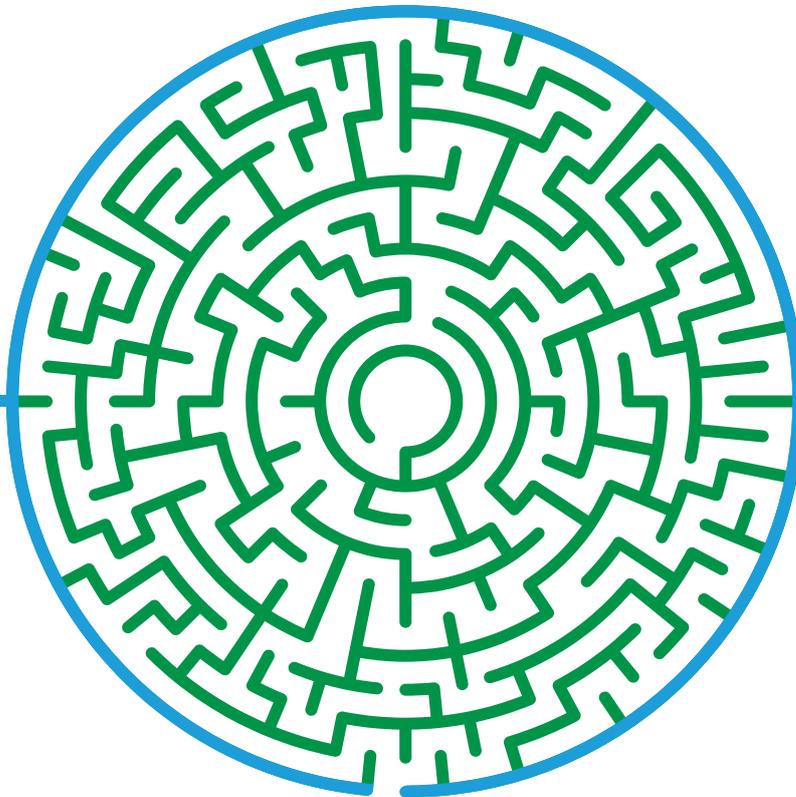


Transition Management

Strategic investment change is a labyrinthine task. Finding a way through requires a sophisticated, bespoke approach.



Helping you manage the risks and costs of implementing strategic investment change.

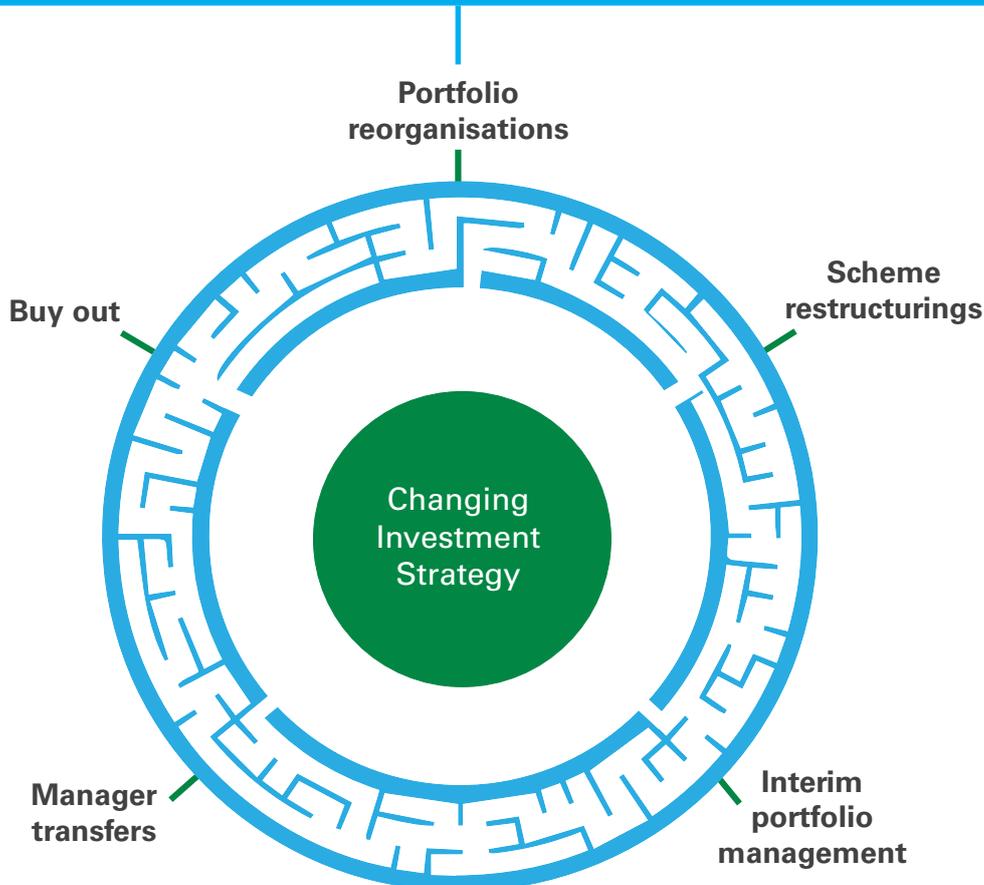
A transition refers to the restructuring of a portfolio from one strategy to another. Any type of transitional event, such as change of manager, change of asset allocation or change of investment strategy implies considerable complexity. Each event is different and can prove challenging. Efficient management of these transition events is an important part of a strong governance structure and at the core of the protection of asset values.

Implementing tactical and strategic asset allocation change is vital to achieving long-term investment objectives. However, it is also important that the process of change is managed and contained aiming to be as cost effective and low risk as possible. A myriad of expenses, including commission, taxes and custody fees, as well as risks such as market impact and opportunity costs need to be assessed and mitigated. A transition manager can help owners of assets by providing a fully independent, documented and audited service.

WHY USE LGIM TRANSITION MANAGEMENT?

We work closely with you to provide a tailored solution that meets your specific requirements. Our strength of experience, both within transition management and across the wider asset management business, combined with our high standards of client service, helps us to provide a premium and bespoke transition service.

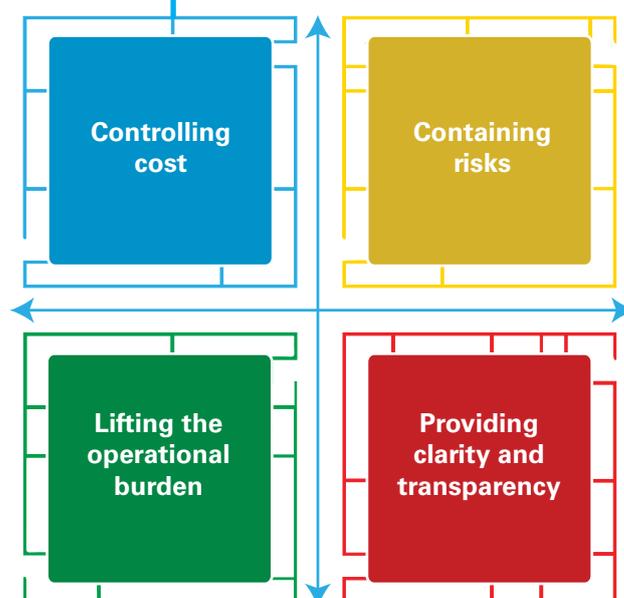
Changes to investment strategy arise for a variety of reasons. We tailor solutions for each individual client, working in partnership to find the optimal transition path



LGIM Transition Management service offers distinctive benefits

- **Independent approach** – We have designed our service to be closely aligned with your interests, both in the way we are remunerated and the way we interact with the market. We leverage our scale and expertise in trading across all asset classes to search for the best price and liquidity. We have fewer conflicts of interest than transition managers that have affiliates offering brokering or custodian services.
- **Clear measurable optimisation strategies** – We are not incentivised to trade in any specific way, meaning our focus is solely on delivering transitions solutions that reduce overall portfolio costs and risks. We are able to clearly demonstrate the benefit of our innovative and comprehensive approach to risk management and trading strategy formulation in our reporting.
- **Transparent remuneration** – We charge a flat fee for each transition, which is agreed in advance of the project commencing. This means that you have transparency with regard to the fees of the transition.
- **Unique team structure** – Our resources enable us to provide excellent client service and address all the needs of each transition. For every transition we will appoint a dedicated project manager and transition manager. We believe this structure is optimal, based on many years of experience having carried out transitions since 1986.
- **Flexible solutions for smaller clients** – We are able to leverage the LGIM infrastructure to provide solutions for smaller clients and clients without custody arrangements.

Advantages of Transition Management



CONTROLLING COSTS

Transition events involve both implicit and explicit costs that can erode the value of a portfolio. An external transition manager such as LGIM can help to contain those costs. We work to ensure that the value of assets delivered into the new structure is not diminished unnecessarily by the transition process. We do this by:

- Removing the need for unnecessary trading
- Using the significant crossing opportunities available within LGIM to reduce trading costs
- Thoroughly searching the market to find the best place to trade, passing the full benefit back to you
- Maintaining strict confidentiality – careful trade management and restricted information flow limits the ability of other market participants to take advantage of your trading

LIFTING THE OPERATIONAL BURDEN

We aim to free you from the operational burden of coordinating a complex transition. Our unique team approach ensures that there are always dedicated resources on hand to discuss your event.

We do this by:

- Assigning a dedicated transition manager and a project manager to every event
- Using a tailored and robust set of project management tools
- Leveraging the established and robust infrastructure that supports LGIM

We believe that having both a project and transition manager assigned to each transition ensures we offer you the best service possible, while at the same time dealing with all the needs of the transition.

CONTAINING RISKS

Transition events pose risks to your portfolio assets. These risks fall into two main categories: investment risk and operational risk.

Investment risks arise from the differences between your current allocation and your target allocation and include country, market and stock specific risks. Market volatility and illiquidity also pose investment risk in a transition. We deploy our experience in hedging and use our proprietary, transition specific, trade optimisation tools to significantly reduce risk. Managing the downside risks helps protect the value of assets delivered into the target structure or allocation.

We can greatly reduce operational risks, such as settlement, process and communication risks, through our unique team structure that assigns a project manager to each event.

PROVIDING CLARITY AND TRANSPARENCY

Transparency is critical to a strong governance structure and a robust transition framework. A transition manager provides clear cost attribution, offering a high degree of transparency and a clear audit trail.

We charge a flat fee for each transition, which is agreed in advance of the project commencing. This means that clients have transparency with regard to the fees of the transition and we are not incentivised to trade, or not, or to trade in any particular way. We take no further remuneration from transition activity. We do not trade for our own account or charge for foreign exchange transactions.

You will receive clear, transparent reporting and we can work with you to tailor reporting for specific needs and ensure that you are regularly updated on the status of the transition from planning through to completion. We do this by:

- Employing our sophisticated in-house transition reporting tools
- Providing daily updates
- Operating a clean and transparent business model that ensures absolute clarity about fees and remuneration earned by LGIM

CONTACT US

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Important Information

Legal & General Investment Management Limited (Company Number: 02091894) is registered in England and Wales and has its registered office at One Coleman Street, London, EC2R 5AA ("LGIM").

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