

PUBLIC FUNDS UNIVERSE SUMMARY

PUBLIC FUNDS END THE YEAR ON A POSITIVE NOTE



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Public Funds ended the year on a positive note, with the median plan gaining 5.4% in the fourth quarter of 2011. The large quarterly gain helped boost longer-period results. The one-, three- and five-year returns were 0.9%, 11.1% and 2.0%, respectively.

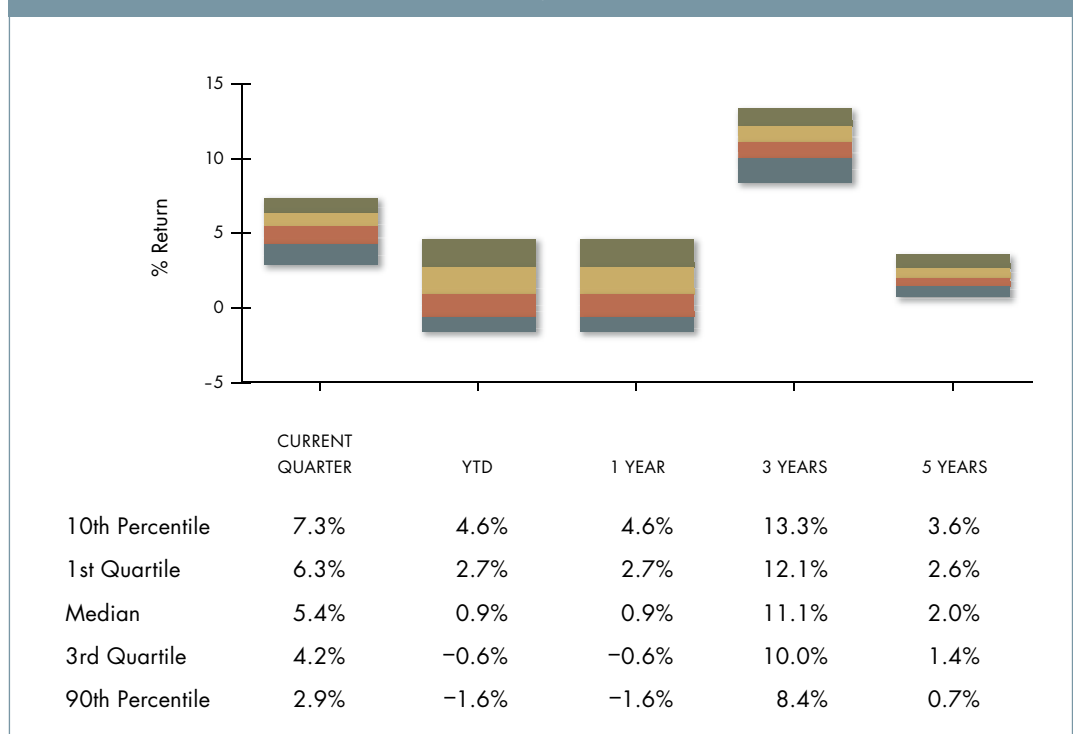
Within the Public Funds Universe, domestic equities comprise the largest allocation, at 31.9%, as of December 31, 2011. U.S. equities rebounded in the fourth quarter as improving economic data and a hope that the United States would be shielded from a slowdown in Europe translated into the best quarter in more than two years. Broad-based domestic equity indexes such as the S&P 500 and Russell 3000 both posted double digit gains of 11.8% and 12.1%, respectively. The improving sentiment helped small cap stocks a little more than

large cap stocks in the fourth quarter. The Russell 2000 gained 15.5% while the Russell 1000 gained 11.8%.

International developed and emerging markets didn't fare as well as U.S. markets. The MSCI EAFE and MSCI ACWI ex US indexes returned 3.3% and 3.7%, respectively, as concerns in the eurozone weighed on investors. Emerging markets were slightly higher with the MSCI Emerging Markets index gaining 4.4% for the quarter. As of December 31, 2011, the Public Funds composite allocation to international equities was 18.9%.

The domestic and foreign fixed income allocations within the Public Funds Universe were 23.6% and 5.2%, respectively, at the end of the fourth quarter. Domestic fixed income, represented by the Barclays Capital US Aggregate

PUBLIC FUNDS – TOTAL RETURNS DECEMBER 31, 2011



Index, posted a gain of 1.1% in the quarter. Foreign fixed income, represented by the Citi-Group WGBI ex US index, lost -0.5% as the U.S. dollar strengthened. Plans with significant exposure to fixed income benefitted during the year as fixed income significantly outpaced equities in 2011.

Real estate and private equity allocations within the Public Funds composite were 3.9% and 5.6%, respectively, at the end of the fourth quarter. Real estate investments surged in the

fourth quarter with the Wilshire REIT index gaining 15.4%. The rebound in real estate continues as 10 out of the last 12 quarters have produced positive results.

After a disastrous 2008, Public Funds were happy to see a third straight year of positive performance. However, many Public Funds missed their target returns and remain underfunded at the end of 2011.

COMPOSITE ASSET ALLOCATION – PUBLIC FUNDS				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	32%	35%	32%	44%
Global/Non-U.S. Equity	19%	20%	16%	19%
U.S. Fixed Income	24%	23%	27%	25%
Global/Non-U.S. Bonds	5%	5%	5%	3%
Private Equity/Hedge Funds	9%	8%	8%	4%
Cash & Other	12%	10%	12%	5%

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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.