside either in a core TA system or within the FundCalcs internal database. Where performance fee data is not stored within the TA system, it can still be fed into the central accounting database / data warehouse to be available for reporting within an integrated document management system.

Advantages of Adoption

A state of the art cloud software architecture provides the following benefits:

1. Standalone, well defined modules of functionality enable systems to be enhanced with minimal disruption to existing system architectures.
2. Dual mode of use available for both live data processing and bulk processing for verification and ad hoc testing purposes.
3. As a purpose built, dedicated performance fees solution, bulk testing of vast quantities of data can be performed at high speed, restricted only by the ability to provide basic spreadsheet inputs. Our extensive suite of testing data combined with client supplied data means the testing function is executed to achieve the lowest conceivable level of risk.

The team at FundCalcs Limited has a wealth of experience in delivering financial services software and leveraging next generation cloud technology. The FundCalcs product is a unique opportunity to seamlessly expand an organisation's capabilities at lower risk than internal development projects.