

You want to produce accurate K-1s, lower your administrative tax costs, and have a better fix on your P & L. The Solution: **TaxGopher™**, the powerful tax analysis engine from G2 Systems, LLC.

TaxGopher™ delivers a clear picture of the tax ramifications for all of your trading activities. Using trade data from your general ledger system, TaxGopher™ automatically identifies critical events, including Wash Sales, Straddles, Constructive Sales, Qualified Dividends, REIT Reporting, and it creates the adjustments necessary to produce an accurate K-1. TaxGopher™ sits between your portfolio management system and your partnership accounting system to guarantee that the K-1s produced by your partnership accounting system are correct.

No Surprises. TaxGopher™ reports provide you with the key data necessary to maintain an up-to-date tax profile. For example, one report helps you proactively identify wash/constructive sales, including the total amount that will be disallowed by the IRS. Another TaxGopher™ report details disallowed losses by lot and lists the necessary cost adjustments to carry forward the loss into fu-

ture periods. Those cost adjustments can be auto-fed into your general ledger system so that, once those lots are eventually liquidated, the cost basis is correct.

Compliance Made Easy. Other TaxGopher™ features allow you to group specific securities and override specific transactions when necessary. End Result: Compliance with IRS rulings and producing accurate K-1s becomes routine.

Smooth Integration. TaxGopher™ easily integrates with Geneva®, Advent's global investment management and accounting solution or VPM, SunGard's hedge fund portfolio management system. TaxGopher™ "talks" to Geneva and VPM through G2 Data Warehouse, an advanced data storage system. TaxGopher™ instantly accesses all the critical data necessary to run tax analyses on your investments so you know your tax liabilities.

Features

Wash Sales: TaxGopher™ automatically identifies wash sales and allows you to construct families of specific 'substantially identical' securities. Cost basis adjustments can be automatically fed back to your general ledger system.

Sometimes transactions need to be considered exempt from wash sales or exempt from being considered 'substantially identical' to another security. TaxGopher™ lets you easily override either the transaction or the security-grouping for wash sale calculation purposes.

Substantially Identical Securities: TaxGopher™ readily addresses 'substantially identical' securities, one of the biggest hurdles involved in computing wash sales. It lets you readily group 'substantially identical' securities. This grouping feature works for any type of security, including options, stocks, rights, warrants, convertible bonds, ADR's, and preferred shares and makes it easier to produce accurate K-1s.

REIT Reporting: TaxGopher™ computes and reports on tax adjustments related to Real Estate Investment Trusts (REIT). A sizable portion of the dividends paid by REITs are non-taxable or considered capital gains. These nuances can cause a substantial difference in current tax liability and/or tax deferral. TaxGopher™ lets you, on a case by case basis, breakdown REIT income into ordinary income, capital gains and return of capital. This breakdown can be adjusted over a period of time so that each dividend can either inherit the breakdown from the prior dividend period or override the previous settings with new ones. A quick import facility lets you grab allo-

cation data from an external data source, such as Excel. This data is then applied to the actual payments captured from your general ledger system so you can generate the correct tax adjustments for your portfolio(s) during any given period.

Straddles: When both sides of the wash sale are not equities, rule 2 of the wash sale tax code cuts in and disallows a portion of the loss based upon the unrealized gain of the offsetting transaction. TaxGopher™ identifies this special case of wash sale and applies the correct tax lot offset to the straddle trade.

TaxGopher™ gives you the option to reverse the apparent direction of certain transactions in order to allow for reverse risk scenarios, such as long puts and short calls when determining matching transactions.

Constructive Sales: Sometimes an investor inadvertently executes a constructive sale. TaxGopher™ identifies constructive sales and reports taxable gains in a concise, effective format.

Qualified Dividends: Dividends are taxed as ordinary income or as qualified dividends. In order to be taxed as a qualified dividend, the investor "must have held the stock for more than 60 days during the 121-day period that begins 60 days before the ex-dividend date," as the IRS explains in Publication 550. TaxGopher™ helps you determine how to classify your dividends.

Out-of-the Box Reports: Provide information regarding current wash sales and cumulative disallowed losses.

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| Reports | <p>Disallowed Losses Report: Lists all tax lots with closing transactions that qualified as wash sales and straddles and the amount of loss which was disqualified.</p> <p>Cost Adjustment Report: Lists all open tax lots that have a cost adjustment, the amount of the adjustment on a lot, and per share basis.</p> <p>REIT Report: Lists and categorizes all income from REITs. A subsection is created for each class of income and detail lines are generated for each REIT that participates in that class, as well as the total amount contributed by the REIT to the class.</p> | <p>Constructive Sales Report: Lists all open tax lots on securities that have concurrent offsetting long and short positions.</p> <p>Qualified Dividends Report: Lists all dividends that qualify for preferential IRS tax treatment and their holding period.</p> <p>Wash Sales by Issuer: A summary report of all securities and their 'substantially identical' families that represents the amount of loss disallowed across all tax lots and trades for a particular issuer.</p> |
| Benefits | <p>Multiple/Detailed Reports: Maintain an up-to-date tax profile. TaxGopher™ reports provide critical information ranging from daily disallowed loss to a list of securities that, if traded, will result in a disallowed loss. Reports detailing disallowed losses include the precise trade(s) that created the wash/constructive sale.</p> <p>Routine Compliance: TaxGopher™ makes compliance with various IRS rulings easy. It lets you group securities or exempt particular transactions to abide by IRS regulations.</p> <p>Speedy Integration: Within several hours of a TaxGopher™ installation, you can receive data on the effects of wash sales and straddles on your portfolios. In no time at all, TaxGopher™ begins importing all relevant general ledger data from both Geneva and VPM.</p> | <p>Accurate K-1 Generation. Stop worrying about producing accurate K-1s. TaxGopher™ sits between your portfolio management system and your partnership accounting system and guarantees that the K-1s produced by your partnership accounting system are correct.</p> <p>Ease of Use: TaxGopher™ minimizes the learning curve involved with any new software. It has an easy-to-use GUI with simple input requirements that ease data integration with your general ledger or order management software. TaxGopher™ also lets accountants use any standard or custom closing methods.</p> <p>Easily Scalable: Keep pace with increased business volume. Lightweight and flexible, TaxGopher™ can sit locally on a user's PC or on any application server and fits with any hardware infrastructure.</p> |
| System Requirements | <ul style="list-style-type: none"> • RDBMS, such as SQL, DB2, Oracle, Sybase • Windows XP, Vista or Server 2003 | <ul style="list-style-type: none"> • A portfolio accounting platform, such as Geneva or VPM |
| Product License Includes | <p>Data Schema: A relational DBMS schema that can be installed in SQL, Oracle, Sybase or DB2. It is indexed and comes with column-level documentation.</p> <p>Graphical User Interface: TaxGopher™ includes an intuitive interface that lets you easily browse all the raw data it uses. The TaxGopher™ GUI lets you readily classify 'substantially identical' securities, exclude options trades that do not qualify and execute analyses on target portfolios.</p> | <p>Geneva Interface: A set of Geneva queries that extract all necessary data to calculate wash sales, constructive sales and qualified dividends.</p> <p>Data Processing Engine: Scans the data extracted from Geneva into your database and produces the analysis of your wash sales, constructive sales and qualified dividends.</p> |
| About G2 Systems, LLC | <p>G2 is a boutique software and consulting firm that serves the dynamic needs of Hedge Funds, Brokerage Firms and Fund Administrators with solutions that help clients improve their business operations. G2 has its own suite of software and its systems engineers and accountants provide consulting expertise in:</p> <ul style="list-style-type: none"> • Investment Management, Accounting and Operations Systems • Custom Software Development <p>G2's clients, including over three dozen hedge funds, brokerage firms and fund administrators, expect IT solutions to meet business needs and improve their operating environment. G2 recognizes and delivers on this expectation.</p> | <p>Years of Hands-On Experience. A Comprehensive Approach. Comprised of proven industry insiders, the G2 team is well-versed in both finance and information technology. G2's technical and business know-how comes from hands-on experience at both multi-billion dollar hedge funds and proprietary investment departments of major brokerage houses.</p> <p>With in-depth knowledge spanning fund accounting to custom software development, the G2 team helps clients optimize their IT budgets and make the most of existing systems — all without expensive missteps.</p> <p>G2 also provides staffing and outsourcing solutions for front, mid and back-office systems.</p> |