

ASSET OWNERS RECORD MODEST FIRST-QUARTER GAIN



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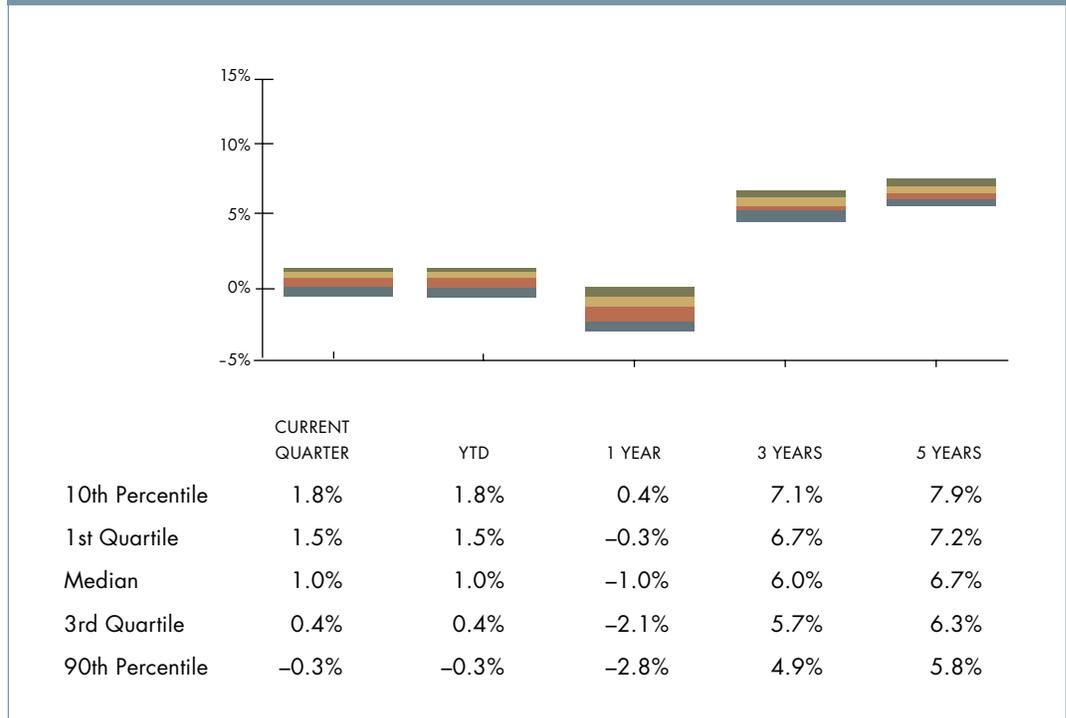
The Northern Trust Public Funds Universe built on last year’s positive results in the first quarter, with the median plan returning 1.0%. With this result, the median return for the Universe has been positive for five of the past six quarters. While the one-year median return stands at –1.0%, primarily due to losses in the third quarter of 2015, longer time frames have fared well with the three-, five- and 10-year median returns coming in at 6.0%, 6.7% and 5.7%, respectively.

Within the Public Funds Universe, domestic equities comprise the largest allocation at 36.0% as of March 31, 2016. Volatility spiked in the first quarter as investor sentiment swung dramatically, driven by weak economic data and wildly fluctuating oil prices. The U.S. equity market

ended the quarter on a positive note despite the relatively large losses suffered in January. Broad-based domestic equity indexes such as the S&P 500 and Russell 3000 posted modest gains of 1.3% and 1.0%, respectively, during the first quarter. For the one-year time frame, the S&P 500 returned 1.8% while the Russell 3000 lost ground at –0.3%. Large cap stocks outperformed small caps again during the quarter as the Russell 2000 lost 1.5%. In a departure from recent history, value outperformed growth for all market caps in the quarter.

With concerns around emerging markets, and especially China, continuing throughout much of the quarter, international markets largely posted negative returns. The MSCI EAFE and MSCI ACWI ex US indexes lost

PUBLIC FUNDS – TOTAL RETURNS MARCH 31, 2016



2.9% and 0.3%, respectively, during the first quarter. For the one-year period, the results got even worse as the MSCI EAFE dropped 7.9% and the MSCI ACWI ex US fell by 8.8%. On the flip side, the MSCI Emerging Markets Index posted a gain of 5.8% in the first quarter despite the one-year return coming in at -11.7%. As of March 31, 2016, the Public Funds composite allocation to international equities was 16.1%.

The domestic and foreign fixed income allocations within the Public Funds Universe were 22.2% and 1.0%, respectively, at the end of the first quarter. The Federal Reserve kept rates stable at its January and March meetings after raising interest rates in December for the first time since 2006. Domestic fixed income, represented by the Barclays Capital US Aggregate Index, gained 3.0% during the quarter and is up 2.0% over the past year. Foreign fixed income, represented by the

Citi-Group WGBI ex US index, gained a whopping 9.1% in the quarter although hedged returns were more modest at 4.2%.

Real estate and private equity allocations within the Public Funds composite were 5.0% and 4.8%, respectively, at the end of the quarter. Real estate markets built on momentum from 2015 with the Wilshire REIT index up 5.2% in the first quarter. Over longer periods, real estate has continued to be an important asset class with one-, three- and five-year returns of 4.8%, 11.1% and 12.1%, respectively.

Public Funds saw a positive start to 2016 despite a very volatile quarter and have now produced gains in 13 of the last 16 quarters. There continues to be apprehension around global growth, political outcomes such as the Brexit vote and central banking policy so we expect elevated volatility to continue throughout 2016.

COMPOSITE ASSET ALLOCATION – PUBLIC FUNDS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	33%	33%	33%	35%
Global/Non-U.S. Equity	21%	24%	22%	20%
U.S. Fixed Income	19%	17%	20%	22%
Global/Non-U.S. Bonds	4%	5%	4%	5%
Private Equity/Hedge Funds	10%	9%	10%	7%
Cash & Other	13%	12%	3%	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 \$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.