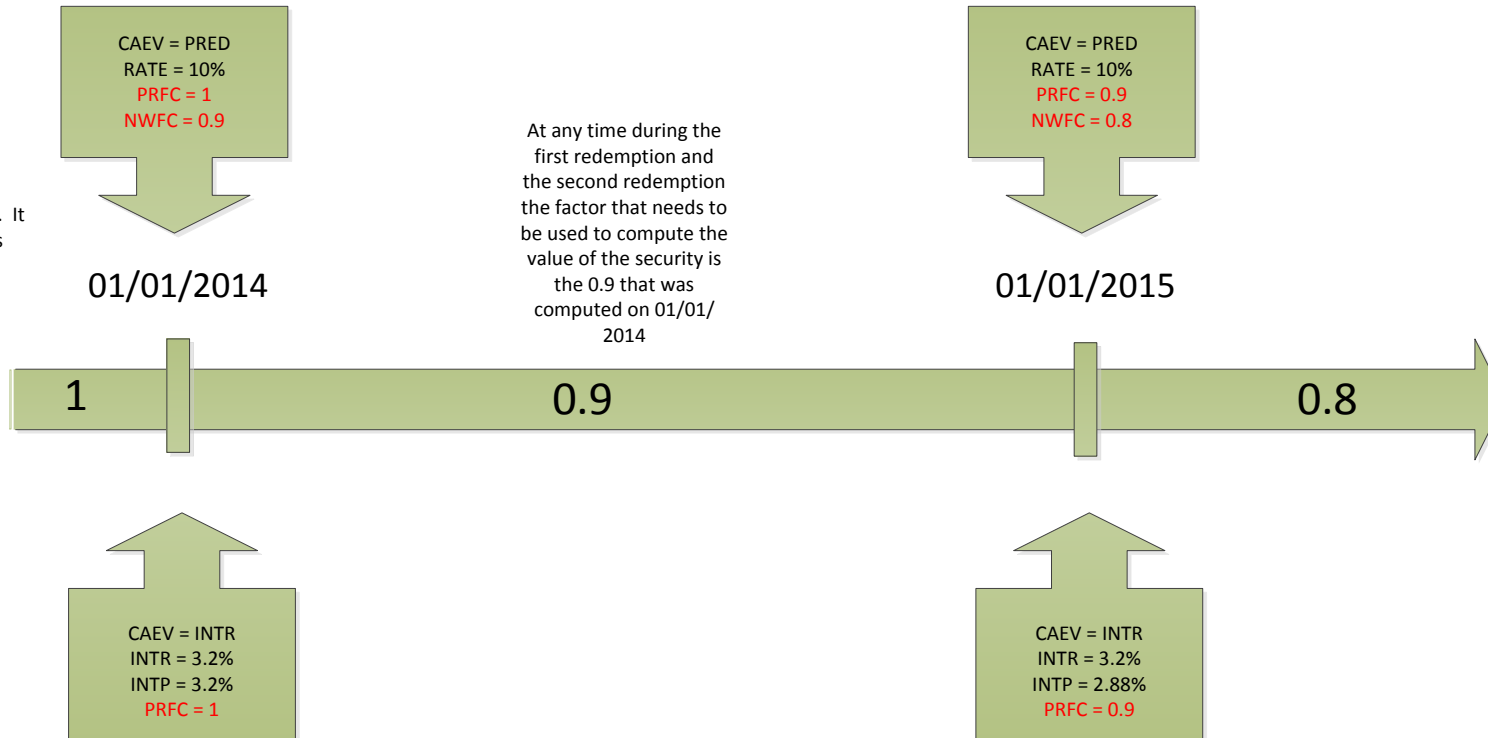


Partial redemptions and interest payments on factored securities

Scenario 1: INTR
always falls on the
same day as PRED

A new pool factor security is created. It
does redeem once a year and pays
interest at the same time.

Pool factor
value



On 1 Jan 2014, there is the first
redemption of 10%. There is a
cash payment and the factor is
reduced from 1 to 0.9. On the
same day, there is an interest
payment. In order to compute
the interest amount correctly,
the factor value is necessary.
The pool factor value used for
the first interest payment is 1 .

On 1 Jan 2015, there is the
second redemption of 10%.
There is a cash payment and
the factor is reduced from 0.9
to 0.8. On the same day, there
is an interest payment. In
order to compute the interest
amount correctly, the factor
value is necessary. The pool
factor value used for this
second interest payment is 0.9.
INTP is therefore computed this
way: $0.9 * 3.2 * 360 / 360$

Partial redemptions and interest payments on factored securities

Scenario 2: INTR falls
on the same day as
PRED and also
between 2 PRED

A new pool factor security is created. It
does redeem once a year and pays
interest at the same time.

