

## INSTITUTIONAL PLAN SPONSORS SEE HIGHER SECOND QUARTER GAINS



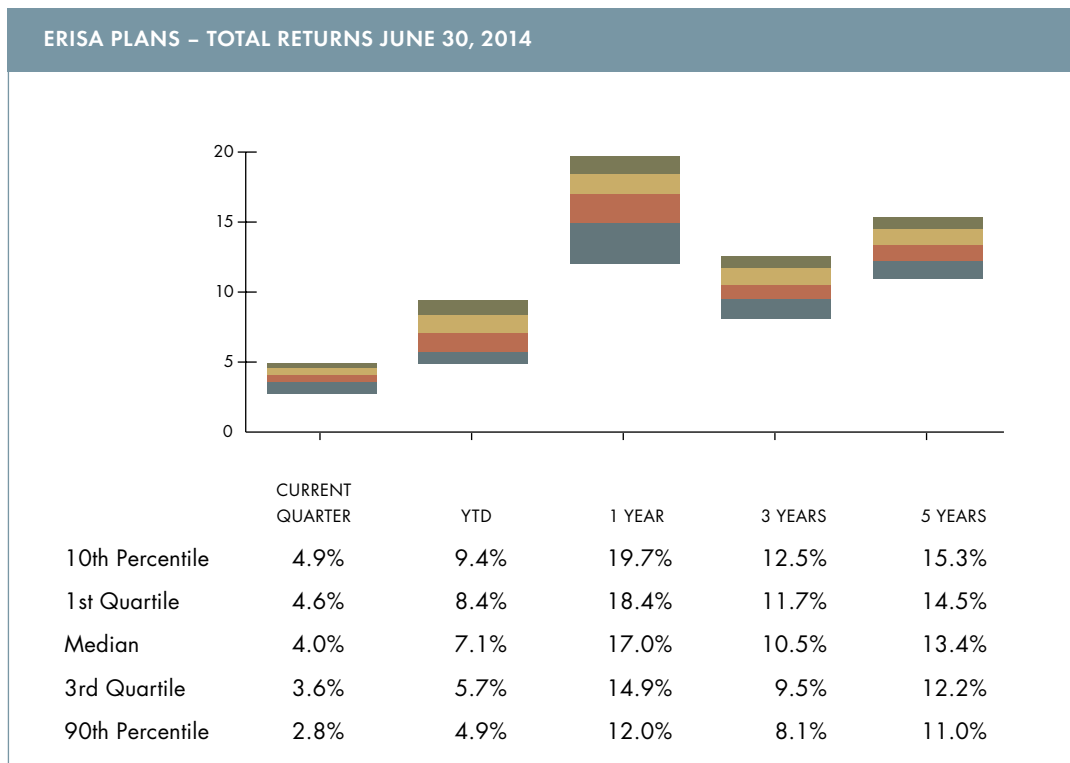
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ERISA plans posted positive absolute results in the second quarter of 2014. The Northern Trust ERISA Plan Universe median return was 4.0% for the quarter ending June 30, 2014. The primary drivers of the positive results were the strength within the domestic and international equity allocations and the positive absolute results within the fixed income allocations for the second quarter. The second-quarter returns resulted in a one-year median plan return of 17.0% for the Northern Trust ERISA Plan Universe.

The Northern Trust ERISA Universe’s second-quarter median excess return was essentially flat compared to the policy level benchmark. This resulted in half of the plans within the ERISA Universe outperforming their respective plan level benchmark. The median ERISA plan’s one-year excess return

outperformed the assigned benchmarks by 9 basis points. Longer-term results reflected slightly mixed results; the Universe underperformed by 18 basis points for the three-year relative comparison and outperformed by 8 basis points for the five-year relative comparison. For the 10-year comparison, the median ERISA plan performance was 34 basis points better than the assigned benchmarks.

The ERISA plan-level performance results during the second quarter of 2014 benefited from allocations to both domestic and international equities. Within those equity allocations, the international equity programs outperformed the U.S. equity programs in the second quarter; with the median international equity programs returning 4.5%, while the median U.S. equity programs returned 4.4%. Within



U.S. equities, large caps were the better performing sub-class during the quarter with the Russell 1000 Index returning 5.1% and the Russell 2000 Index returning 2.1%. Within international equities, emerging markets outperformed developed markets, returning 6.7% compared to -4.3%.

The ERISA plan-level performance benefited from the fixed income allocations' positive absolute returns. The median fixed income program returned 2.5% in the second quarter of 2014. Over the one-year period, the median result for the same universe was 6.7% as of June 30, 2014. Longer-term the median fixed income program returned 5.3% for the three-year period and 7.3% for five years.

Credit securities performed better than government securities in the second quarter: both subclasses had positive absolute results

for the quarter. Within the BC US Aggregate Index, credit/corporate securities outperformed government securities by 43 basis points for the quarter. Those corporate securities within the BC US Aggregate Index returned 2.7%, and government securities within the same index returned 2.2% for the quarter.

The ERISA plan-level performance continued to benefit on an absolute basis from exposure to real estate during the second quarter of 2014. The sector's median return for the quarter was 3.3%. Over the one-year comparison the median return for the real estate program was 12.8%. The wide distribution of results for this allocation continues to be evident in the rolling one-year results of 17.8% for the 10<sup>TH</sup> percentile versus a 5.4% return for the 90<sup>TH</sup> percentile.

COMPOSITE ASSET ALLOCATION – ERISA				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	29%	33%	34%	34%
Global/Non-U.S. Equity	13%	13%	16%	15%
U.S. Fixed Income	38%	33%	30%	31%
Global/Non-U.S. Bonds	4%	3%	2%	1%
Private Equity/Hedge Funds	12%	12%	11%	8%
Cash & Other	4%	2%	7%	10%

### ABOUT NORTHERN TRUST UNIVERSES

Northern Trust Universes represent the performance results of about 300 large institutional investment plans that subscribe to Northern Trust performance measurement services. These plans, with a combined asset value of approximately \$612 billion, represent a broad snapshot of overall institutional investment plan performance within the U.S. market.

If you would like to participate in our universe analysis and receive more in-depth information, please contact your relationship manager.

Returns are shown gross of fees. Index returns assume reinvestment of dividends and earnings and do not reflect the deduction of any trading costs or other expenses. It is not possible to invest directly in an index. Periods greater than one year are annualized. Past performance does not indicate future results.

