

ROBUST EQUITY RETURNS DROVE STRONG FIRST-QUARTER RESULTS



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Public Funds continued their positive momentum into the new year with the median plan posting a 5.1% gain in the first quarter. Public Funds have produced positive results in 12 of the last 15 quarters, boosting longer period returns. The one-, three- and five-year returns were 10.3%, 9.7% and 4.8%, respectively.

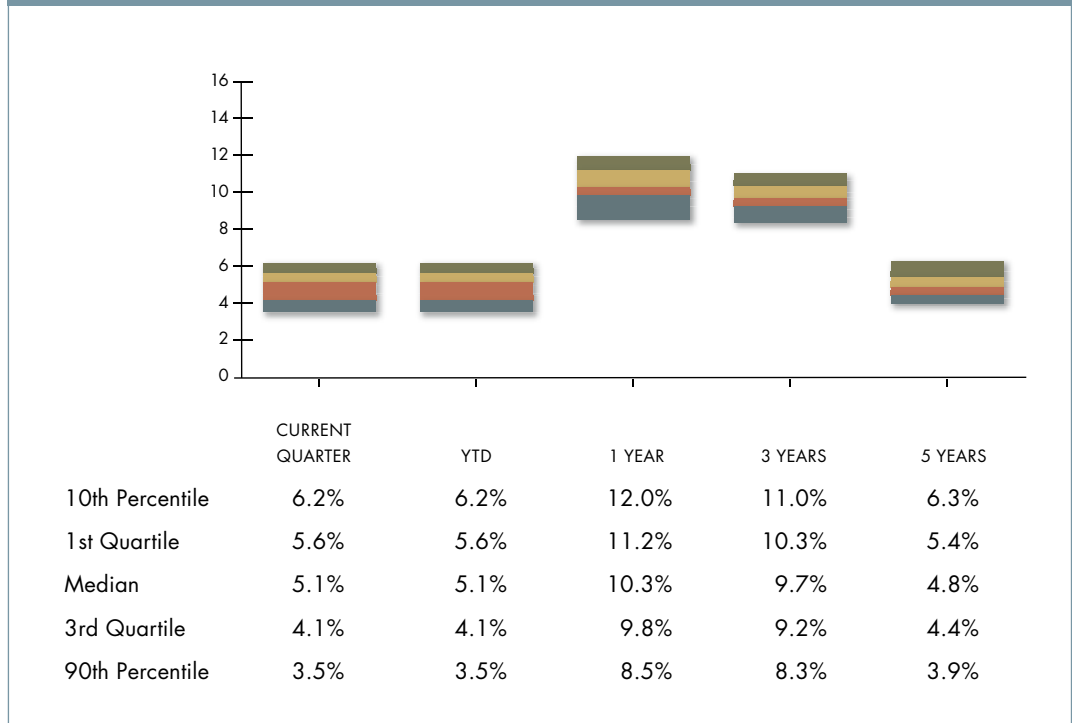
Within the Public Funds universe, domestic equities comprise the largest allocation, at 31.5%, as of March 31, 2013. After shaking off fiscal cliff fears in the previous quarter, U.S. equity markets surged in the new year. Broad-based domestic equity indexes such as the S&P 500 and Russell 3000 rallied in the quarter with returns of 10.6% and 11.1%, respectively. Mid cap value was the top performing sub-asset class within U.S.

equity with the Russell Midcap Value index gaining 14.2% in the first quarter.

International equity markets were not quite as impressive as U.S. equities but still had a strong quarter. The MSCI EAFE and MSCI ACWI ex US indexes finished the quarter with gains of 5.2% and 3.2%, respectively. Emerging markets, however, were one of the few equity markets to decline in the quarter. The MSCI Emerging Markets index posted a loss of 1.6% in the first quarter. As of March 31, 2013, the Public Funds composite allocation to international equities was 22.6%.

The domestic and foreign fixed income allocations within the Public Funds universe were 20.8% and 4.5%, respectively, at the end of the first quarter. Domestic fixed

PUBLIC FUNDS – TOTAL RETURNS MARCH 31, 2013



income, represented by the Barclays Capital US Aggregate Index, posted a narrow loss with a return of -0.1%. Foreign fixed income, represented by the Citi-Group WGBI ex US index, lost 2.8% in the first quarter.

Real estate and private equity allocations within the Public Funds composite were 4.3% and 5.6%, respectively, at the end of the quarter. Real estate markets continued to improve with the Wilshire REIT index gaining 7.4%. Investors that have stuck

with real estate have been rewarded, as the Wilshire REIT index returned 14.0% in the trailing year and over 17% in the trailing three-year period.

Public Fund plan sponsors welcomed another quarterly gain as many plans are trailing their long-term return assumptions. Public Fund plans are still significantly underfunded and look forward to the continued improvement of the global economy.

COMPOSITE ASSET ALLOCATION – PUBLIC FUNDS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	31%	33%	36%	37%
Global/Non-U.S. Equity	23%	20%	20%	21%
U.S. Fixed Income	21%	22%	23%	24%
Global/Non-U.S. Bonds	4%	5%	4%	4%
Private Equity/Hedge Funds	10%	9%	8%	6%
Cash & Other	11%	11%	8%	8%

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.