

KIERAN DOWLING  
Northern Trust

# Tapping opportunities in alternative asset growth

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HEAD OF RELATIONSHIP MANAGEMENT KIERAN DOWLING SAYS A GROWING FOCUS ON ALTERNATIVE ASSET TRENDS COMBINED WITH THE TRADITIONAL VALUES OF CLIENT SERVICE ARE HELPING TO PROPEL NORTHERN TRUST'S GROWTH IN LUXEMBOURG.

## What current developments are driving Northern Trust's business in Luxembourg?

This is a particularly dynamic period for Northern Trust in Luxembourg, following our acquisition in October 2017 of the fund administration business of UBS Asset Management, which will be fully integrated into our global asset servicing platform, Northern Trust Matrix™. This acquisition has put us among the country's top 10 fund administrators<sup>1</sup> with more than 300 employees, building on the depth of our long-standing team here and expanding our product range and capabilities. We are also implementing plans for Northern Trust's Luxembourg office to become the post-Brexit headquarters of our EU bank. Northern Trust wanted to create certainty for its current and future clients, so we established our Brexit programme shortly after the UK referendum result, with the objective to re-domicile our EU passporting bank, currently based in the UK, to Luxembourg. Subject to securing the required regulatory permissions, we have a target for completion prior to the UK's withdrawal from the EU. While our UK office will remain our headquarters for the EMEA-wide business, it reinforces how important Luxembourg is to Northern Trust as the heart of our Continental European growth strategy.

## What is driving the expansion of Luxembourg's alternative investment funds sector?

Luxembourg is already a long-established fund industry leader, but we see a major opportunity in the fast-growing alternative investment funds sector, where the country has steadily been growing market share. Asset classes such as private equity, real estate, debt and infrastructure are experiencing strong demand from institutional investors looking to diversify their portfolios, tap into new growth streams and plug liability gaps for pension plans. According to a PwC report<sup>2</sup>, alternative assets could reach \$21.1trn by 2025 and account for 15% of the worldwide total Assets under Management. With its favourable regulatory

regime and provider expertise, Luxembourg is well placed to capture a significant slice of this business. Northern Trust has been expanding its alternative asset servicing capability in the Grand-Duchy, working with international teams servicing more than \$1trn in assets for fund managers and asset owners. At a global level, we have also been embracing transformative technological innovation such as blockchain, which offers major advances in areas such as data security and transparency and addresses challenges of alternative assets such as a typically more manual administration process. Last year Northern Trust launched the first commercial blockchain for the private equity market. It provides a single secure, transparent and efficient ledger of information to all parties in the value chain, streamlining fragmented processes and giving clients greater transparency, real-time information and integration.

## How will client expectations evolve in the short to medium term?

Our clients include leading global and boutique fund managers, corporations, insurance companies, multinationals and public and private pension funds. At Northern Trust, it is important that all our clients are treated the same. We strive to achieve and succeed expectations which allow our clients to concentrate on the key values which are important to their business – performance, distribution and meeting their investors' needs. Northern Trust is noted for its client focus based on core values of service, expertise and integrity, establishing partnerships to help our clients grow, and us with them. Our service model allows us the flexibility to offer a customised regional service solution, supported by the breadth and depth of our teams in 26 international locations.

1. By assets under administration as ranked in the 2018 Monterey Insight, Luxembourg Fund Report.  
2. PwC : Asset & Wealth Management Revolution : Embracing Exponential Change: 2017

**"We see a major opportunity in the fast-growing alternative investment funds sector."**

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