LARGE CAP VALUE PORTFOLIO PROFILE

Northern Trust provides investors with access to investment management that dates back to 1889. Our disciplined investment strategies are a result of combining extensive research, active risk management, and well-defined buy/sell criteria.

Investment Objective

The large cap value portfolio's strategy seeks to produce above average long-term returns while taking less than market risk. Historically, value portfolios tend to perform in line with a rising market, lag a rapidly rising market and outperform a declining market.

Investment Strategy

The portfolio management team utilizes a traditional value approach focusing primarily on large capitalization companies. The process begins with fundamental analysis on individual companies that meet the team's dividend yield criteria. Emphasis is placed on underlying values, free cash flows and the identification of a catalyst that may fuel the eventual realization of those values. The universe of securities includes stocks with above average dividend yields because they help manage risk and are less volatile than stocks with little or no dividend. Yield also provides an objective characteristic to identify undervalued equities. The management team strives to take advantage of market inefficiencies by identifying companies that are temporarily out of favor and, therefore, present unusual values.

PORTFOLIO CHARACTERISTICS (12/31/11)

NUMBER OF STOCK HOLDINGS:
45 – 50

AVERAGE DIVIDEND YIELD:
Above the S&P 500

AVERAGE CASH LEVEL OVER MARKET CYCLE:
Below 5%

RISK STANDARD DEVIATION:
Below the S&P 500

CAPITALIZATION:
Large companies

	LARGE CAP VALUE PORTFOLIO	RUSSELL 1000 VALUE INDEX[1]	S&P 500 INDEX
DIVIDEND YIELD	3.1%[2]	2.6%	2.2%
PRICE/BOOK	1.5	1.4	2.0
PRICE/EARNINGS (TRAILING 1-YR)	14.9	14.1	16.1
MARKET CAP	$92.5b	$73.6b	$95.3b

1 *The primary benchmark for this composite is the Russell 1000 Value Index, which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. Direct investment in an index is not possible.*

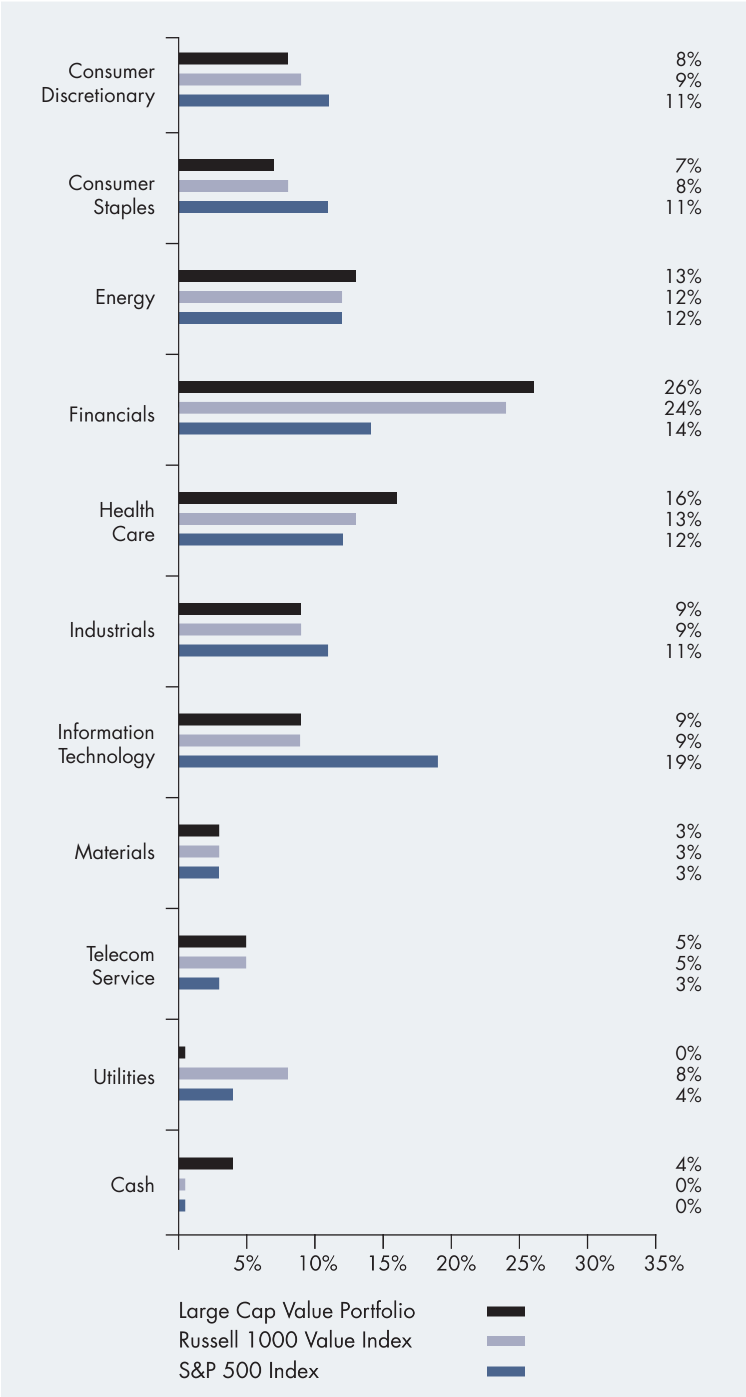
2 *Dividend yield is one component of performance and should not be the only consideration for investment.*

TOP TEN HOLDINGS (12/31/11)

1 EXXON MOBIL CORPORATION
2 BOEING COMPANY
3 CHEVRON CORPORATION
4 INTEL CORPORATION
5 BLACK ROCK INCORPORATED
6 MICROSOFT CORPORATION
7 NEWELL RUBBERMAID INCORPORATED
8 PFIZER INCORPORATED
9 OMNICOM GROUP INCORPORATED
10 AT&T INCORPORATED

The portfolio holdings, characteristics and sector allocations are for illustrative purposes only, subject to change and can vary for individual accounts. This information is not a recommendation to buy or sell any security. There is no assurance that any security discussed was profitable or will prove to be profitable.

PORTFOLIO SECTOR ALLOCATION* (12/31/11)



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INVESTMENT PROFESSIONALS

Donna L. Renaud, CFA
Managing Director
Arizona State University, MBA
Pennsylvania State University, BA
25 years of investment experience

Doug J. McEldowney, CFA, CPA
Director
Rollins College, MBA
University of Kentucky, BA
27 years of investment experience

Betsy L. Turner
Director
Lake Forest College, BA
26 years of investment experience

Alec R. Harrell, CFA
Senior Portfolio Manager
University of Southern California, MBA, JD
Claremont McKenna College, BA
9 years of investment experience

Richard J. Pickert, CFA
Portfolio Manager
Villanova University, BA
8 years of investment experience

MARKET OUTLOOK

Commentary from the portfolio management team

It has been a challenging time for investors. Record stock market volatility driven by the credit crisis in Europe, political gridlock and fear of double-dip recession in the United States, and slower growth in China had equity investors running for cover most of 2011. After the S&P 500 Index climbed nearly 9% from January and early May to hit a high of 1371, the S&P 500 Index declined 28% to a low of 1075 in early October. Despite a significant 4th quarter rebound, the market ended 2011 at 1258, essentially flat for the year, and 8% below the high.

With the Federal Reserve planning to keep interest rates low through 2013, and equity markets likely to remain volatile as the credit crisis in Europe and the U.S. presidential election continue to play out; we believe the best way for investors to create wealth for the future is to use this period of uncertainty to build positions in high-quality, high-dividend, large-capitalization stocks at value prices. While we can understand the volatility-driven urge to run to bonds, investors need to keep in mind that bonds offer little in the way of long term wealth generation at current yield levels. In addition, at this point in the business cycle, bonds are at risk for price declines once the Fed allows rates back up to more normal levels due to economic improvement and/or a resurfacing of inflation.

We believe our LCV strategy is the key to profiting in today's highly volatile, risk-on/risk-off environment which is dominated by emotion and politics, rather than by fundamentals. By design, a consistent focus on high quality companies that pay above-market dividends and have the capacity to raise their dividends can be expected to provide our investors with strong potential for long term outperformance compared to bonds.

Given these attractive portfolio characteristics, the LCV composite outperformed the Russell 1000 Value benchmark during the fourth quarter of 2011 primarily due to stock selection in 7 out of 10 market sectors and our zero allocation to utilities. New companies added to the portfolio during the fourth quarter include Freeport-McMoRan Copper & Gold, a leading international mining company with some of the world's largest reserves of copper, gold and molybdenum; Johnson Controls, a global company with a leading position in automotive seating systems, battery power solutions, and integrated building energy and security systems; and Teva Pharmaceuticals, a leading global pharmaceutical company that develops, produces and markets generic drugs, specialty and branded pharmaceuticals. Stocks sold during the quarter include Kellogg and Home Depot. Leading contributors to our 4Q11 absolute returns were Newel Rubbermaid, Boeing, and Dow Chemical. Leading 4Q11 detractors were Freeport-McMoRan, Goldman Sachs, and CME Group.

Despite multiple headwinds, we believe the time to invest is now—when stocks are cheap and dividend yields are high. However, waiting to invest until all headwinds are resolved may well be too late, as stocks will have already moved up in anticipation. As the only way to win in the market is to buy low and sell high, we believe investors must take advantage of buying opportunities by adhering to a disciplined strategy designed to identify under-valued companies. As this is what the LCV process is designed to do, our investors are taking advantage of current uncertainty to invest in attractive stocks in advance of a future upswing. Though it is difficult to go against the herd in times of uncertainty, we believe long term investors that do not jump ship, but instead stick with the LCV discipline of investing in high-quality, high-dividend companies at value prices, will be richly rewarded.

FOR MORE INFORMATION

To learn more about investing in the Large Cap Value Portfolio, please call our Advisor Consulting Group at 877-867-1259 or visit us at **northerntrustinvestments.com.**

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Russell 1000® Value Index is an unmanaged index which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest directly in an index.

The S&P 500 is an unmanaged, capital-weighted index representing the aggregate market value of the common equity of 500 companies primarily traded on the NYSE.

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