
PropGen

**IT's Asset Allocation Proposal Generator
for Financial Institutions and Their Advisors**

from Investment Technologies

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PropGen Overview

Developing asset allocation proposals for high-net worth clients just got easier for wealth management professionals.

PropGen, Investment Technologies' asset allocation proposal generator, helps you and your advisors deliver advice to wealth-management clients efficiently and effectively. Proposals are custom-tailored using your investment products and generated using the latest in computer technology and portfolio and behavioral theories, including risk tolerance assessment, portfolio optimization, and Monte Carlo simulation.

Improve your advisors' competitive advantage with PropGen's tailored investment solutions in an easy-to-understand proposal. Preparing asset allocation proposals is streamlined so advisors can devote more time to developing new relationships and servicing existing ones. And you keep control over global inputs, like asset assumptions, weighting constraints, and portfolio selection rules, to insure suitability and consistency in advisor recommendations.

PropGen's modular, scalable design means you avoid costly systems development and integration. We'll deliver PropGen to suit your company's requirements, as a stand-alone application or integrated with your company's CRM and client-servicing databases.

What PropGen Can Do For You

Leverage your investment products and sales force.

Advisors like PropGen because they can quickly and easily generate custom asset allocation proposals for any client situation—from model portfolios for mass affluent investors to custom portfolios for high net worth clients.

Your investment sales process is streamlined so your advisors spend more time cultivating client relationships and gathering assets and less time manually preparing customized proposals. PropGen provides the advisor with the opportunity to reinforce the advisor-investor relationship through information gathering, risk assessment, and presentation of a personalized investment solution.

The process is streamlined: Client information is easily entered online and a proposal requested with just a mouse-click. And because the proposal recommendations are based on Nobel-prize winning portfolio optimization and simulation techniques, your Advisors will have confidence in presenting the report to their clients and prospects.

Provide your clients with personalized investment solutions.

Your clients deserve personalized solutions for investing their assets. With PropGen, your financial professionals can match investment opportunities with investor needs, quickly and effectively.

In conjunction with your investment process, PropGen provides solutions that scale with assets under management for all client types and portfolio sizes, creating personalized portfolio recommendations using available assets such as individual securities, ETFs, mutual funds, hedge funds, separate and wrap accounts. Outside assets can be incorporated in the analysis, providing cross-selling opportunities.

Each recommendation is custom-tailored, taking into account the investor's risk tolerance and investment horizon, cash inflows and outflows, and simulated wealth values for the investor's current portfolio mix and recommended allocations. For the investor, the proposal is an easy-to-understand report that addresses his needs and preferences and provides a formal plan of action for meeting his goals.

You control the investment process.

With PropGen, you define the way advisors deliver investment recommendations and sell your investment products. Global variables, including assets or products to be included in the optimization, forecasts, and rules for selecting recommended portfolios, are maintained centrally in the Administrator's Console. You can use your own assumptions for return, risk, and correlations or use inputs provided by Investment Technologies.

And because the proposal is generated from the Analyst's Console and delivered to the Advisor electronically or in print, the Advisor is not involved in report design or production.

Customized to fit your company's unique needs.

Its modular architecture gives you the flexibility to deploy PropGen as an independent, standalone system or integrate it into existing client-relationship management and reporting capabilities.

In addition, PropGen's proposal report can be customized, in content and format, to incorporate your firm's investment products, brand, and requisite disclosure clauses and appendices. Investment Technologies will work with you to design and implement your report requirements.

For a description of PropGen's technical specifications, please refer to [Technical Information](#).

IT Technology provides power under the hood.

PropGen is powered by the latest in risk assessment, portfolio optimization, and simulation technologies:

- **The Risk Advisor**, a state-of-the-art risk assessment questionnaire that scores the investor's risk tolerance to identify a suitable portfolio.
- **ITOptimizer**, a mean-variance optimizer that accommodates an unlimited number of assets and/or investment products and produces up to 100 efficient portfolios.
- **The Monte Carlo Simulation Engine**, a simulator that projects future wealth values—including cash flows—for the selected portfolios and the investor's current portfolio.

How does PropGen work?

PropGen operates from three inter-related consoles designed to streamline delivery of an asset allocation proposal and free up the Advisor from time-consuming and repetitive tasks. Each console can be delivered off-the-shelf or customized to suit your firm's requirements. Customization examples include combining console functionality, report content and format, and delivery mechanisms.

1. The **Administrator's Console** is central control for optimization inputs, including asset classes or investment products, asset assumptions, weighting constraints, and portfolio selection criteria.
2. The **Advisor's Console**, on the advisor's desktop, is the point of entry for client information, such as assets to be considered, time horizon, cash flows, and risk tolerance assessment.
3. The **Analyst's Console** uses information from both the Administrator's and Advisor's Consoles to generate the proposal and send it—electronically or printed—to the Advisor.

Here's how the three consoles work together:

1. The Administrator's Console is initialized with a list of assets or investment products to be included in the optimization. Forecasts for asset returns, risk, and correlations are entered manually or easily imported from a pre-formatted Excel spreadsheet. Constraints on asset holdings—minimum and/or maximum allowable weightings—are entered as well. Finally, portfolio selection rules, the criteria for identifying recommended portfolios, are set.
2. At his or her workstation, the Advisor enters basic information in the Client Profile module in the Advisor's Console. Together, the Advisor and client walk through the Risk Advisor module, a brief online questionnaire that calculates the client's risk score. When complete, the Advisor electronically submits the request for a proposal.
3. The request is received electronically, and with just a few mouse clicks, the Analyst generates the proposal. The proposal can be sent electronically to the Advisor as an Adobe Acrobat file or distributed in print form.

Each Asset Allocation Proposal can be customized to include a choice of portfolio statistics for up to three time periods within the holding period for the recommended portfolios (Conservative, Target, and Aggressive Portfolios) as well as the investor's current portfolio.

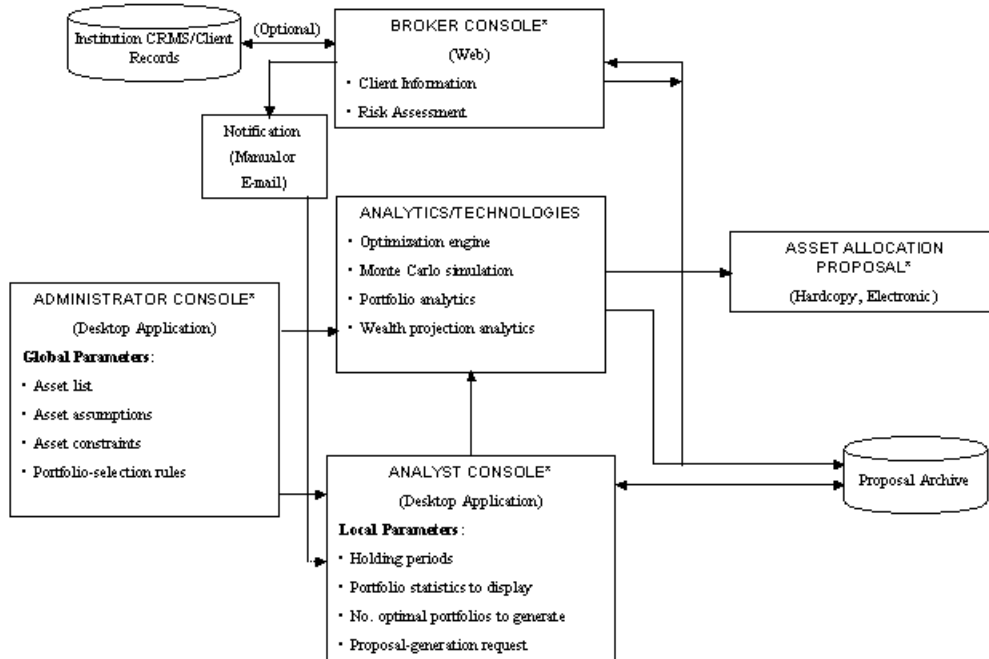
Technical Information

PropGen consists of three “consoles” that reside at the firm’s site, assuring that your firm has complete control and security.

1. **The Advisor Console** is web-based. Its function is for the broker/advisor to enter client-specific information and to launch the risk-assessment questionnaire. While the default configuration requires all information to be manually entered, this module optionally can be integrated with your institution’s customer relation management (CRM) system or other client-record data sources. The Advisor Console is implemented using Microsoft IIS/ASP (requiring NT 4 Server or Windows 2000 Server) and employs Microsoft SQL Server as its data store and ADO as its data access technology. The generated HTML pages are targeted to Internet Explorer 4.0 or later and contain some JavaScript. This console requires the client browser to have Cookies and JavaScript enabled.
2. **The Administrator’s Console** is a VB6 desktop application. Its function is to provide global inputs to the Analytics, which is done by accessing the SQL Server data store via ADO. These inputs include asset names, asset assumptions, weighting constraints, holding periods for display, and portfolio selection rules.
3. **The Analyst’s Console** is a VB6 desktop application. Its primary function is to generate the Asset Allocation Proposal. It also provides the user with access to certain local variables that determine the content of the Proposal. This console accesses Investment Technologies' core technology components, including ITOptimizer, Monte Carlo simulation, wealth projections, and portfolio analytics. The Analyst’s Console accesses SQL Server via ADO.

INVESTMENT TECHNOLOGIES
ASSET ALLOCATION REPORT GENERATOR®
CONCEPTUAL DESIGN

*Denotes customizable element



About Investment Technologies

Since its inception in 1986, Investment Technologies (“IT”) has provided investment software solutions worldwide to brokerage and advisory firms, institutional investment managers, investment consultants, independent financial planners, 401(k), 403(b) and 457 plan service providers, Internet financial portals, and corporate retirement plan sponsors.

IT is located in New York and is independently owned by its employees.

The Risk Advisor

The Risk Advisor combines behavioral finance, psychometrics, and computer technology to deliver the most effective and accurate risk assessment and portfolio selection system available. Designed for use by investment professionals, The Risk Advisor determines an individual investor's risk tolerance and identifies an appropriate investment portfolio from an efficient frontier, family of mutual funds, or 401k investment options.

The Risk Advisor from Investment Technologies is the only commercially available risk-assessment tool built upon behavioral finance. Here are just a few of the features that make The Risk Advisor a superior alternative to other, standard risk tolerance questionnaires:

- The Risk Advisor's questionnaire incorporates *adaptive questioning*, how an investor answers one question determines the next question presented. With standard questionnaires, all investors see the same questions regardless of their responses.
- Dollar values used in the Risk Advisor's questionnaire are *scaled* to each investor's *wealth* so that questions are relevant to the individual. Standard questionnaires use canned questions with fixed dollar values.
- With The Risk Advisor, you choose whether portfolios are ranked in relation to actual standard deviation or downside risk values (*absolute mapping*) or in relation to each other (*relative mapping*). Absolute mapping, the preferred method, assures consistency of portfolio choices across different universes of investments. Standard questionnaires use only relative mapping.
- The Risk Advisor provides greater accuracy by treating risk tolerance and time horizon separately in the portfolio selection process. Standard questionnaires combine these two factors into a single score.
- The Risk Advisor's flexible design gives you the choice of desktop application or intranet/internet application.

For a look at how The Risk Advisor works as a standalone application, visit http://www.invest-tech.com/risk_advisor_launch.htm. For more information, please call us at 212/724-7535 or send an email to info@InvestmentTechnologies.com.