

PortMan

The affordable Schedule D software

Greetings all,

May this New Year bring you peace and contentment!

Following are notes and instructions to assist you in finishing your 2011 investment responsibilities using PortMan. I know you're busy, but PLEASE take the few minutes to read this letter. It will save you time in the end.

You will need to download the newest version of the program from our web site to implement the changes and transfer your data to your annual statement software. You can do this before or after you enter the December transactions. You must get the new version before you transfer the data.

I also want to get this out of the way:

Do Not run Month End or Year End until all data is in the statement software and is verified and approved and you are ready to enter January, 2012.

Ok, Thank you. Just wanted to make sure you saw that.

Next, you need to process December using the Monthly Workflow on the following page.

You really should save the Workflow and use it every month. You will greatly increase your efficiency by following these steps. The workflow can also be accessed and printed by choosing Help, Monthly Workflow from the Main Menu.

PortMan

Monthly System Workflow

Processing the steps below in the order given will help ensure accurate and successful data entry.

1) VERIFY

- a) Prior to entering data for the intended month verify that Month-end processing has been completed for the prior month. You can do this by clicking Utilities, Utility Screen which will display the Utility Settings window. The transactions you intend to enter should be dated within the month displayed in the **CurrentMonth** field. If that is the case then proceed to step 2. Otherwise, If you find that the CurrentMonth is the month prior to your intended transactions, you will need to skip to step 6 or step 7 as needed and complete the prior month before starting the new month.

2) PROCESS PURCHASES

- a) **Add** Purchases and Acquisitions
- b) **Pre-Post** acquisition transactions to verify accuracy. Check off Pre-Post report and statement.
- c) **Post** acquisition transactions

3) PROCESS INCOME

- a) **Enter** interest, dividend, and principal reduction transactions using Transactions, Income.
- b) **Pre-Post** income transactions to verify accuracy. Check off Pre-Post report and statement.
- c) **Post** Income Transactions

4) PROCESS DISPOSALS

- a) **Enter** Sales, Maturities and Calls using Transactions, Calls, Maturities, Sales.
- b) **Pre-Post** disposal transactions to verify accuracy. Check off Pre-Post report and statement.
- c) **Post** disposal transactions

5) VERIFY

- a) **Print** Portfolio Report
 - i) Compare with Custodial Statements. Par and Shares need to match.
- b) **Process**
 - i) Accrual
 - ii) Amortization
 - iii) Verify Pre-Post report, then Post amortization transactions.
 - iv) Update Market Prices and Designations from the Market Screen
 - v) Book Value Adjustments from the Programs menu choice on the Main Menu.

6) Print Reports

- a) Reconciliation
- b) GL Summary
- c) GL Detail
- d) Working Schedule D
- e) Others as desired

NOTE: At Year end, you must print all reports and transfer data to the Annual Statement software before you process step 7.

7) Month-End ***To enter January you must run Year- End First*

- a) **Run Month-End** before starting a new month

***Do Not run Step 7 until you are ready to start January. You must run all December 31 reports and transfer files to the annual statement software before you run the Year-End program.*

Changes affecting Filing Requirements

The NAIC changed the line numbering scheme for Backed bonds for 2011 so that there are 4 categories of bonds, not 6 as in the past. PortMan will make these changes for you automatically when you start the new version for the first time. If you own these types of securities a report can be printed that lists the changes made. It is found on the Miscellaneous Reports tab on the Print Menu and is named 2011 Classification Changes.

The list defining Collateral Types was expanded for Industrial and Miscellaneous Mortgage and Asset Backed bonds on Schedule D Part 1. The new version of PortMan uses a tabbed Print Menu that includes a Year End Reports choice. On that tab is a report that lists all securities you have defined as the above. The report is named Structured Securities held per NAIC Type. The valid codes are listed on the last page of the report. The NAIC requires that each security you own that falls into this category must have the appropriate code identification. I suggest you pass the list to your investment advisor so each security can be categorized correctly.

Notes:

There is only one export file that will be created for all annual statement vendors. The export file is named Schd.txt and it will reside in the Export folder defined on the utility screen. Choose Programs, Export Schd D from the Main Menu to create the file.

Schedule D Foreign flag - There is a field on the input screens for securities that are denominated or Issued in foreign countries.

- If your security is denominated in a foreign currency you will have to designate as such. The field name is Currency Denomination and it is located on the top of Page 1 of the input screen.
- If your security was ISSUED in a country other than the United States, you will have to designate as such. The field name is Issuing Country and it is located near the top right of Page 2 of the input screen.

The NAIC requires that you list your Pricing Method and Pricing Source used to produce Market Values. You can set a default for all of your securities by:

Choose Utilities, Utility Screen from the Main Menu.

Choose the method by double clicking the Pricing Method field. Choose from the provided list.

A value must be provided for the Pricing Source field if you choose method a, b or c.

Double-Click on the field to select a value. If you don't see your desired choice, you can type it in.

For securities that do not follow the default:

There are two fields on the input screens that will allow you to override the defaults chosen above by designating the pricing service you use for individual security. The first field is named Pricing Method. If you fill this field with a value then a field named Pricing Source will display to accept input.

Program Enhancements of Note

The 2012.02 version contains many changes, please see the release notes for a complete list.

2011 Year End Procedures

1. **Utility Settings**

Open the Utility Screen, Main Menu; Utility and verify the following:

Default pricing method and Source: Setting these values on this screen will eliminate the need to set them on each and every security

- **Pricing Method** – This will most likely be set to **c** or **e**. In any case, this value should reflect how your securities are priced. You can double click to select one of the 5 choices.
- **Pricing Source** – If Pricing Method has been set to **a**, **b**, or **c**, then you will need enter a value into this field, Double-Click the field to get choices
- **BackUp Directory & Export Directory** – Verify that these folders point to a valid path.
- **Close the Utility screen**

2. **Process December** as any other month, but **do not** run Month End or Year End.

3. **Print the Pricing Report** on the print menu to get a source document for NAIC prices and designations.

4. **Input the Market Prices** and designations into PortMan by clicking on Market from PortMan's Main Menu. Click OK to choose 12/31/11 when asked for the pricing date. Please remember that all Bond, CMO, MBS and ST securities must have their NAIC Designation begin with a number between 1 & 6. Preferred Stock (PS) securities must have a number between 1 & 6 in either the second or third position of their NAIC designation

5. SSAP 43R compliance - Companies that own securities designated RMBS or CMBS by the NAIC SVO have another step to determine the displayed NAIC Designation as defined by **SSAP 43R**. Please download the PortMan Instructions for Structured Securities Reporting document from our Web Site if you haven't already.

6. **Run the Book Value Adjustments** procedure on the Programs menu. This procedure will adjust the book value on any appropriate securities based on their NAIC designations.

7. **PRINT REPORTS**

On the Print menu

- *[Schedule D Reports]* - Print the Working Schedule D parts 1 through 5 to get your final numbers. (Spreadsheets of Schedules Part 1 through 5, and a holdings spreadsheet will automatically be created for future use by the Year End program. These files are named **12312011P1.xls**, **12312011P2S1.xls** ... and **12312011Holdings.xls** and are stored in the PortMan data folder for each company.)
- *[Year End Reports]* - Print and output to Excel, the **Part 1A** reports on the print menu. These reports will be used to input the Maturity and Quality and Maturity distributions.
- *[Year End Reports]* - Print and output to Excel the **Summary Investment Schedule** report.
- *[Year End Reports]* - Print **Summary by Country** report.
- *[Year End Reports]* or *[Diagnostic Reports]* - Print the **Issuer report** and the **NAIC Desig Percent** report. These are used in the supplemental section.
- Print any other reports on the menu that you desire.

8. After **all data is approved** and in the statement software run Year-End, then Month-End, in that order, to get ready for January 2012 processing. If, for any reason, the Year-End generates an error message **DO NOT** run it again. Please call us!

Talk to you soon,

Jerry