

INSTITUTIONAL ASSET OWNERS EXPERIENCE A NICE REBOUND IN THE FOURTH QUARTER



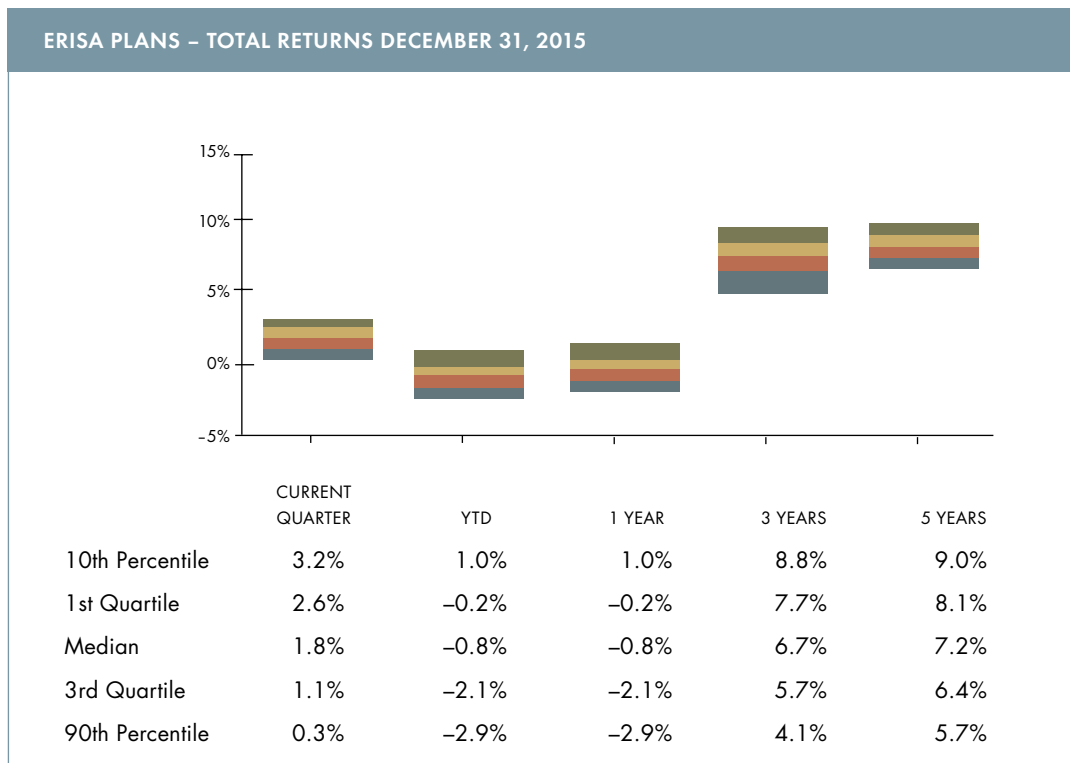
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The majority of ERISA plans posted positive absolute results for the fourth quarter of 2015. The Northern Trust ERISA Plan Universe median return was 1.8% for the quarter ending December 31, 2015. The primary drivers of the quarter’s positive results were within the domestic and international equity allocations. The fourth quarter returns resulted in a one-year median plan return of –0.8%.

For the fourth quarter of 2015, the ERISA Universe’s median excess return compared to the policy level benchmark was –30 basis points. This resulted in fewer than half the plans in the Universe being able to outperform their respective plan-level benchmarks. Over the one-year comparison, the median ERISA plan’s excess return outpaced the assigned benchmarks by 5 basis points.

Longer-term results were mixed, with the Universe outperforming the benchmark by 4 basis points for the three-year comparison and by 22 basis points for the 10-year comparison. For the five-year comparison, the median ERISA plan underperformed the assigned benchmarks by 6 basis points.

The ERISA plan-level performance during fourth quarter benefitted from allocations to both domestic and international equities. Within those equity allocations, the U.S. equity programs outperformed the international equity programs with a median return of 5.9% compared to the international equity programs’ median return of 3.9%. Within U.S. equities, large-caps outperformed small-caps, with the Russell 1000 Index returning 6.5% and the Russell 2000 Index returning 3.6%. Within international equities, developed



markets outperformed emerging markets, returning 4.7% compared to 0.7%.

The fourth-quarter ERISA plan-level performance was hindered by the fixed income allocations' negative absolute returns: the median fixed income program returned -0.4%. Over the one-year period, the median result for the same universe was -0.5% as of December 31. Longer term, the median U.S. fixed income program returned 1.6% for three years and 4.1% for five years.

Credit and government securities produced negative results in the fourth quarter. Within the BC US Aggregate Index, government securities

outperformed credit/corporate securities by 21 basis points for the quarter. The government securities returned -0.4% compared to corporate securities' -0.6% return.

The ERISA plan-level performance continued to benefit on an absolute basis from exposure to real estate during the fourth quarter of 2015. The sector's median return for the quarter was 2.6%. Over the one-year comparison, the median return for the real estate program was 11.8%. The wide distribution of results for this allocation continues to be evident as witnessed in the rolling one-year results of 15.8% for the 10TH percentile versus a -2.8% return for the 90TH percentile.

COMPOSITE ASSET ALLOCATION – ERISA				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	28%	29%	32%	36%
Global/Non-U.S. Equity	11%	12%	15%	17%
U.S. Fixed Income	38%	39%	34%	30%
Global/Non-U.S. Bonds	4%	4%	2%	2%
Private Equity/Hedge Funds	14%	12%	11%	10%
Cash & Other	4%	4%	6%	6%

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.