GLOBAL FAMILY OFFICE UNIVERSE SUMMARY

ASSET OWNERS RECORD MODEST FIRST-QUARTER GAIN

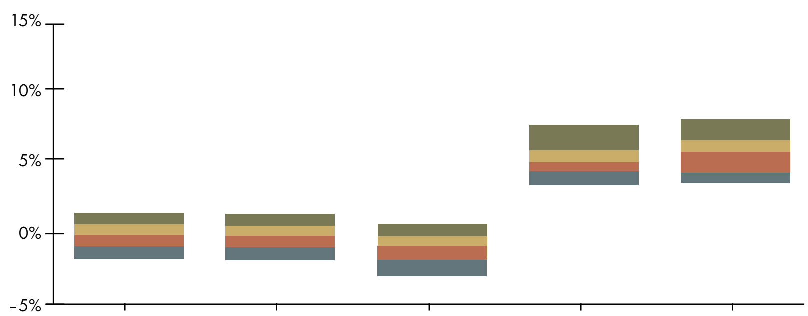
Amy Garrigues
Senior Vice President
Investment Risk &
Analytical Services
(312) 444-5755
AEC2@ntrs.com

The median plan in the Northern Trust Global Family Office (GFO) Universe was up 0.05% for the first quarter of 2016. The 60% equity (S&P 500)/40% bond (B.C. U.S. Agg.) benchmark returned 2.11% during the first quarter, outperforming the GFO plan median by approximately 206 basis points during the quarter. The GFO median also trails the 60/40 benchmark by 4.17% for the one-year period (–2.08% vs. 2.09%). The GFO benchmark has historically lagged the 60/40 benchmark – underperforming during the two-, three- and five-year periods.

During the first quarter, a 0.80% return was the barrier needed to break into the top quartile of GFO portfolios, which trailed the benchmark return of 2.11%. To break into the top decile of the GFO plans, a return of 1.64% was required. In the bottom half of GFO plans, returns under –0.78% represented the bottom third quartile and returns under –1.68% fell into the bottom decile. Comparing the one-year standard deviation of the GFO median plan (7.54%) to the 60/40 benchmark (8.52%) reveals the benchmark has increased the amount of risk taken relative to the GFO median by 98 basis points and the spread has increased compared to last quarter. The gap between the risk-adjusted returns of GFO median and the benchmark over the one-year time period decreased by roughly half this quarter, with the median plan having a Sharpe Ratio of –0.28% vs. 0.24% for the benchmark.

Domestic equity comprised 27% of the GFO composite in the first quarter and performed well compared to international

GLOBAL FAMILY OFFICE PLANS – TOTAL RETURNS MARCH 31, 2016



	CURRENT QUARTER	YTD	1 YEAR	3 YEARS	5 YEARS
10th Percentile	1.6%	1.6%	1.0%	7.3%	7.6%
1st Quartile	0.8%	0.8%	–0.2%	5.5%	6.1%
Median	0.1%	0.1%	–2.1%	4.6%	5.1%
3rd Quartile	–0.8%	–0.8%	–4.4%	4.0%	4.2%
90th Percentile	–1.7%	–1.7%	–4.7%	3.0%	3.5%

equity, with S&P 500 and Russell 3000 posting 1.4% and 1.0%, respectively. Within domestic equity, small caps posted a –1.5% return and underperformed both the mid-cap (2.2%) and large-cap (1.2%) segments. Large cap growth (0.7%) underperformed large cap value (1.6%) by 94 basis points, while in the small cap sector, growth (–4.9%) underperformed value (1.7%) by a large margin.

International equity accounted for 15% of the GFO composite this quarter, and underperformed both the S&P 500 and Russell 3000 indices. The quarter started with a substantial selloff in global markets due to plunging oil prices and investor sentiment; however we have since recovered, with domestic value stocks reaping the most benefit. Small cap growth stocks have lagged as investors are wary about earnings growth in the near term.

Domestic fixed income comprised 14% of the GFO composite in the first quarter, and the B.C. U.S. Aggregate index posted a return of 3.0%, lagging all other fixed income indices for the quarter. The yield curve slope flattened slightly this quarter as investors sold riskier assets and bought Treasuries. The difference between the 10-year and two-year spread contracted this quarter to 1.0% from 1.2% at the end of the fourth quarter of 2015.

International fixed income made up 3% of the GFO composite this quarter. The BC Global Aggregate ex US increased from last quarter with a return of 8.3%. The turmoil in January prompted investors to sell risk and buy bonds, especially in international markets, helping to push up the return on the BC Global Aggregate and MSCI Emerging Market indices.

COMPOSITE ASSET ALLOCATION – GLOBAL FAMILY OFFICE

	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	27%	26%	25%	
Global/Non-U.S. Equity	15%	16%	14%	
U.S. Fixed Income	14%	12%	23%	
Global/Non-U.S. Bonds	3%	3%	3%	
Private Equity/Hedge Funds	31%	33%	22%	
Cash & Other	10%	9%	13%	

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 $899 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.