

## STRONG EQUITIES LEAD TO SOLID QUARTER, YEAR FOR PLAN SPONSORS



**Jeff Feeney**  
 Senior Vice President  
 Investment Risk &  
 Analytical Services  
 (312) 630-6627  
 JF16@ntrs.com

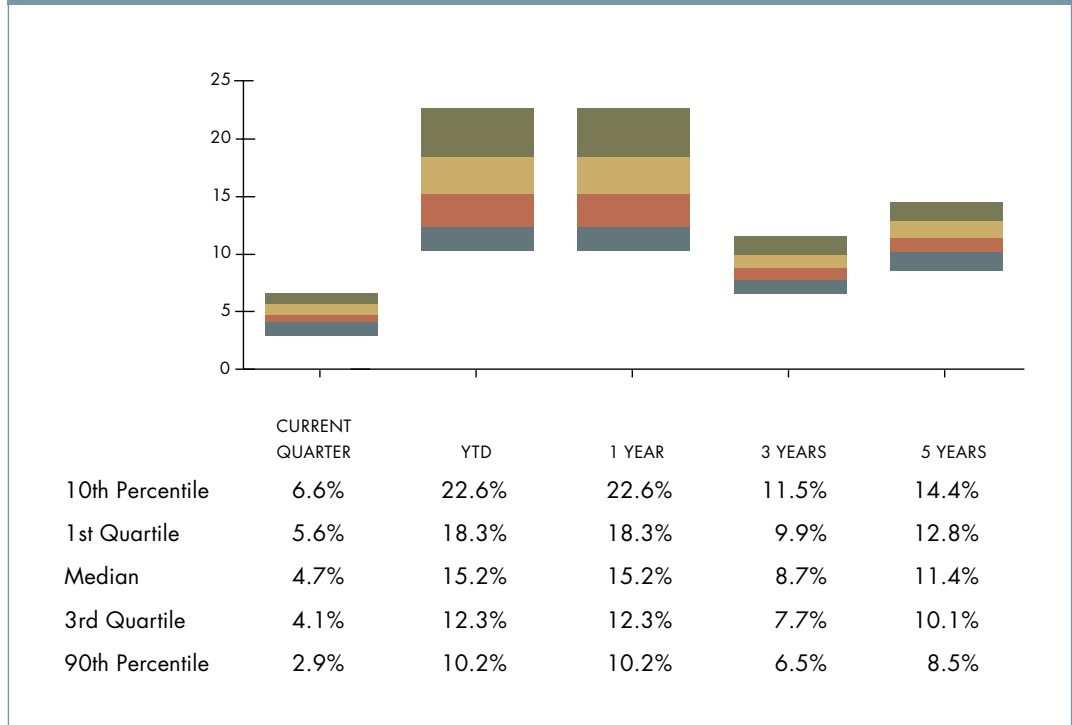
Overall, the Foundations and Endowments Plan Universe advanced during the fourth quarter of 2013, as the median fund returned 4.7%. This marked the sixth consecutive quarter of gains for the universe, and seven of the last eight quarters turned in gains dating back to the first quarter of 2012. As a result, the plan universe posted a one-year median return of 15.2% as of December 31, 2013. The universe also experienced positive momentum over longer periods, as the three- and five-year returns were 8.7% and 11.4%, respectively.

The U.S. equity program was one of the strongest performers during the fourth quarter, posting a 9.5% gain. The one-year return continued to prosper as of December 31,

advancing 34.4%. In comparison, the universe has slightly underperformed broad-based domestic equity indexes for the quarter; however, it has outperformed over the one-year period. The S&P gained 10.5% for the quarter and 32.4% for the one-year period, whereas the Russell 3000 returned 10.1% and 33.6%, respectively, for the same periods.

International equity markets continued to build on momentum gained in the third quarter of 2013. The International Equity Program posted a 5.0% return for the fourth quarter, which helped elevate the one-year return to 16.0% as of December 31. The MSCI EAFE, MSCI ACWI ex U.S. and MSCI Emerging Market indexes also all posted positive returns during the quarter with

FOUNDATION AND ENDOWMENT PLANS – TOTAL RETURNS DECEMBER 31, 2013



returns of 5.8%, 4.8% and 1.9%, respectively. Each of the indexes posted positive results for the one-year period, with the MSCI EAFE generating the largest return of 23.3%.

Domestic and international fixed income programs posted slightly mixed results for the fourth quarter of the year. The U.S. fixed income program registered a modest gain of 0.04% for the quarter, while the international fixed income program returned -0.2%. The Barclays Capital U.S. Aggregate Index also generated a -0.1% for the same period, whereas the Citi-Group WGBI ex U.S. posted a -1.2% return. Both the international and U.S. fixed income programs have still experienced negative one-year returns as of December 31, posting -2.3% and -1.2% returns, respectively.

The venture capital program produced a positive gain during the fourth quarter, generating a return of 2.9%. For the one-year period, the program produced a 13.1% return

as of December 31. The real estate program saw an advance of 1.1% for the quarter, which helped boost the one-year return of the program to 4.2%.

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 21% compared to 49% in the fourth quarter of 2003, there has been a noticeable transition of assets from domestic equity into hedge fund and private equity asset classes. The universe is now composed of 23% private equity and 18% hedge funds, combining for nearly 41% 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 13% each as of December 31, 2013.

COMPOSITE ASSET ALLOCATION – FOUNDATIONS AND ENDOWMENTS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
<b>U.S. Equity</b>	17%	22%	24%	22%
<b>Global/Non-U.S. Equity</b>	28%	11%	12%	13%
<b>U.S. Fixed Income</b>	10%	15%	16%	16%
<b>Global/Non-U.S. Bonds</b>	2%	3%	2%	1%
<b>Private Equity/Hedge Funds</b>	34%	40%	39%	41%
<b>Cash &amp; Other</b>	9%	10%	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.

