

Introducing a bond accounting service freed from constraints — Bond Trust™.

At Performance Trust, we seek to equip our customers with tools and resources for potential outperformance. In our commitment to provide portfolio managers with superior fixed-income portfolio analytics, we created Bond Trust™—a highly accurate yet flexible accounting system powered by TPG, a leading provider of fixed-income accounting software. By licensing the software and processing the accounting ourselves, our developers have direct access to the data and the underlying software, allowing them to either link existing systems or build new analytical tools to assess portfolio risk and performance. It also gives you the ability to execute economic strategies that may be misrepresented by current systems. We want to provide the best, most cost-effective tools we can to address your needs.

You want accounting accuracy and flexibility. Under the traditional outsourced investment accounting model, you are limited in your accounting assumptions, methodologies, pricing sources, and cash flow options. However, with Bond Trust™, you can provide your own accounting estimates, choose your

own accounting methodology, select your own market pricing source, and calculate yields using real cash flows of the underlying tranche.

You want fewer roadblocks.

Bond Trust™ is staffed and managed by fixed-income specialists who understand the economics and accounting for both simple and complex sectors. The added expertise and flexibility will open up your investment options by limiting the accounting roadblocks.

You want innovative analytical tools to assess portfolio risk and performance.

Using Bond Trust™, we can build models around the system such as the Municipal Surveillance Report (MSR), create longer term performance reports, and develop other applications for dynamic Look-Forward® analysis.

You want access to your data and more processing options. Portfolio holdings are available online anytime to facilitate pledging, safekeeping, and portfolio management. Also, portfolio data can easily be exported into other models. By processing in-house, we will be able to turn around month-end deliveries more



efficiently and allow for special processing requests when needed.

You want support. New technology can be frustrating; to make the transition as smooth as possible, we will provide you with a dedicated analyst to assist with questions regarding your portfolio.

Contact your representative to learn more about how Bond Trust™ can help you.



Your bond accounting service shouldn't be a roadblock to performance.

Most bond accounting service providers today use robust systems to deliver bond accounting and analytical reports to their users. However, to deliver the service cost-effectively, many providers choose to limit the options available within their systems and/or take other shortcuts with the necessary data inputs. These practices could lead to inaccurate accounting and create accounting constraints that lead to roadblocks when trying to manage a portfolio for economic returns.

The following are examples of bond accounting constraints or roadblocks you may encounter when using these systems:

Restricted Accounting Assumptions

Prepayment assumptions on asset-backed securities are not forward-looking and are limited to a specific historical prepayment speed.

Limited Accounting Methodologies

The accounting yield methodologies may be limited to two choices, which may not be appropriate for a specific sector or even GAAP.

Inadequate Market Pricing

The market pricing source may not be a recognized provider accepted by accountants and regulators or may not cover certain sectors.

Approximated Cash Flows

Accounting yields and analytical reporting are not calculated from the actual cash flows of a mortgage-backed security (MBS), and instead, are approximated using limited analytical data such as average life and principal windows.

Lack of Data and Processing Flexibility

Processing schedules can be limited and predetermined dates at month-end leave no room for flexibility.

Exporting data into other analytical systems can be difficult, if this service is available at all.

No or Limited Performance Reporting

Historical data is not maintained long enough to produce worthwhile realized yield or total return calculations.

Inexperienced Support Staff

The support staff is not always experienced enough to find the right accounting options for new or different sectors.

