

# FOUNDATIONS AND ENDOWMENTS UNIVERSE SUMMARY

## ASSET OWNERS FINISH 2014 ON A POSITIVE NOTE



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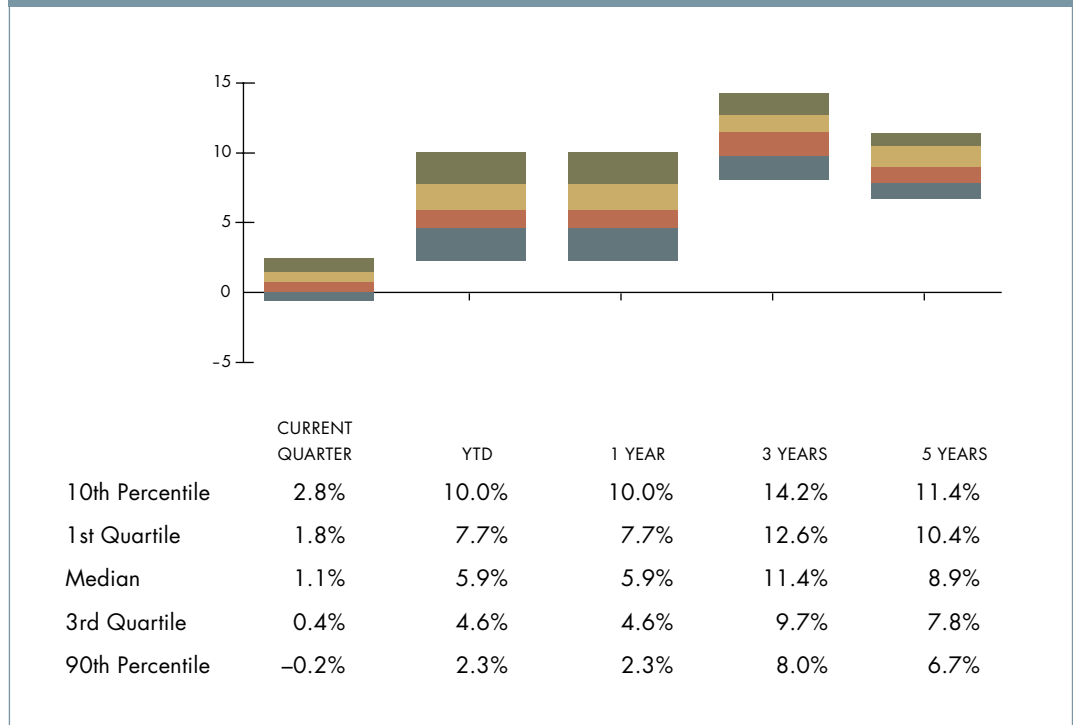
Overall, Foundations and Endowments regained momentum during the fourth quarter of 2014, as the median fund returned 1.1%. This was a bounce back quarter for the Universe, recovering from a third quarter that marked the first quarter of losses for the Universe in more than two years, dating back to the second quarter of 2012. As a result, the Foundations and Endowments Universe posted a one-year median return of 5.9% as of December 31, 2014. The Universe has also experienced positive momentum over longer periods, with three- and five-year returns of 11.4% and 8.9%, respectively.

The U.S. equity program also rebounded during the fourth quarter, posting a median return of 5.1%. The one-year return showed solid gains as of December 31, advancing

9.7%. In comparison, the Universe outperformed the S&P 500 index for the quarter while slightly underperforming the Russell 3000 index; however, the median equity mandate has underperformed both broad-based domestic equity indices for the one-year period. The S&P 500 gained 4.9% for the quarter and 13.7% for the one-year timeframe, whereas the Russell 3000 returned 5.2% and 12.6% for the same periods.

International equity markets lost traction for the second consecutive quarter to close out 2014. The international equity program experienced a 3.0% loss for the quarter, which dragged the one-year return to -2.3% as of December 31. The MSCI EAFE, MSCI ACWI ex US and MSCI Emerging Market indices also all posted losses during the fourth quarter

FOUNDATION AND ENDOWMENT PLANS – TOTAL RETURNS DECEMBER 31, 2014



with returns of –3.5%, –3.8% and –4.4%, respectively. The MSCI Emerging Markets’ –1.8% return over the one-year period ending December 31 was the top producer of the three, while the MSCI EAFE and Emerging Markets indices posted returns of –4.5% and –3.5% for 2014.

Domestic equity produced strong gains of 5.1% for the fourth quarter, while the international fixed income median program experienced a second consecutive quarter of losses, posting a –1.7% return. The Barclays Capital US Aggregate Index generated a 0.1% return for the same time period, whereas the Citi-Group WGBI ex US posted a –1.1% return. The U.S. fixed income experienced a solid gain for 2014 whereas the international fixed income program generated losses for the year ending December 31, posting returns of 9.7% and –0.6%, respectively.

The venture capital program median generated gains of 1.3% during the fourth quarter. For the one-year period ending

December 31, the program produced an 11.3% return. The real estate program posted positive returns of 2.0% for the quarter, elevating the program’s one-year return to 10.4%.

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 20% (compared to 44% in the fourth quarter of 2004), 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 24% private equity and 19% hedge funds, combining for more than 43% 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 12% each, as of December 31, 2014.

COMPOSITE ASSET ALLOCATION – FOUNDATIONS AND ENDOWMENTS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	20%	17%	21%	24%
Global/Non-U.S. Equity	12%	28%	10%	13%
U.S. Fixed Income	12%	10%	16%	18%
Global/Non-U.S. Bonds	3%	2%	3%	1%
Private Equity/Hedge Funds	45%	34%	40%	37%
Cash & Other	9%	9%	9%	7%

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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.