

**INITIAL FEE DISCLOSURE**  
pursuant to  
**DOL Regulation 2550.408b-2(c)**  
for  
**TRANSITION MANAGEMENT**  
**CONTRACTED WITH**  
**NORTHERN TRUST SECURITIES, INC.**

**Background**

Department of Labor Regulation 2550.408b-2(c) (the “Regulation”) requires “Covered Service Providers” who wish to rely on the exemption for services under Section 408(b)(2) of ERISA to make certain disclosures to “Covered Plans” regarding any “Covered Services” they provide, their status in providing such services, and the compensation they and their affiliates receive for such services. (See definitions of capitalized terms set forth at the end of this disclosure.)

We have determined that Northern Trust Securities, Inc. (“NTSI”) is a Covered Service Provider to one or more of your Covered Plans in connection with the brokerage services provided by NTSI. If Northern Trust affiliated entities also provide separate trust, custody, brokerage or other related services to your Covered Plans, you will receive separate disclosure documents relating to those services.” In addition, if Northern Trust affiliated entities provide investment services to your Covered Plans, you will also receive a separate disclosure document relating to those services.

These disclosures supplement, and do not replace, the documents you received in connection with the establishment of your transition management services relationship with Northern Trust Securities, Inc.

**Description of Services**

The transition management services that NTSI provides to your Covered Plans are described in the letter agreement with NTSI for portfolio transition execution services (the “Letter Agreement”). The Services include securities trade execution.

**Description of Direct Compensation**

The Direct Compensation received by NTSI is described in the Letter Agreement.

**Description of Indirect Compensation**

NTSI and its clearing firm, National Financial Services LLC (NFS), may receive compensation for directing orders to particular broker/dealers or market centers for execution. Payments range from 0 -3 mills depending on the execution venue. (Note: One mill is equivalent to one-tenth of a cent or \$0.001). Absent specific order routing instructions from customers, NTSI and NFS transmit customer orders for execution to various broker/dealers, exchanges and other market centers, based on a number of factors. Such factors include: the ability of a market center to execute the orders at or superior to the publicly quoted market; the speed of execution; the availability of efficient, automated transaction processing; liquidity enhancement opportunities; the speed of displaying better priced limit orders; trading characteristics of the particular securities and the extent to which different markets may be more suitable for different types of orders or different securities. Some market centers or broker/dealers may execute orders at prices superior to the publicly quoted market.

In addition, Northern Trust affiliated entities may occasionally receive gifts or entertainment from clients or third parties that relate in some way to the rendering of Services. Northern Trust has adopted policies on the receipt of gifts and entertainment that are designed to assure that any such items are nominal in value and will not affect the exercise of employees' best judgment in the rendering of services. Such policies generally prohibit employees from accepting gifts of \$100 without manager approval, from accepting gifts in any amount where the giver expects to get a favorable business decision or referral in return, or that could be viewed as a bribe or otherwise give the appearance of impropriety. Separate policies relating to meals and entertainment prohibit employees from accepting items that are lavish or unusual in nature, or that are excessive or unreasonable in amount.

### **Compensation Paid Among Related Parties**

No compensation received by Northern Trust affiliated entities is paid among related parties on either a transaction basis or as a charge against the Covered Plan's investment into an Investment Fund.

### **Compensation for Termination of Contract**

Northern Trust affiliated entities do not reasonably expect to receive any compensation in connection with the termination of any contract or arrangement for the Services with your Covered Plans, nor have such entities received any prepaid amounts that would be subject to refund upon such termination.

### **Manner Received**

The manner in which the Direct Compensation described above is paid is described in the Letter Agreement. The manner in which any Indirect Compensation is received is described above and in the attached Indirect Compensation Supplement.

### **Definitions**

As used in this disclosure:

- Covered Service Provider means a service provider that enters into a contract or arrangement with a Covered Plan under which the Covered Service Provider reasonably expects that it, an affiliate or a subcontractor will receive \$1,000 or more in direct or indirect compensation in connection with the provision of Covered Services.
- Covered Plan means an "employee pension benefit plan" or a "pension plan" within the meaning of section 3(2)(A) of ERISA (excluding SEPs, simple retirement accounts, IRAs and individual retirement annuities) and 403(b) annuity contracts and custodial accounts that were frozen prior to 2009.
- Covered Services means the types of services described in paragraphs (c)(1)(iii)(A), (B) and (C) of the Regulation.
- Direct Compensation means compensation received directly from a Covered Plan.
- Indirect Compensation means compensation received from any source other than the Covered Plan, the Covered Plan sponsor, the Covered Service Provider, an affiliate, or a subcontractor (if the subcontractor receives such compensation in connection with services performed under the subcontractor's contract or arrangement).
- Services means the Services provided by NTSI to your Covered Plans.

