

HEDGE FUNDS

FUND OF FUNDS

PARTNERSHIPS

PRIVATE EQUITY

FAMILY OFFICE

## THE PFS-PAXUS SOLUTION

The PFS-PAXUS product is a specialist accounting and administration application system for 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.

PFS-PAXUS 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. 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 FACTS

- Since establishment in 1999, PFS-PAXUS 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 >16 countries.
- Critical Mass, with >USD300B 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 3 support offices provide high quality support and extensive time zone coverage.

## 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 fund accounting system. Most users use the entire system; however it is possible to license individual modules.
- Portfolio module includes accounting for a wide range of securities products. PFS-PAXUS contains market leading features for fund of funds accounting. 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 existing 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

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equalisation model. Extensive site configurable security system that controls user access privileges including fund restrictions, menu restrictions, optional maker/authoriser (4 eyes principal).

- Fund fees calculated automatically by PFS-PAXUS include management, administration, performance /incentive and other types of periodic accrual.
- 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 most standing data can be imported into PFS-PAXUS 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 the PFS Connect Web portal or a handoff to third party providers.

## 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** | PFS-PAXUS 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** | PFS-PAXUS 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 on PFS-PAXUS.

**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** | PFS-PAXUS 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 PFS-PAXUS has a scheduling feature whereby the price feed can be scheduled to run at certain times.

**SIDE POCKET SUPPORT** | PFS-PAXUS 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** | PFS-PAXUS'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.

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**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 through reports can produce P/L statements that look through these structures.

**ADMINISTRATION, MANAGEMENT AND PERIOD ACCRUALS** | PFS-PAXUS 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 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.

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

## GENERAL LEDGER MODULE

**STRUCTURE** | PFS-PAXUS 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

## 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 stored 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.

PFS-PAXUS 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.

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**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.

**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.

## 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** | PFS-PAXUS has an optional module PFS-CONNECT 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](http://www.correctnet.com) ).

**CUSTOM REPORTS AND STATEMENTS** | Pacific Fund Systems will develop custom reports and statements on request. Users are also free to develop their own reports, which are easily facilitated through the open relational database architecture and the provided report writing dictionary.

## TECHNICAL ARCHITECTURE

PFS-PAXUS is a two-tier client server system. The relational database is Microsoft SQL server 2005/2008 and the front end is developed in Powerbuilder v11.2. Client machines require a Microsoft Windows operating system and in a WAN environment access can be made via Citrix or Terminal Services.

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.

## PFS-PAXUS SUPPORT

Pacific Fund Systems prides itself on providing the highest level of support and has received exceptional ratings from its clients in support surveys. Technical support offices are located in Europe and Australia in order to provide the best possible coverage across global time zones. Support tickets are tracked through to resolution via a web based system where users can see the status of a ticket at any time

## CONTACTS

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