



INNOVATIVE SOLUTIONS FOR A COMPETITIVE EDGE

Cross-Border Asset Pooling for Investment Managers

Patent Pending



Northern Trust



INNOVATIVE CROSS-BORDER POOLING SOLUTIONS

As an investment manager you require innovative solutions from your asset servicing provider so you can focus on your core competencies – asset management and enhancing investment returns. With our tax-transparent and non-tax-transparent cross-border pooling solutions, Northern Trust can help you maximize the full potential of your assets under management to gain a competitive edge.





LOS ANGELES



PERTH



FRANKFURT



CAIRO



LONDON



TOKYO



NEW YORK



SYDNEY



JOHANNESBURG



HONG KONG



PARIS



MANILA



BUENOS AIRES



TEL AVIV



A Major Market Innovation

The ability to support investors with multiple tax rates in a tax-transparent pooled vehicle is a major market innovation, offering significant potential benefits for you and your investors.

AN INNOVATIVE APPROACH

Investment managers have long understood the advantage of combining assets within a single fund vehicle but have faced challenges when pooling the global assets of investors resident in domiciles with different tax treaties and different tax rates. Withholding tax applied at the fund level, without regard to the underlying investor type or domicile, has meant some investors have incurred higher effective tax rates than if they had invested directly in the market.

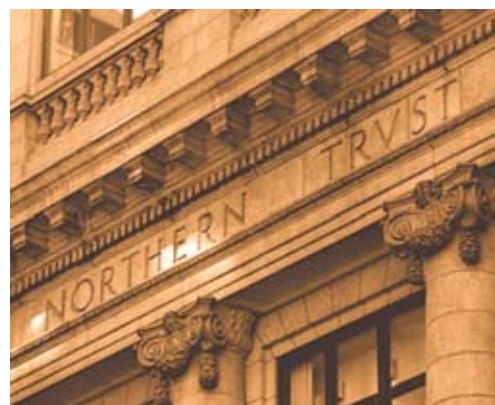
As pioneers of cross-border pension pooling for multinationals, we have built on our expertise to create a solution for investment managers. Through Northern Trust you can pool your clients' assets in either a tax-transparent or non-tax-transparent vehicle, supporting multiple countries of investor as well as multiple countries of investment.

ENHANCING RETURNS, IMPROVING VALUE

Northern Trust's cross-border asset pooling solutions enable you to offer wide-reaching benefits to your investors.

Tax efficiencies

- Underlying investors are taxed according to their own domicile whenever possible, allowing them to benefit from double taxation treaty arrangements in place between the country of investor and country of investment.
- It is possible to secure treaty rates for investors in tax-transparent vehicles in the majority of significant investment markets.
- As an example, exemptions from United States tax are usually available under double tax treaties to pension plans resident in certain countries – such as Canada, the Netherlands, Switzerland and the United Kingdom – when they pool their assets in a tax-transparent vehicle. These exemptions are often not available when those plans pool their assets in a vehicle that is non-tax-transparent. With additional countries negotiating new tax arrangements with the United States, there will be even greater value in the use of a tax-transparent vehicle.



Northern Trust is one of the world's leading providers of asset servicing, asset management and wealth management services. Founded in 1889, we have a history of strength and stability.

Today, we are a global leader in combining exceptional client services and expertise with innovative products and technology.

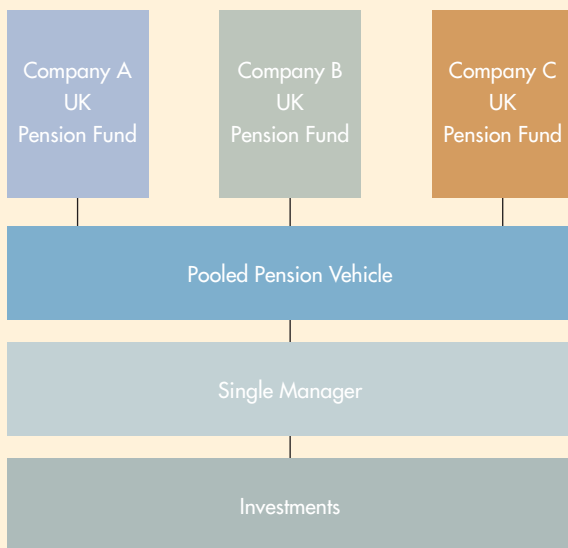
Enhanced fund performance

- By minimizing withholding tax drag, you have the potential to maximize your fund performance, allowing your clients to reap the full benefits of pooling their assets.
- Pooling reduces the number of investment transactions you have to make, potentially allowing you to experience greater economies of scale in custody, administration and audit.

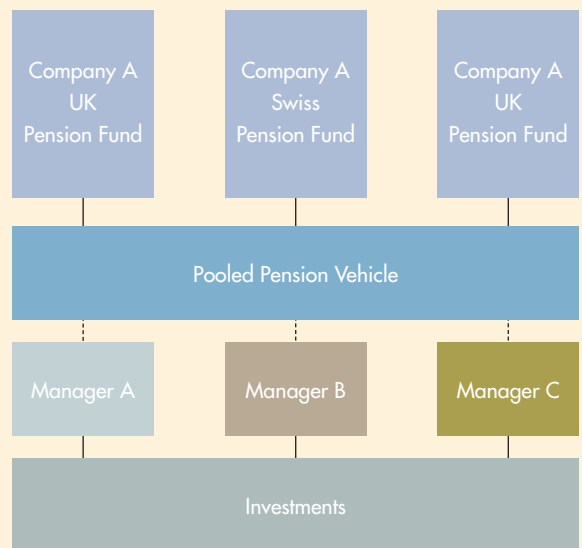
Competitive edge advantage

- Availability of favorable tax treaty rates through pooled vehicles will benefit your institutional investors, ultimately increasing the appeal of your funds.
- You have the ability to provide a cost-effective solution for multinational and institutional clients who lack the scale to launch their own pooled vehicle.

SINGLE MANAGER POOLING



MULTI-MANAGER POOLING



FLEXIBLE SOLUTIONS TO MEET YOUR CHANGING NEEDS

We work in partnership with you to provide a tailored solution that meets your specific requirements and has the flexibility to evolve over time. Additionally, depending on your needs and those of your investors, you can begin and expand your pooling program at your own pace.

Multiple pooling vehicles

The types of assets you wish to pool, and your investors' tax status, will ultimately influence the types of pooling vehicles you choose. Tax authorities in a number of countries have affirmed the tax-transparency of our pooling vehicles and this coverage continues to grow.

We support both tax-transparent and non-tax-transparent vehicles domiciled in either Luxembourg or Dublin, and have the operational and systems capability that could enable us to support vehicles in other domiciles.

Non-tax-transparent

- **VCC** Variable Capital Company, Dublin
- **IUT** Irish Unit Trust, Dublin
- **SICAV** Société d'Investissement à Capital Variable, Luxembourg

Tax-transparent

- **CCF** Common Contractual Fund, Dublin
- **FCP** Fonds Commun de Placement, Luxembourg

Flexible vehicle components

Our solution supports:

- Multiple countries of investor with different tax rates
- Multiple countries of investment
- Multiple investment mandates
- Multiple investment managers per mandate
- Multiple share classes



Through our pooling programs in Dublin and Luxembourg we have developed significant expertise in implementing, operating and servicing vehicles for multinationals and investment managers.

Unique operational and technological capabilities

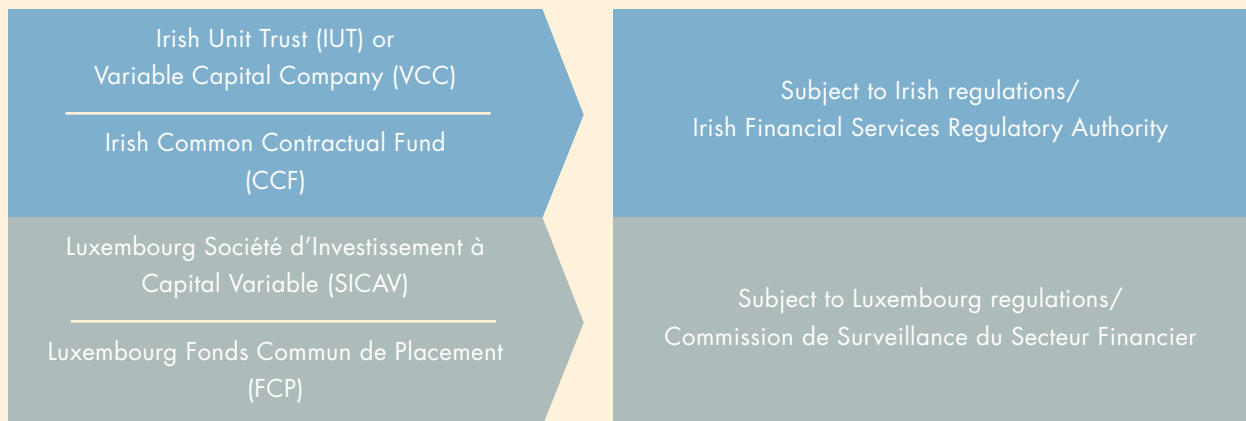
- As part of our pooling capabilities we provide global custody, trustee services and fund administration, including fund accounting and transfer agency.
- We have tailored our systems and operational processes to support investors in both tax-transparent and non-tax-transparent pooled vehicles on an automated basis.
- Our technology provides you with the detailed investor-level tracking and reporting you need.


Tax services

- We can support withholding tax on an automated basis.
- In some countries there are strict requirements regarding how capital gains tax is calculated in a tax-transparent vehicle. Our systems can efficiently support these needs.

WELL-SUPPORTED AND DOCUMENTED PROCESS

Each vehicle provides a well-regulated environment:





Efficiency For Your Clients

Northern Trust led the market in creating technological advances to support custody and related services in a tax-transparent pooled vehicle. This ultimately helps you to create tax-efficient solutions to support your client base more effectively.



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Integrated services

- In certain circumstances, and according to specific criteria, we can offer the provision of a Northern Trust Management Company and Northern Trust employees as company directors to oversee your tax-transparent vehicle.
- You can also take advantage of other Northern Trust services including:
 - Cash management
 - Securities lending
 - Foreign exchange
 - Commission management
 - Transition management
- We will work with you to customize our services to help you maximize the full potential of your investments, offering you greater efficiencies, economies of scale and ultimately allowing you to better serve your investors.

EXPERTISE AND PARTNERSHIP

You require an experienced partner who understands your unique needs. Our dedicated global team brings together expertise across all disciplines including product, tax, legal and operations, coupled with global servicing from the United States and United Kingdom, and local servicing from Dublin, Luxembourg and the Netherlands.

Our experience in implementing and launching pooled vehicles allows us to respond to your unique set of circumstances. You benefit from our years of comprehensive legal and tax research related to tax-transparent pooling and our understanding of the requirements to meet transparency tests and local regulations. We have worked with tax authorities in multiple jurisdictions to obtain rulings to help ensure that pooling structures are viewed as tax-transparent.

No matter where you are, you will have the local and global support and expertise to help identify, plan and launch the most effective pooling solution for your clients.

NORTHERN TRUST LOCATIONS

Amsterdam

Bangalore

Beijing

Chicago

Dublin

Guernsey

Hong Kong

Jersey

Limerick

London

Luxembourg

Melbourne

New York

Singapore

Tokyo

Toronto

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