

CORPORATE & INSTITUTIONAL SERVICES

The Role of the Global Custodian

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Manager of Relationship Managers
Institutional Investor Group



NORTHERN TRUST

AGENDA

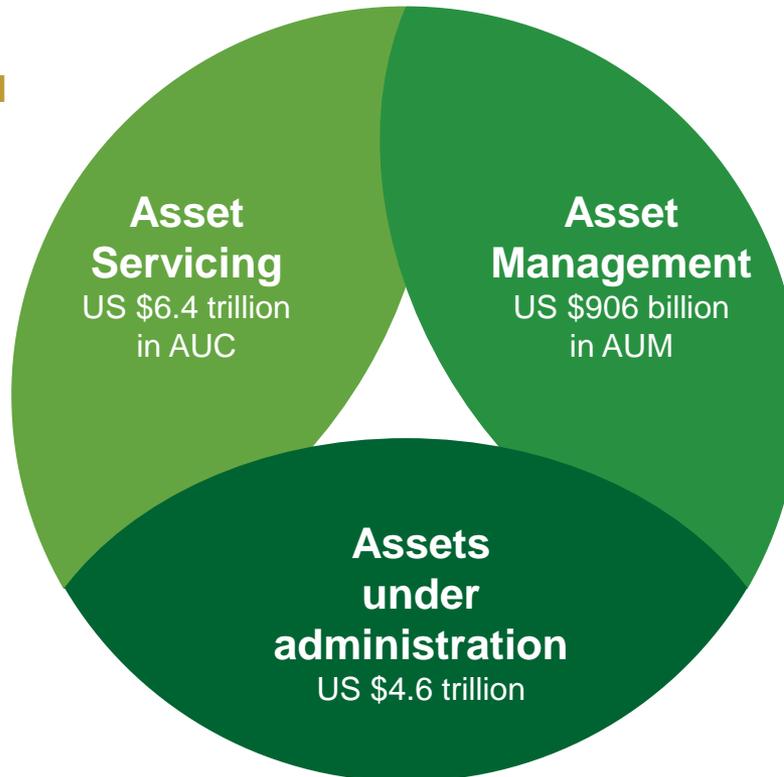
- Northern Trust: our model and LGPS commitment
- Role of the custodian: core services
- The future LGPS: our perspective
- Questions?

CLIENT-CENTRIC, FOCUSED BUSINESS MODEL

Asset servicing, asset management & banking for personal and institutional clients, supported by our integrated operating platform.

Corporate & Institutional Services

- Pensions
- Sovereign entities
- Fund managers
- Foundations & endowments
- Insurance companies



Wealth Management

- Individuals
- Families
- Family offices
- Foundations
- Endowments
- Privately held businesses

Integrated Global Operating Platform

As of 30/06/2016
Source: Northern Trust

THE LGPS IS A KEY BUSINESS FOR NORTHERN TRUST

A track record of servicing the Local Government Pension Scheme.

- Market-leading position - currently working with 41% of the LGPS market
- We enjoy long and successful partnerships with LGPS clients
- Continued growth - appointed by 11 out of 17 LGPS tenders from the National Framework Agreement since its incorporation three years ago
- Over 50% of Northern Trust's global assets under custody belong to pension funds.

Pension fund clients benefit from:

- Capabilities and solutions tailored to meet your pension requirements
- Access to industry expertise and information
- Continuous re-investment in our core business: pensions
- A partnership you can leverage: channels to senior industry participants
- An opinion, a sounding board, a "house view" on topical issues
- Peace of mind from working with a focused, committed, successful pension fund specialist
- A shared vision...we are in the pensions business too

Trusted global partner

Northern Trust also supports:

35% of top 200 UK pension funds

52% of top 200 U.S. pension plans

22% of top 50 Nordic pension funds

34% of top 50 Netherlands pension funds

“Northern Trust's ability to customise their asset servicing reporting capabilities to meet our requirements, combined with their proven track record in the LGPS market were key factors in their appointment.”

Peter Wallach
Head of Merseyside Pension Fund

CORPORATE & INSTITUTIONAL SERVICES

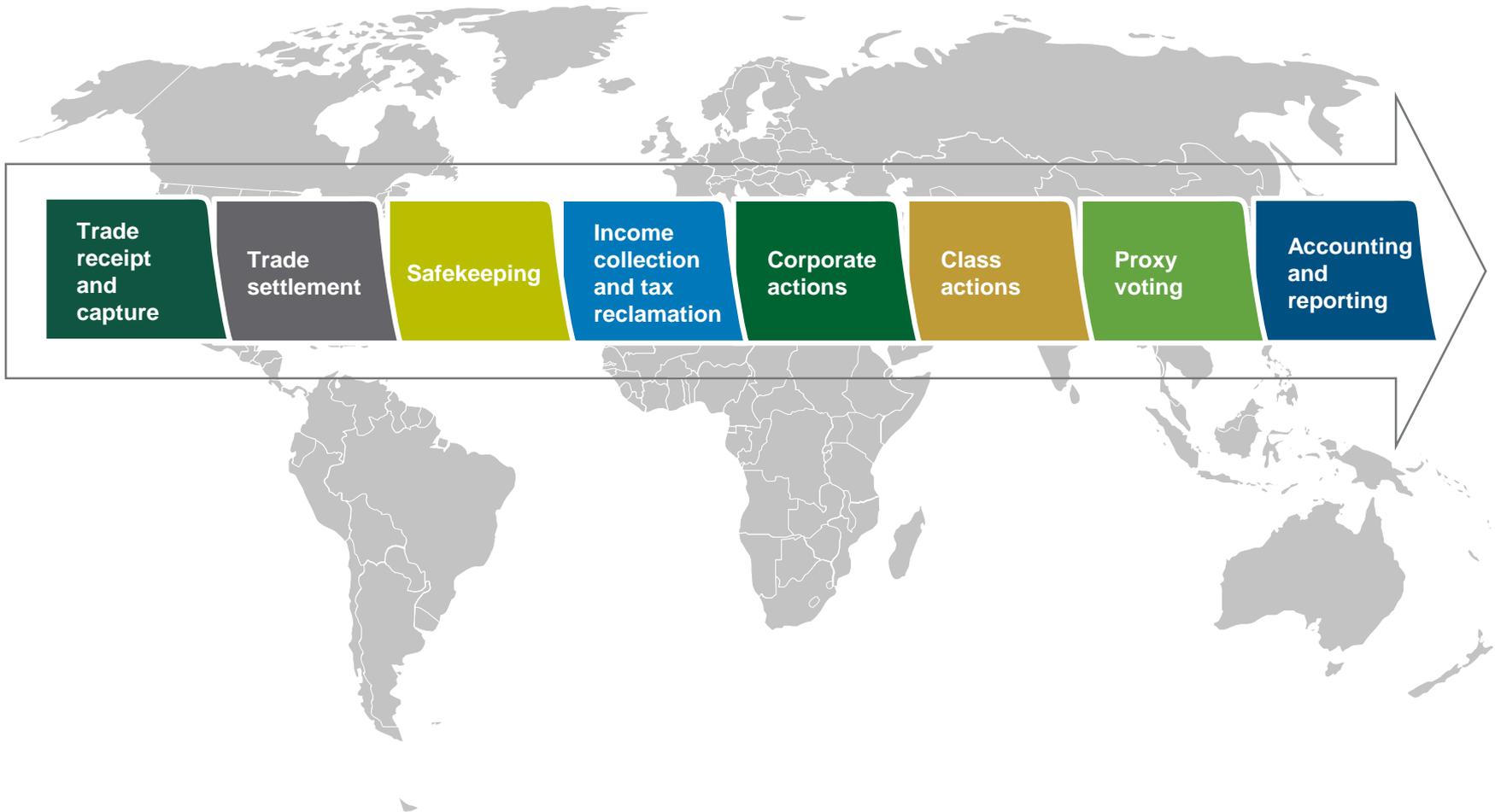
Role of The Global Custodian: Core Services



NORTHERN TRUST

GLOBAL CUSTODY SERVICES

Delivery of process efficiencies, automation, scale and flexibility through our comprehensive asset servicing product offering.



EXPERTISE ACROSS THE FULL CUSTODY SPECTRUM

*Emphasis on automation, straight-through processing (STP), accuracy and timeliness...
reducing risk, enhancing efficiency, minimising cost and ensuring transparency.*

Trade receipt and capture

- Over 25 million trades processed globally annually
- A dedicated global team servicing alternative assets and non-STP investments

Safekeeping

- US \$6.4 trillion in assets under custody, US \$1.9 trillion in cross-border assets
- Covering 104 markets

Class actions

- Gathering information, providing timely notifications, filing claims and posting disbursements

Web trade services

- Connected to over 2,700 end-points in the global brokerage community with automated communications to over 40 major custodians globally
- Hitting > 770,000 trades/month

Income collection and tax

- Income on payable date in 35 markets
- Tax reclamation and relief at source

Proxy voting

- On-line proxy voting in 53 markets

Trade settlement

- 98% of trades captured electronically across 104 markets
- Contractual settlement in 51 countries

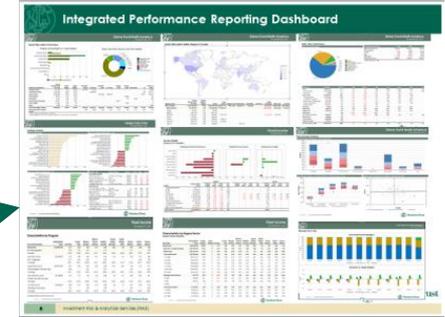
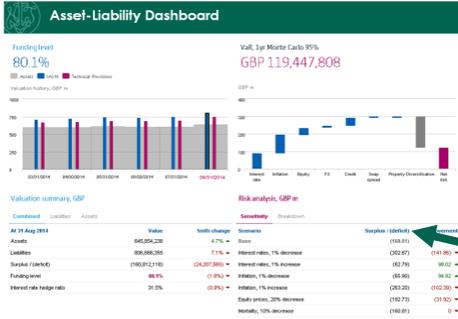
Corporate actions

- Global processing in excess of 80,000 corporate actions across 104 markets every year

Accounting and reporting

- Single global, integrated, multi-currency platform servicing all investment participants

REPORTING



Risk analytics

Quarterly performance measurement

Audited monthly fund valuations

Year end financial accounts and ONS reporting

Prepare a Periods Portfolio Statement Package

31 Aug 15

Account number 022200

Multiple Accounts: 022200,022201,022202,022204

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• Manager Mix

| Account Name | CMV | Short Term | Equity | Fixed | P.E. and Other | Pending | Total market value |
|-------------------------------|--------------|----------------|----------------|----------------|----------------|--------------|--------------------|
| Account Number | % of account | % of account | % of account | % of account | % of account | % of account | % of consolidation |
| TSTC-GMHC DEMO1 - ABSOLUTE RE | 4,989,366.92 | 0.00 | 25,287,861.77 | 18,275,783.16 | 1,962,298.43 | -345,076.22 | 50,114,834.26 |
| | 9.92% | 0.00% | 50.42% | 36.48% | 3.90% | -0.69% | 8.47% |
| TSTC-GMHC DEMO1 - EUROPE EX U | 893,917.11 | 0.00 | 41,197,143.68 | 0.00 | 300,197.23 | 248,874.68 | 42,345,132.70 |
| | 0.00% | 0.00% | 81.20% | 0.00% | 0.71% | 0.58% | 7.16% |
| TSTC-GMHC DEMO1 - LIABILITY D | 38,789.72 | 116,788,867.87 | 0.00 | 278,796,716.86 | 31,412,332.89 | 0.00 | 427,203,678.23 |
| | 0.01% | 27.12% | 0.00% | 68.62% | 7.38% | 0.00% | 72.18% |
| TSTC-GMHC DEMO1 - PASSIVE EQU | 195,963.96 | 0.00 | 71,916,602.46 | 0.00 | 63,323.21 | -35,646.88 | 72,129,241.54 |
| | 0.27% | 0.00% | 99.70% | 0.00% | 0.07% | -0.05% | 12.19% |
| Total for consolidation | 6,798,997.70 | 116,788,867.87 | 138,580,606.81 | 286,837,499.11 | 83,718,163.88 | -131,847.42 | 691,687,864.78 |
| % for consolidation | 6.93% | 19.47% | 23.93% | 63.58% | 6.73% | -0.02% | 100.00% |

NOTE 15 INVESTMENTS [CODE PARA 6.5.2.6]

| Market Value 31 March 2012 | Market Value 31 March 2013 |
|--|----------------------------|
| Investment assets | |
| 141,256,311 Fixed interest securities | 156,837,465 |
| 62,545,338 Money Market | 64,411,939 |
| 484,313,338 Equities | 588,817,667 |
| 1,087,519,776 Pooled investments | 1,203,532,753 |
| 193,360,089 Pooled property investments | 192,773,379 |
| 61,910,273 Private equity infrastructure | 58,897,765 |
| 10,964,277 Commodities | 11,995,096 |
| | 1,297,332 |
| Derivative contracts: | |
| 0 Futures | 0 |
| 314,574 Purchased written options | 201,146 |
| 667,541 Forward currency contracts | 92,219 |
| 0 Swaps | 0 |
| 48,272,874 Cash deposits | 59,468,987 |
| 2,174,781 Investment income due | 2,408,413 |
| 591,366 Amounts receivable for sales | 713,703 |
| 2,097,891,313 Total Investment assets | 2,344,451,713 |
| Investment liabilities | |
| Derivative contracts: | |
| 0 Futures | 0 |
| 0 Purchased written options | 0 |
| -29,002 Forward currency contracts | -1,196,478 |
| 0 Swaps | 0 |
| -975,569 Amounts payable for purchases | -1,769,054 |
| -1,004,571 Total Investment liabilities | -1,965,532 |
| 2,096,886,742 Net Investment assets | 2,342,486,181 |
| 0 | 0 |

CORPORATE & INSTITUTIONAL SERVICES

The Future LGPS: Our Perspective



FUTURE COLLECTIVE MODEL

Investment Strategy & Fund Level Governance



THE POOL

Investment Options

Asset Classes

Equities

Fixed Income

Alternatives

Infrastructure

Property

Investments Structures

Pool Fund Structures

ACS

Life Pools

Virtual

Various – PAIF,
LLPs etc.

Investment Management

Investment Management

In-house Investment Management

Third Party Investment Management

Required Services:

- Custody & Accounting
- Valuation Reporting
- CIPFA / SORP/ ONS
- Performance Reporting

- Global Custody
- Master record keeping
- Fund Administration for all fund types:

- Fund accounting
- Depositary
- Transfer agency

- Consolidated Performance reporting
- Consolidated risk analytics

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Questions?



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