



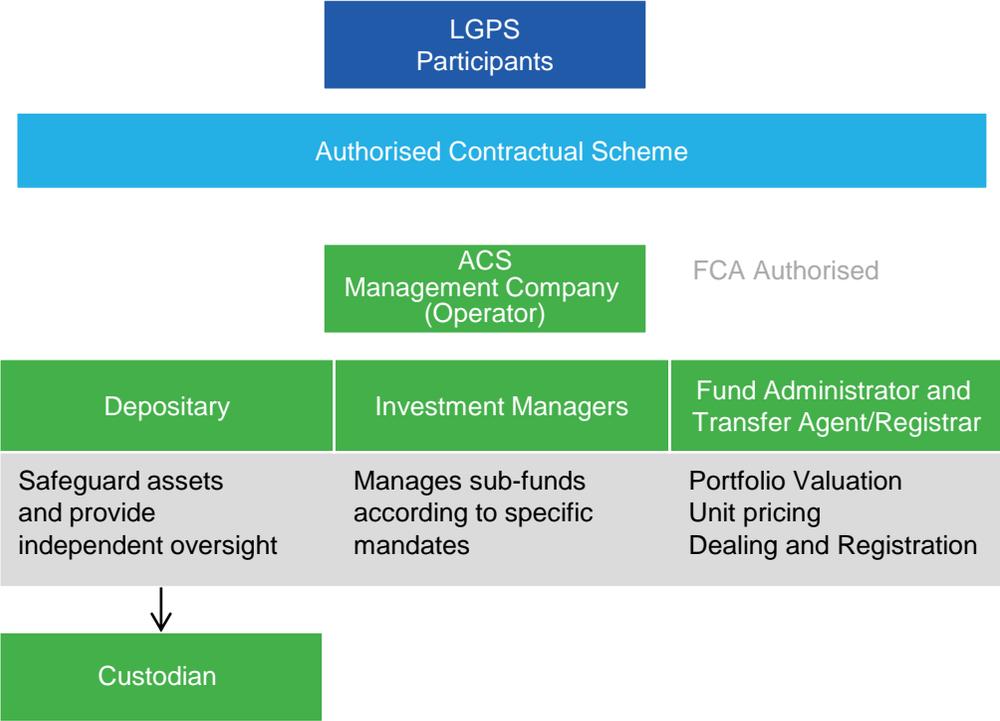
BNY MELLON

BNY Mellon – Approaches to Asset Pooling

June 2016

What options are available?

ACS/Tax Transparent Fund Structure



- Strong governance structure
- Designed by Treasury for this type of initiative
- The depository is the legal owner. Participants are beneficial owners
- Greater certainty around tax regime
- Greater lead time to set up

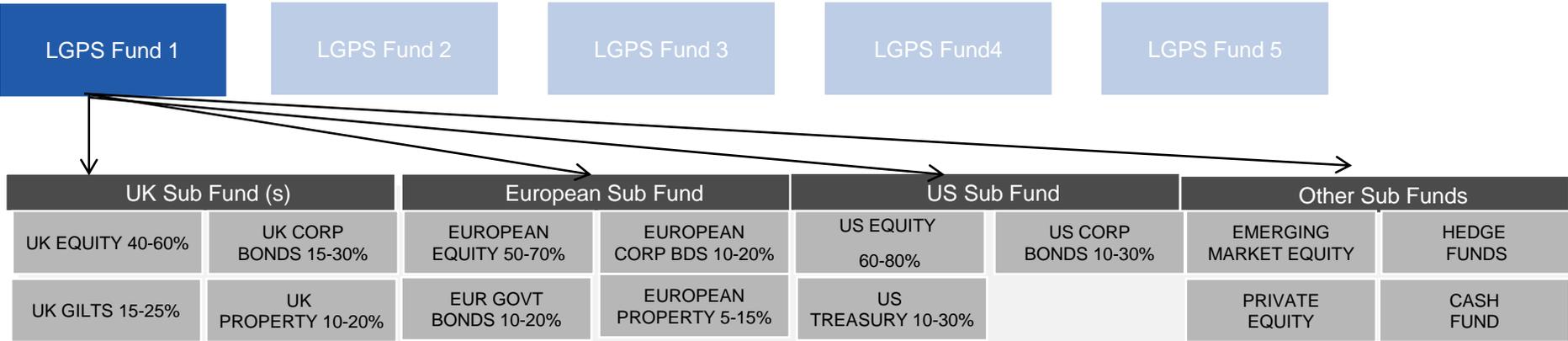
Example of Proposed LGPS Pooled Investment Allocation

Example allocation

Other – 10%
US Equity – 10%
European Equity – 24%
UK Property – 3%
UK Corporate Bonds – 18%
UK Gilts – 1%
UK Equity – 34%

Key

- LGPS Participant
- Example Asset Class Sub Fund
- Individual Scheme Unit Asset Allocation



Overview of Steps to Target Pooling Structure – Indicative Timeline



	Structural Organisation	Investment Analysis and Planning	Implementation of Pooling
Legal, Regulatory & Tax Stream	Agree approach to tax re rulings and opinions	Commence discussions with FCA on Operator approval	Ongoing discussions with FCA re Operator submission
Structural Organisational Stream	Determine number of Sub Funds and initial indication of the LGPS funds to be linked to each	Market review to appoint Transition Manager	Operator to Appoint: <ul style="list-style-type: none"> • Depositary (Custodian) • Fund Administrator • Transfer Agent/Registrar
Investment/Operational Stream	Recruit Operator team - including FCA Authorised Appointments	Analysis of optimal number of managers required for each Sub Fund	Market review to identify target investment managers for new mandates

Conclude FCA fund approval process

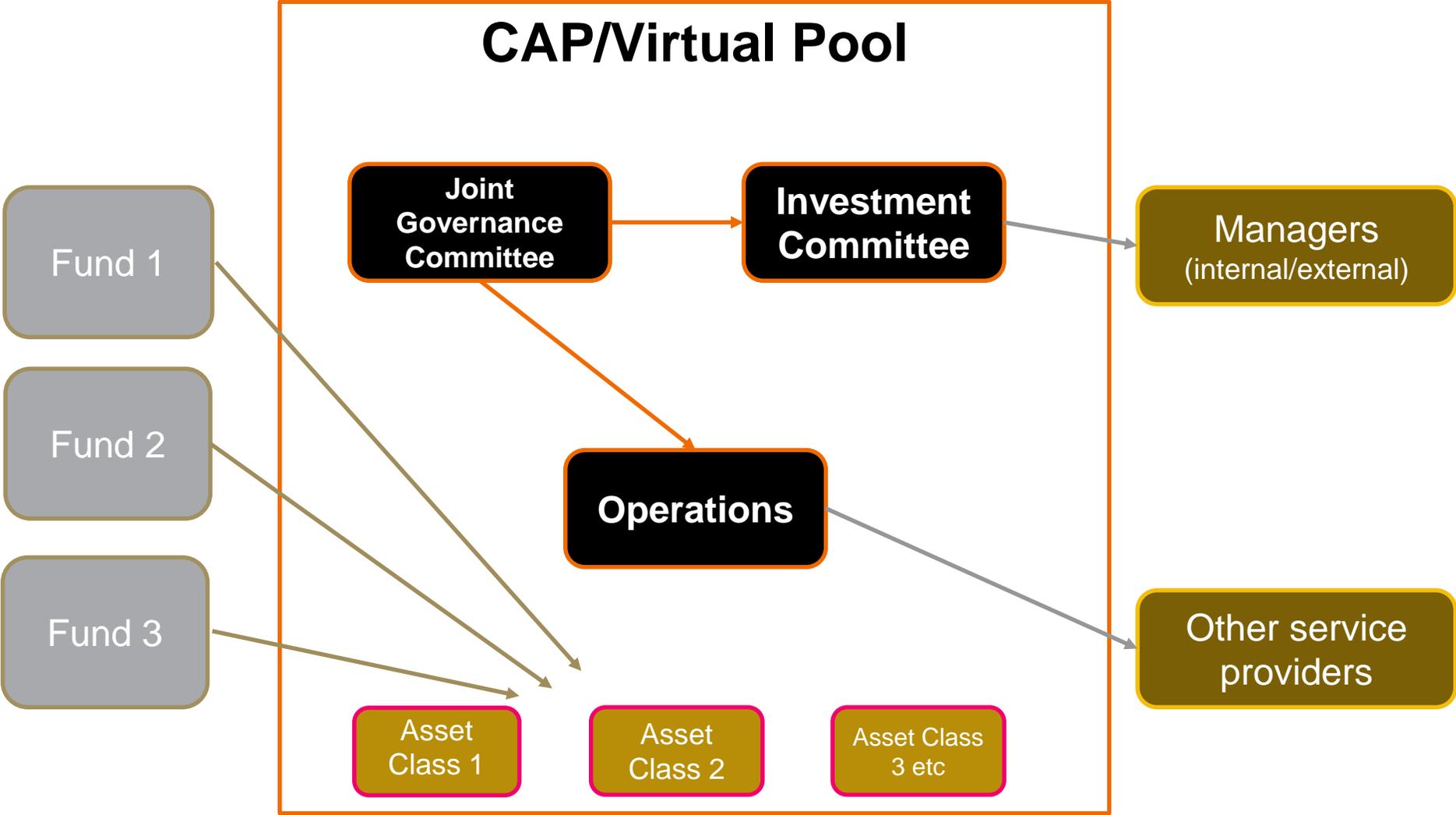
Transfer of assets from individual LGPS to Sub Funds (in-specie/cash)

Execution of market transactions to trade the portfolios to the target model



12 to 18 months

Common Asset Pool/Virtual Pool



Questions

Dean Handley

Tel: 020 7163 5458

Email – dean.handley@bnymellon.com

Disclosures

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may be used as a generic term to reference the corporation as a whole and/or its various subsidiaries generally. This material and any products and services may be issued or provided under various brand names in various countries by duly authorised and regulated subsidiaries, affiliates, and joint ventures of BNY Mellon, which may include any of the following. The Bank of New York Mellon, 225 Liberty St, New York, New York 10286 USA, a banking corporation organised pursuant to the laws of the State of New York, and operating in England through its branch at One Canada Square, London E14 5AL UK, registered in England and Wales with numbers FC005522 and BR000818. The Bank of New York Mellon is supervised and regulated by the New York State Department of Financial Services and the US Federal Reserve and authorised by the Prudential Regulation Authority. The Bank of New York Mellon, London Branch is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. The Bank of New York Mellon SA/NV, a Belgian public limited liability company, with company number 0806.743.159, whose registered office is at 46 Rue Montoyerstraat, B-1000 Brussels, Belgium, authorised and regulated as a significant credit institution by the European Central Bank (ECB), under the prudential supervision of the National Bank of Belgium (NBB) and under the supervision of the Belgian Financial Services and Markets Authority (FSMA) for conduct of business rules, a subsidiary of The Bank of New York Mellon, and operating in England through its branch at 160 Queen Victoria Street, London EC4V 4LA, registered in England and Wales with numbers FC029379 and BR014361. The Bank of New York Mellon SA/NV (London Branch) is authorised by the ECB and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. The Bank of New York Mellon SA/NV, operating in Ireland through its branch at 4th Floor Hanover Building, Windmill Lane, Dublin 2, Ireland, trading as The Bank of New York Mellon SA/NV, Dublin Branch, which is authorised by the ECB and registered with the Companies Registration Office in Ireland No. 907126 and with VAT No. IE 9578054E. If this material is distributed in Dubai, it is communicated by The Bank of New York Mellon, DIFC Branch on behalf of The Bank of New York Mellon, which is a wholly-owned subsidiary of The Bank of New York Mellon Corporation. The Bank of New York Mellon, DIFC Branch is regulated by the Dubai Financial Services Authority. The Bank of New York Mellon, Singapore Branch, subject to regulation by the Monetary Authority of Singapore. The Bank of New York Mellon, Hong Kong Branch, subject to regulation by the Hong Kong Monetary Authority and the Securities & Futures Commission of Hong Kong. If this material is distributed in Japan, it is distributed by The Bank of New York Mellon Securities Company Japan Ltd, as intermediary for The Bank of New York Mellon. Not all products and services are offered in all countries.

BNY Mellon Capital Markets EMEA Limited, an indirect wholly-owned broker/dealer subsidiary of The Bank of New York Mellon Corporation, is an investment firm authorised and regulated by the Financial Conduct Authority UK (FCA) under registration number 580200 and provides services to Professional Clients and Eligible Counterparties but not to Retail Clients (in each case as defined in the FCA Rules) in the European Economic Area. BNY Mellon Capital Markets EMEA Limited is not licensed in any other jurisdiction and accordingly, it does not target, promote or offer its products and services to clients outside of the European Economic Area (EEA) and nothing in this communication shall be construed as intended for any persons outside the EEA or for any non-EEA persons. BNY Mellon Capital Markets EMEA Limited is registered in England with company number 03766757 and operates from its registered office and place of business at One Canada Square, London E14 5AL. Past performance is not a guide to future performance of any instrument, transaction or financial structure and a loss of original capital may occur. Calls and communications with BNY Mellon Capital Markets EMEA Limited may be recorded, for regulatory and other reasons.

The information contained in this material is intended for use by wholesale/professional clients or the equivalent only and is not intended for use by retail clients. If distributed in the UK, this material is a financial promotion.

This material, which may be considered advertising, is for general information purposes only and is not intended to provide legal, tax, accounting, investment, financial or other professional advice on any matter. This material does not constitute a recommendation by BNY Mellon of any kind. Use of our products and services is subject to various regulations and regulatory oversight. You should discuss this material with appropriate advisors in the context of your circumstances before acting in any manner on this material or agreeing to use any of the referenced products or services and make your own independent assessment (based on such advice) as to whether the referenced products or services are appropriate or suitable for you. This material may not be comprehensive or up-to-date and there is no undertaking as to the accuracy, timeliness, completeness or fitness for a particular purpose of information given. BNY Mellon will not be responsible for updating any information contained within this material and opinions and information contained herein are subject to change without notice. BNY Mellon assumes no direct or consequential liability for any errors in or reliance upon this material.

This material may not be distributed or used for the purpose of providing any referenced products or services or making any offers or solicitations in any jurisdiction or in any circumstances in which such products, services, offers or solicitations are unlawful or not authorised, or where there would be, by virtue of such distribution, new or additional registration requirements.

Money market fund shares are not a deposit or obligation of BNY Mellon. Investments in money market funds are not insured, guaranteed, recommended or otherwise endorsed in any way by BNY Mellon, the Federal Deposit Insurance Corporation or any other government agency. Securities instruments and services other than money market mutual funds and off-shore liquidity funds are offered by BNY Mellon Capital Markets, LLC.

The terms of any products or services provided by BNY Mellon to a client, including without limitation any administrative, valuation, trade execution or other services shall be solely determined by the definitive agreement relating to such products or services. Any products or services provided by BNY Mellon shall not be deemed to have been provided as fiduciary or adviser except as expressly provided in such definitive agreement. BNY Mellon may enter into a foreign exchange transaction, derivative transaction or collateral arrangement as a counterparty to a client, and its rights as counterparty or secured party under the applicable transactional agreement or collateral arrangement shall take precedence over any obligation it may have as fiduciary or adviser or as service provider under any other agreement.

Pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the applicable rules thereunder, The Bank of New York Mellon is provisionally registered as a swap dealer with the Commodity Futures Trading Commission (CFTC) and is a swap dealer member of the National Futures Association (NFA ID 0420990).

BNY Mellon (including its broker/dealer affiliates) may have long or short positions in any currency, derivative or instrument discussed herein. BNY Mellon has included data in this material from information generally available to the public from sources believed to be reliable. Any price or other data used for illustrative purposes may not reflect actual current conditions. No representations or warranties are made, and BNY Mellon assumes no liability, as to the suitability of any products and services described herein for any particular purpose or the accuracy or completeness of any information or data contained in this material. Price and other data are subject to change at any time without notice.

Pershing Prime Services is a service of Pershing LLC, member FINRA, NYSE, SIPC, a wholly-owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon). Member of SIPC. Securities in your account protected up to \$500,000. For details, please see www.sipc.org.

All references to dollars are in US dollars unless specified otherwise. Prior results do not guarantee a similar outcome. **The financial products (other than deposit products) mentioned are not insured or protected by any government, state or federal agency (including the Federal Deposit Insurance Corporation), are not deposits of or guaranteed by BNY Mellon or any bank or non-bank subsidiary thereof, and are subject to investment risk, including the loss of principal amount invested.** References to Assets under Management and Assets under Custody and/or Administration are as of 31st December 2015 and are preliminary.

This material may not be reproduced or disseminated in any form without the prior written permission of BNY Mellon. Trademarks, logos and other intellectual property marks belong to their respective owners.

The Bank of New York Mellon, member FDIC.

© 2016 The Bank of New York Mellon Corporation. All rights reserved.