

# FOUNDATIONS AND ENDOWMENTS UNIVERSE SUMMARY

## INSTITUTIONAL PLAN SPONSORS ENJOYED ANOTHER POSITIVE QUARTER



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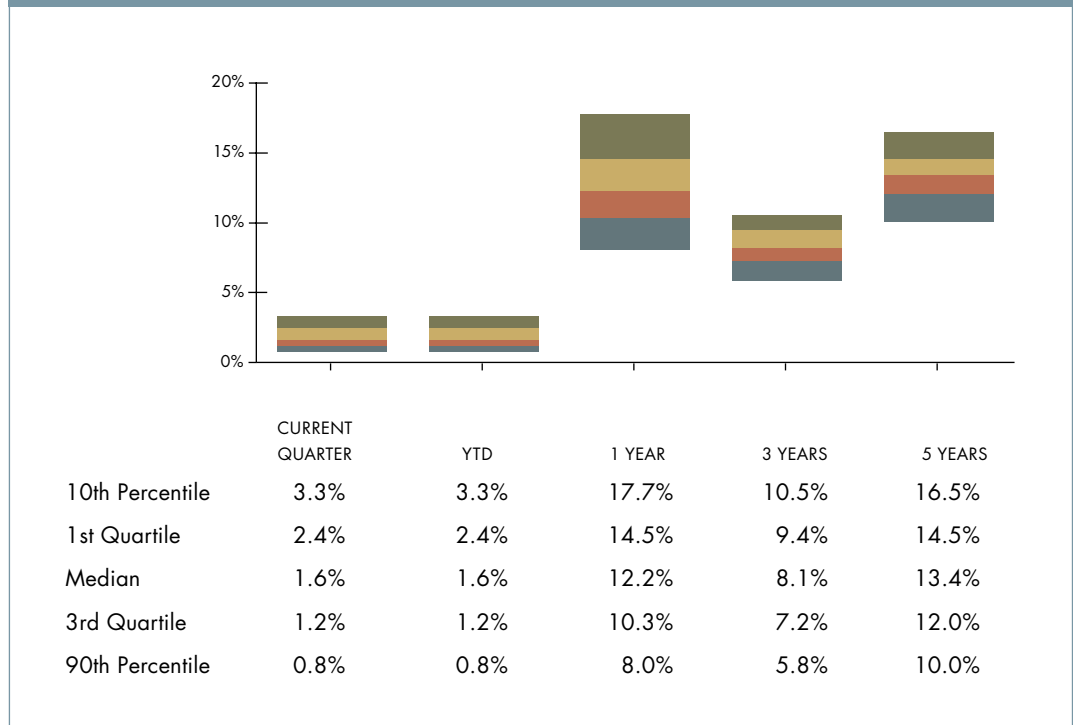
Overall, Foundations and Endowments advanced during the first quarter of 2014, as the median fund returned 1.6%. This marked the seventh consecutive quarter of gains for the universe, and eight out of the last nine quarters dating back to the first quarter of 2012. As a result, the plan universe posted a one-year median return of 12.2% as of March 31. The universe has also experienced positive momentum over longer periods; the three- and five-year returns were 8.1% and 13.4%, respectively.

The U.S. equity program was one of the strongest performers during the first quarter, posting a 1.5% gain. The one-year return continued to benefit as of March 31, advancing 23.2%. In comparison, the universe has slightly underperformed broad-based

domestic equity indexes for the quarter; however, it has outperformed over the one-year period. The S&P gained 1.8% for the quarter and 21.9% for the one-year period, whereas the Russell 3000 returned 2.0% and 22.6% for the same periods.

International equity markets continued to build on momentum gained in the fourth quarter of 2013. The international equity program posted a modest 0.3% return for the first quarter, which helped elevate the one-year return to 12.3% as of March 31. The MSCI EAFE and MSCI ACWI ex US indices also all posted meek returns during the quarter with gains of 0.8% and 0.6%, respectively, whereas the MSCI Emerging Markets index lost traction with a -0.4% return. The MSCI EAFE's 18.1% return over

FOUNDATION AND ENDOWMENT PLANS – TOTAL RETURNS MARCH 31, 2014



the one-year period ending March 31 was the top producer, while the -1.07% for the MSCI Emerging Markets over the same period was the largest detractor.

Domestic and international fixed income programs both posted positive results for the first quarter of the year. The U.S. fixed income program registered a gain of 1.5% for the quarter, while the international fixed income program returned 2.3%. The Barclays Capital US Aggregate Index also generated a 1.8% for the same time period, whereas the Citi-Group WGBI ex US posted a 3.2% return. Both the international and U.S. fixed income programs have experienced gains over the one-year period as of March 31, posting 23.2% and 0.4% returns, respectively.

The venture capital program produced the largest gain during the first quarter, generating a return of 4.1%. For the one-year period,

the program produced a 15.9% return as of March 31. The real estate program saw an advance of 3.0% for the quarter, which helped boost the program's one-year return to 6.7%.

The Foundations and Endowments Universe continues to experience significant asset allocation changes compared to prior years. While domestic equity still remains one of the largest components at approximately 20% (compared to 48% in the first quarter of 2004), there has been a noticeable transition of assets from domestic equity into hedge fund and private equity asset classes. The universe is now composed of 23% private equity and 18% hedge funds, combining for more than 41% of the total allocation for the quarter. Domestic fixed income and international equity continue to make up a significant portion of the Foundations and Endowments Universe at 12% and 13%, respectively as of March 31.

COMPOSITE ASSET ALLOCATION – FOUNDATIONS AND ENDOWMENTS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
<b>U.S. Equity</b>	20%	22%	25%	22%
<b>Global/Non-U.S. Equity</b>	13%	11%	12%	12%
<b>U.S. Fixed Income</b>	12%	14%	16%	17%
<b>Global/Non-U.S. Bonds</b>	3%	3%	1%	1%
<b>Private Equity/Hedge Funds</b>	42%	40%	36%	40%
<b>Cash &amp; Other</b>	10%	10%	10%	9%

### 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.