Volume 2 Issue 1 January 2004

IFDS Update

News on upcoming changes to our iFAST™ products and services

Over $7 million invested in 2003

by John Vaughn, President & CEO - International Financial Data Services (IFDS)

As we prepare for the new year, we will look to build a lot of initiatives on foundations put in place in 2003. Last year, our major product initiatives centred around building a suite of self-service products. We launched iFAST/Investor and Advisor in Europe and Canada. We continued to expand our set of programmable interfaces (APIs) to give our clients access to their iFAST data using their own applications. In Canada, we began offering electronic document delivery in the first quarter. As we closed out the year, we completed development on iFAST/Voice.

To enhance communication with our clients, we launched iFAST.ca in July. The customer portal allows for instant access to documentation, system updates and the current status of reported issues.

Our investment was not limited to products. We also invested heavily in our data centres in Toronto and Luxembourg. In addition to new storage infrastructure, we added a new UAT box, backup tape library and scheduler technology. In total, we reinvested over $2.5 million into our products and services. This was complemented by an investment of over $5 million by our client partners.

The docket for 2004 is equally aggressive. Enhancements to support the Canadian Fund*SERV* Helpfile 15 are underway. On the International front, we are making significant investments in NSCC functionality to support the U.S. Fund/SERV, ACATs, networking and related functionality. Other initiatives in 2004 include continued enhancement of our self-service suite and

the iFAST/Desktop user interface. New development projects include a Universal Dealer Database and an ETL (Extraction Transformation Loading) tool.

In closing, I would like to wish you all a happy New Year and thank you for your continued support and confidence. ¤

Many new innovative changes introduced in iFAST™ Release 55

Enhancements introduced in Release 55 feature new and improved reports, additional transaction processing options, messaging capabilities, operational efficiencies and OPC (Output Products and Controls) development. User acceptance testing (UAT) begins February 18. Release 55 then moves to production on March 22.

Improvements to Transaction Processing

With the **perpetual DSC redemption fee update**[38], iFAST administers a maximum lifetime fee based on total current market values stored at the account/fund/class level. Perpetual DSC units never mature, as a fee may always be applicable.

A new **percent free calculation**[34] option allows consolidation of all available free units across partnerships allowing distribution units to be assigned to a second partnership. Total available percent free, free distributions and matured units at the fund/class level are now available in the iFAST™/Desktop Free Unit window.

You can now systematically post **recurring payments to group accounts**[20] multiple times on the same trade date. This helps automate payment information for employee and employer contributions when numerous cheques are received for the same trade date. A warning message displays for subsequent group transactions to alert users of the existing group transaction.

You are now able to distinguish between trade date and settlement date

...continued inside

First Linked Note fund successfully launched

In November 2003, IFDS launched its first Linked Note product. IFDS worked closely with its new client to define the requirements for administering their Linked Note product. Existing system functionality and operational administration support areas were leveraged to launch the product in a very short time.

The Linked Note product differs from a mutual fund in that there is a limited offer period where trades can be placed directly or through Fund*SERV*. For the recent launch, the month long offer period of the note was completed by mid-December. This was then followed up with an issue date for each account. Commissions were then paid out to brokers through Fund*SERV*. With the success of its first launch, the client has indicated that they are looking at setting up additional Linked Note products with IFDS in 2004. ¤

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IFDS Update

Profile

IFDS Update is produced and published four times a year by International Financial Data Services. It is intended to deliver news about changes to our products or within our organization. We consistently try to improve the quality of our communications and welcome any and all feedback or suggestions you may have.

President & CEO: John Vaughn
Managing Editor: Russ Hippe
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...enhancements (continued from front)

with the **assignment for partnerships units**[33]. The additional trade date designation allows units to be linked to a previous partnership when partnership periods crossover.

Changes to our Segregated Funds product allow you to **cancel deposit maturity**[12] and applicable top-up transactions after they have been processed to make it easier to adjust transactions in iFAST.

You now have the added flexibility of paying your sales representatives their accrued **management fees on a monthly basis**[24] on shareholder accounts that are only charged quarterly. By paying out these fees more frequently, you will improve the attractiveness of these types of investment products.

Enhancements made to iFAST now allow you to specify the equalization factor for **calculating income equalization**[11] amounts. The income equalization amount is used to prevent the dilution of shareholder's earnings caused by transactions that occur between distribution payment periods. The equalization factor and amounts appear on the contract note and confirmation files required for tax reporting purposes.

To assist with the **preparation of trailer fee letters**[44], a new sort creates separate English and French letter files. Within each file, the letters are further organized according to the number of pages in each letter.

The **Capital Gain/Loss based on FIFO Report**[19] lists redemption gains and losses where units are sold in the same order as purchased (First In/First Out). This new report provides support for U.S. shareholder taxes.

Operational efficiencies

The Salesman Information screen has been enhanced to speed up data entry and reduce errors when entering information for new sales reps. Now both the branch phone and fax numbers are carried over from the Branch Information screen to the **Salesman Information screen**[23]. Broker Information and Branch Information screens are now easier to access directly from the Salesman Information Functions/Options screen.

We have improved the efficiency of the Outstanding Trade Reports by enhancing the process iFAST uses to **identify and exclude cancelled and unsettled transactions**[8].

File Interfaces

The **Merrill Lynch Trade File**[26] allows iFAST to automate pension fund cash transaction processing received from Merrill Lynch's (ML) Merrill Lynch Mercury Asset Management (MLMAM) Cash Management system.

Over-65 account information, holding, transaction and prices fields have been added to the **iFAST Marketing Files**[25].

The **Citibank Payment File**[10] gives iFAST the ability to support automated redemption and distribution payments by cheque using Citibank as a paying agent.

With the **All Funds Bank Interface**[4], iFAST exchanges order, confirm, holdings and price files with All Funds Bank (AFB) who acts as a mutual funds distributor for the Spanish marketplace.

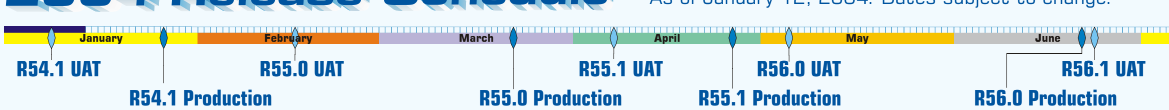
Output Products and Controls (OPC)

Statement files in OPC have been modified to accept changes to the **personal rate of return calculation**[35] and report **death benefit guarantee**[50] values where applicable.

Contract notes and confirmation files will now **report payment details**[31] for redemptions, cash dividends, commissions and trailer fees. The exact details reported will depend upon the payment method and will include information such as banking instructions for wire orders and cheque details for payments made by cheque.

2004 Release Schedule

As of January 12, 2004. Dates subject to change.



Fund*SERV* Interface

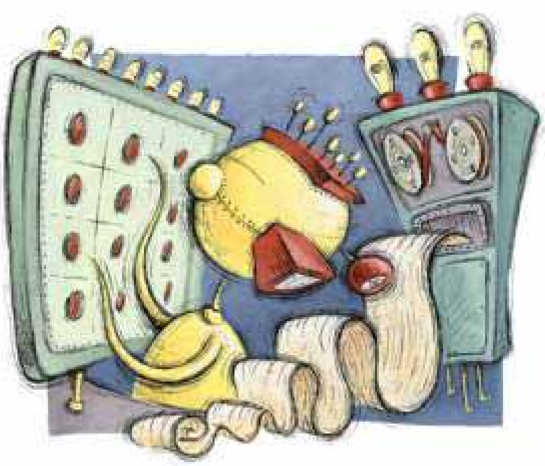
To improve automated data received for U.S. accounts, we introduced a new **validation of U.S. zip codes**[47] for new accounts set up through Fund*SERV*. The new edit requires accounts with a U.S. country code to use either five or nine digits in the postal field.

Messaging validation was enhanced in iFAST to allow **updates to an account address**[3] after the account has been terminated. Updates can now be accepted until March 31st of the next calendar year after the account was terminated to allow for accurate tax slip mailing.

Reports

The **Unrealized Capital Gain/Loss Report**[46] helps you determine the impact of a fund closure or merger by listing account tax type, unrealized gains and losses and identifying taxable events that could be triggered.

The **Estimated Cash Flow Report**[15] tracks pre-cycle cash flow for non-same day valued funds, fixed price funds, interest accrual funds and non-fixed price funds.



The **Trade Count Report**[42] details the various trades entered by the listed User ID within a particular batch of trades. The **Batch Error Log Report**[5] details batch error information.

The **Negative Commission Report**[30] provides an easier method to track brokers with a negative commission position. The **Trailer Fee by Salesman Report**[43] displays accrued Trailer Fees for each sales rep. The **Hypothetical Redemption by Broker Report**[22] provides sales reps with the hypothetical DSC fee that would be charged if all clients fully redeemed their holdings. The percent free units, free distributions, and matured units are also listed.

The **DSC Breakdown by Units by Account Report**[14] lists account deferred sales charge fees and rates. The **Account Breakdown by Fund by Tax Type Report**[2] sums the dollar assets and number of accounts under each type of registered plan for each fund. The **Fund Listing Report**[17] displays stored account balances.

The **Minimum Balance**[27] and **Small Balance Reports**[41] provide information on active accounts that do not fulfil minimum account balance and fund threshold levels. Several reports were merged into the **Missing Information**[28] and **Registration Incomplete Reports**[39] allowing a comprehensive review of incomplete account registrations. The **ACB Reconciliation Report**[1] provides a tool to analyze activity such as ACB balances, market value changes, distribution allocations and capital gains/losses.

The **QSSP Cost Report**[37] shows information required to track Quebec Stock Savings Plan (QSSP) contributions. The **Year-End Excess Foreign Content Report**[49] lists accounts that have exceeded the allowable foreign content. This assists you with foreign content excess invoicing and completion of the T3 IND forms. The **Withholding Tax Report**[48] shows the withholding tax information for both registered and non-registered accounts. The **Holdings by Province/Country Report**[21] lists the number of accounts broken down by province and country. The **Policy Details by Fund/Class Report**[36] provides contributions and disbursements information by province of residence, fund, class, tax type, and distribution source.

To accelerate the **Dilution Report**[13] generation, new logic ignores notional distribution records. A new ASCII file is produced from the **Fund Reconciliation Summary**[18] as part of the cycle process. The **Outstanding Cheque Age**[32], **Transaction History**[45], **Cheque Support Listing**[9], **Fund Activity Total**[16] and **Broker Transaction Log Changes Reports**[7] were modified to be more user-friendly. The new report driver simplifies the generation of the **Broker Transaction Detail Report**[6] by consolidating report parameters.

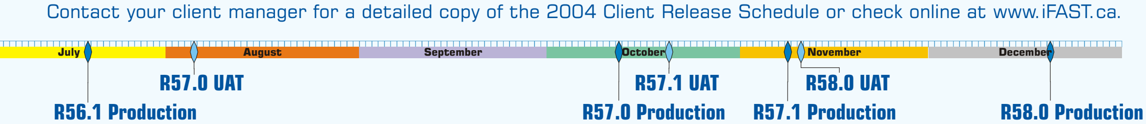
For more information check iFAST.ca for Release Notes, published in draft on January 19, 2004 and in final version on February 16, 2004. Your client manager will be able to answer your questions and discuss how you can get these enhancements enabled in your iFAST environment. ¤

Enhancements for R55

1 ACB Reconciliation Report
2 Account Breakdown by Fund/Tax Type Report
3 Address Updates on Terminated Accounts
4 All Funds Bank Interface
5 Batch Error Log
6 Broker Transaction Detail Report
7 Broker Transaction Log Changes
8 Cancelled and Unsettled Transactions
9 Cheque Report
10 Citibank Payment File
11 Daily Equalization
12 Deposit Maturity Cancellation
13 Dilution Report
14 DSC Breakdown by Units/Account Report
15 Estimated Cash Flow Report
16 Fund Activity Report
17 Fund Listing Report
18 Fund Reconciliation Summary ASCII File
19 Gain/Loss Based on FIFO
20 Group Multiple Posting Recurring Payment
21 Holdings by Province/Country Report
22 Hypocalc DSC Fee by Broker Report
23 Changes to Salesman Information Screen
24 Management Fee Payment Frequency
25 Marketing Files
26 Merrill Lynch Trade File
27 Minimum Balance Report
28 Missing Information Report
29 Multiple Distribution Fee Rate
30 Negative Commission Report
31 OPC Payment Details
32 Outstanding Cheque Age Report
33 Partnership Assignment of Units
34 Percent Free Calculation Options
35 Personal Rate of Return - Management Fee
36 Policy Details by Fund/Class Report
37 QSSP Cost Report
38 Redemption Fees on Perpetual DSC Funds
39 Registration Incomplete Report
40 Securities Reconciliation
41 Small Balance Report
42 Trade Count Report
43 Trailer Fee by Salesman Report
44 Trailer Letter
45 Transaction History Report
46 Unrealized Gain/Loss Report
47 Validation of U.S. Zip Codes
48 Withholding Tax Report
49 Year End Excess Foreign Content Report
50 Death Benefit Guarantee Values in OPC

Please note that in many cases only new enhancements that you have specifically requested will be enabled in your environment. Please call your client manager for more information. ¤

Contact your client manager for a detailed copy of the 2004 Client Release Schedule or check online at www.iFAST.ca.



New technology preview: iFAST™ security identification

In 2004, we are introducing new security identifiers for users of the iFAST Surround Products including iFAST/Advisor, iFAST/Voice and iFAST/Investor. The unique security code will be automatically generated and sent to your advisors and staff as part of the iFAST dealer setup process. With this security code your users will be able to self-register to create user identification numbers and personal identification numbers (PINs).

We are also developing a second security identifier for your advisors and their clients. With this new feature, iFAST Surround Product users will choose to be prompted with their date of birth or the date of birth of their spouse, mother, father or other. Once their choice is selected and the date is entered, all of their iFAST Surround Product accounts will use that date selection to prompt them to verify their identity to register for a new user identification number and PIN. ¤

IFDS Update
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intuitive - helps your clients get information quickly with an easy to use menu system.
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impregnable - prevents unauthorized access to information using password protection.

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