



## INNOVATIVE SOLUTIONS FOR GLOBAL PENSION MANAGEMENT

Cross-Border Pension Pooling for Multinationals

*Patent Pending*



**Northern Trust**



## INNOVATION AND CUSTOMISATION

As a multinational, you require efficient and scalable solutions to support the management of your global pension plans. From consolidated reporting to global custody to pension fund pooling, Northern Trust provides comprehensive, leading-edge services. An experienced partner to multinational organisations, Northern Trust will work with you to develop a cross-border pooling solution tailored to meet your current and evolving needs.





LOS ANGELES

PERTH

FRANKFURT

CAIRO

LONDON

TOKYO

NEW YORK

JOHANNESBURG

HONG KONG

PARIS

S

MANILA

BUENOS AIRES

TEL AVIV

### A Major Market Innovation

The ability to support investors with multiple tax rates in a tax-transparent pooled vehicle is a major market innovation, offering significant potential benefits for you and your investors.

## AN INNOVATIVE APPROACH

Managing multiple pension plans and investment management strategies globally presents numerous opportunities and challenges for multinational organisations. Demands for higher levels of transparency and corporate governance make it more important than ever to find a global solution to monitor and manage all of your pension funds.

Northern Trust has long understood multinationals' requirements and the potential benefits of pooling their worldwide pension plan assets.

For this reason, Northern Trust began conducting research in 2001 as part of a client-led consortium with two multinationals, Goldman Sachs Asset Management and Mercer Investment Consulting. As a result, we implemented:

- In 2002, the first practical solution for multinational cross-border pooling and
- In 2005, the first tax-transparent cross-border pooling solutions for multinationals through vehicles domiciled in Dublin and Luxembourg.

## GLOBAL BENEFITS

Our pioneering solutions allow you to pool your assets into either a tax-transparent or non-tax-transparent vehicle and support multiple countries of investor and investment, whilst offering key benefits to your organisation.

### Enhanced governance and risk management

- Leverage your firm's pension and investment expertise across a unified pool of multiple country assets.
- Offer best-in-class investment management to worldwide subsidiaries, including:
  - Increased consistency in the quality of investment manager selection.
  - More efficient monitoring of the performance of a given manager.
  - Improved manager diversification.
- Access specialised investment mandates.
- Achieve common regulation of assets.
- Monitor exposure across plans within the vehicle.



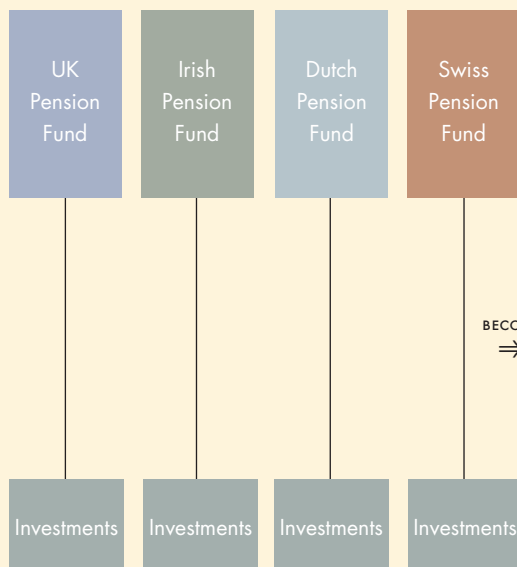
**Northern Trust is one of the world's leading providers of asset servicing, asset management and wealth management services. Founded in 1889, we have a history of strength and stability.**

**Today, we are a global leader in combining exceptional client services and expertise with innovative products and technology.**

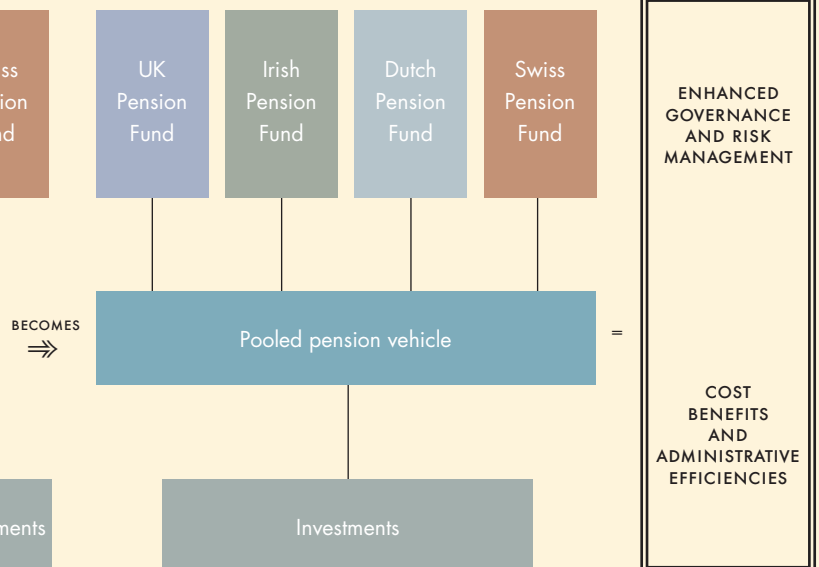
## Cost benefits and administrative efficiencies

- Potentially reduce servicing costs across investment management, administration, custody and audit.
- Provide smaller country plans with access to a fuller range of investment products and opportunities through the scale and expertise of larger plans.
- Enjoy enhanced returns from securities lending and commission management.
- Eliminate multiple manager selection and multiple monitoring processes across countries.
- Consolidate reporting through a single global custodian.

### EXISTING PENSION FUND STRUCTURE



### PENSION POOLING STRUCTURE



Source: Deloitte & Touche

## FLEXIBLE SOLUTIONS TO MEET YOUR CHANGING NEEDS

We work in partnership with you to provide a tailored solution that meets your specific requirements and has the flexibility to evolve over time. Additionally, depending on your needs and those of your investors, you can commence and expand your pooling programme at your own pace.

### Multiple pooling vehicles

The types of assets you wish to pool, and your investors' tax status, will ultimately influence the types of pooling vehicles you choose. Our pooling vehicles have had their tax-transparent status affirmed by tax authorities in a number of countries and this coverage continues to grow.

We support both tax-transparent and non-tax-transparent vehicles domiciled in Luxembourg, Dublin and the Netherlands, and have the operational and systems capability to support vehicles in other domiciles.

### Non-tax-transparent

- **VCC** Variable Capital Company, Dublin
- **IUT** Irish Unit Trust, Dublin
- **SICAV** Société d'Investissement à Capital Variable, Luxembourg

### Tax-transparent

- **CCF** Common Contractual Fund, Dublin
- **FCP** Fonds Commun de Placement, Luxembourg
- **FGR** Fondsen voor Gemene Rekening

### Flexible vehicle components

Our solution supports:

- Multiple countries of investor with different tax rates
- Multiple countries of investment
- Multiple investment mandates
- Multiple investment managers per mandate



Through our pooling programmes in Dublin, Luxembourg and the Netherlands, we have developed significant expertise in implementing, operating and servicing vehicles for multi-nationals and investment managers.

## Unique operational and technological capabilities

- As part of our pooling capabilities we provide global custody, trustee services and fund administration, including fund accounting and transfer agency.
- We have tailored our systems and operational processes to support investors in both tax-transparent and non-tax-transparent pooled vehicles on an automated basis.
- Our technology provides you with the detailed investor-level tracking and reporting that you need.

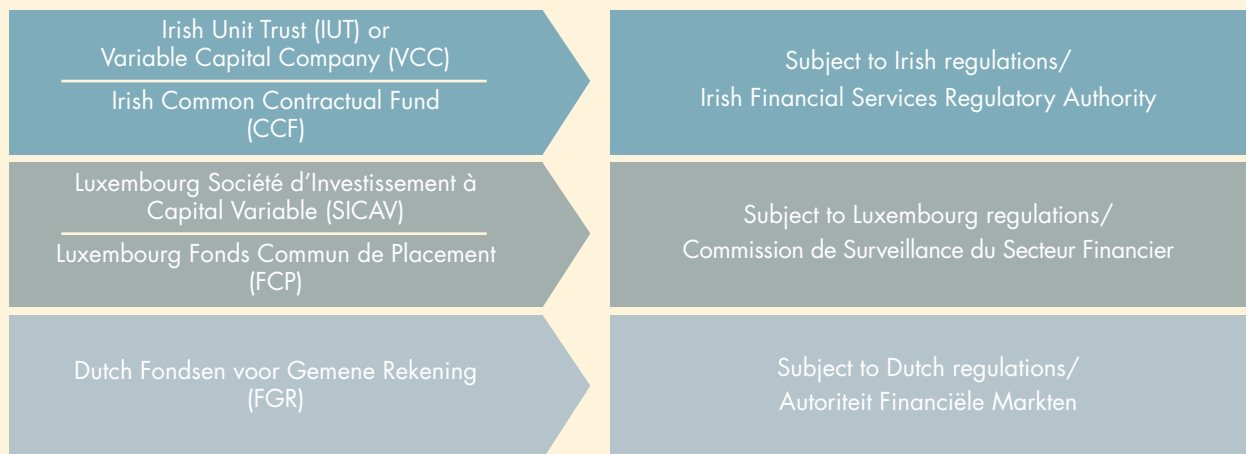
## Regulatory infrastructure

Your board members for each country plan can feel confident in the established regulatory infrastructure within which each pooled vehicle operates.

- Pooled vehicles are created within a regulatory infrastructure; the establishment of the fund and all fund documentation is subject to approval by the regulator.
- All parties involved in the fund (custodian, administrator and investment manager) must be regulated and properly capitalised, and must demonstrate the necessary expertise to the regulator.
- Regular reporting is mandated – audited accounts must be filed with the regulator.
- Any proposed amendments to the fund's documentation must be sent to the regulator for approval.

### WELL-SUPPORTED AND DOCUMENTED PROCESS

*Each vehicle provides a well-regulated environment:*





### **Giving You Greater Efficiency**

Northern Trust is committed to providing customised operational and technological capabilities, giving you increased efficiency. Pooling helps you establish a global investment platform allowing you to effectively execute your investment strategy and implement changes quickly.



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## Integrated services

- In certain circumstances, and according to specific criteria, we can offer the provision of a Northern Trust Management Company and Northern Trust employees as company directors to oversee your tax-transparent vehicle.
- You can also take advantage of other Northern Trust services including:
  - Investment services such as cash management, securities lending, foreign exchange, commission management and transition management, and
  - Multinational headquarters reporting delivering consolidated reports on your company's pension plans with access through Northern Trust Passport®.
- We will work with you to customise our services to help you maximise the full potential of your investments, offering you greater efficiencies, economies of scale and ultimately allowing you to better serve your investors.

## EXPERTISE AND PARTNERSHIP

You require an experienced partner who understands your unique needs. Our dedicated global team brings together expertise across all disciplines including product, tax, legal and operations, coupled with global servicing from the United States and United Kingdom, and local servicing from Dublin, Luxembourg and the Netherlands.

Our experience in implementing and launching pooled vehicles allows us to respond to your unique set of circumstances. You benefit from our years of comprehensive legal and tax research related to tax-transparent pooling and our understanding of the requirements to meet transparency tests and local regulations. We have worked with tax authorities in multiple jurisdictions to obtain rulings to help ensure that pooling structures are viewed as tax-transparent.

No matter where you are, you will have the local and global support and expertise to help identify, plan and launch the most effective pooling solution for you.

## NORTHERN TRUST LOCATIONS

**Abu Dhabi**

**Amsterdam**

**Bangalore**

**Beijing**

**Chicago**

**Dublin**

**Guernsey**

**Hong Kong**

**Jersey**

**Limerick**

**London**

**Luxembourg**

**Melbourne**

**New York**

**Singapore**

**Stockholm**

**Tokyo**

**Toronto**

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