

History



LibraSoft was founded in 2000, intending to develop a new portfolio management based on the experiences collected by its employees during more than 15 years of collaboration with other software companies. The goal was to resolve the most common problems usually encountered with this kind of software: complex usage, inconsistent developments, inability to control the produced results, and... to realize the promises often made!

FERI Wealth Management, one of Germany's leading asset manager, was looking since many years for a new software solution offering a global and centralized processing of its activity. Specialized in fund investment, its requirement was to cover every aspect from entering an order up to generating complex client reports, including the ability for fund splitting (to detail a fund's internal allocation) as well as fulfilling the German tax law requisites.

After more than 3 years of intensive analysis and development, the software has been successfully implemented. You can now use this system too: this will improve your management and controlling of your portfolios.

For Whom ?



Liberty has been designed for companies managing an important number of portfolios: it can process in a practical and optimized way thousands of portfolios, on many workstations. Nearly every department can benefit of this application:

<i>Management</i>	Daily evaluation of the potential risks thanks to global overviews on the managed assets and previewed returns.
<i>Advisers</i>	Central or remote access to all system's components. Real-time views due to the order management.
<i>Portfolio managers</i>	Ordering, constraints control and evaluations.
<i>Controlling</i>	Daily control of the company's investment directives and the Order Book, preview and calculation of management fees.
<i>Accounting</i>	Confirmation of the pre-booked transactions, direct input of transactions that are not delivered by the custodian banks.
<i>Tax controlling</i>	Direct access to the tax-relevant amounts.
<i>Secretariat</i>	Report sending, input of previewed money transfer transactions, management of payment vouchers.
<i>EDP</i>	System offering a 24 hours a day availability, including many control tools and a protection again system failures.

And last but surely not least...

<i>The client</i>	Daily reporting thanks to individualized Internet reports.
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The following pages describe the main Liberty functions. They do not content a complete list of all the system's possibilities, but they rather intend to show the advantages and differences from Liberty to the majority of other programs in order to help you improve your client relationship and efficiency.

High-Lights



Concerning your daily job:

- Every screen and function has been designed with a person that specializes in that task, and corresponds therefore to the end-users expectations.
- The application has been based on a 'Family Office' concept: you manage all assets for one client or a whole family, and the results are easily represented in dynamic consolidations.
- The reporting engine can be entirely automated, but allows simultaneously a high degree of individualization.
- The system offers a centralized information source for the back-, mid- and front office, including the tracing of the orders, reports and data updates.
- Every result can be detailed with a simple mouse click.
- An Excel export is provided for all necessary data requests.

Technical point of view:

- The system is made of a client application and an application server ('three-tier' configuration); this improves strongly the application performance along with a better security management.
- You can define batch tasks that are automatically executed over night, like the constraints validation. The results are sent via Email to the specified users.
- A database independent audit trail let you control (and restore) any data update / deletion.
- You can develop your own functions, like calling an evaluation directly inside an Excel Sheet.

And of course,

- The application is multi-language (screens and reports), and multi-currency.
- You can manage as many databases as needed (for example a second one for the tests)
- Numerous standard control and evaluation reports are already developed. You can freely modify them to meet your own needs, or even create your own ones.
- All the data can be read through an interface system.

Portfolios Definition



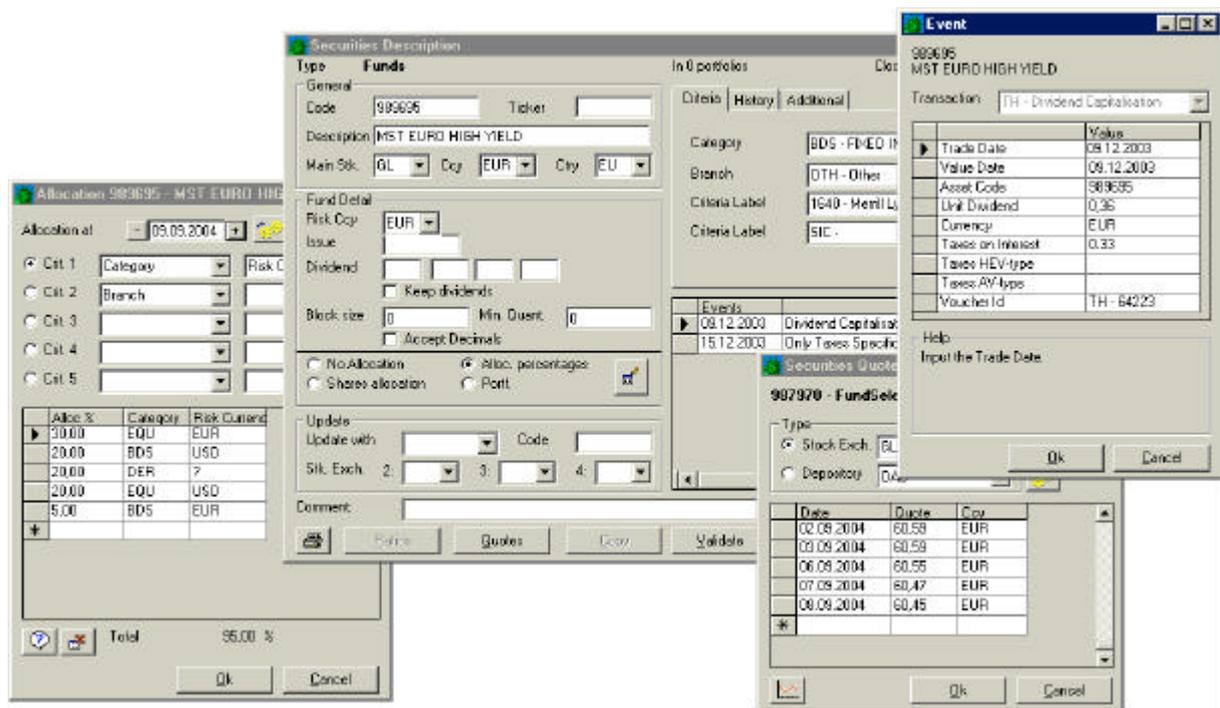
The screenshot displays two overlapping windows from a financial software application. The background window, titled 'Specific - Product Definition', contains a table of directives and a 'Directive Detail' section. The foreground window, titled 'Portfolio Description', provides detailed information for a specific portfolio, including its name, code, and associated accounts.

Seq	Directive	Goal	Min	Max	Level
1	Total Portfolio Percentage BDS	40	30	50	1
2	Total Portfolio Percentage EQU	30	25	35	1
3	Total Portfolio Percentage EQU / CHF/USD	10	9	11	1
4	Total Portfolio Percentage EQU / VER/RN	20	0	25	1

The 'Family Office' concept let you group many individual portfolios under one client consolidation, which again can be grouped into a family consolidation. You can evaluate or specify restrictions at each of these levels.

- Every portfolio is related to accounts or deposits, which can be located at various depository banks.
- You can dynamically add information to the basic description (selection criteria or additional description fields). This information will be used for defining dynamic portfolio groups - like all portfolios related to one adviser or to a specific category. These groups can be selected in the evaluations, reports or users' access rights.
- Historical 'user-defined' data can also be linked to the portfolios and clients, allowing you for example to store the previous year's performance results to be used in a management fees calculation function.
- Each date where a critical change happened is stored and directly viewable: you can easily find when a portfolio changed its investment strategy.
- Each portfolios can be related to a product (=investment strategy / model portfolio) and to benchmarks. These products are validated during the night, and the report containing the unfulfilled constraints can be mailed to the portfolio manager or adviser.
- Specific constraints can be defined at the portfolio, client and global (system) level.

Asset types Definition



All common asset types are recognized by the application (Equities, Bonds, Derivatives etc.). It has been also designed to allow the addition of new ones: for example to be able to manage specifically the Real Estates investments. This asset group will be included beginning of 2005.

- Like on the portfolio level, you can add dynamically information to the basic description, allowing you to easily group and select data afterwards.
- Several stock exchanges can be related to a single asset description, allowing to relate quotes in various currencies.
- An event history can be related to an asset, to specify for example the dates and amounts of a dividend payment or information about a securities exchange transaction. It is then possible to generate automatically the corresponding transactions.
- Every critical change made to the descriptions is written to a history which will be used when printing reports or making evaluations. This ensures to have the same results as previously when printing a report for a past period, for example when a securities name is updated.
- 'User-defined' historical data can also be related, like your own return estimation; this data can be used in reports or calculation functions.
- To be able to show the effective asset risk of a fund in the evaluation (for example when the underlying investment consists of 60% equities and 40% bonds), you can link allocation matrixes to its description. Other possibilities include a link to a real portfolio or a simple securities list.

Transactions

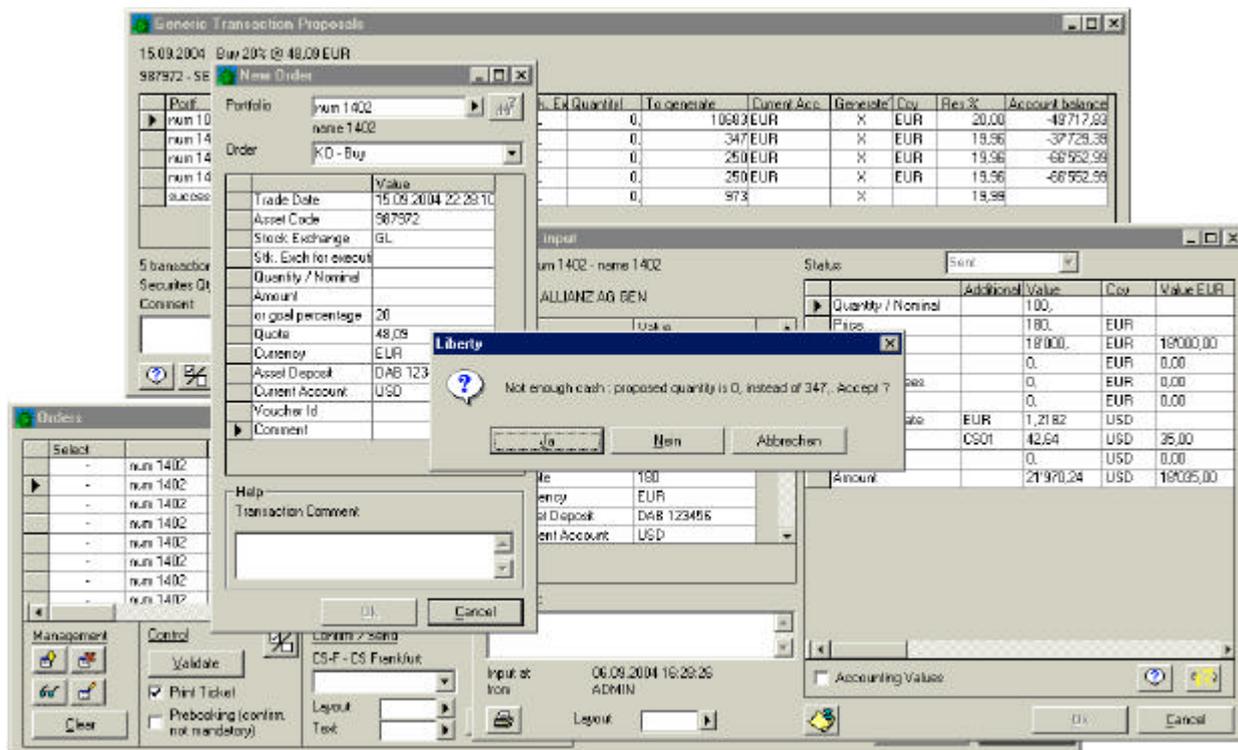


The screenshot displays a financial software interface with several windows. The main window is 'Transactions List', showing a table of transactions with columns for Port, Status, Date, Maturity, Transactions, Asset, and Description. Below it is a 'Transaction Edition' window for a 'Dividend Capitalisation for RICHE - Richie Rich Deposit'. This window includes a table of tax and interest details, a 'Value' table, and a 'Comment' field. Other windows like 'Generate Transaction' and 'Transaction' are also visible, showing various input fields and options.

More than 60 transactions types are delivered; they include the Forward contracts, the Futures, the Credit and the Corporate Actions types. Since the type's definition is dynamically defined, you can easily add new fees / taxes fields, or even create your own new transaction types.

- The system processes the transactions in an accounting way: it checks automatically the debit / credit values, rounds correctly the amounts and stores every value of a transaction in asset and reference currency.
- You are allowed to update a transaction at any time; the system generates internally the corresponding cancellation when needed.
- Global transactions are automatically generated using the assets' events. This is useful for information usually not provided by the custodian banks, like a fund capitalizing its dividend.
- At manual introduction, the system can propose default values for the fees and taxes, which can help to control the bank vouchers.
- The German and Swiss tax models are implemented. This enables you to specify every tax-relevant values in the transactions, in order to be able to calculate the performance with reclaimable taxes, or to export all the tax-relevant values.

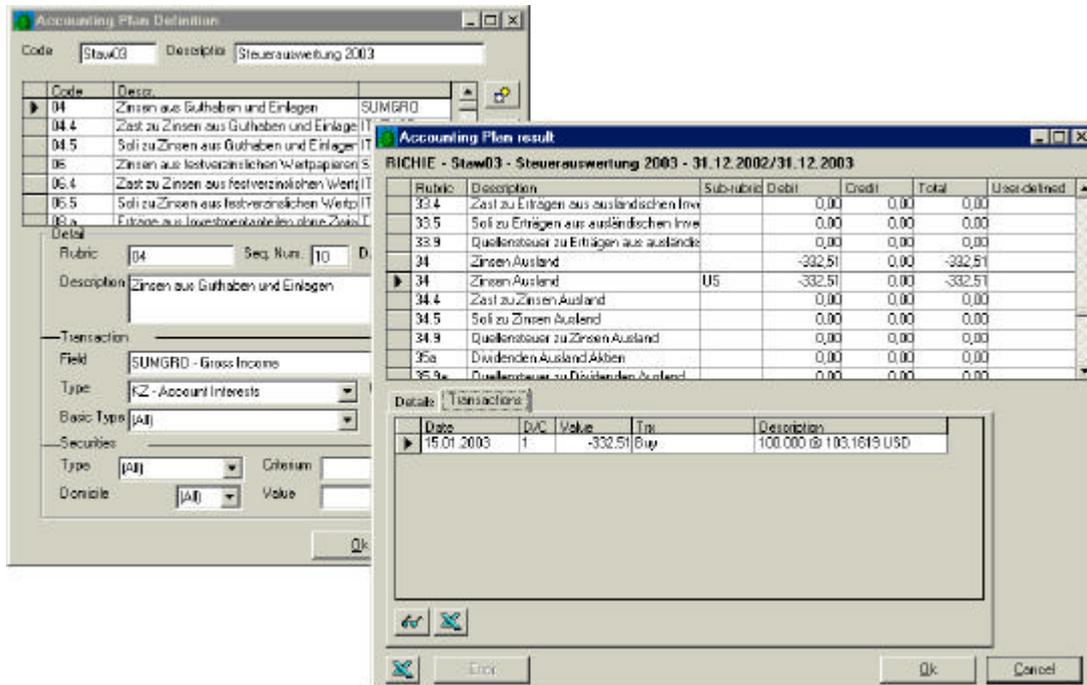
Order Management



Liberty handles an order from the first step of planning until the final booking: every aspects are covered, even the partial executions.

- The introduction of a new order can be related to the portfolio's product (=investment strategy): the system calculates automatically the quantity to buy or sell to meet your target. It is also possible to specify the cash amount to be obtained.
- You can generate a global order for a portfolio group, enabling you to switch from one asset into another one in a single step.
- The user profile determines which kind of actions are allowed: either the order validation (constraints check), or the order confirmation (sending the order to the broker), or the execution / final booking.
- An Order Book records all steps of the order process; additional reports show the orders statuses at any time.
- Using the system's internal mailing, you can link a message to an order to forward information or questions concerning the transaction.
- Beside investment orders, you are able to input future cash flows as 'cash-type' orders with an accrual date. The portfolio manager will then automatically be informed in advance in order to act appropriately.

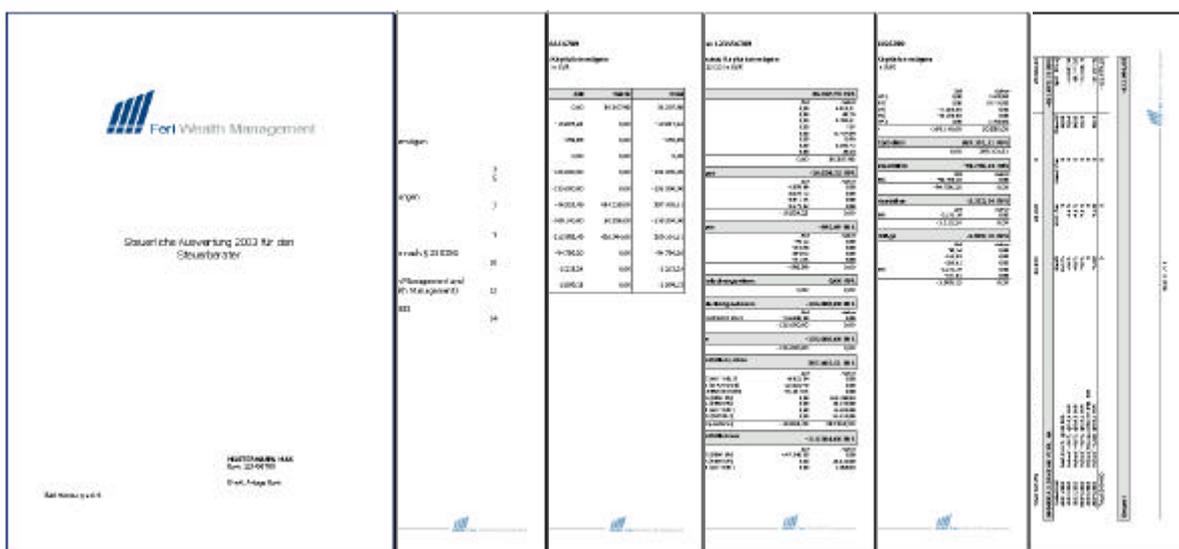
Accounting



You can define accounting ledgers containing rubrics that are related to either a criteria (like transaction type, currency, asset's country, tax field etc.), or to a calculation function (returning domicile-specific taxes, like the 'Speculative Tax' in Germany).

When running the ledger on a portfolio / client for a given period, the system will store the corresponding transactions' amounts or the value returned by the calculation functions.

- This allows an efficient retrieval of all the data needed to generate a 'Taxable Values' report.
- You can also use it for statistical purposes, like calculating the brokerage fees for a given period on a specific portfolio.



(sample German accounting report generated by Liberty into one single Word document)

A nalysis Tools



Product Control

Portf	Type	Directive	Goal	Min	Max	Tested	Current	Diff	Errors
RICHIE	P	Total Portfolio Percentage B0 S	40	30,00	50,00	X	36,32	-3,68	-
RICHIE	P	Total Portfolio Percentage EQU	20	25,00	35,00	X	54,07	24,07	X

Process Messages

Calculation in EUR
 Unrealized Profit/Loss at end : -6572,46
 Realized Profit/Loss during period : 2525,9
 Misc. Income / Fees : -1200,
 Gross income : 0,
 (I) Intermediary Profits : 0,
 (I) Capitalized Div. : 0,
 (I) Total unrecoversible fees : 0,
 Accrued Interest at 09.09.2004 : 5826,01
 USD :
 (I) Unrealized Profit/Loss at begin : 0,
 (I) Accrued Interest at 31.12.2003 : 5437,19
 Management fees : 0,
 Result : -5157,73

Performance

Success: -5157,73 TWR: -0,80% TWR: 0,75%
 Cap. +/-: 47920,00 MWR: -0,80% MWR: 0,75%

Fund Splitting

% Port	Goal %	+/- Qtr	Value	% Port	Dif %	PCT. PORT	PCT. D
496,67	2,06			14960,00	4,22	0,00	
0,00	-0,17				-0,17	0,00	
411,54	1,27				1,27	0,00	
851,9	0,96		22953,19	0,	14960,00	3,11	0,00
						41,61	1,61
						13,13	0,00
						15,98	0,00
						12,52	0,00
						14960,00	54,17
						6,67	0,00
						0,00	0,00
						7,08	0,00
						8,65	0,00
						2,54	0,00
						5,52	0,00
						1,42	0,00
						0,37	0,00
						2,94	0,00

Fund Evaluation

RICHIE with splitting

- CURRENT ACCOUNT 2, L
- MONEY MARKET 4,2
- FIXED INCOME 36,3
- EQUITIES 56,2
- REAL ESTATE 1,2
- CASH ON FUNDS 0,1

Liberty is a real-time system: every database update is directly available to all users. The evaluations reflect immediately the input of any new order / transaction or quote update.

Two kind of evaluation screens are available: the first one allows a detailed performance analysis of the portfolio and its positions, while the second shows a global overview with or without orders.

- The performance returns (TWR / MWR) fulfill the SPPS and AIMR norms.
- If available, the system displays the fund's underlying assets and / or adapts the allocation percentages (Fund Splitting).
- Many options are available for the evaluation calculation: evaluation currency, with/without orders, with/without amortization etc. You can group the positions on every criteria that has been related to the assets' descriptions.
- Those screens have direct access to the reports that were sent to clients, as well as to all transactions / orders listings.
- The graphical comparison of the portfolio's performance against the benchmarks can be displayed; an Excel export allows you to make eventual additional analysis.
- A detailed explanation including all intermediary results is available for each calculation.

Starting from the evaluation screen, you can also go to:

- A graphical or matrix-type representation of allocations percentages.
- The product and constraint check screen.
- The taxes analysis which displays its results depending on the portfolio's / client's domicile.

Search Tools



Position Search

Portfolio Selection:
 All portfolios
 Criteria
 Group: **Infut (Everyone - Admin)**

Asset selection:
 Asset
 Criteria
 All Assets
 Current Account
 Deposits with maturity >
 Forwards with maturity >
 Query: **Q1 - EQU / JPY+USD <15%**
 With Fundsplitting

At: 15.09.2004
 Quantity: 0

Result

Portf.	Type	Directive	Goal	Min	Max	Tested	Current	Diff.	Erroneous
num 1402	Q	Total Portfolio Percentage EQU / JPY+USD	15	0,00	15,00	X	12,90	-2,20	-
num 1403	D	Total Portfolio Percentage EQU / JPY+USD	15	0,00	15,00	X	15,13	0,13	X
TESTPort	Q	Total Portfolio Percentage EQU / JPY+USD	15	0,00	15,00	X	0,00	-15,00	-

Result

Portfolio	name	Asset	Qty	Qty	Quote	Value EUR	Allocation
num 538	name 538	EUR	-6940,37	EUR	1,-	-6940,37	0,11
TESTDEP	Deposit Test	EUR	-1877772,7	EUR	1,-	-1877772,70	30,77
num 1011	name 1011	EUR	20	EUR	1,-	20,00	0,00
TRFX	Test Trx	EUR	-118970,81	EUR	1,-	-118970,81	1,97
testnew	testnew	EUR	-47577,89	EUR	1,-	-47577,89	0,79
num 1260	name 1260	JPY	-57300280,53	JPY	1,-	-448288,59	7,35
num 1402	name 1402	USD	585,54	USD	1,-	488,80	0,01
num 1402	name 1402	EUR-Span	4535,01	EUR	1,-	4535,01	0,07
num 1402	name 1402	EUR-Kasse	-141381,14	EUR	1,-	-141381,14	2,32

Portfolio: TESTDEP @ 15.09.2004
 Account: EUR Value: EUR -1877772,70
 Stk. Exch.: Acc. Int.: 0,00
 Maturity: Exch. Rate: 1,-

You can execute a simple position search on:

- a single criterion: for example to detect all cash accounts < 0.
- a combination of many criteria: to return all portfolios having more than 15% in Equity with risk currency USD+JPY.

Cash-flow Analysis

Selection:
 Portfolio: **RICHIE**
 Account: **CHF 210-0345 - CHF - ???**
 From (>): 31.12.2002 Until (<=):

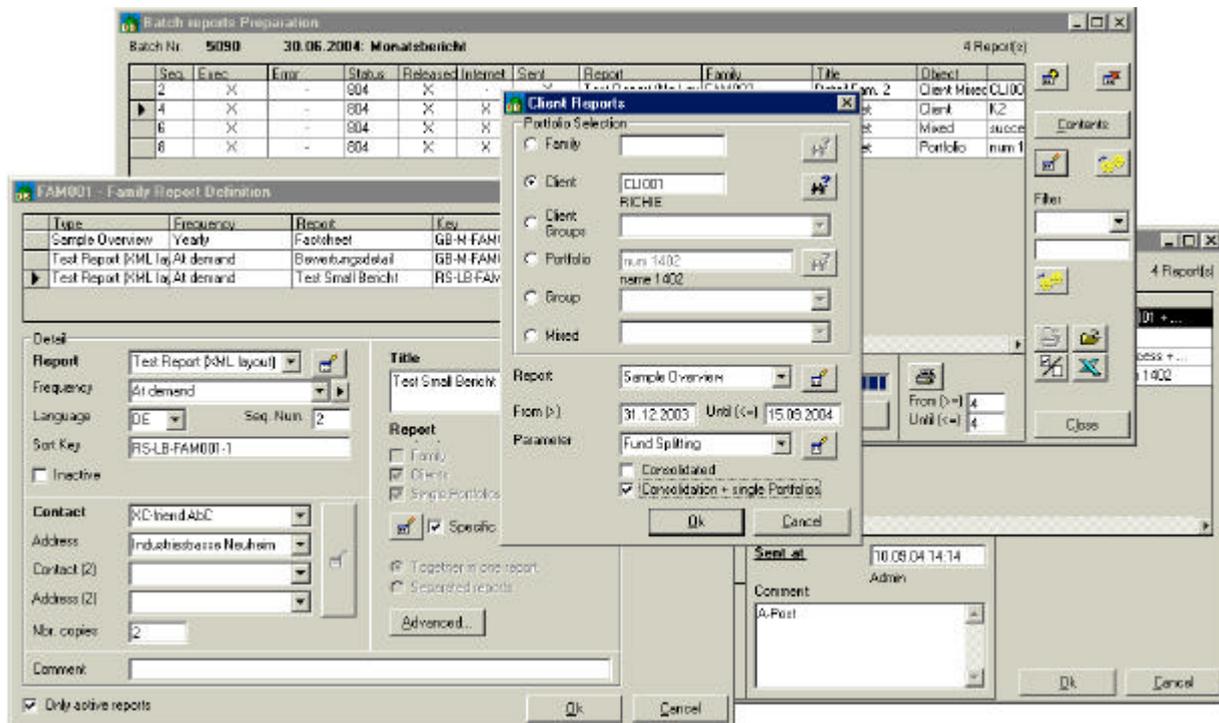
Without orders
 Inclusive sent orders
 With all orders
 Include Accounts / Assets Events

Date	Maturity	Amount	Cov	Cumulated	Status	Tra	Asset	Descr.
31.12.2002				200000,00				Balance Incl. orders
15.01.2003		-97110,00 CHF		102880,00	Booked	Buy	974672	ACTIV LUX AKT SCHW
15.01.2003		-23400,00 CHF		29480,00	Booked	Buy	579819	ZUERICH FIN SER SF10
15.01.2003		-54367,50 CHF		25122,50	Booked	Buy	863037	UNAWIS HOLDING AG
15.01.2003		-14585,00 CHF		10197,50	Booked	Buy	887208	NESTLE
06.09.2004	30.09.2004	22562,19 CHF		37060,69		Sell	695200	TUI AG AKTIEN

Orders: Management Transactions: All new orders

The cash flow analysis screen displays every amount impacting a cash account during a given period (with or without orders). A direct access to the order management is also available.

Reports



More than 30 reports developed with Active Reports® or Microsoft Word® are provided and can be freely modified. They can be exported in PDF, HTML, Word, Excel and many other formats. This module has been designed to be able to generate reports meeting exactly your needs, without any additional development: you first define the data that must be calculated by Liberty, and then create a template (for example an MS Word .dot file) telling how the data must be formatted. A complete documentation will help you in your definition.

- You can group many portfolios into one single document: for example a client's global overview followed by its related portfolios.
- A report can include up to 30 sub-reports, with a table of contents and separation pages. Inside a report, the 'portrait' and 'landscape' modus are correctly managed.
- To keep the response time as short as possible, every report is generated on the server machine, and only the resulting document is sent back to the user. Moreover, each demand is written into a protocol, and the document can be recalled without needing to recreate it.
- A 'Batch Reporting' module allows the definition of reports that must be generated in an automatic way. Many parameters are available to define exactly the result that you want: frequency, language, number of copies, titles etc.
- 500 complex reports of more than 15 pages are produced in +/- 3 hours using a standard PC as server machine.
- You can develop your own report generator function that uses the Liberty's pre-calculated data, and integrate it in a transparent way into the application.
- When specified, the report's data is saved in the database and can then easily be used for generating on-demand reports in external tools. An optional module allows the generation of dynamic reports on the Internet.

I nterface

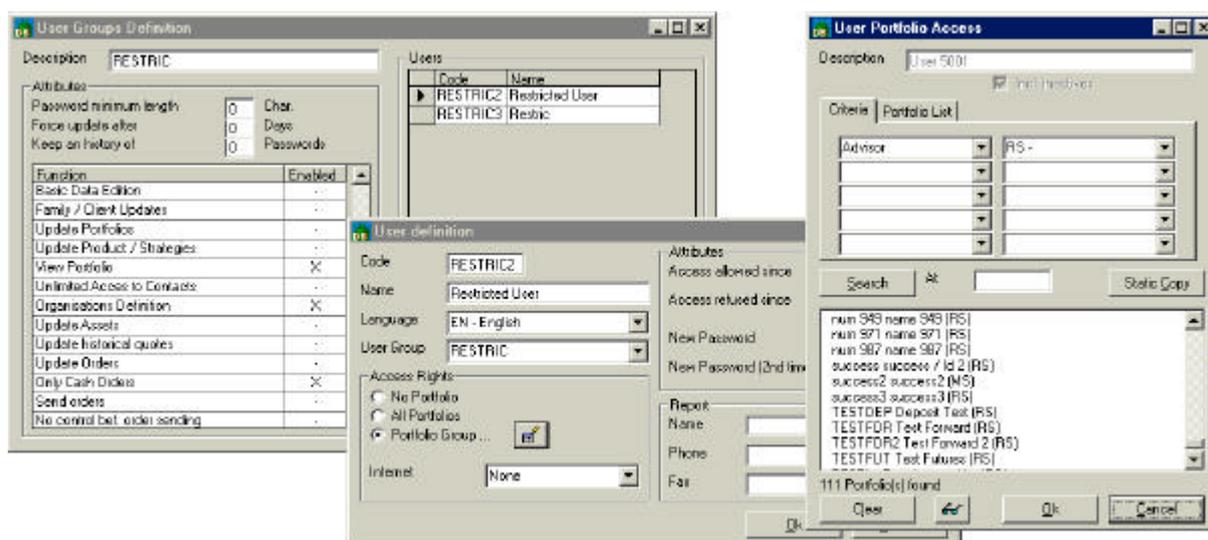


All data which can be manually introduced can also be read from a text (XML) file. The import interface system has been designed to ease the control and correction of execution errors.

- The SWIFT® formats are automatically recognized and converted.
- The execution control is made interactively: a screen shows the error's exact position and its exact cause.
- The interface process can start automatically, for example when a new SWIFT file is available.
- All important data is associated to a key allowing to make a link to an external data source (for example contact addresses stored in Outlook)

You can also export a whole portfolio and all its related data (transactions, orders, owned assets and their quotes etc.); the critical data is automatically put in an anonymous format. This allows you to 'copy' some portfolios onto a notebook or send it via Email.

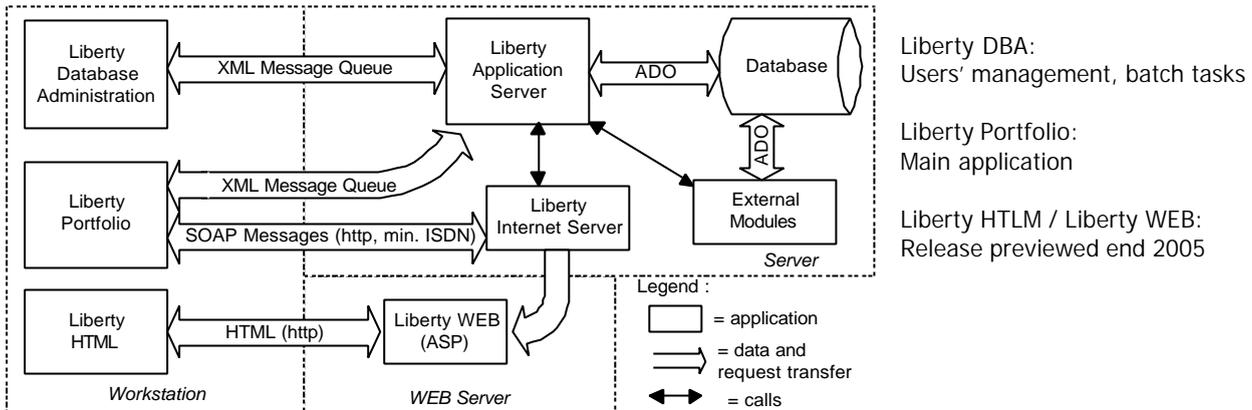
Security



The users are joined into groups where the allowable functions are assigned. The portfolios access rights are defined separately for every user: they can either be fix (a specific portfolios list) or dynamic (all portfolios related to a specific adviser).

- Every evaluation or report request is written into a protocol, viewable at any time by the database administrator.
- Every data update is stored in a database-independent audit-trail that allows the recovery in case of erroneous deletion.
- Every error is recorded: not only the data errors (an exchange rate that does not exists), but also the program errors (like an unexpected division by zero)

Technical Aspects



Liberty is made of a client application, an application server and the database system itself ('three-tier' application). The client application sends requests to the application server which first validates the request, then processes it and finally sends the response. This improves the system speed since it does no more depend on the network but on the server machine. Moreover, it offers a maximal security level, because the client application is not directly connected to the database. This configuration is also needed to be able to develop Internet applications.

- The application is database independent: currently SQL-Server, Oracle and even Access are supported.
- The messages through the client application and the application server can be sent in two ways: via a proprietary message queue or via the Internet standard S.O.A.P., which allows the program execution even on a simple ISDN line.
- Every complex, resource-taking function is executed in a separate thread (module) on the server (like the evaluations and reports); even if this thread crashes, the entire application keeps running.
- If needed, many application servers can run in parallel mode.

Hardware / Software:

- A simple PC can be used as server. Except eventually for the database system you choose, there are no royalties.
- The application has been developed in Visual Basic, .dot Net and ASP; it runs therefore only on Windows platforms. If an ADO interface is available, the Database engine itself may run on another operating system.

Version Management:

- A complete version management is included; the upgrades can be made by yourself.
- The distribution of a client application's new version is completely automatic.

Customization:

- Liberty is an open system: a DLL allows you to write your own functions yourself. This is possible as well for client functions (like calling an evaluation directly in an Excel Sheet), as for server functions (like calculating reclaimable fees by analyzing directly the transactions).
- You can define a list of tasks that must be automatically started at a specific time, directly into the system. Usual tasks are reports generation and mailing, interface execution and calculation functions.

Future



With the application having been carefully analyzed and developed, new functions can be easily added. Here is a brief overview on the future:

2005

- Real Estates management
- Attribution Analysis module
- Automatic 'rebalancing' based on model portfolios (currently, you can only check if a portfolio matches its model portfolio)
- Interactive Intranet application
- Direct Interface to Bloomberg / Reuters
- Balance Analysis (Accounting)

To keep the system up-to-date with the current technologies, we also plan to rewrite the whole application with .dot Net. Because of Liberty's modularity, this can be made in steps.

Policy



Our main goal is to simplify and improve the daily processes of companies having to manage many portfolios. To realize it, we have put a lot of effort into carefully designed developments instead of an aggressive commercial approach. This enabled us to develop a standard application built on a steady base, although allowing a great individualization in some parts –the reports being the best example-.

Like our development policy, we also want coherence and transparency in our pricing:

- Since we want to ease the work of as many people as possible, the number of installed workstations is not limited.
- Every contract includes 1 day per month on-site support, in order to help you or simply to give you the opportunity to tell us your ideas about the future software improvements.

We also want to make an offer matching exactly your needs: you could for ex. use the application in a leasing-form. We would be very pleased to make a short analysis of your organization and requirements.

Thanks for your interest,

LibraSoft GmbH