

## INSTITUTIONAL PLAN SPONSORS SEE HIGHER SECOND QUARTER GAINS



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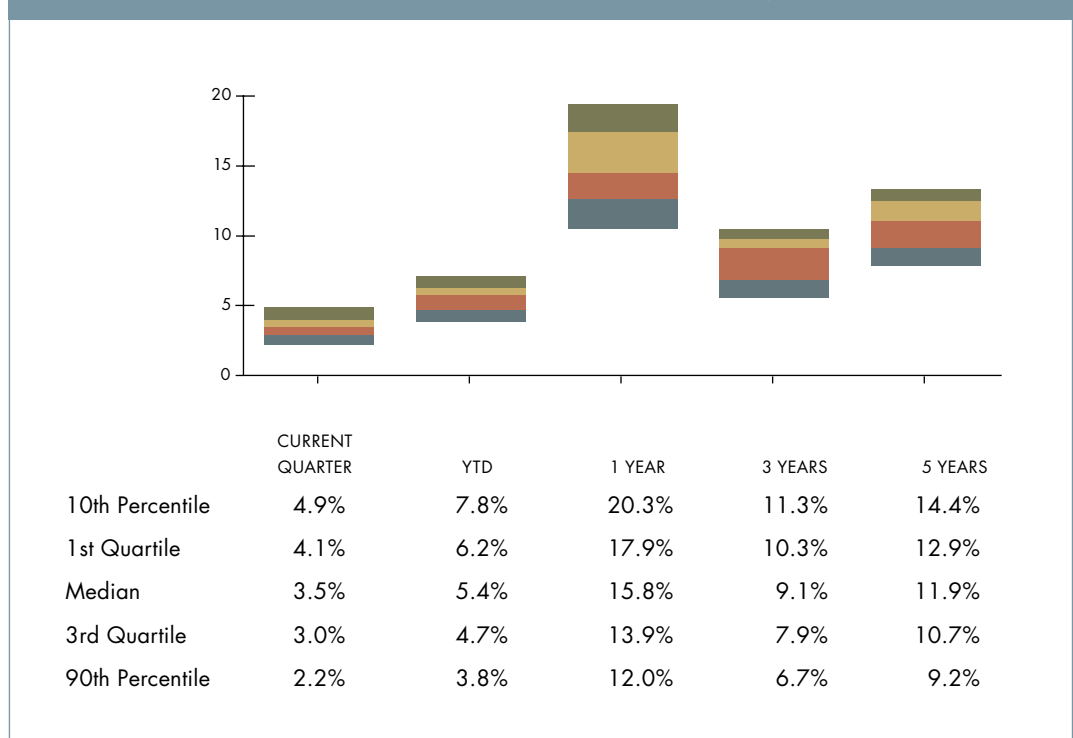
Overall, the Foundations and Endowments Plan Universe advanced during the second quarter of 2014, as the median fund returned 3.5%. This marked the eighth consecutive quarter of gains for the Universe, and gains in nine out of the last ten quarters dating back to the first quarter of 2012. As a result, the Plan Universe posted a one-year median return of 15.8% as of June 30, 2014. The Universe also has experienced positive momentum over longer periods; the three- and five-year returns were 13.9% and 11.9%, respectively.

The U.S. equity program was one of the strongest performers during the second quarter, posting a 4.1% gain. The one-year return continued to prosper, advancing 24.8% as of June 30. In comparison, the Universe has outperformed both broad-based domestic

equity indices for the quarter, and ranks in between the two for the one-year period. The S&P 500 gained 2.1% for the quarter and 24.6% for the one-year timeframe, whereas the Russell 3000 returned 2.5% and 25.2% for the same periods.

International equity markets continued to build on momentum gained in the first quarter of 2014. The international equity program posted a 4.6% return for the second quarter, which helped elevate the one-year return to 20.0% as of June 30. The MSCI EAFE Index, MSCI ACWI ex U.S. Index and MSCI Emerging Markets Index also all posted positive returns during the quarter, with gains of 1.0%, 1.7% and 2.7%, respectively. The MSCI EAFE's 24.1% return over the one-year period ending June 30 was the top performer, while

FOUNDATION AND ENDOWMENT PLANS – TOTAL RETURNS JUNE 30, 2014



the MSCI Emerging Markets Index's 14.7% return over the same period was the smallest gain of the three.

The domestic and international fixed income programs both posted positive results for the second quarter of the year. The U.S. fixed income program registered a gain of 2.0% for the quarter, while the international fixed program returned 2.5%. The Barclays Capital U.S. Aggregate Bond Index generated a 0.1% return for the same period, whereas the Citigroup World Government Bond ex-U.S. Index posted a 0.8% return. Both the international fixed income and U.S. fixed income programs experienced gains over the one-year period ending June 30, posting 6.4% and 4.3% returns, respectively.

The venture capital program produced the largest gain during the second quarter, generating a return of 5.5%. For the one-year

period, the program produced a 17.9% return as of June 30. The real estate program saw an advance of 4.4% for the quarter, which helped boost the program's one-year return to 12.0%.

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 45% in the second quarter of 2004), there has been a noticeable transition of assets from domestic equity into hedge funds and private equity. The Universe is now composed of 23% private equity and 20% hedge funds, combining for 43% 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 June 30, 2014.

COMPOSITE ASSET ALLOCATION – FOUNDATIONS AND ENDOWMENTS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
<b>U.S. Equity</b>	20%	21%	25%	23%
<b>Global/Non-U.S. Equity</b>	13%	11%	11%	13%
<b>U.S. Fixed Income</b>	12%	14%	15%	17%
<b>Global/Non-U.S. Bonds</b>	3%	3%	3%	1%
<b>Private Equity/Hedge Funds</b>	43%	41%	38%	38%
<b>Cash &amp; Other</b>	10%	3%	8%	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.

