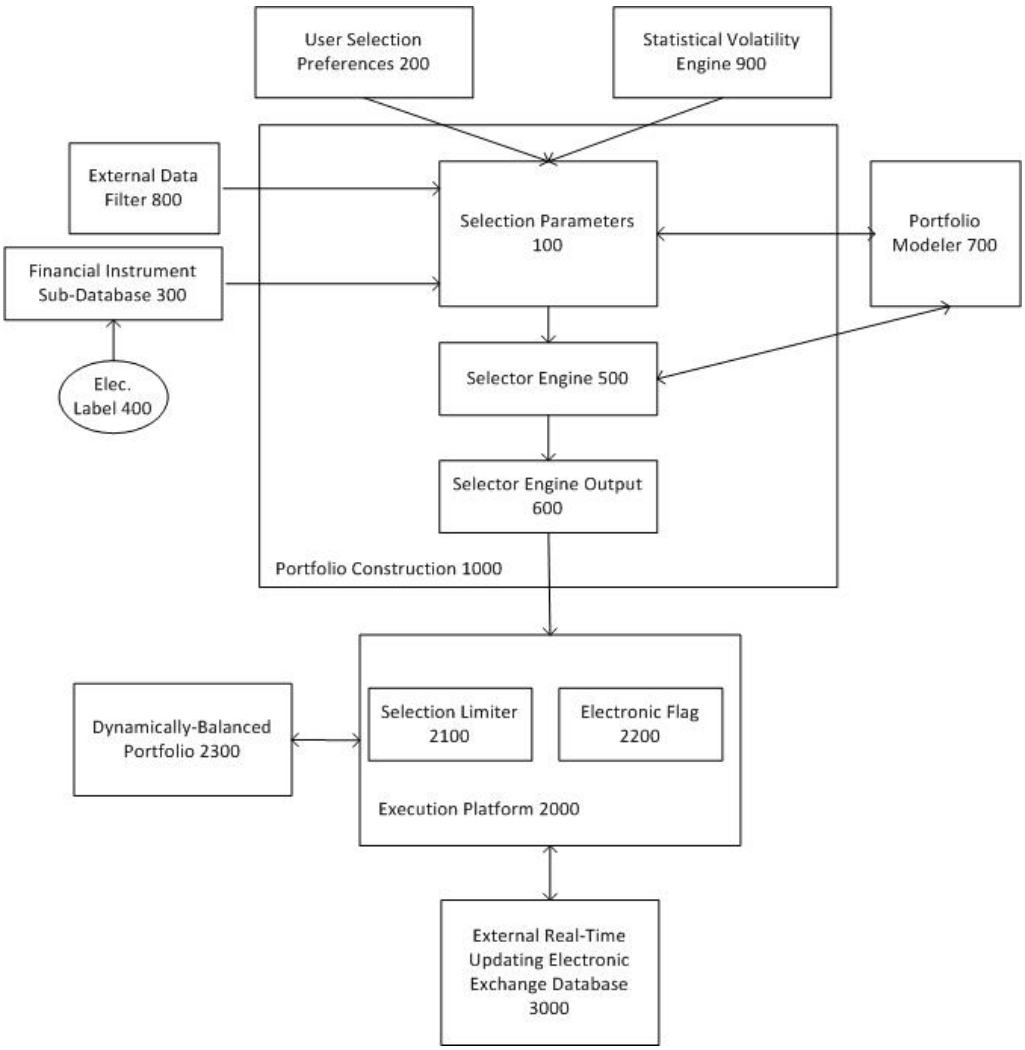

User Selection Preferences 200
Statistical Volatility Engine 900
External Data Filter 800
Financial Instrument Sub-Database 300
Elec. Label 400
Selection Parameters 100
Portfolio Modeler 700
Selector Engine 500
Selector Engine Output 600
Portfolio Construction 1000
Dynamically-Balanced Portfolio 2300
Selection Limiter 2100
Electronic Flag 2200
Execution Platform 2000
External Real-Time Updating Electronic Exchange Database 3000

FIG. 1

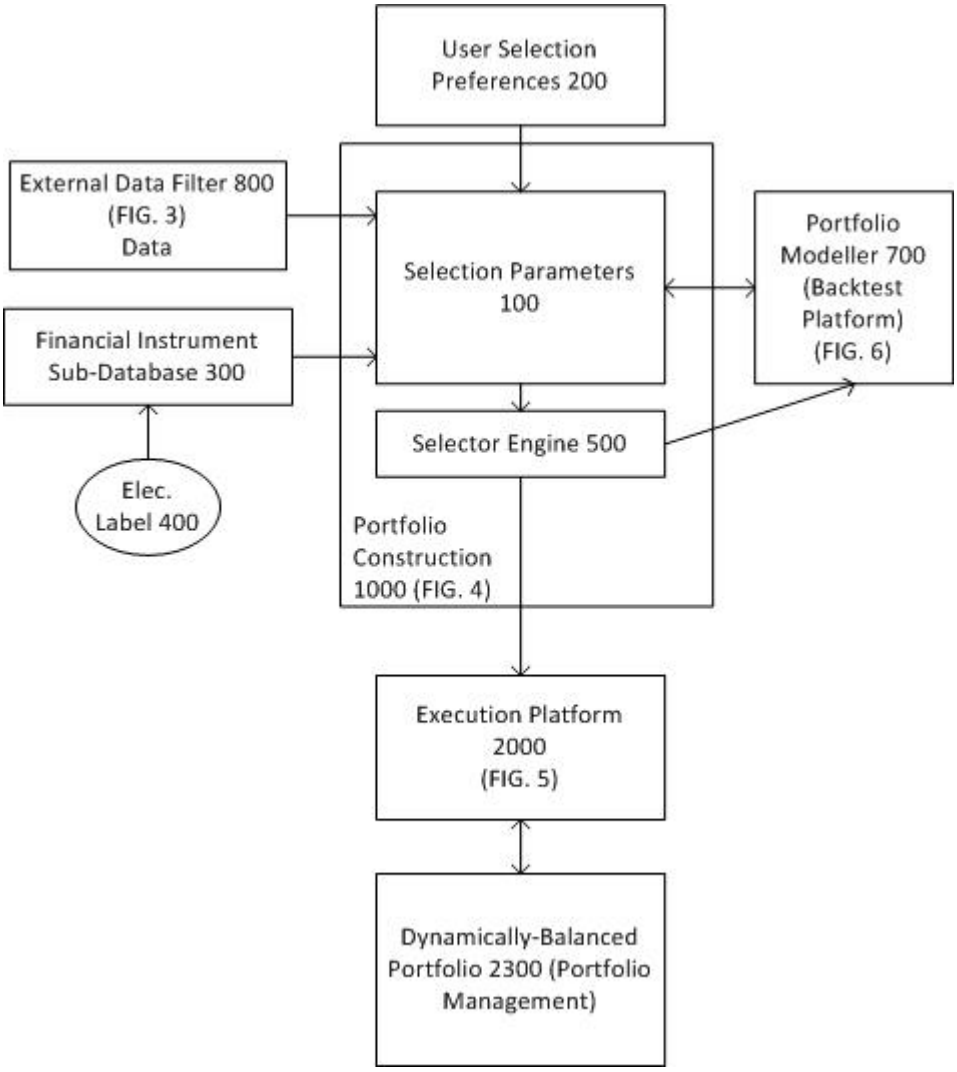

User Selection Preferences 200
External Data Filter 800 (FIG. 3) Data
Selection Parameters 100
Portfolio Modeller 700 (Backtest Platform) (FIG. 6)
Financial Instrument Sub-Database 300
Selector Engine 500
Elec. Label 400
Portfolio Construction 1000 (FIG. 4)
Execution Platform 2000 (FIG. 5)
Dynamically-Balanced Portfolio 2300 (Portfolio Management)

FIG. 2

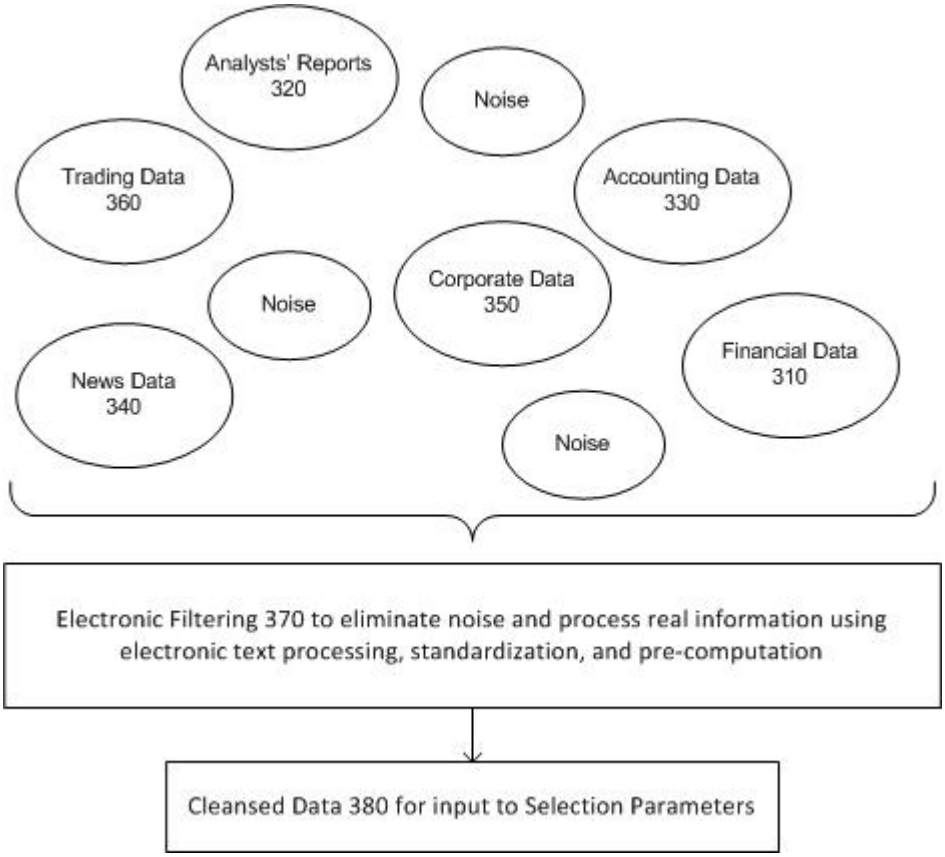

Analysts' Reports
320
Noise
Trading Data
360
Accounting Data
330
Noise
Corporate Data
350
Financial Data
310
News Data
340
Noise
Electronic Filtering 370 to eliminate noise and process real information using electronic text processing, standardization, and pre-computation
Cleansed Data 380 for input to Selection Parameters

FIG. 3

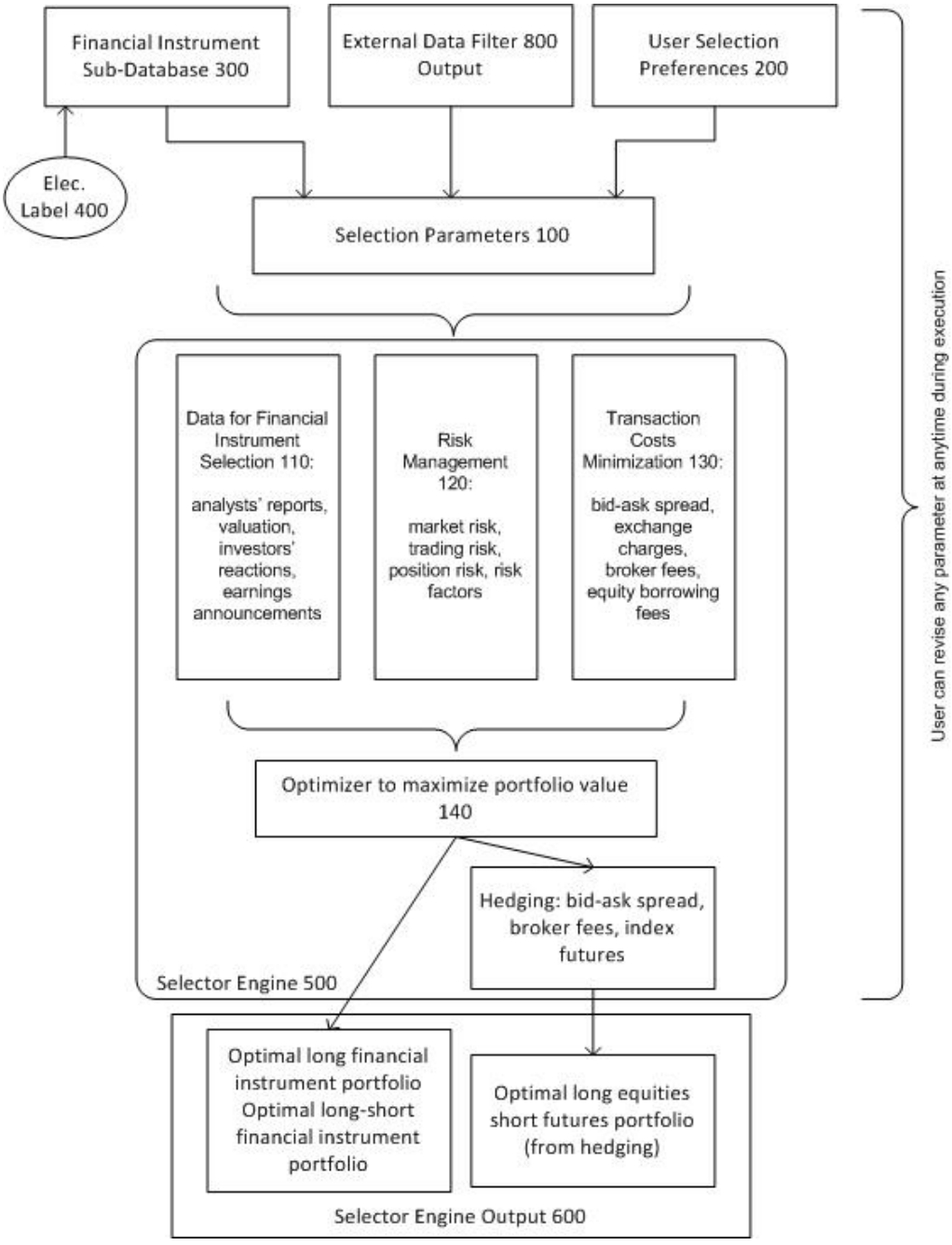

Financial Instrument Sub-Database 300
External Data Filter 800 Output
User Selection Preferences 200
Elec. Label 400
Selection Parameters 100
Data for Financial Instrument Selection 110:
analysts' reports, valuation, investors' reactions, earnings announcements
Risk Management 120:
market risk, trading risk, position risk, risk factors
Transaction Costs Minimization 130:
bid-ask spread, exchange charges, broker fees, equity borrowing fees
Optimizer to maximize portfolio value 140
Hedging: bid-ask spread, broker fees, index futures
Selector Engine 500
Optimal long financial instrument portfolio Optimal long-short financial instrument portfolio
Optimal long equities short futures portfolio (from hedging)
Selector Engine Output 600
User can revise any parameter at anytime during execution

FIG. 4

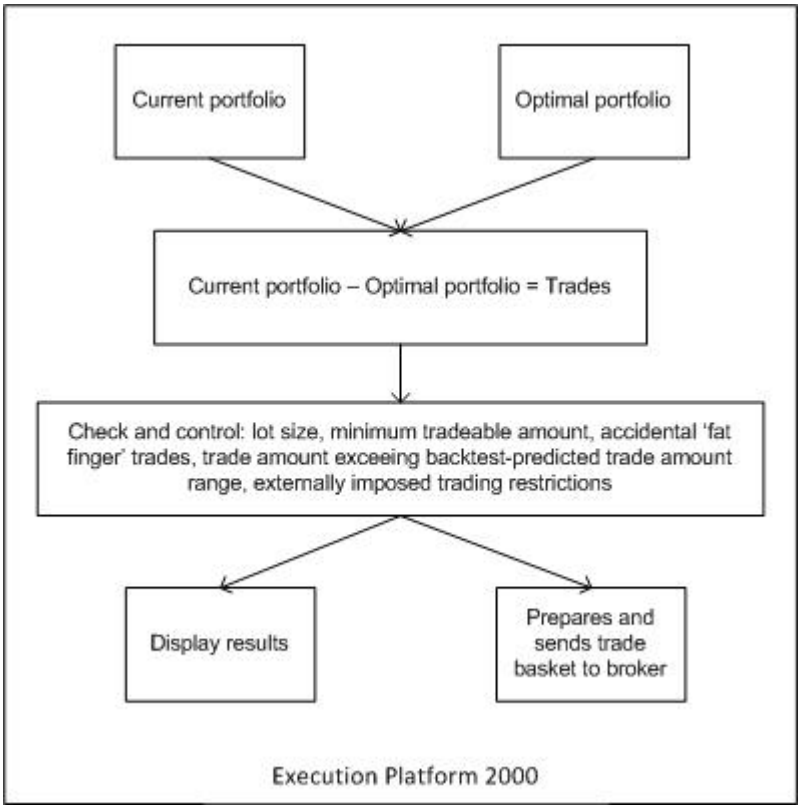

Current portfolio
Optimal portfolio
Current portfolio – Optimal portfolio = Trades
Check and control: lot size, minimum tradeable amount, accidental 'fat finger' trades, trade amount exceeing backtest-predicted trade amount range, externally imposed trading restrictions
Display results
Prepares and sends trade basket to broker
Execution Platform 2000

FIG. 5

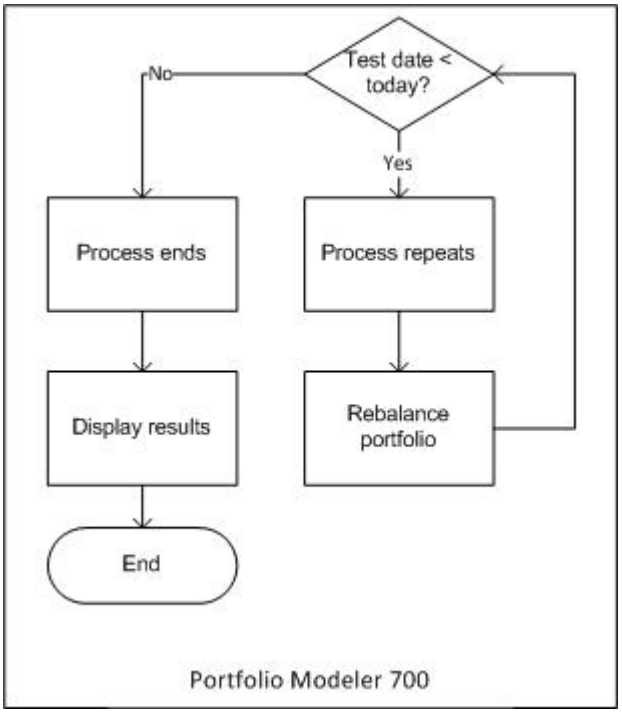

Test date < today?
No
Yes
Process ends
Process repeats
Display results
Rebalance portfolio
End
Portfolio Modeler 700

FIG. 6