



## NORTHERN TRUST – 20 YEARS IN THE NORDICS

Asset Servicing | Asset Management | Wealth Management



Northern Trust

## 2010 – 2011 HIGHLIGHTS

**A history of financial strength, stability and integrity and an ongoing commitment to the Nordic region, ensures that Northern Trust remains closely aligned with the requirements of Nordic investors.**

### **SIGNIFICANT GROWTH IN THE NORDICS : 2009 – 2011<sup>1</sup>**

- 35% growth in assets under custody.
- 32% growth in assets under management.
- 347% growth in assets under administration.

### **EXPANSION OF LOCAL AND GLOBAL SOLUTIONS**

- Gained legislative approval to offer asset management solutions across the Nordics directly from our Stockholm office; funds currently registered in Finland and shortly in Denmark, Norway, Sweden.
- Developed scalable data and risk solutions to support our clients' Solvency II needs.
- Expanded component outsourcing solutions including derivative life cycle management, collateral management, over-the-counter (OTC) valuations, risk services, private equity services, trade matching and continuous linked settlement (CLS) linkage.
- Retained all securities lending clients with increasing numbers joining the programme.

### **ESTABLISHED NORDIC CLIENT BASE**

- 22% of the top 50 Nordic pension funds.<sup>2</sup>
- More than 35 sophisticated and diverse asset owners and asset managers.
- 75% of our clients have been with Northern Trust for more than five years.

### **INVESTMENT IN PEOPLE**

- Six local relationship staff with over 110 years of combined experience.
- Three additions to our Stockholm-based team since September 2010.
- Dedicated, global team of more than 30 Nordic specialists.

### **HIGHLY FOCUSED BUSINESS**

- A highly focused business model with no conflicting business lines.
- Constant re-investment in product innovation supported by projected IT expenditure of approximately EUR1.4 billion in 2011-2013.

Supporting our Nordic clients' business goals and long-term strategy, our key focus areas in

- |  |   |
|--|---|
| ■ Data solutions for greater transparency and oversight. | ■ Support for maximising opportunities and navigating complexity. |
| ■ Staying ahead of regulatory change.                    | ■ Exceptional client service from local experts.                  |

1. Statistics: Northern Trust January 2009 – April 2011

2. Source: IPE Magazine, June 2011





## DATA SOLUTIONS FOR GREATER TRANSPARENCY AND OVERSIGHT

Today timely, accurate and independent data is one of the most powerful assets for achieving strong oversight, informed decision-making and compliance with industry and regulatory requirements.

Our developments during 2010 – 2011 include:

### LATEST INNOVATIONS

- Expansion of global fund services including **support of exchange-traded funds** through the acquisition of Bank of Ireland Securities Services.
- Creation of an **industry-leading hedge fund administration platform** providing comprehensive middle office and administration services through the Omnium LLC acquisition.
- Significant **investment in our client web portal**, Northern Trust Passport®, to provide increased granularity in data reporting, flexibility in manipulating statistics and faster delivery of information.

- **New daily integrated risk reporting tool** that consolidates predictive risk management, performance evaluation and compliance analysis within Passport®.
- **Launch of Data Direct™**, a new tool to streamline the process of populating risk and performance data into Microsoft Excel®.
- **Enhanced exposure reporting tool** that provides expanded options for monitoring exposure to multiple risk types including OTC derivative counterparties and underlying securities of credit default swap transactions.
- **Enhanced collateral management system** to provide real-time access and reporting of the daily OTC derivative collateral call process.
- Northern Trust's **Hedge Fund Monitor™**, which significantly increases the efficiency of trading, valuation and operational processes for fund of hedge funds managers and institutional investors. Recent enhancements enable clients to access performance, liquidity and compliance data throughout the day.
- Launch of **environmental emission analytics** enabling effective measurement of the carbon footprint of investments.

*First global custodian  
to partner with a  
pan-Nordic bank to  
provide custody and  
related services to  
Nordic mutual funds*

## INSTITUTIONAL GOVERNANCE SERVICES

- A unique plug and play suite of products and capabilities developed by Northern Trust in response to institutions' growing need for greater transparency and granularity of data. Institutional Governance Services provide institutional investors with the tools, technology and talent to meet their growing governance and risk management needs.

### TOOLS

Powerful reporting and tools to easily aggregate, manipulate and analyse information.

### TECHNOLOGY

a global operating model supporting around-the-clock processing and data provision.

### TALENT

dedicated experts who create innovative and unique solutions to bring meaningful insights to your data.



## STAYING AHEAD OF REGULATORY CHANGE

Solutions and insights on how to stay ahead of regulatory change.

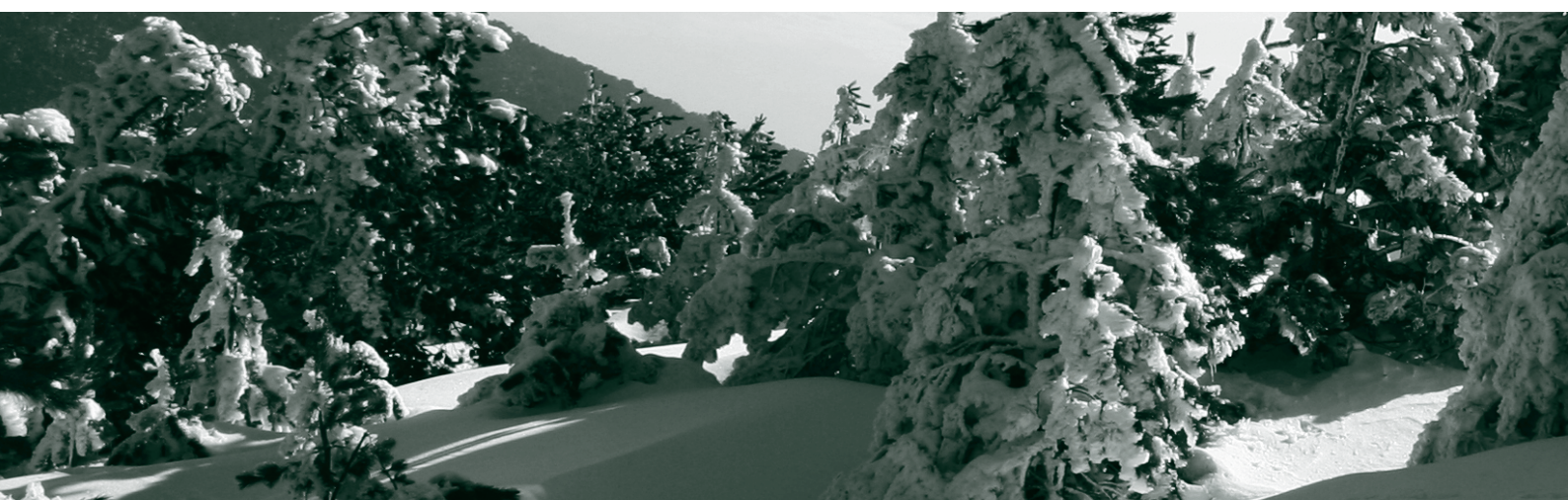
### UCITS POOLING PLATFORM

In June 2010, Northern Trust launched an authorised UCITS platform with tax-transparency to enable investment managers to offer proprietary investment strategies in a cross-border vehicle designed to appeal to large institutional investors. The Irish-domiciled Northern Trust common contractual fund (CCF) enables investment managers to establish sub-funds with distinct portfolios of assets, investment guidelines, fund features and investors. Northern Trust provides global custody, fund administration, investor-level tax services and management company services to the CCFs and their underlying funds.

### UCITS IV

Solutions focused on opportunities under the Undertakings for Collective Investment in Transferable Securities (UCITS) IV fund regime include:

- Established a new platform allowing investment managers to offer proprietary investment strategies in a cross-border UCITS fund vehicle. This is a potential option for fund managers without the scale or desire to fully-set up their UCITS fund structure from scratch.
- Automation of time-consuming parts of production of Key Investor Information Documents (KIID), which fund managers are obligated to provide under UCITS IV.
- The launch and administration of a UCITS CCF for a large Swedish fund manager in addition to support of the client's existing Luxembourg, Cayman and Irish vehicles.
- Regulatory speaking engagements at Nordic industry conferences such as Affärsvärlden's Nordic Securities Trading Forum.



## SOLVENCY II

Scalable and replicable data and risk solutions.

- Development of Solvency II reporting package
- Solvency II-specified risk analysis.

## FATCA

Regular comprehensive **insights** on the Foreign Account Tax Compliance Act (FATCA) including the roles and responsibilities of a fund and a custodian; and the impact on retirement plans on institutional investors. Northern Trust is actively engaged in European and U.S. industry working groups that participate in the rulemaking process.

## AIFMD

Regular **updates** on the Alternative Investment Fund Managers Directive including its current status and potential implications for fund vehicles and fund managers. Northern Trust is actively engaged in industry working groups and is working closely with clients to help them meet the Directive's requirements.

## SUPPORTING OUR CLIENTS' SOLVENCY II NEEDS

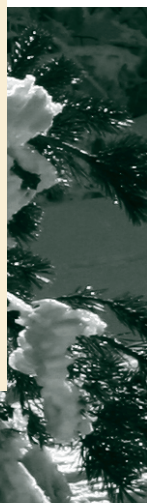
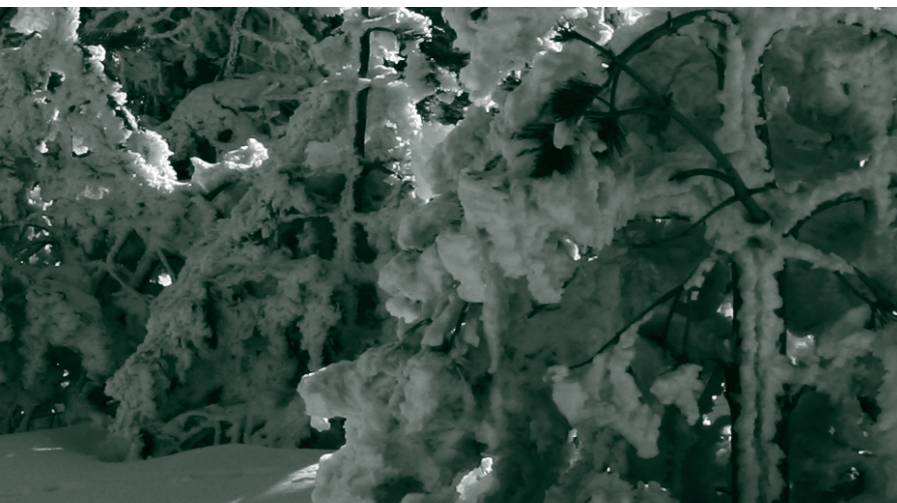
Northern Trust has provided leading Norwegian non-life insurer Sparebank1 Skadeforsikring (Sparebank1) with global custody, performance and risk services since 2010 when Sparebank1 diversified its investment portfolio from a single domestic asset manager to multiple domestic and international managers.

In assisting Sparebank1 navigate a change in investment strategy and upcoming regulatory requirements, Northern Trust provides bespoke, consultative risk services for Sparebank1's unique market solution around Solvency II. Services include asset data validation and leverage multiple risk modelling techniques, providing Sparebank1 with daily risk reporting including extensive stress test reporting.

## SUPPORTING INSURANCE CLIENTS

In its drive to maximise the full potential of the group's assets and improve value for its members, a large Protection and Indemnity (P&I) insurer appointed Northern Trust to provide cross-border pooling and related services to a number of its legal entities.

Northern Trust's innovative solution enabled the insurer to gain administrative and tax efficiencies through pooling cross-border assets from three of its entities in a tax-transparent vehicle with multiple third-party managers.



## MAXIMISING OPPORTUNITIES AND NAVIGATING COMPLEXITY

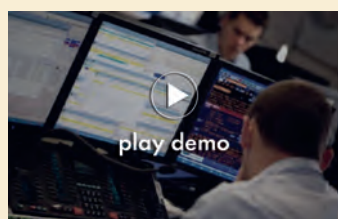
Against a backdrop of complex investment strategies and instruments and increasing cost pressures, Northern Trust is focused on providing solutions enabling enhanced automation, speed-to-market and administrative efficiencies.

### "FUTURE-PROOFING" TECHNOLOGY

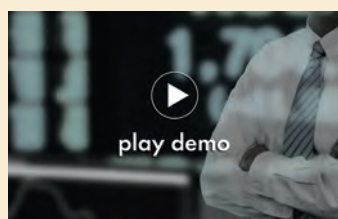
The new regulatory environment is forcing all sectors in the financial industry to become more transparent

which in turn requires greater commitment to high quality systems and increased expertise. The growing administrative burden means that many institutions are beginning to consider outsourcing to save on re-investment and additional infrastructure. Northern Trust is working closely with our Nordic clients on tailored solutions to provide increased control, speed-to-market and greater transparency.

These range from stand-alone services such as collateral management for OTC derivatives to end-to-end solutions including trade matching, performance analysis, collateral management and white label reporting.



View a demo of  
Web Trade Services.



View a demo of  
Collateral Management.

Our Nordic clients' operational needs have been further supported through the development of:

- Trade capture, matching and settlement services for foreign exchange option premium payments.
- Corporate action messaging efficiencies for non-SWIFT users.

### STRATEGIC PORTFOLIO RE-BALANCING

*Minimising risk, managing costs and maintaining value during portfolio restructures*

"Northern Trust's transition management team consistently delivered on all aspects of our restructures. The team provided peace of mind with a customised strategy, dependable project management and expert execution all with clear and timely communication." Richard Gröttheim, executive vice president, Sjunde AP-fonden.

### TAX-TRANSPARENT POOLING

Northern Trust continues to expand its pooling product offerings to investment managers and multinationals, enabling enhanced performance, scale efficiencies and fiduciary oversight. For example, we are working closely with the Swedish tax authorities to trial a tax-transparent pooling structure for Swedish investors.

#1 IN 2010 CONSULTANT OUTSOURCING SURVEY

SECURITIES OUTSOURCING PROVIDER OF THE YEAR

—2010 Financial-i Leaders in Innovations Awards



## EXCEPTIONAL CLIENT SERVICING

Highly experienced local relationship management supported by a global operating model and a team of more than 30 Nordic experts.

### WHAT OUR CLIENTS SAY:

Since 2003, Northern Trust has provided Swedish pension/life insurer Alecta with custody and related services. According to Alecta, Northern Trust's client service, operational efficiency and technology are key differentiators.

"In Northern Trust, we have found an invaluable partner. We always get the support we require, and in turn, this enables us to do more for our clients."

—Anna Gasslander, head of business support, Alecta

### RECOGNITION FROM OUR CLIENTS AND THE INDUSTRY IN 2011:

- **European Administrator of the Year**  
(Funds Europe Awards)
- **Best Global Investor Services House**  
(Euromoney Awards for Excellence)
- **Best Administrator for UCITS Funds**  
(HFM Week, European Hedge Fund Services Awards)
- **Best Service Provider to ETFs in Europe**  
(Annual Global ETF Awards)
- **Global Custodian of the Year**  
(Financial Times Pension & Investment Provider Awards)

- **Custodian of the Year**  
(Global Pensions Awards)
- **Highest overall rated custodian**  
(R&M Consulting Survey)

### KNOWLEDGE SHARE

Facilitating knowledge share and networking opportunities is an active focus at Northern Trust, as we support our clients in a rapidly changing financial environment.

Examples include:

- **Record attendance at Northern Trust's 2011 annual Nordic Conference.** Over 100 delegates were provided with new insights and perspectives on navigating the challenges posed by increasing regulation and a changing investment environment. A resulting white paper explored stand-out trends in the Nordics and insights into managing operational and investment risk.
- **Tailored workshops** in Nordic markets highlighting opportunities and implications for Nordic investors of upcoming regulations such as UCITS IV, the Alternative Investment Fund Managers Directive and Solvency II.
- **Commissioned research** on regional approaches to indexing including socially responsible investing.

"We would recommend Northern Trust to any organisation... we have made some complicated, labour-intensive requests on very short timeframes, yet Northern Trust responded flawlessly."

"Excellent custodian, very user-friendly and willing to tailor their service to your needs."

"Efficient, responsive, high-tech."

"Relationship management team is helpful and supportive all the time."

— R&M Global Custody Survey  
2011: Respondent Comments



## COMMITMENT TO THE NORDICS

Supporting Nordic institutions and investment managers since 1991, we opened our regional office in Stockholm in 2009. Our on-going commitment to the region includes active local community involvement and close co-operation with local regulators as we continue to pioneer innovative solutions for Nordic investors.

### A CULTURE OF CARING

Charitable sponsors of:

STOCKHOLMS  
STADSMISSION



- Sponsorship of youth and disabled table tennis tournament
- Sponsorship of Stadmissionen's youth centre
- Sponsorship of Stadmissionen's lunch for homeless women
- Northern Trust auction raises funds for Stadmissionen

### STRONG RELATIONSHIPS WITH LOCAL INDUSTRY BODIES

- Close co-operation with local regulators on the development of innovative solutions such as:
  - Integrated global custody and depository bank servicing solution for Nordic mutual fund clients through pan-Nordic partnership.
  - Tax- transparent pooling structure in Sweden.
- Membership in the Institutional Investor Group on climate change.

### SIGNIFICANT MEDIA PRESENCE

Insights into latest trends in the Nordic marketplace including regulation, risk management, globalisation of investment strategies and diversification of asset classes.

### FOR MORE INFORMATION

To learn more, please contact your Northern Trust relationship manager or visit [northerntrust.com](https://northerntrust.com)

Northern Trust Corporation, Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A., incorporated with limited liability in the U.S.

The Northern Trust Company, London Branch (reg. no. BR001960), Northern Trust Global Investments Limited (reg. no. 03929218) and Northern Trust Global Services Limited (reg. no. 04795756) are authorised and regulated by the Financial Services Authority.

The material within and any linked material accessed via this communication is directed to eligible counterparties and professional clients only and should not be distributed to or relied upon by retail investors.

Northern Trust Global Investments Limited has a Sweden branch, which is authorised by the Financial Services Authority and subject to regulation in Sweden by the Finansinspektionen. Northern Trust Global Services Ltd (UK) Sweden Filial is authorised by the Financial Services Authority and subject to regulation by the Finansinspektionen.

[northerntrust.com](https://northerntrust.com)



**Northern Trust**