



Role of the Global Custodian

25 September 2015

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Northern Trust



Northern Trust

125
YEARS

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- **Role of the custodian: core services**
- **Pension clients: current trends**
- **The emerging role of global custodians**
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- **Governance**

NORTHERN TRUST

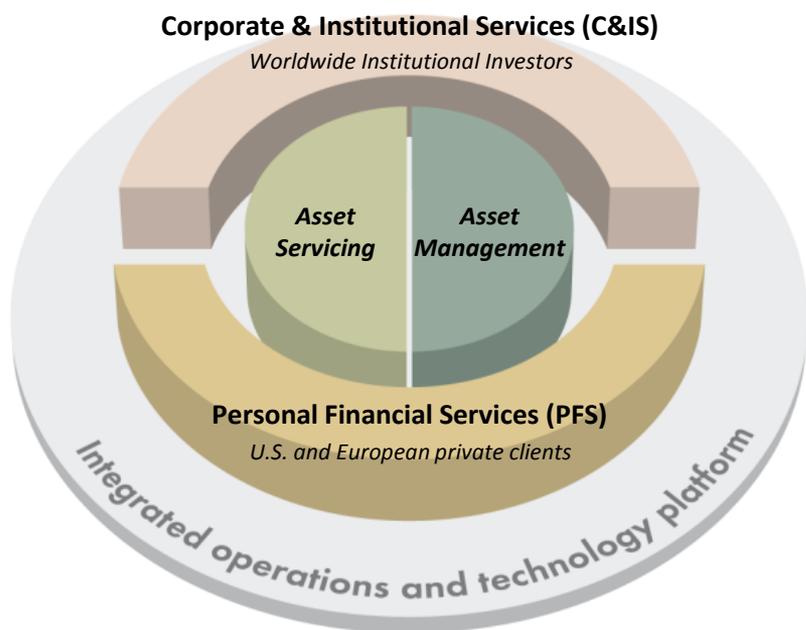


Northern Trust: business profile



Northern Trust: Business Profile

A highly focused business model supporting two client bases across a single operating platform



Strength and Stability	Value
Assets under custody	US\$ 6 trillion
Assets under management	US\$ 946 billion
S&P long term date rating	AA-
Tier 1 capital ratio	12.6%
Office locations (countries)	22
Client locations (countries)	46
Revenue 2014	US\$ 4,331 million
Net income 2014	US\$ 812 million

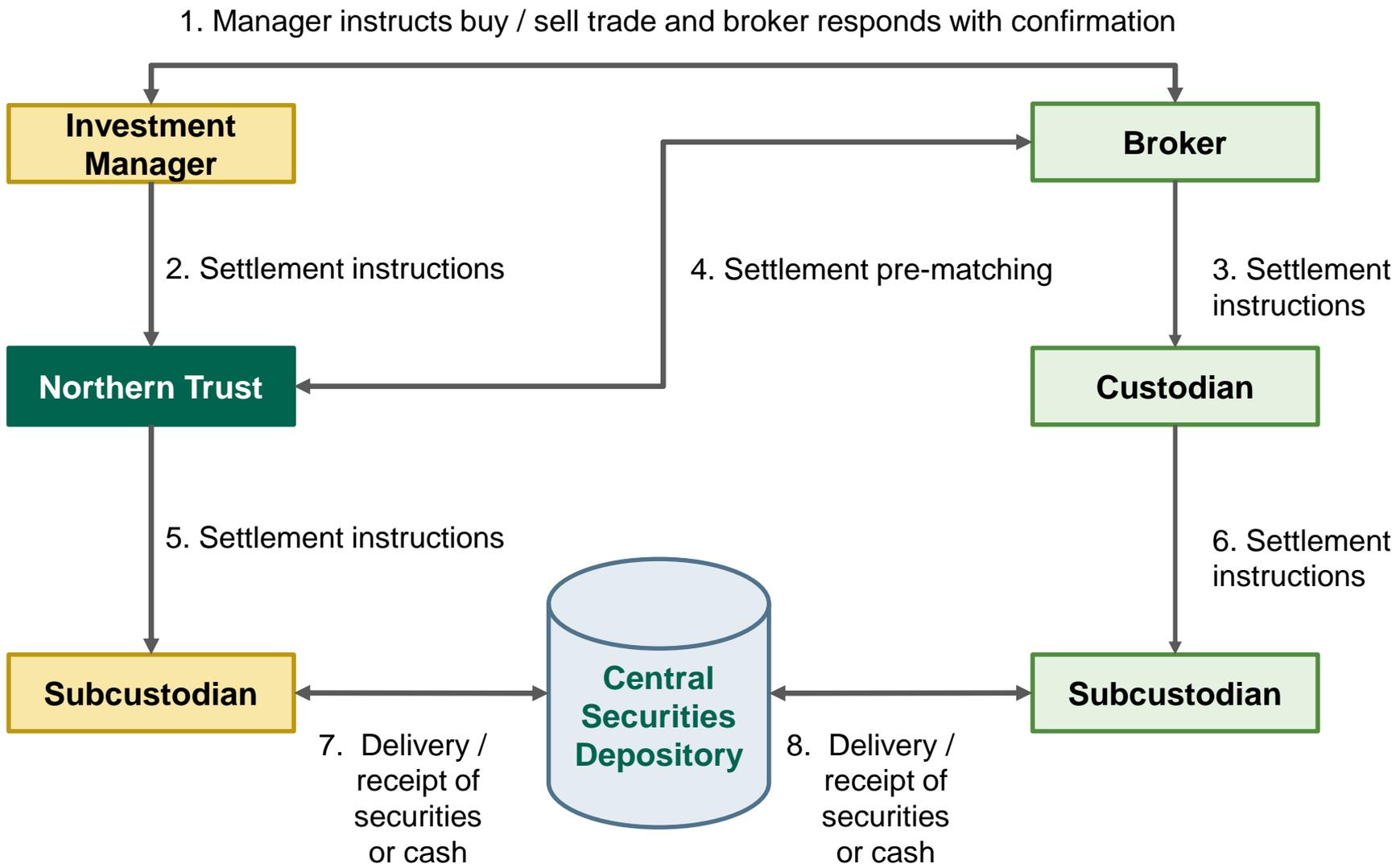


Role of the custodian: core services

- **Trade settlement**
- **Asset servicing**
- **Reporting**

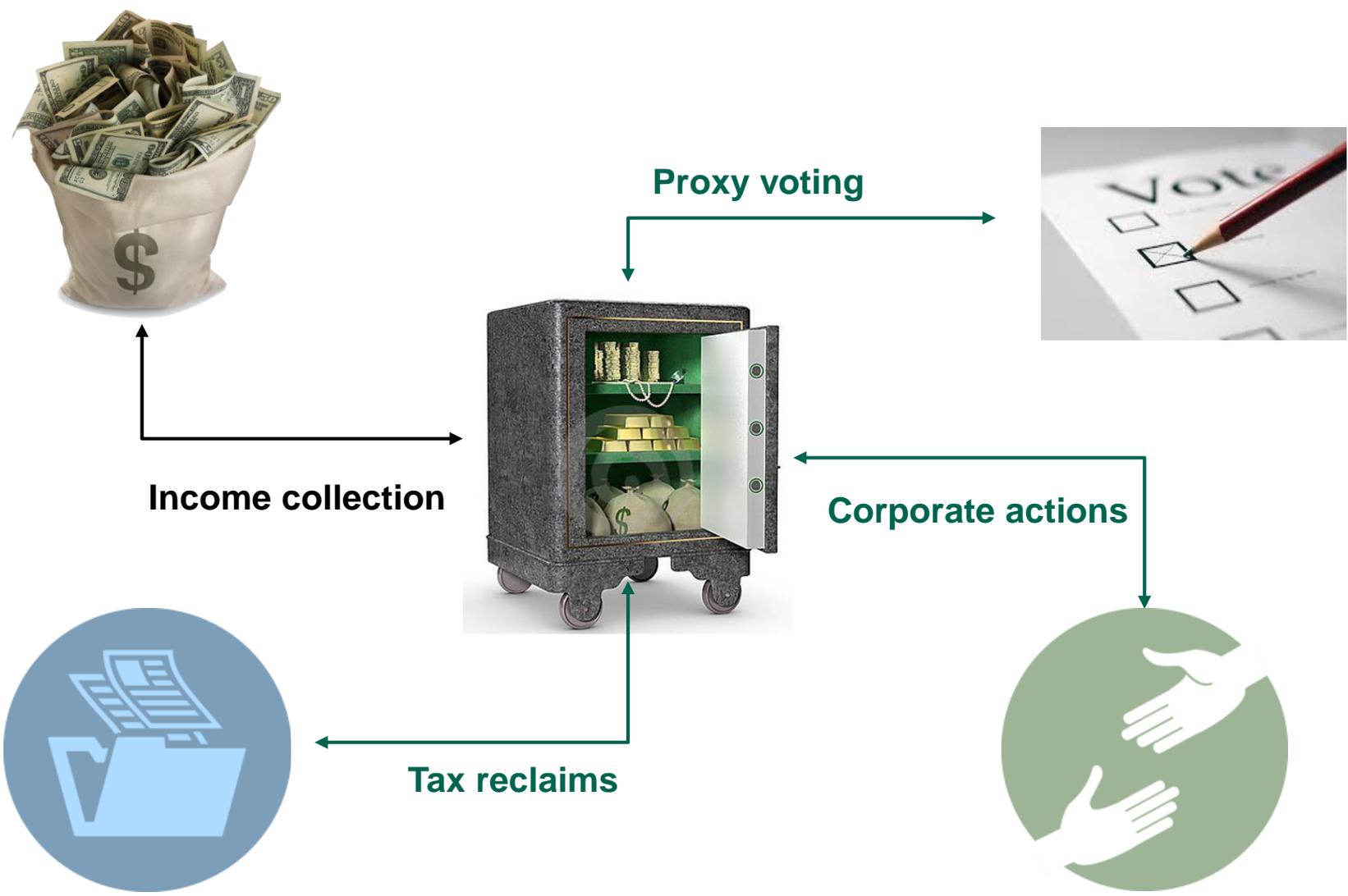


Role of the Global Custodian: Trade Settlement



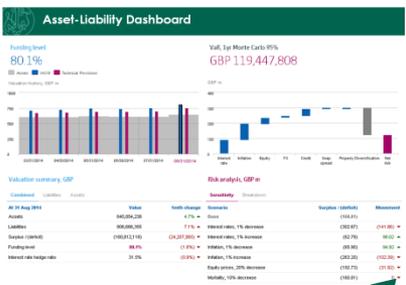


Role of the Global Custodian: Asset Servicing





Role of the Global Custodian: Reporting



NOTE 15 INVESTMENTS [CODE PARA 6.5.2.6]

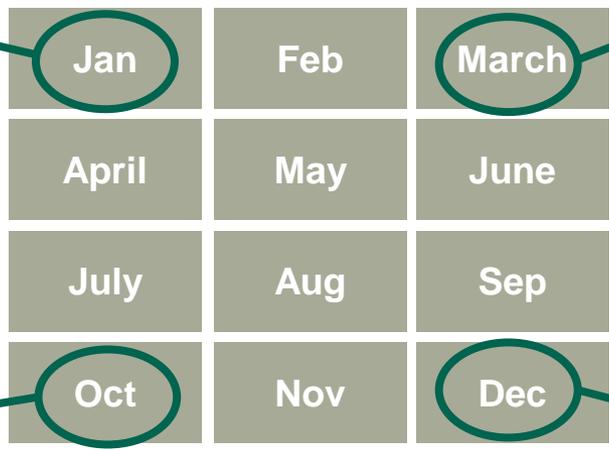
Market Value 31 March 2012	Market Value 31 March 2013
141,556,211	156,837,465
52,548,538	44,411,899
484,310,336	586,671,667
1,027,819,776	1,226,622,782
189,360,069	192,773,379
2,910,232	26,817,785
10,984,277	11,966,086
0	1,297,332
0	0
314,674	201,746
667,941	922,219
0	0
45,272,674	58,468,087
2,174,761	2,420,613
193,386	713,103
2,067,893,335	2,344,653,733
Investment assets	
Fixed interest securities	
Index Linked	
Equities	
Pooled investments	
Pooled property investments	
Private equity/investments	
Commodities	
Derivative contracts:	
Futures	
Purchased/written options	
Forward currency contracts	
Swaps	
Cash deposits	
Investment income due	
Amounts receivable for sales	
2,067,893,335	2,344,653,733
Investment liabilities	
Derivative contracts:	
Futures	
Purchased/written options	
Forward currency contracts	
Swaps	
Amounts payable for purchase	
(1,005,961)	(2,465,532)
2,066,887,374	2,342,188,201

Risk analytics

Audited monthly fund valuations

Year-end financial accounts

Quarterly performance measurement



Prepare a Periods Portfolio Statement Package

31 Aug 15

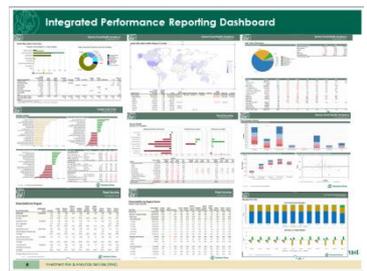
Account number D22200

Multiple Accounts: D22200,D22201,D22202,D22204

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Manager Mix

Account Name/ Account Number	CMGV % of account	Short Term % of account	Equity/ % of account	Fixed % of account	R.E. and Other % of account	Pendings/ % of account	Total market value/ % of consolidation
TFTC GIANC DEMO1 - ABSOLUTE RE D22200	4,969,366.92 9.52%	0.00	25,267,591.77 36.46%	18,270,793.16 26.49%	1,952,298.63 2.85%	-345,076.22 -0.51%	50,114,934.26
TFTC GIANC DEMO1 - EUROPE EX U D22201	593,917.11 1.14%	0.00	41,197,143.69 59.70%	0.00	300,197.23 0.43%	248,874.69 0.35%	42,340,122.70
TFTC GIANC DEMO1 - LIABILITY D D22202	35,789.72 0.07%	116,798,867.67 171.22%	0.00	279,766,716.96 403.62%	31,412,332.99 44.82%	0.00	427,003,676.33
TFTC GIANC DEMO1 - PASSIVE EQU D22204	198,363.95 0.37%	0.00	71,915,820.46 103.82%	0.00	53,323.21 0.07%	-35,846.88 -0.05%	72,129,241.64
Total for consolidation	6,796,007.70	116,798,867.67	138,340,336.91	289,037,499.11	33,718,161.98	-191,847.42	691,867,684.73
% for consolidation	0.98%	19.67%	20.59%	69.59%	6.70%	-0.02%	100.00%





Pension client: current trends



Pension clients: Current Trends

LDI strategies

- Derivatives – independent valuations
- Collateral management & optimisation
- Liquidity management

Collateralised buy-ins

- Collateral management
- Compliance monitoring
- Project management & execution

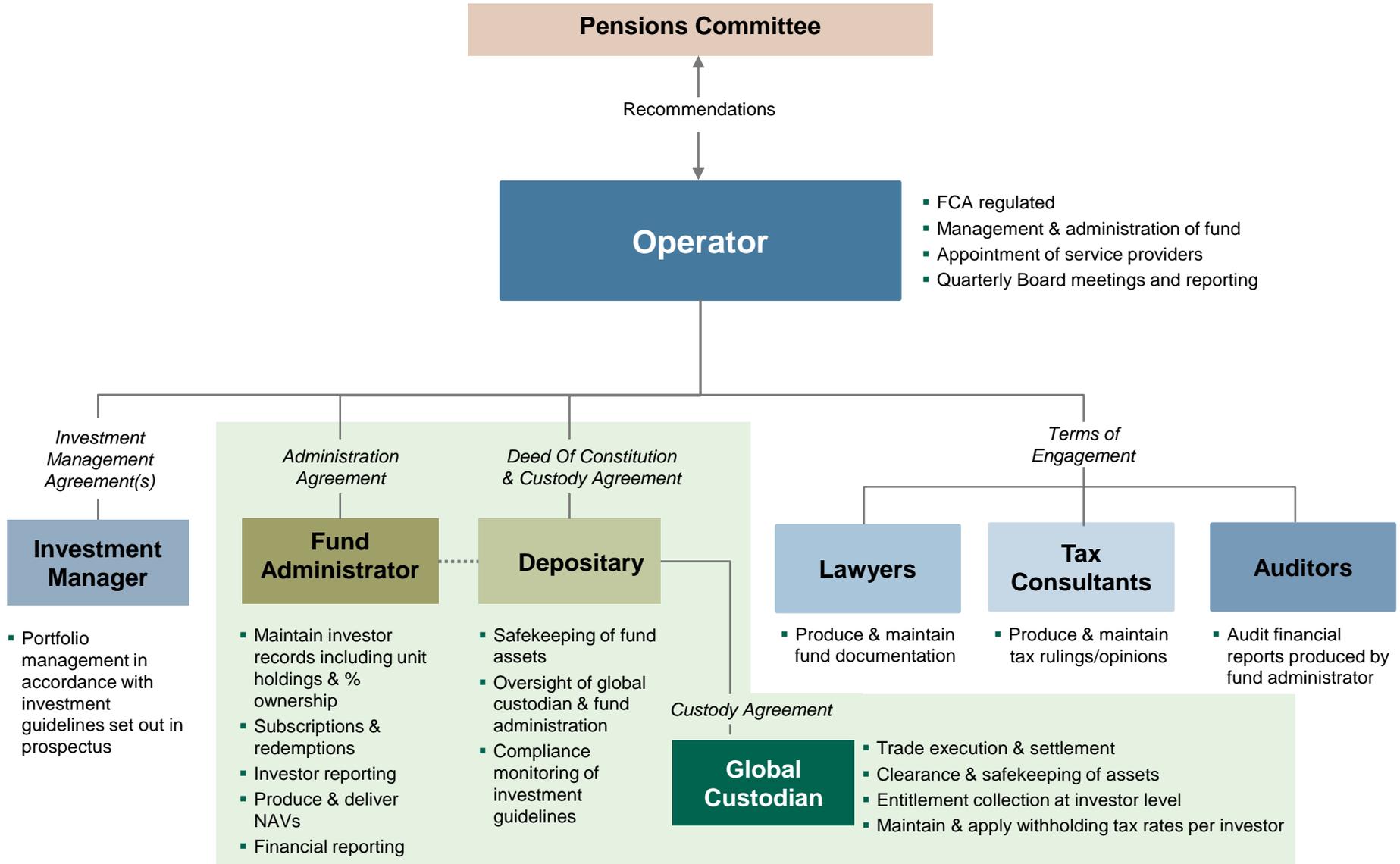
Trapped surplus vehicles

- Escrow accounts
- Account control agreements
- Operational support





Collectivisation: Authorised Contractual Schemes

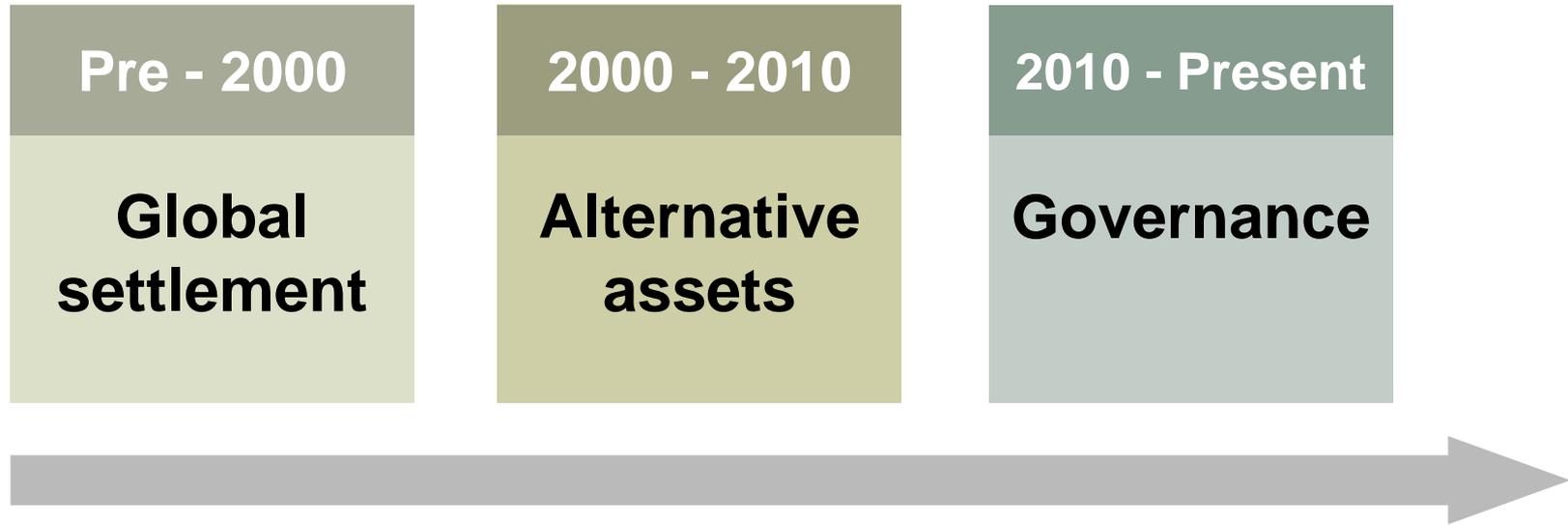




The emerging role of global custodians



Governance: the Emerging Trend

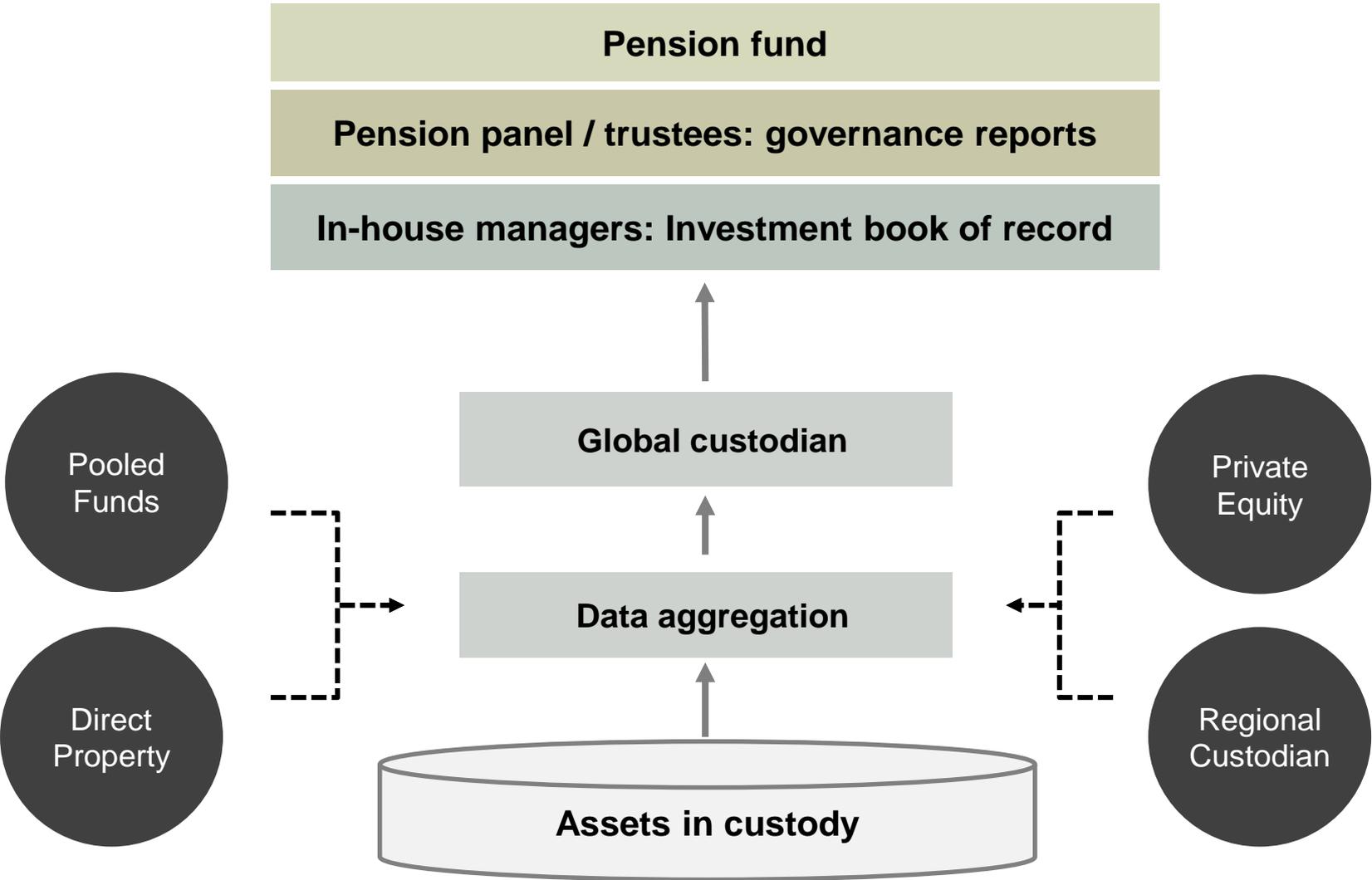




Data aggregation



Data Aggregation



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Governance





Transparency Analysis for Pooled Funds

Transparency down to the individual security level in the underlying holdings of pooled funds.

Before Fund Peek Through		
Reports	Account number	
xx-xx-xxxx	ABC Client	
Effective Currency Exposure		
Country	Currency (Base currency)	%
Canada	48,900,774	100.00%



After Fund Peek Through		
Reports	Account number	
xx-xx-xxxx	ABC Client	
Effective Currency Exposure		
Country	Currency (Base currency)	%
Australia	1,630,504	3.33%
Canada	2,997,192	5.12%
Denmark	999,314	2.04%
Euroland region	15,179,395	31.04%
Hong Kong	1,837,565	3.75%
Japan	5,472,449	11.19%
New Zealand	245,092	0.50%
Norway	231,011	0.47%
South Korea	2,085,000	4.27%
Seden	1,783,711	3.65%
Switzerland	1,373,915	2.81%
United Kingdom	12,239,711	25.03%
United States	3,172,578	5.49%
Total for report	48,900,774	100.00%



Counterparty Exposure

What is our exposure to that counterparty?

Northern Trust | EXPOSURE

Summary Allocation Snapshot

CS **41.73 USD**
 Credit Suisse Group **↓ -0.23 (-0.55%)**
 NYSE
 Issuer / Counterparty Credit Rating: Aa1

Last Trade: 04:00 7 Jun

Identifier Type: Symbol Identifier: Reference date: 07 Jun 2011 (dd MMM yyyy)

> Summary > Issuer Exposure

EXPORT DATA EXPORT VIEW

Global Parent: Credit Suisse Group AG > Ultimate Domestic Parent: All > Immediate Domestic Parent: All > Case Issuer: All >

Expand All / Collapse All Exposure Reference Date: 7 June 2011

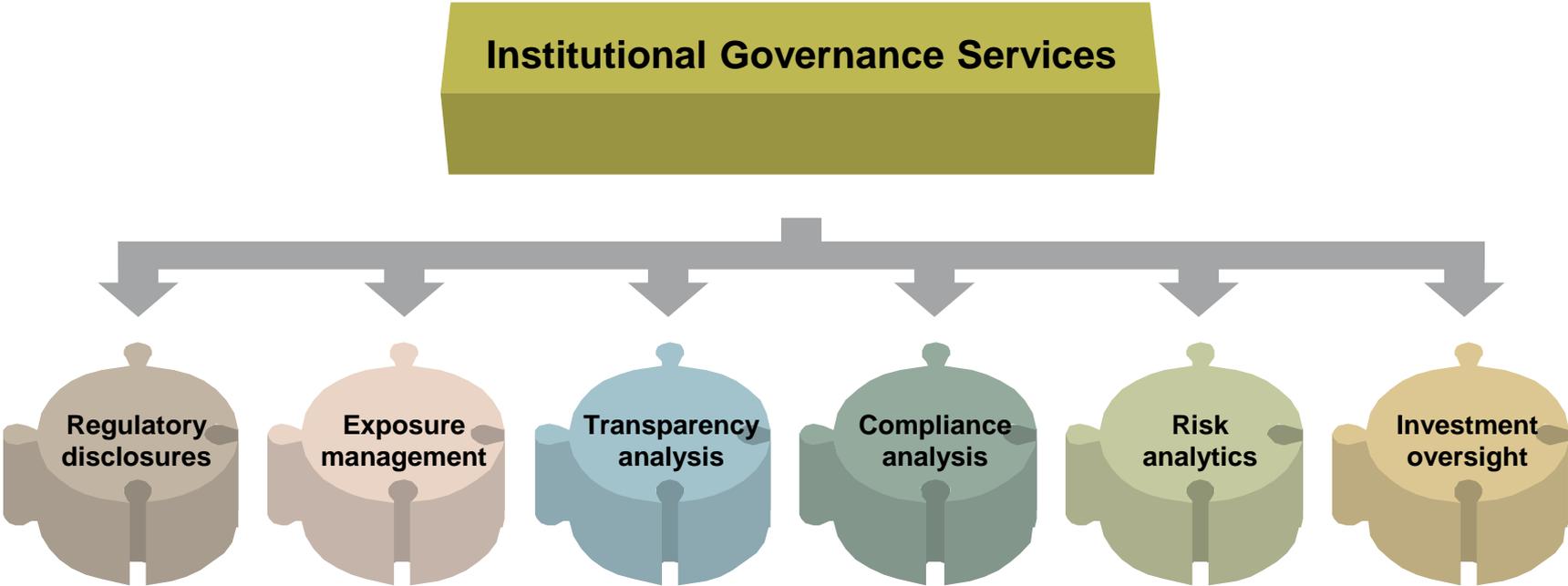
Description	Market Value	% of Total ¹	Unrealized Gain/Loss	Adjusted Gross Notional	% of Total ¹	Adjusted Net Notional	% of Total ¹
United States dollar (USD)							
Market Exposure	4,467,778	0.04%	-986,754	4,451,498	0.04%	4,451,498	0.04%
Equities	4,281,498	0.04%	-995,332	4,281,498	0.04%	4,281,498	0.04%
Common Stock	4,281,498	0.04%	-995,332	4,281,498	0.04%	4,281,498	0.04%
Fixed Income	186,280	0.00%	8,578	170,000	0.00%	170,000	0.00%
Total	4,467,778	0.04%	-986,754	4,451,498	0.04%	4,451,498	0.04%
Counterparty Exposure	607,368	0.01%	297,403	16,495,000	0.15%	-8,005,000	-0.07%
Other Assets	607,368	0.01%	297,403	16,495,000	0.15%	-8,005,000	-0.07%
Total	607,368	0.01%	297,403	16,495,000	0.15%	-8,005,000	-0.07%
Singapore dollar (SGD)							
Counterparty Exposure	-32,399,400	-84.77%	4,590,581	32,399,400	84.77%	-32,399,400	-84.77%

Please note that this report has been prepared using best available data.
¹ Percentages are calculated based on the Total Fund/Plan Market Value.
 Quotes delayed per exchange list.
 All times displayed in London.
 News headlines and markets quote data provided by **Interactive Data**
[View restrictions and disclaimers.](#)



Data Driven Insights for Stronger Governance

Flexible tools and reporting turning client data into meaningful insights for enhanced governance.





Questions?

