

Integrated Trading Solutions

Outsourced trading to optimise performance from trade execution to settlement

Northern Trust's Integrated Trading Solutions (ITS) assumes the cost and complexity of dealing related activities, delivering these back as a service on a variable cost basis, allowing firms to become capital-lite, agile and focused.

For strategic and tactical reasons, asset managers and asset owners are turning to scale platform providers with expert capabilities to provide trading functions on their behalf.

Northern Trust clients have gained immediate cost benefits at firm and fund level, strategically positioning themselves for the future to drive scale, simplicity and speed. Allowing for cost-contained growth while improving business resiliency and control, ITS is a proactive way to optimise resources to focus on alpha, drive higher returns for partners and deliver tangible benefits to investors.

In a survey conducted by Northern Trust,¹ 85% of 300 global asset managers responded that they have already outsourced their trading desk or are interested in doing so in the future.



Performance

Outsourced trading drives enhanced performance by boosting Operational Alpha®:

- Reduced costs enhancing overall fund performance
- Removing complexity, through streamlined processes and integration across the trade lifecycle
- Access to expertise, broad markets and greater liquidity
- Augmenting and enhancing client connectivity
- "Market flavour" of wider market
- Scalability – access to new markets without capital outlay
- Trade anonymity, where required, to minimise market impact for complex trades



Governance

Outsourced trading helps to manage the challenges of an evolving industry landscape with:

- Enhanced operational resiliency
- Pandemic-tested disaster recovery with four lines of defence
- Dedicated compliance functions
- Embedded best practice and procedures supporting the Market Abuse Regulation, anti-money laundering, and Senior Managers and Certification Regime/Conduct rules
- Improved process and execution performance through actionable Transaction Cost Analysis and value assessments
- Operational due diligence structures based on mutually agreed key performance indicators (KPIs), and robust service level agreements (SLAs)



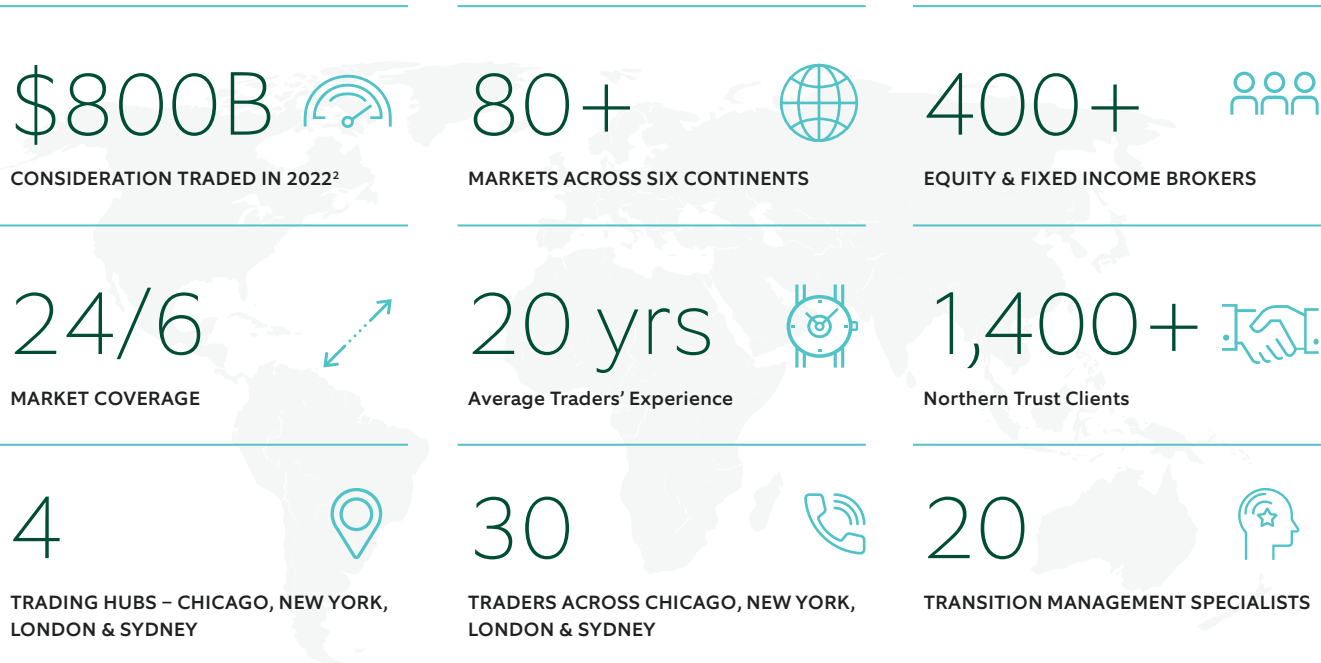
Cost

Outsourced trading addresses costs and complexity:

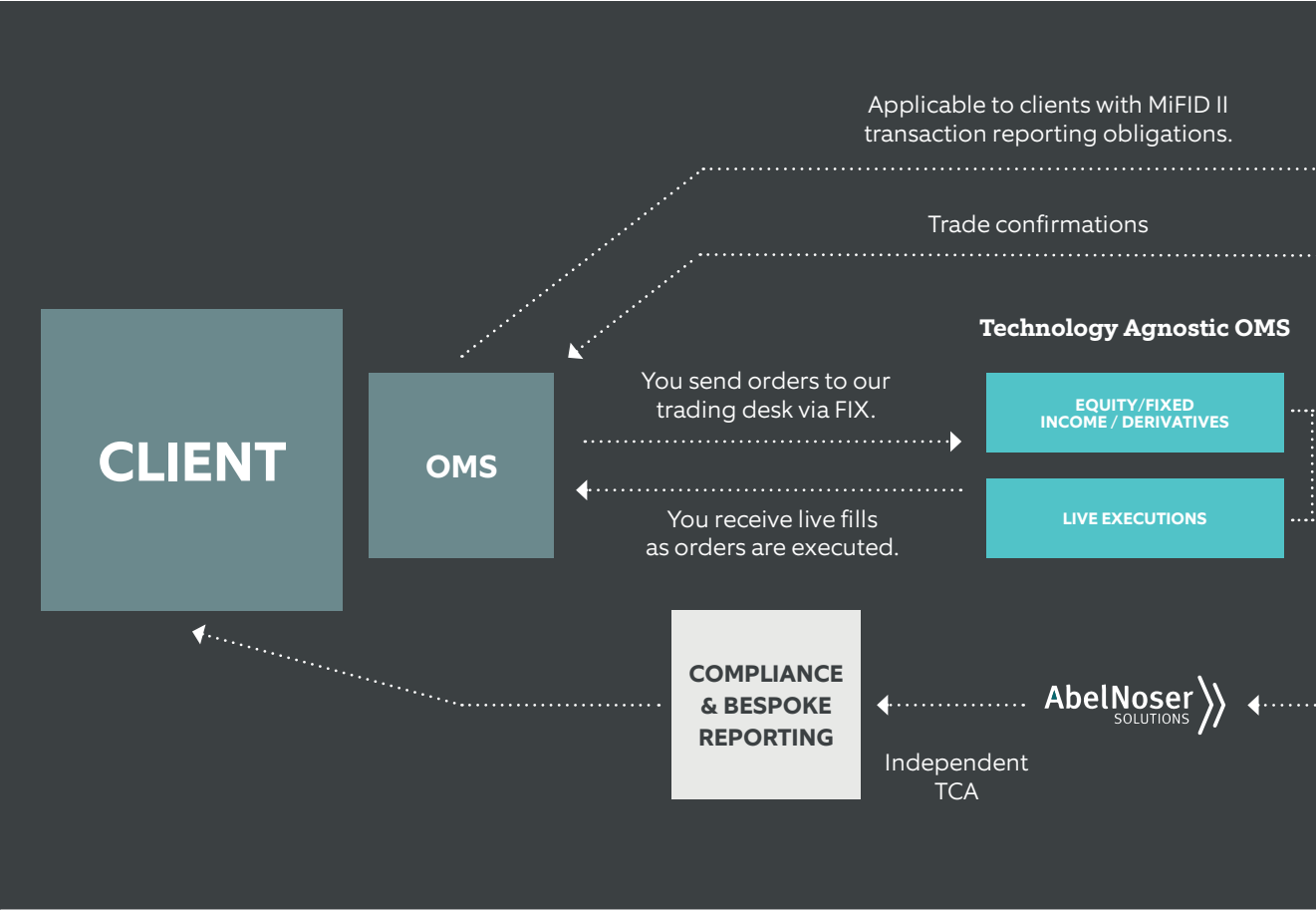
- Redistributed trading infrastructure – headcount, technology (purchase, maintenance), oversight and operational costs
- Savings in fully costed trading headcount estimated at £500,000 per head
- Simplified broker relationships
- Competitive commission rates with the potential to reduce transaction costs by ~25-35%
- Decreased complexity – one commission, enhanced scale
- Lower earnings volatility

Why Northern Trust?

A truly aligned agency-only global execution solution offering significant liquidity and scale, with embedded front office operations trade support through the trade lifecycle.



All figures as at 31 December 2022.





Lower counterparty risk

- Ongoing investment in capital market expertise and technology
- Lower counterparty risk supported by the strength of Northern Trust's balance sheet and AA- Credit Rating³
- Enhanced resiliency with latent capacity to scale to meet demand



Full alignment with client interest

- No proprietary trading
- No corporate conflicts and interests
- No investment banking
- No IPO or corporate broking



Substantial liquidity network and trading volume for ease of trading and clear, competitive pricing

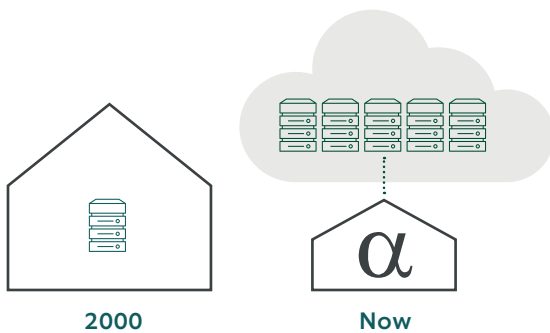
Access 80+ global markets, 190 non-lit venues, 31 trading venues and leverage our scale⁴



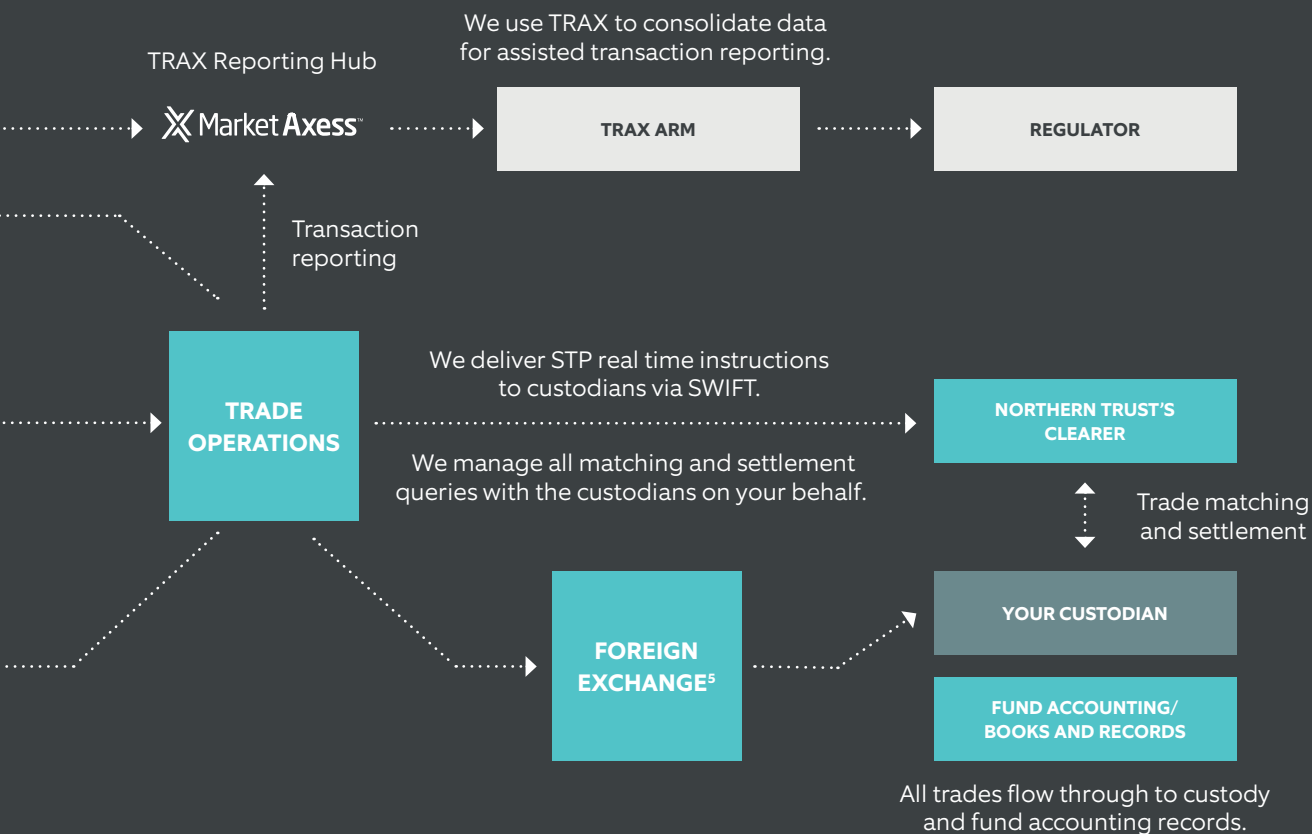
Transparency and advanced reporting

Partnering with independent, best-in-class providers to support and help demonstrate regulatory compliance, and achieve best execution, helping clients maximise their realised returns

Helping clients to achieve their optimal state – allowing them to compete on alpha, not on cost



- ✓ Capital-lite
- ✓ Variable costs
- ✓ Global reach, expertise and scale
- ✓ Single point of contact for integrated workflows
- ✓ More resilient
- ✓ More agile
- ✓ Highly scalable
- ✓ Higher return profile
- ✓ More efficient capital allocation



To Learn More

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1. Northern Trust Survey: *Driving Growth in Asset Management: Solutions for the Whole Office in 2020 and Beyond*.
2. Approximately USD300 billion equities; fixed income; USD300 billion US options.
3. Credit ratings are for The Northern Trust Company (TNTC) – an affiliate of Northern Trust Securities LLP (NTS LLP) which has a Long-Term/Deposits credit rating of AA- (Standard & Poor's as at 31 December 2022). TNTC is not a counterparty for NTS LLP.
4. All figures as at 31 December 2022.
5. Foreign exchange services are provided by The Northern Trust Company (TNTC) globally and Northern Trust Global Services SE (NTGS SE) in EMEA.

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