

# TRANSITION MANAGEMENT SERVICES

## MANAGE COST, CONTAIN RISK, MAINTAIN VALUE

Control the Cost of Portfolio Restructures and Preserve Value



Take advantage of a risk-managed way to meet your portfolio's transition management needs. We offer you more than 20 years of specialized expertise and leverage our organization's broad resources to help you expertly manage risk and costs while gaining timely exposure to your target portfolio.



### INTEGRATED PROCESS



- **Setting Transition Objectives** – We consult with you to understand the context and goals of your transition: overall allocation, benchmark and manager changes, timing concerns and risk restrictions.
- **Pre-Trade Analysis** – We complete a detailed analysis of the transition portfolios to identify risk characteristics, liquidity sources, projected costs and potential savings. We develop a customized timeline, strategy and cost projection.
- **Trading and Settlement** – We will coordinate all aspects of your transition including legal documentation, trading and settlement. You receive daily progress updates as well as timely trade and performance data.
- **Post-Trade Analysis** – You receive detailed descriptions of key results: actual costs versus pre-trade estimates, performance versus various benchmarks, analytics of trade execution strategies, and an executive summary giving a high-level overview of the assignment.





BECAUSE WE...	YOU CAN ENJOY...
Are one of the world's <b>largest institutional asset managers</b> , with direct market access	<b>Best execution</b> of open-market trades in global multi-asset classes
Are industry-renowned for <b>prudent risk management</b>	<b>Stringent risk controls</b> to contain trading, opportunity and operational risk
Are <b>among the world's largest global custodians</b>	<b>Expertise</b> in coordination of all parties involved in a transition event
Rank among the <b>top global banks in foreign exchange</b>	<b>Strategic execution</b> to manage international currency exposure
Take a <b>fiduciary approach</b>	<b>Peace of mind</b> , knowing your interests come first

### DISTINCTIVE APPROACH

We offer you a distinctive approach to transition management that stands apart from the typical “indexer” and “broker” models. Particularly in volatile markets, you can have confidence in our commitment to our longstanding principles.

SERVICE	EXPERTISE	INTEGRITY
Customized approach	Conservative culture	Honest appraisal of costs
Team-based service model	Emphasis on risk management	Complete confidentiality
Educational rather than sales focus	Comprehensive project management	Revenue transparency
Relationships built on trust	Trading acumen	Fiduciary oversight

*Northern Trust is a leading global financial institution, founded more than 120 years ago on principles that still guide us today: service, expertise and integrity.*

### MANAGING COST

To minimize costs and maintain value, we project the cost and performance consequences of different transition alternatives and develop a strategy that carefully weighs the advantages and implications of various trading methods. Our extensive trading resources help us identify and assess the most appropriate execution strategy for each asset within the transition.

### In-Kind Contributions

Our transition specialists identify securities in the legacy portfolio that can be contributed directly into your target portfolio. Securities are priced at the close of the day of the contribution and transitioned free of commission and market impact costs.

### Securities Crossing

Crossing is by nature a passive strategy that is best deployed when other side of the trade is readily available. An overemphasis on crossing could expose your transition to increased opportunity costs. Our fiduciary approach seeks to build execution strategies to minimize this risk. We then carefully identify the opportunities in which crossing is most appropriate and cost effective.

For those transactions best executed on the open market, we leverage our direct market access as well as our external relationships across all asset classes.

### Open Market Trading

To preserve value, we emphasize a disciplined trading process. You can benefit from our sophisticated technology, extensive execution services, and expertise developed over many years as one of the world’s leading institutional asset managers.

### CONTAINING RISK

We apply stringent risk controls in managing your portfolio restructure. We will:

- **Analyze** all aspects of the transition to examine risks surrounding asset classes, currencies, sector, country, time zone and operational elements.
- **Develop** a strategy that aims to neutralize these risks as quickly and effectively as possible.
  - **Deploy** optimization tools to identify and prudently trade securities that generate the greatest tracking error.
  - **Obtain** early exposure to the target portfolio or benchmark to minimize opportunity costs, using market-neutral strategies, futures contracts where permissible and/or ETFs.
  - **Manage** currency exposure with spot and/or forward currency contracts.
- **Apply** operational oversight.
- **Provide** project management for your transition from start to finish.

### HIGHEST INTEGRITY

Take advantage of our heritage of acting with the highest integrity, which has served clients well for more than 120 years. To manage total cost and preserve value, we are committed to avoiding conflicts of interest.

- **Transparency in revenue and conflicts** – We believe the source of revenue should be disclosed up front. The potential for additional revenue through crossing, principal trading or payment for order flow could present conflicts and may not be in your best interests.
- **Industry standards** – To ensure that performance reporting is clear and transparent, we use implementation shortfall to measure transition results.
- **Confidentiality** – Protecting confidentiality and preventing information leakage are part of our risk management heritage.

YOUR BEST INTEREST	OUR STANDARD
Minimize information leakage	<b>We do not</b> advertise your transition trading activity to other investors
	<b>We do not</b> cross trade flow with hedge funds
Remove conflict of interest in trading	<b>We do not</b> take on principal positions against our clients
	<b>We do not</b> pre-hedge against your anticipated trades
Cost transparency	<b>We do not</b> conceal our sources of revenue
	<b>We do not</b> generate commission from crossing stocks
	<b>We do not</b> mark-up FX bid/ask prices
Avoid potentially high opportunity costs	<b>We do not</b> delay a trade to meet an overly optimistic crossing target

We have been providing transition management services since 1987 and have established a reputation in the marketplace for providing superb service and excellence in risk management with the highest integrity.

### RELY ON OUR EXPERTISE

No matter your asset restructuring needs, you can rely on our expertise and experience in helping you to manage cost, contain risk and maintain value.

### FOR MORE INFORMATION

To learn more about how our Transition Management services can help you control cost while preserving value, please contact:

Tel: +1 312 557 5173

E-mail: [NTTM@ntrs.com](mailto:NTTM@ntrs.com)

For more information about any listed ranking criteria, please call 312-557-5173.

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NOT FDIC INSURED	May Lose Value	No Bank Guarantee
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Northern Trust Investments Inc., as the Transition Manager, acts as a fiduciary to the extent that it is acting in its discretion in carrying out its responsibilities for the transition assignment. When acting as a fiduciary, Northern Trust Investments Inc. acts solely in your interests. All references to “fiduciary” in this presentation are subject to this definition.

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