

Thursday 14th June

Role of the Global Custodian



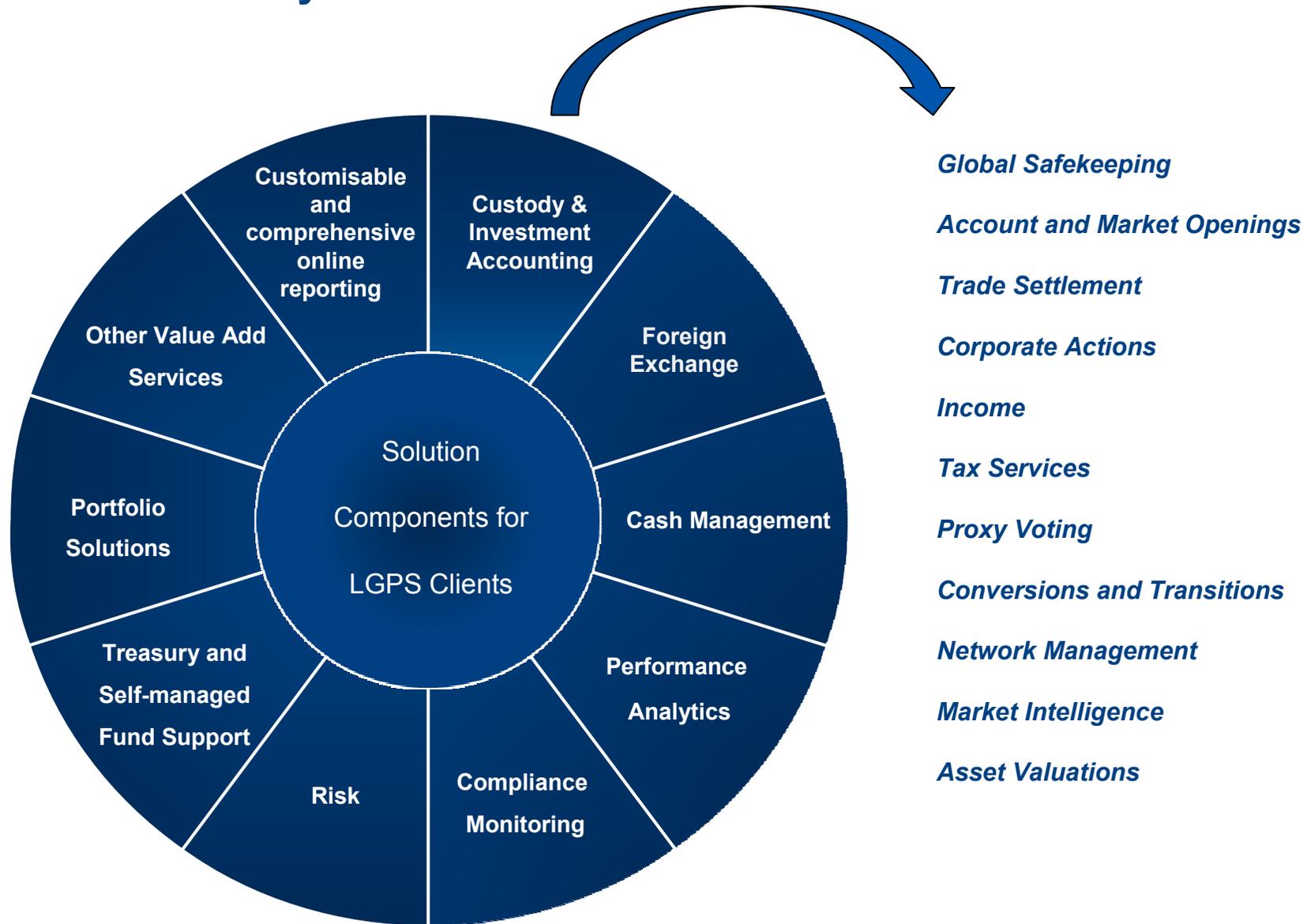
STATE STREET[®]

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Global Custodians - Strategic End-To-End Service Capabilities



Global Custody



Settlements Process and Controls

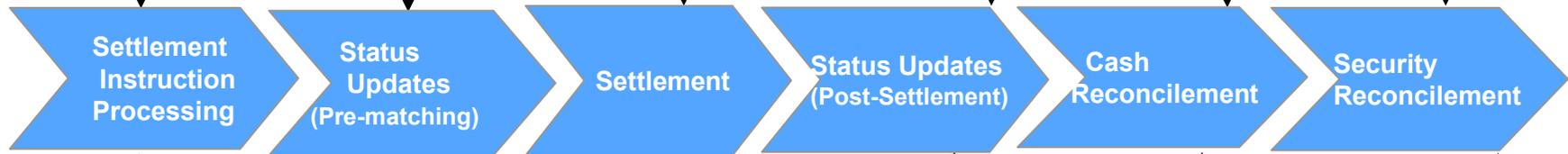
PARTIES

- IM's / Clients
- Lending Agents
- Local Exchanges

- Subcustodians
- Depositories
- Client Service Groups
- IM's / Clients
- Reporting

- Subcustodians
- Depositories
- Reporting

PROCESS



CONTROL HIGHLIGHTS

- Workflow management
- Prioritisation
- Integrity check
- 24 Hour monitoring

- Real time status updates
- Inventory management
- 24 Hour monitoring
- Automatic notification to clients

- Automatic updates to securities balances
- Real time position availability
- Automatic notification to clients

- Failed trade management
- Complete fail status updates
- Collaboration with local agents/depositories for fail resolution

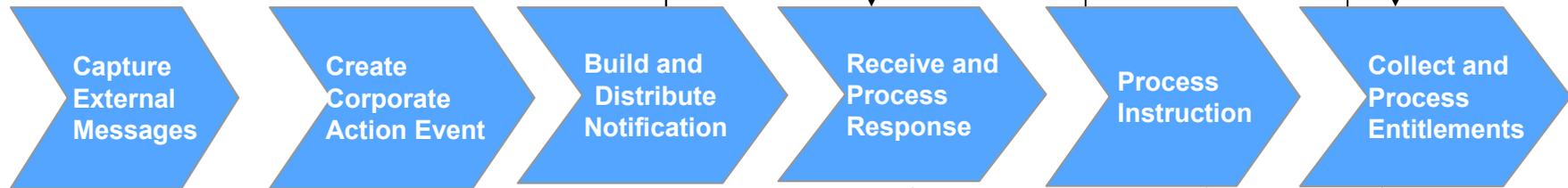
- Automated recon schedule
- On-line reporting
- Exception monitoring
- MIS reporting

Corporate Action Process and Controls

PARTIES



PROCESS



CONTROL HIGHLIGHTS

- Automated vendor mapping
- Automated inbound MT564 from custodian network
- Blind rekey addition of prospectus information
- Scrubbing / dual sourcing of announcement data

- Workflow management
- Prioritisation
- Notification verification
- Residency Restriction Review

- CAPTAIN
- SWIFT
- Fax
- Automated renotification for position changes

- Real time response capture in GCAS
- MT565/Captain responses fully automate
- Partial automation on MT599/fax responses
- Blind rekey verification of any manual updates
- Validate and reconcile response information
- Response follow-up via telephone
- Apply standing instx

- Response follow-up via telephone
- Reconcile custody position to market
- Accumulate responses by option
- Process instx direct to depository / sub custodian
- Daily event instx audit

- Receive MT566 confirm
- Full event audit
- Resolve exceptions
- Pend entitlements to custody
- Generate MT566 to client



Income Process and Controls

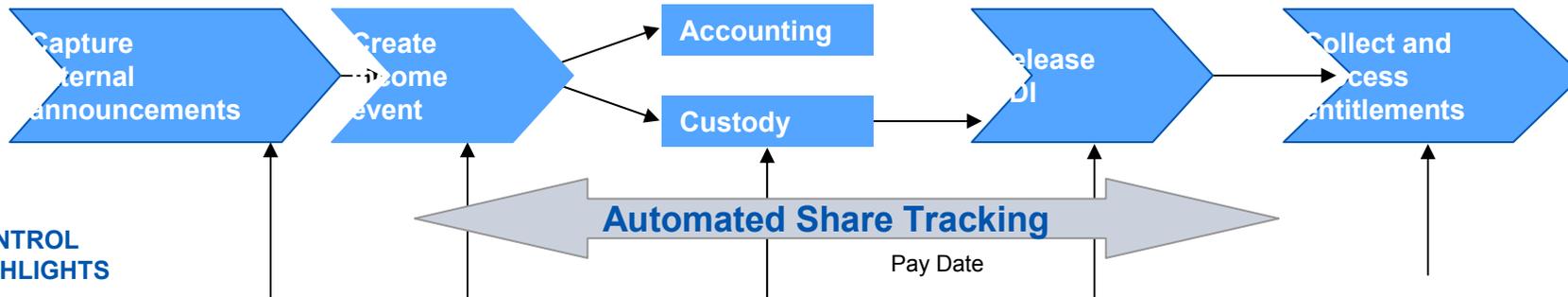
PARTIES

- Data Vendors
- Depositories
- Stock Exchanges
- Custody Network

- Lending Agents
- Depositories
- Sub- custodians

- Lending Agents
- Depositories
- Sub-custodians

PROCESS



CONTROL HIGHLIGHTS

- System and Manual Data scrubbing
- Dual sourcing of announcement data

Generate MT564 to clients

- Tax treatment applied
- Custody event data
- Due from market
- Due from lending
- Due from broker
- Not entitled
- Reconcile subcustodian pre-advice

- Eligible for release at start of local market day
- Income policy
- Associate policy with fund, currency, location
- Generate MT566 to client

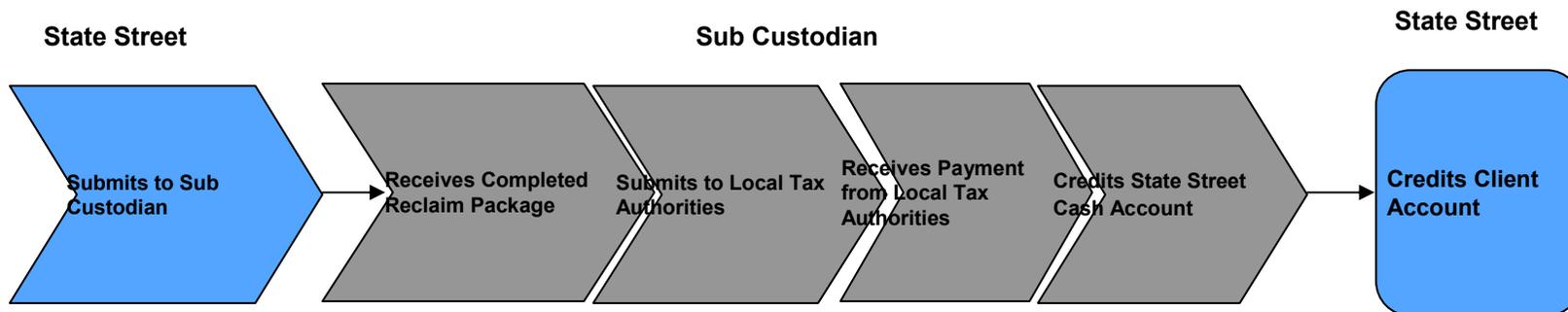
- Post actual income to clients
- Relieve income advances
- Exposure monitoring;
- Resolve exceptions;
- Issue claims
- Generate MT566 to client

Tax Reclaim Process Local Market Flow

Tax Reclaim Package Preparation

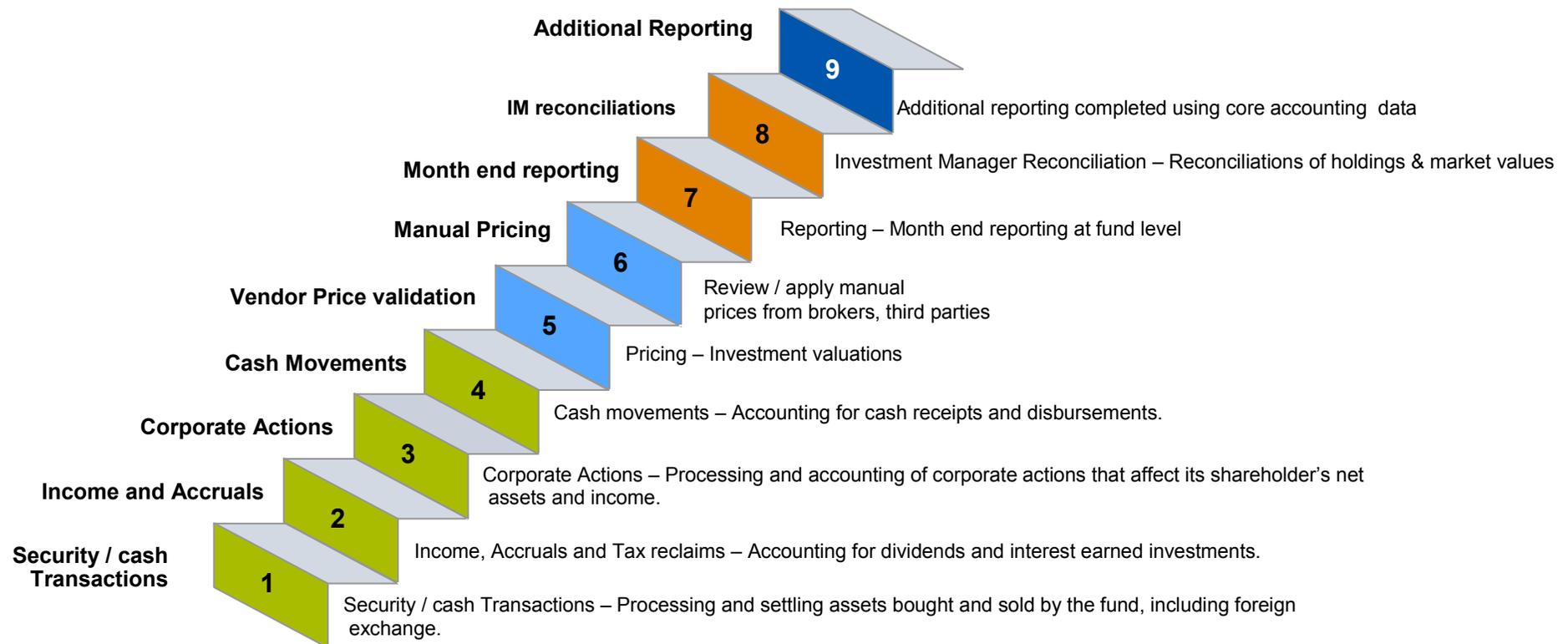


Tax Reclaim Filing



Value Add Services - Investment Accounting

Month end process



Value Add Services - Portfolio Solutions

Transition Management	<ul style="list-style-type: none"> • End-to-end solution that implements revised strategy and delivers new portfolio to fund's managers • Minimises costs by utilising derivatives, diverse liquidity sources and internal/external crossing pools
Interim Exposure Management	<ul style="list-style-type: none"> • Maintains desired market exposure over an interim period with immediate effect in a risk reduced manner • Customisable solutions allow clients to identify investment instruments and tracking error thresholds
Interim Asset Allocation Overlay	<ul style="list-style-type: none"> • Cost-effective and timely rebalancing of sub-optimal asset allocations • Smooth reallocation facilitates eventual transition
Cash Equitisation	<ul style="list-style-type: none"> • Maintains market exposure for excess cash balances and fund-level cash • Exposure conducted by way of futures overlay and hedges are adjusted daily, if necessary
Liquidity Management	<ul style="list-style-type: none"> • Manages cash flows to provide targeted liquidity and market exposure levels • Minimises opportunity costs by utilising internal crossing network and derivative overlay
Currency Management	<ul style="list-style-type: none"> • Broad range of currency management strategies, servicing approximately \$65 billion in assets* • Supports passive and active overlay and standalone portable alpha strategies • Share-class hedging services provided to allow managers replicate performance in other base currencies
Commission Management	<ul style="list-style-type: none"> • Provides a complete, end-to-end global solution that enables Investment Managers to better manage commission flows, address regulatory reporting requirements and administer commission sharing agreements

Value Add Services – Securities Lending

Why Borrow Securities ?

- Settlement coverage
- Securities are borrowed to facilitate a “short” position in a security
- Tax treaties between governments allow for dividend arbitrage trades
- Securities are borrowed as part of a financing strategy
- It is cheaper and / or more efficient to borrow shares than to buy them

What Does An Agent Lender Do ?

- Facilitates lending transactions between lender and borrower
- Aggregates assets and monitors demand in the market
- Negotiates rebate (cash collateral) or loan premium (non-cash collateral) with the borrower at loan initiation
- Receives cash or non-cash collateral typically with a margin and marks-to-market daily to maintain that margin
- Provides dedicated departments e.g. legal resources, trading expertise, operations etc.
- Dedicated income collection department dealing with MOD's
- Provides a borrower default indemnity
- Facilitates loan recalls to support trading and other activity (Eg. Proxy voting)

Investment Analytics

The Current Environment

The Challenges

- Increasing fund complexity
- Expanding range of asset types and managers
- Increasing regulation
- Increasing governance overhead
- Market volatility

Provider Solutions

- Analytics delivered quickly, accurately and efficiently
- Impartial evaluation and analysis to support decision making
- Absolute flexibility around inputs and outputs
- Ease of access to data
- Rapid response to managing change
- Industry context
- Regular dialogue

Investment Analytics at State Street

- Fully integrated solution
- Comprehensive product suite
- Third party solution – the WM Company brand
- We currently measure 86 UK Local Authority funds equating to over 800 portfolios
- Our track record extends to 35 years
- We boast an unparalleled database of Local Authority returns
- Supported by 80 UK based staff

Servicing the needs of the UK Local Authority market

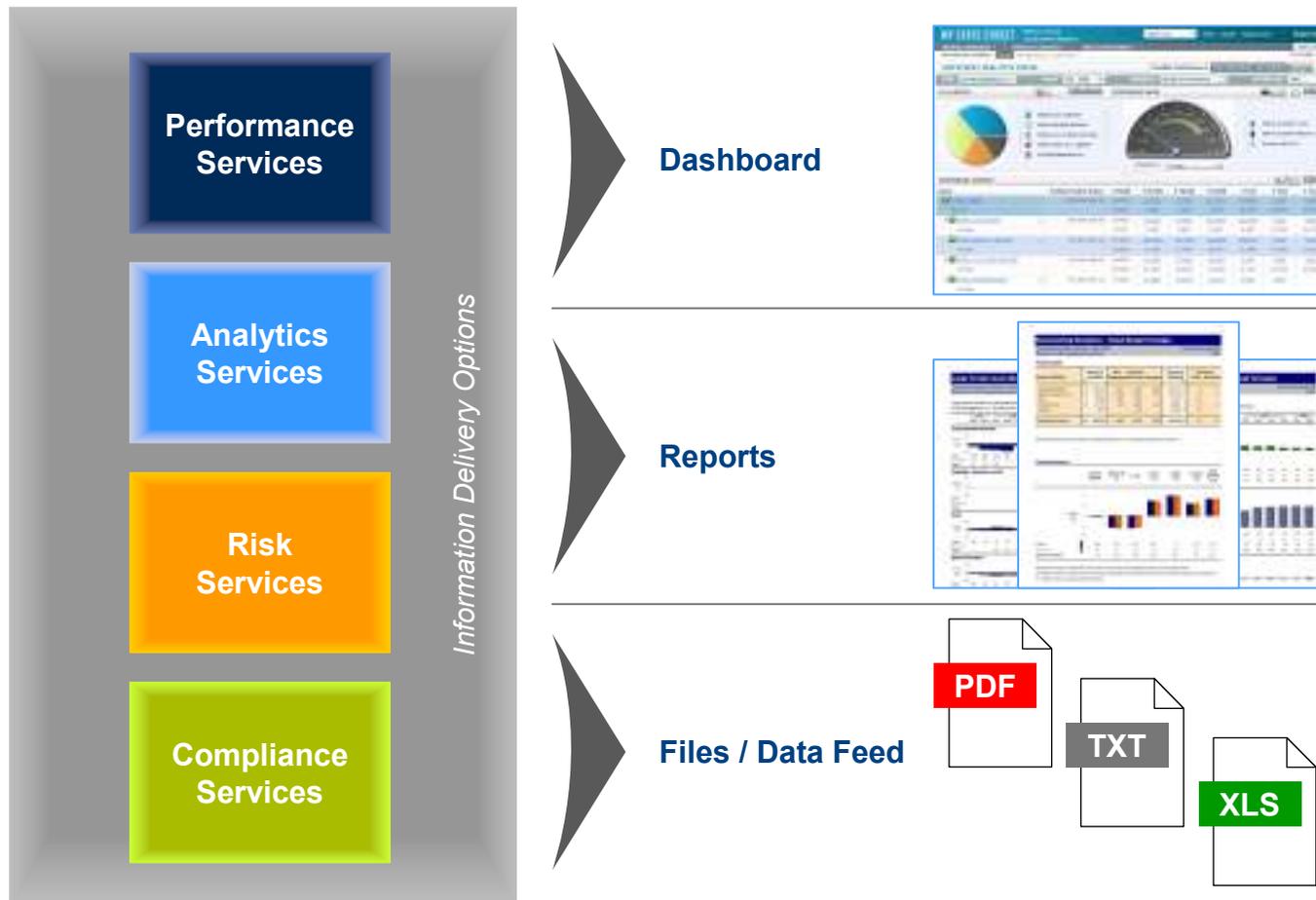
Core Services

- Straight through processing for SSGS customers
- Management of third party data
- Calculation of returns – any currency, any time-period
- Calculation of scheme specific benchmarks
- Transparent attribution of relative performance
- IM reconciliation
- Flexible hierarchies and reporting – one size can't fit all
- Flexible delivery

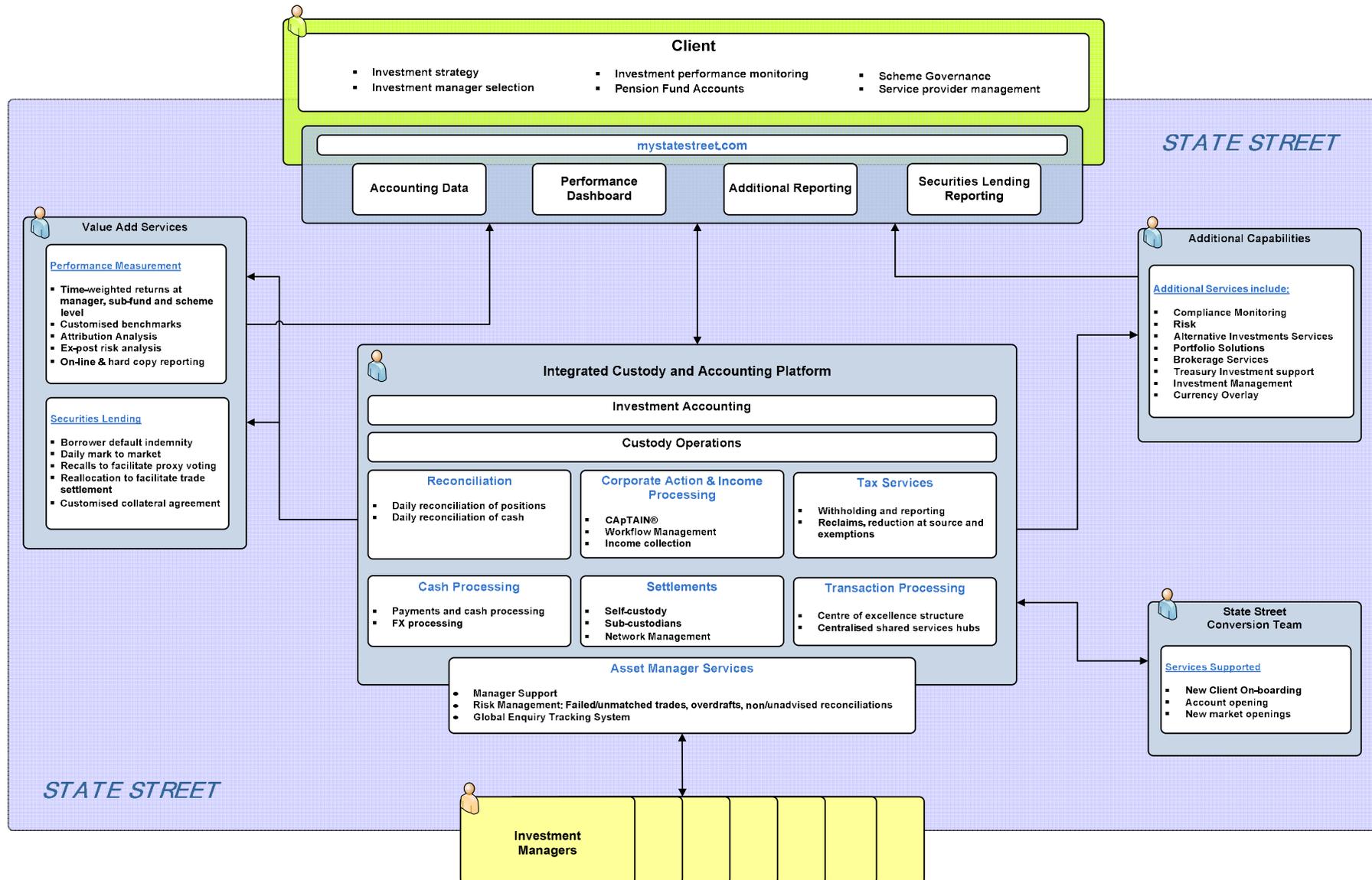
Value Added Services

- Board reporting
- Bespoke reporting
- Linking risk and reward
- 'Trustee' training
- Performance consultancy
- Presentation of results
- Peer group reviews via WM Universes
- Impartial research
- Local Authority Roadshows

Delivering Analytics Services

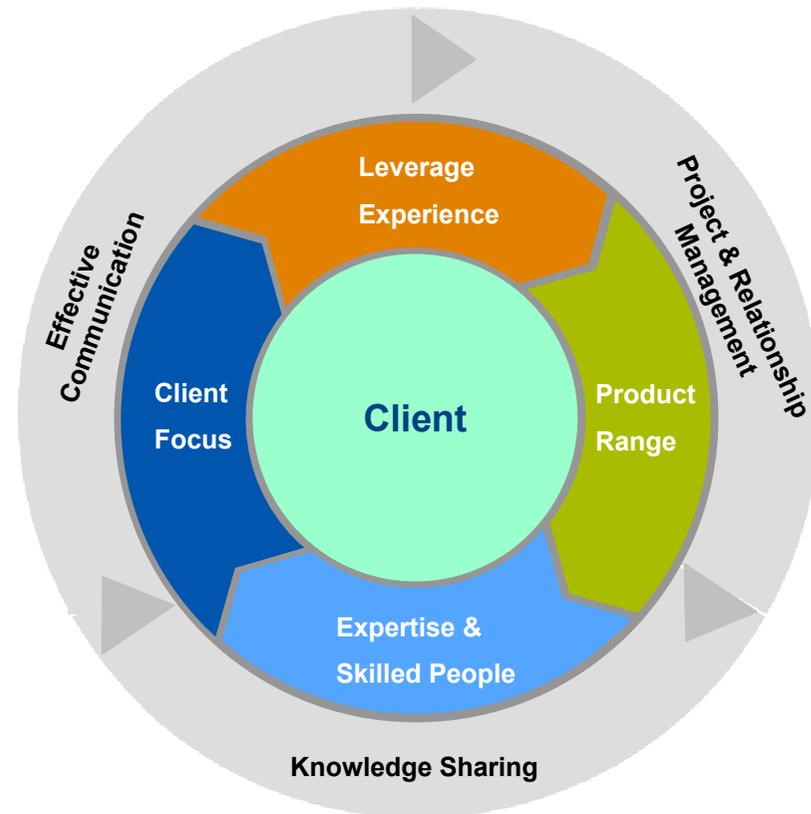


Relationship Model



Role of the Custodian - Partnership Approach

- Resource pressures
- Asset diversification and asset class complexity
- Increased focus on governance Proxy Voting, ESG, FX
- Reporting / Regulatory changes IFRS Reporting, FATCA, Dodd Frank etc.
- Risk management Financial Strength, Capital Ratios, Proprietary Investments Exposures
Market Turmoil (Grexit)
BCP (Systems, Site, Olympics!)



Thank you

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