QED FINANCIAL SYSTEMS

Q2® Investment Workflow System

Q2

Streamlining Investment Accounting and Portfolio Management

As an integrated investment accounting, portfolio management, and securities operations systems platform, the Q2 Investment Workflow System combines the hardware, software, and connectivity necessary to reduce the operational costs and risks of implementing multi-supplier solutions.

Employing a single, fully integrated database, Q2 facilitates the connectivity required for systems integration throughout the business enterprise. Q2 can be precisely configured to accommodate the workflow and functional needs of your investment business, including:

- trade order capture
- investment accounting
- portfolio management
- post-trade compliance reporting
- security-level attribution
- reconciliation and settlement
- performance measurement
- integrated client reporting

Serving Institutional Buy-Side Investors since 1987

For more than twenty years, QED Financial Systems has provided integrated treasury management, fund accounting, investment accounting, portfolio management, and general ledger software solutions to many of North America's largest buy-side institutional investment organizations.

Q2's all-inclusive delivery framework provides the integrated tools and processing power necessary to enable diverse types of public and private investment organizations to optimize efficiency, reduce costs, and maximize return on investment.

Real-Time Portfolio Management, Investment Analysis, and Business Intelligence

Q2's real-time, robust portfolio management system provides complete front- to back-office STP functionality. Powerful, integrated, and efficient, the Q2 portfolio management solution automates investment management functions, including:

- Pre-Trade Intelligence and Compliance
- Trade Order Capture
- Portfolio Analysis
- Performance Measurement
- What-If? Analysis
- Risk Management
- Cash Management
- Post-Trade Compliance Reporting
- Reconciliation and Settlement

Real-Time Business Intelligence

In Q2, *true* real-time intelligence about security and cash positions and transactions helps you make timely business decisions related to compliance, asset allocation, and risk analysis. Data within Q2 is available in instantaneous presentations complete with visual cues to alert staff of changing conditions in accordance with your business rules and operational benchmarks.

Investment Information Drilldown

Q2 allows instant drilldown to transaction records, position masters, issue masters, and cash ledger entries directly from the main position blotter screens. Additionally, Q2's intuitive Position Locator quickly accesses investment position exposure across any segment of portfolio holdings. With Q2, you can:

- Quickly display position information
- Use multiple search fields for compound searching of current and historical positions
- Easily display position pricing information, corporate actions, transaction history, and security master data

Integrated Trade Order Queuing and Management

TRAQS™, Q2's integrated trade order queuing and management system, facilitates straight-through processing and pre-trade compliance by seamlessly linking your front and back office. TRAQS features:

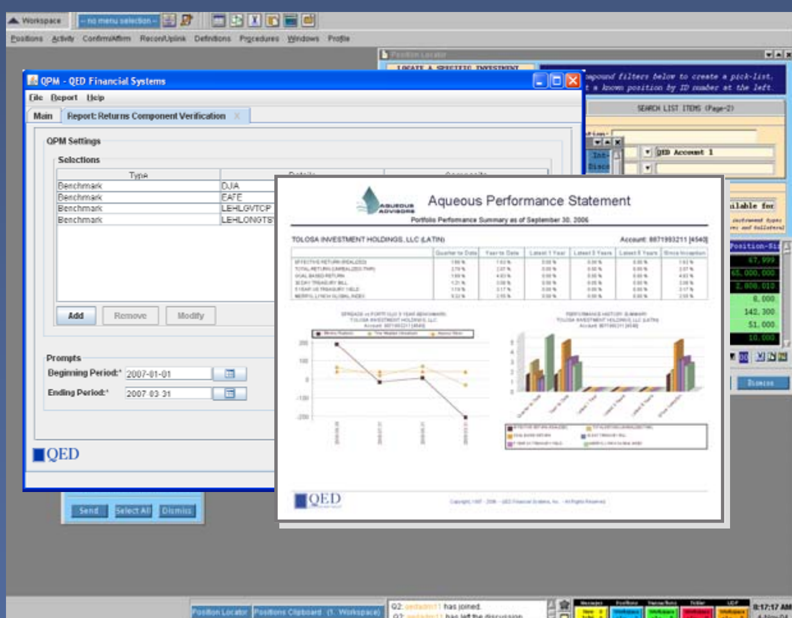
- Reconciliation via real-time DTCC link
- Contribution and attribution reporting
- Interfaces to third-party trade order management and trade execution systems
- Assignment of requests to specific trades
- Order blocking, routing, execution, and allocation
- Automatic Q2 update of post-trade results
- Customizable workflows and views

Integrated Investment Analysis Tools

Interactive scenario analysis tools and presentation-quality reporting enable your analysts to simulate and optimize transaction scenarios prior to execution, providing a preview of strategies against business objectives.

Performance Measurement /Analysis

Q2 includes integrated tools that measure and analyze portfolio performance. Results and underlying data can be viewed in standard reports, or you can use Q2's graphical performance return engine, QPM, to o create and store custom reports and composites.



Performance returns can be generated for user-defined periods by account, AIMR segment, asset type, economic sector, industry classification, country, currency, user defined groups, and individual security.

- Calculate complete net asset value, including securities market values on trade date basis, cash, ex-basis, earned and accrued income, security receivables and payables, and accrued fees
- Export performance results and data to external applications
- Create blended benchmarks
- Calculate component returns for principal, income, foreign exchange gain/loss, other income/fees, and total return

Q2 employs performance calculation methodologies and presents results as stipulated by the Association for Investment Management and Research – Performance Presentation Standards (AIMR-PPS) and Global Investment Performance Standards (GIPS). Whatever your business needs, Q2 provides you with the ability to calculate performance using daily valuation, Modified Dietz, gross of fees, and net of fees. Additionally, performance can be calculated at the fund level or portfolio level.

Trusted, Accurate, and Auditable Investment Accounting and Cash Management

For more than two decades, investment institutions have trusted the reliability and accounting integrity of QED systems for their books of record. Upholding this tradition of excellence, Q2 offers you incomparable investment accounting and cash management.

Q2 investment accounting solutions completely automate:

- Securities Processing
- Pricing
- Corporate Actions

Extensive data scrubbing and relational validation checking ensure accurate posting and provide immediate error notification. Reversals and corrections to posted activity automatically adjust subsequent history and flow through to all accounting results. Q2 also provides extensive security and audit trails, including an online, real-time update monitor that displays system-wide changes as they occur.

Q2 automatically generates all accounting journal entries, including:

- Transactions
- Cash Activity
- Earnings Accruals
- Bond Amortization
- Realized Gains/Losses
- Market and Foreign Exchange Valuation

Detailed or summary journal entries can be exported to third-party or proprietary general ledger systems using customizable charts of accounts.

Accounting Compliance

Q2 is engineered for strict compliance with **GAAP, GASB, FASB, AIMR (GIPS), AICPA and SIA-SSCM** investment accounting guidelines and adheres to the standards established by the Securities Industry Association to perform yield and interest accrual calculations.

DTCC Confirmation and Affirmation

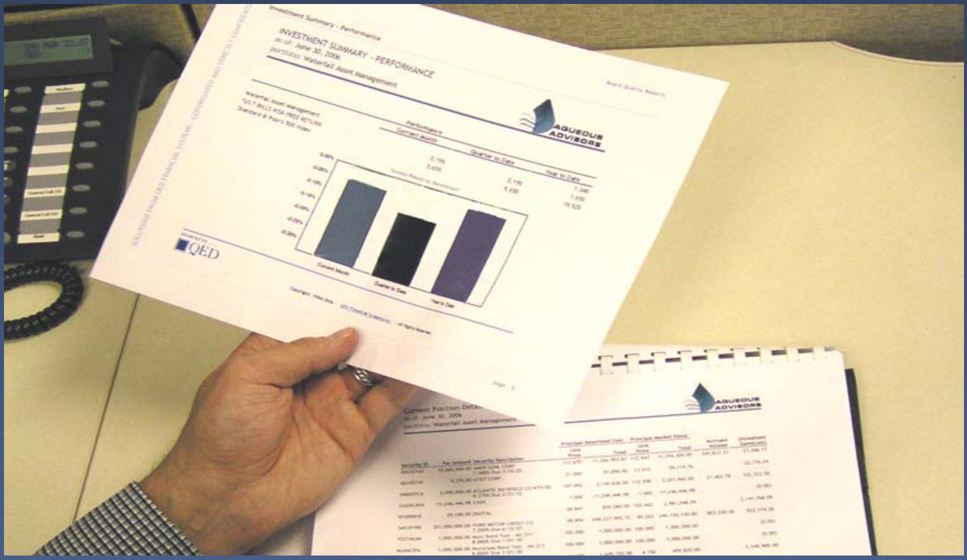
Q2 includes an automated interface and reconciliation utility for communicating with DTCC to settle municipal, mortgage-backed, and corporate trades. Q2 enables you to:

- Download confirmations
- Communicate trade affirmations to DTCC
- Create trade records
- Perform reconciliations with advisor files or Q2 trades

Integrated Report Creation and Presentation

With more than 400 standard reports, Q2 makes it easy to present your investment data in easy-to-read, meaningful formats.

- Create, save, catalog, reuse, and share custom reports using Q2's report writing and publishing tools
- Construct reports by dragging icons from a data palette and dropping them onto a graphical clipboard to create a desired output
- Easily add subtotaling, sorting, and finishing touches, such as personalized column labels, page headers and footers, totals, and custom calculations
- Eliminate the need for third-party report writing, graphics, or page layout tools
- Generate publication-quality reports in multiple formats and include illustrations, graphs, company logos, and other data available within your enterprise network.



Complete Cash Accounting and Cash Management

Q2 features complete cash accounting and cash management. Cash activity is automatically updated upon transaction posting, and receivables and payables (including foreign tax withholdings and recoveries) are tracked. Cash is updated with direct cash entries, including external contributions/withdrawals, fees, and interest on cash (such as sweep accounts). Cash ledgers isolate corpus, income, and AIMR segment components as separate running ledger balances.

Real-time cash balances are available online on a trade availability or settlement basis, and security cash flows can be projected to any future horizon. Q2 is a complete investment accounting system with core features that:

- generate journal entries
- export journal entries to general ledgers
- maintain separate ledgers for automatic, real-time cash activity and balance tracking
- automatically update each fund's cash ledger with the net settlement value of the transaction activity
- apply incidental cash activity to the cash account to provide a complete, directly reconcilable cash ledger

Q2 Parallel Cash Accounting features enable you to:

- view cash balances for each fund/account
- view cash availability online
- create related reports
- Import historical performance returns from other systems

Advanced Reporting with the QED DataMart and Business Intelligence Portal

Satisfy your enterprise data analysis and reporting needs with the **QED DataMart** and **Business Intelligence Portal**. The QED DataMart is a relational data store that enables risk-free, **complex data mining and analysis** without degradation of time-sensitive business processes. When used with the QED Business Intelligence Portal, **on-demand access, evaluation, and reporting of your enterprise information** is easily accomplished using intuitive, Web-based tools.

Technology for Tomorrow

Available in fully-deployed and managed-facilities implementations, Q2 runs on Sun Microsystems servers with transparent interfaces to Windows/NT, Linux, Macintosh, and other operating systems. Your organization can benefit from the superior processing power of a UNIX server, without disrupting your familiar desktop environment.

The Q2 architecture ensures dynamic, real-time data access and reporting because the system infrastructure utilizes an innovative database technology that promotes highly-efficient, responsive, immediate, and accurate data access.

Quick and Reliable Implementation and Conversion

Q2's advanced architecture makes system implementation and legacy data conversion simple. As a full turnkey service provider, QED manages implementations from needs assessment through hardware and software installation, data migration, and user education.

QED implementation team members are experts in the investment industry. They maintain frequent contact with client project leaders and work closely with project team members to develop comprehensive implementation plans that ensure flawless operation of Q2.

Intuitive, Flexible, and Friendly Operation

Q2's state-of-the-art graphical user interface and real-time processing create a user-friendly environment. Menu-driven, intuitive, blotter-based screens provide easy access to your data, while powerful, real-time processing supplies immediate and automatic data updates throughout your enterprise.

For optimal flexibility, the Q2 desktop enables users to customize their working environments. Users can tailor the manner in which information displays on existing screens, create custom views for displaying and manipulating frequently accessed data, build personal tickler files, and set real-time filters and alerts.

Industry-Leading Support

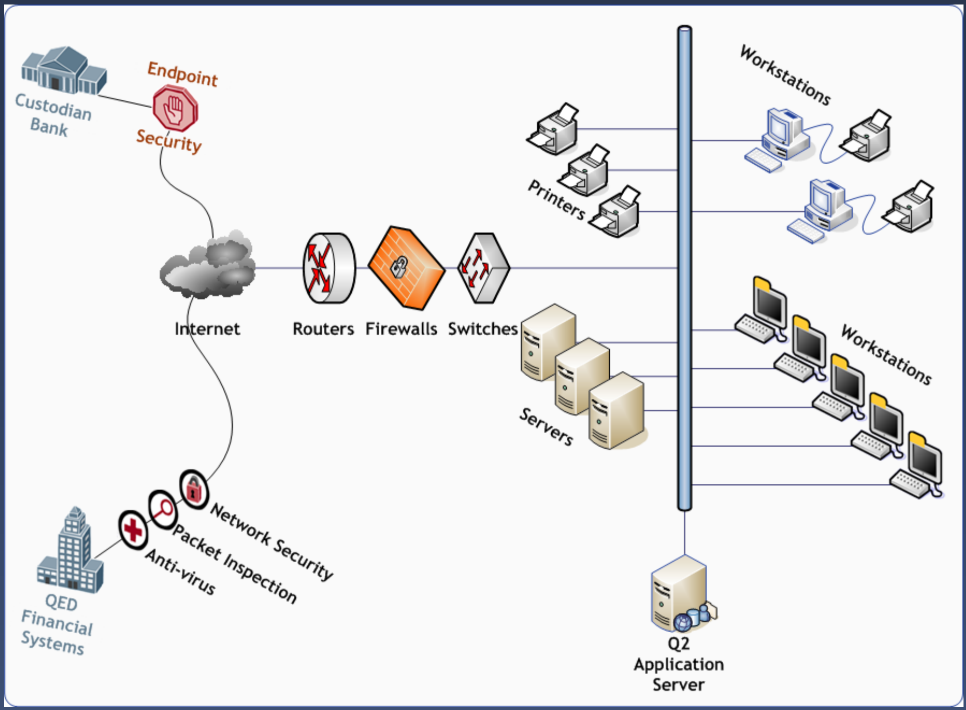
QED's no-cost Q2 client service model is unsurpassed in the industry.

Clients receive unlimited customer service via phone and email, and each client is granted an annual allotment of hours that can be used for ongoing training and custom development needs.

Industry-Leading Processing Power

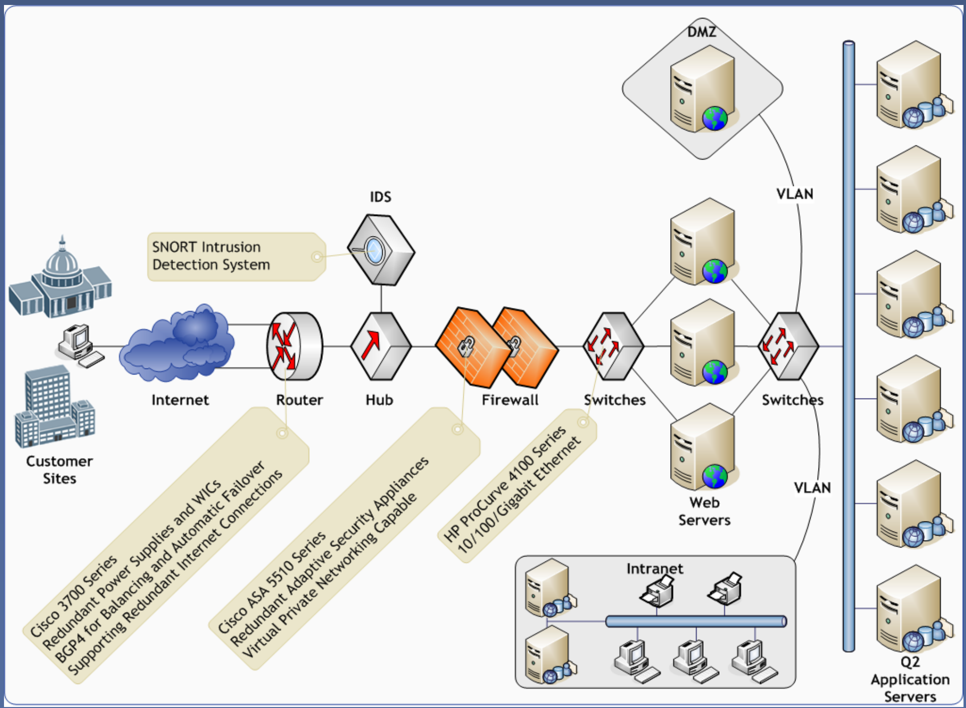
Q2's ability to offer industry leading processing times is due to its database and application design on **Sun Microsystems** hardware and the **Solaris™** operating environment. **UNIX** is the operating system of choice for the financial services industry, and Sun hardware consistently benchmarks to be the **fastest and most reliable** of the UNIX servers. Although Q2 processes **more than 5000 transactions per minute** on a mid-sized Sun server, QED will work with you to build a server that optimally handles your unique processing needs and anticipated growth.

Fully-Deployed (LAN) Architecture Option



In fully-deployed implementations, clients host the Q2 application server within their datacenters and retain responsibility for the maintenance and support of the server hardware. Clients access Q2 across their local networks using secure communication protocols provided by the Hummingbird® Exceed PowerSuite™ software resident on their individual desktop computers or mobile computer workstations.

Managed-Facilities (ASP-like) Architecture Option



In managed-facilities implementations, QED hosts the Q2 application server within its datacenter. QED manages the border security, virtual networks, Web servers, power, and Internet bandwidth. QED retains responsibility for the maintenance of the server hardware and for the administration of the software application. Clients access Q2 via the Internet using secure communication protocols provided by the Tarantella Secure Global Workstation software.

Services-Oriented Approach

Q2 is engineered in a services-oriented architecture that utilizes separate presentation, application, and database layers residing on a centralized applications server. Clients use two methods of accessing the system: X-emulation (Hummingbird® Exceed PowerSuite™) and Internet browser agents (Tarantella Secure Global Workstation).

A Complete System that Supports Your Unique Investment Needs

Beyond STP, Q2 supports your investment business by optimizing workflow processes. Providing the connectivity to enable both external and internal information flows, Q2 creates a collaborative environment that enables your business to communicate in real time—from crucial pre-trade information needs, to settlement, reconciliation, risk and compliance analysis, accounting, auditing, and reporting.

Data Available When You Need It

The accurate presentation of all your investment information—positions, transactions, market data, audit trails—in real time, ensures that all Q2 users have the most current picture of your business at the same time, thereby eliminating duplication of effort and increasing your organizational productivity.

With its true real-time architecture, Q2 delivers on what others have only promised. There is no system downtime in Q2, and there are no time-consuming, operator-intensive, batch procedures to execute. Q2 is available when you need it—24 hours a day, 7 days a week, 365 days a year.

Custom Solutions to Meet Your Unique Requirements

Realizing that no two investment operations are alike, QED solution engineers work with each Q2 client to build customized, useful solutions that have immediate impact. From trading system interfaces to board-quality reports, Q2 is configured to meet your stringent business rules and workflow requirements.

Single System Manages Your Entire Investment Business

Unlike ordinary investment accounting and portfolio management systems, the entire Q2 Investment Workflow System is sold as a complete package. As an integrated investment accounting and portfolio management platform, Q2 hardware, software, and connectivity eliminate the need to purchase multiple modular solutions that are disjointed and inadequate.

Universal Data Exchange Streamlines Processing

Since cross-platform connectivity is critical for efficient and automated securities processing and management, Q2 includes easy-to-use tools that facilitate data exchange with external sources. Q2 connectivity tools facilitate:

- Bi-directional trade traffic to/from trading systems
- Trade and position advices
- Security Master File updates
- Transaction, position, and cash activity capture from custodians
- Pricing, corporate action, and reorganization data
- Confirmations and affirmations
- Journal entry export to general ledgers
- Settlement and delivery instruction advices
- Information exchange with external decision support systems, business intelligence systems, transaction processing systems, and data warehouses

Committed, Expert Implementation and Support Personnel

Dedicated professionals ensure that client needs are fulfilled on time and on budget. QED's strong and qualified professionals leverage and deploy their diverse financial expertise and resources to offer clients the best solutions, service, and support in the industry.

Diverse, Multi-Currency Processing

Q2 accommodates comprehensive multi-currency management and accounting of a vast spectrum of investment vehicles, including:

- Fixed Income and Structured Debt
- Equities
- Cash and Cash Equivalents
- MBS/ABS/CMO
- Variable and Stepped Rate
- Foreign Securities and Currency Contracts
- Mutual Funds, UITs, and Conduits
- Options, Futures, and Limited Partnerships
- Collateral Adjustments
- Esoteric Instruments

Enhanced Collaboration within Your Operations Staff

Effective portfolio management requires adaptive products and services that enable investment teams to instantaneously and effectively collaborate within the context of their business processes. Realizing the importance of real-time information exchange, QED has taken a proactive approach to contextual collaboration by incorporating instant messaging, email, and data-sharing agents directly into Q2. By deploying collaborative tools as embedded functions within Q2, QED enables you to achieve greater levels of efficiency. Q2 users can jointly and easily address issues related to trade clearing, reconciliation, and portfolio management by instantaneously interacting with each other and sharing information—within the contextual footing of their respective Q2 desktops.

Protecting Your Organization with Rock-Solid Security

To meet regulatory and business requirements, Q2 includes integrated, rock-solid security measures that provide the most secure work environment possible. In addition to mandatory user authentication, access privileges can be assigned at the file, system function, data group, and fund levels.

Additionally, Q2 maintains extensive and non-penetrable audit trails that record:

- System Access
- Investment/Transaction Record Creation and Modification
- System Errors and Warnings
- Report Processing
- Business Rules Modifications
- System Administration Tasks

Interactive Customer Relationships

QED clients are encouraged to communicate with QED support team members to convey system enhancement requests related to corporate, industry, or regulatory changes. Client requirements and industry changes are the driving force behind the software development philosophy of QED Financial Systems. The development team and QED senior management collaborate to set development priorities and deadlines. Clients can also participate in development of system specifications and product testing.

Contact Us Today!

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