



THOMAS MURRAY

PRESS ANNOUNCEMENT

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Thomas Murray and Watson Wyatt in custody alliance

LONDON – Thomas Murray, the specialist custody rating, risk management and research firm and Watson Wyatt today announced their agreement to promote custody ratings and operational performance reports to Watson Wyatt’s pension fund clients across Europe.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray said: “Thomas Murray’s position in the market as a provider of custody ratings, evaluation and assessment of global custodians and capital market infrastructure risks and Watson Wyatt’s extensive European investment consulting resources and expertise make an attractive offering.”

The alliance, which is aimed at providing European pension funds, trustees and institutional investors with a comprehensive custodian selection and ongoing monitoring service, will also enhance Watson Wyatt’s custody service. The offering, which is aimed at the £1.5trillion European pension fund community, is specifically focused on a significant area of often ignored and unquantified risk within the investment market.

Nick Watts, European head of Investment Consulting at Watson Wyatt said: “The alliance means that our investment consultants can offer a more extensive custody service thereby enabling us to broaden our consultancy to clients in this area.”

Watson Wyatt, which provides specialist custody and review advice to pension funds as part of its investment consulting service, will integrate Thomas Murray’s PROBE (Private Ratings and Operational Benchmarking Evaluation) product into its monitoring process of custodians.

PROBE is a business rating that assesses the operational performance of global custodians – financial institutions that hold securities in safekeeping for clients with sub custodians and depositories throughout the world. The ratings are on a consistent global scale, using the familiar AAA to C ratings methodology.

Simon Thomas said: “PROBE helps pension funds, mutual funds, asset managers and other users maintain surveillance on their custodians to ensure that they meet appropriate levels of asset protection and risk minimisation while supporting individual service requirements.”

The methodology considers not only the business credentials and service capabilities of global custodians, but also the quality and effectiveness of their operational infrastructure and their willingness and ability to protect their clients from losses. As part of PROBE, a risk analysis of the custodian is performed and the breadth and quality of the custodian’s services is assessed.

Operational benchmarking provides funds with a quantitative assessment of their custodians' performance based on monthly client specific data provided to Thomas Murray by the custodian banks.

Once the rating is assigned an ongoing monthly or quarterly surveillance process to monitor the custodian's ongoing performance is conducted. In addition, risk exposures suffered by funds to local capital market infrastructures and depositories are assessed.

Brian Hill, European head of Watson Wyatt's custody consulting said: "We hope that our offering is well received by pension fund trustees in particular. We believe it will make it easier for them to comply with market best practice, Myners' recommendations and developments in the supervision of financial markets."

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Thomas Murray

Thomas Murray is a specialist custody rating, risk management and research firm specialising in the global securities services industry. Thomas Murray was established in 1994. The Company tracks and analyses over 300 custodians globally and monitors the risk of over 100 capital market infrastructures. The Company has a strong position as a provider of public and private ratings and risk assessments on global custodians, agent banks and capital market infrastructures. Thomas Murray has conducted custodial evaluation and selection reviews involving invested assets exceeding US\$2 trillion. Currently over US\$750 billion of invested assets are under surveillance on behalf of clients using PROBE methodologies.

www.thomasmurray.com

Watson Wyatt Worldwide

Watson Wyatt is a global consulting firm focusing on human capital and financial management. We specialise in four areas: employee benefits including investment strategy, human capital strategies, eHR™, and insurance and financial services.

We focus on combining human capital and financial expertise to deliver business solutions that drive shareholder value.

Watson Wyatt has more than 6,300 associates in 88 offices around the world. Our presence is not just far-reaching - it is also the deepest in the business.

Watson Wyatt LLP is regulated by the Financial Services Authority in the conduct of UK investment business.

www.watsonwyatt.com