

THIRD QUARTER RESULTS DIP FOR INSTITUTIONAL PLAN SPONSORS



Amy Garrigues
 Senior Vice President
 Investment Risk &
 Analytical Services
 (312) 444-5755
 AEC2@ntrs.com

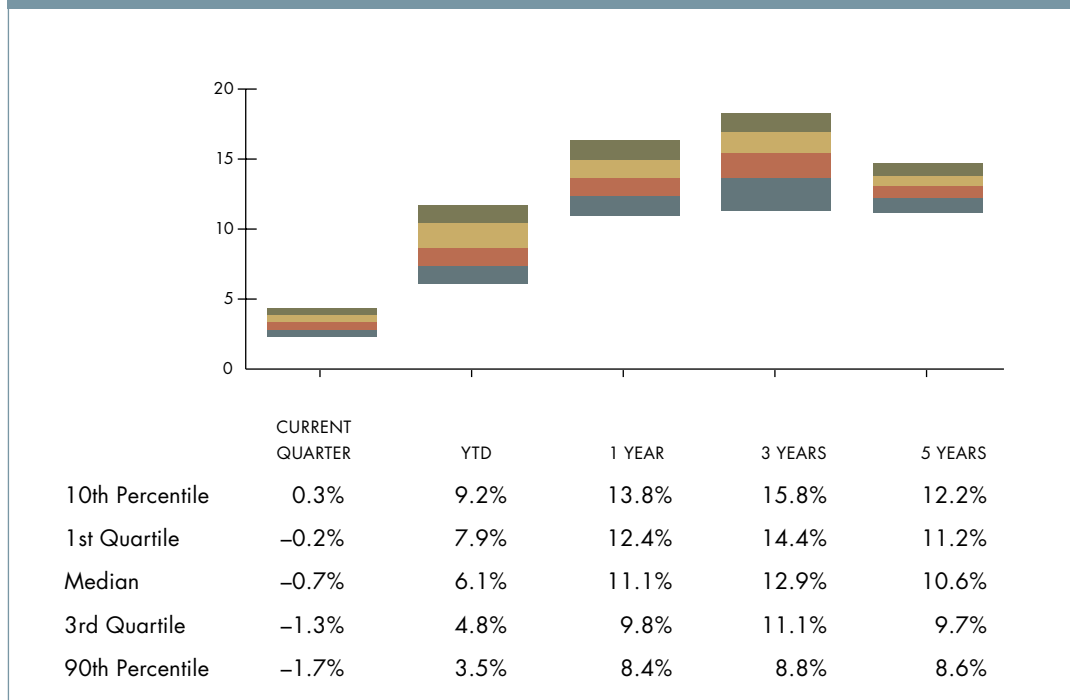
The majority of ERISA plans posted negative absolute results in the third quarter of 2014. The Northern Trust ERISA Plan Universe median return was -0.7% for the quarter ending September 30, 2014. The primary drivers of the quarter's negative results were the weaknesses in domestic small- and mid-cap equities, and exposure to international equities. The third-quarter returns resulted in a one-year median plan return of 11.4% for the Northern Trust ERISA Plan Universe.

The third-quarter ERISA Universe's median excess return was essentially flat compared to the policy level benchmark. This resulted in half of the plans within the Northern Trust ERISA Universe being able to outperform their respective plan-level benchmarks. Over the one-year comparison, the median ERISA plan's excess return

trailed the assigned benchmarks by 1 basis point. Longer-term results were slightly mixed around the median; the Universe underperformed the three-year relative comparison by four basis points and outperformed the five-year relative comparison 13 basis points. For the 10-year comparison, the median ERISA plan was 36 basis points better than the assigned benchmarks.

The ERISA plan-level performance during the third quarter of 2014 suffered from exposure to both domestic and international equities. Within the Northern Trust ERISA Plan Universe's equity allocations for the third quarter, the international equity program greatly underperformed the U.S. equity program, with the median international equity program returning -4.6% while

ERISA PLANS – TOTAL RETURNS SEPTEMBER 30, 2014



the U.S. equity program's median return was -0.6%. Within U.S. equities, large caps were the better performing sub-class, with the Russell 1000 Index returning 0.7% and the Russell 2000 Index returning a -7.4%. Within international equities, emerging markets outperformed developed markets, returning -3.4% compared to -5.8%.

The third-quarter ERISA plan-level performance benefited from the fixed income allocation's slightly positive absolute returns. The median fixed income program returned 0.2% in the third quarter. As of September 30, 2014, the one-year median result was 5.4%. Longer term, the median fixed income program returned 4.9% for three years and 5.8% for five years.

Government securities performed better than credit securities in the third quarter. Within the BC US Aggregate Index, credit/corporate securities underperformed government securities by 25 basis points for the quarter, returning -0.1% and 0.2% respectively.

The ERISA plan-level performance continued to benefit on an absolute basis from exposure to real estate during the third quarter. The sector's median return for the quarter was 2.1%. The one-year median return for the real estate program was 8.5%. The wide distribution of results for this allocation continues to be evident as witnessed in the rolling one-year results of 15.8% for the 10TH percentile versus a 5.5% return for the 90TH percentile.

COMPOSITE ASSET ALLOCATION – ERISA				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	28%	32%	31%	34%
Global/Non-U.S. Equity	12%	14%	13%	17%
U.S. Fixed Income	38%	35%	35%	29%
Global/Non-U.S. Bonds	4%	4%	2%	2%
Private Equity/Hedge Funds	13%	12%	11%	8%
Cash & Other	5%	4%	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.

Northern Trust's Investment Risk and Analytical Services give you a comprehensive array of risk management capabilities, supported by powerful technology and delivered by experienced professionals. We can help you bring all the details to focus – so you can address strategic program management issues. 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.