

Northern Trust Investments, Incorporated (NTI)
Form ADV Part 2A
181 West Madison Street
Chicago, Illinois 60602
www.northerntrust.com
December 2011

This brochure provides information about the qualifications and business practices of Northern Trust Investments, Inc. (NTI). If you have any questions about the contents of this brochure, please contact your investment relationship manager or our corporate operator at (312) 630-6000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Northern Trust Investments, Inc., is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Additional information about Northern Trust Investments, Inc., also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This document is a new requirement. As such this document should be considered materially updated.

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Advisory Business

Northern Trust Investments, Inc., (NTI), is a subsidiary of The Northern Trust Company, which is a subsidiary under Northern Trust Corporation, a Federal Reserve bank and a publicly listed corporation (trading symbol NTRS). NTI, and its predecessor, has been in business as a registered investment adviser since 1988.

NTI provides passive and active investment advisory services for fixed income and equity portfolios and funds to personal and institutional clients. In addition, NTI manages equity; fixed income and mutual fund assets through wrap and model investment management services.

NTI also offers transition management services, which involve managing the transition of assets to a new manager or a new mandate due to a change in a client's portfolio strategy, and overlay services, which focus on cash equitization, synthetic beta management, and foreign exchange (f/x) overlay and hedging.

Our investment management services can be customized for clients with separately managed accounts with NTI to meet their individual needs. Clients may impose restrictions on securities in a separately managed account.

NTI provides wrap fee programs to financial services firms (Sponsors). Under these arrangements, the Sponsor provides services to its clients, including recommending NTI as an investment adviser. There is no difference in the management of these accounts versus other types of accounts under the same mandate, although trading wrap accounts is typically directed through the Sponsor rather than NTI's trading desk. The Sponsor charges the clients a single fee and the Sponsor pays a portion of the fee collected to NTI for the investment advisory services provided.

Assets under management for NTI are:

<i>June 30, 2011</i>	<i>In thousands</i>
Discretionary	\$479765537.0
Non-discretionary	\$173.6
Total	\$479765710.7

Fees and Compensation

In general, all fees are based on assets under management and are negotiable. In addition, fees may be fixed or performance-based. The table below shows our fee ranges categorized by asset or service type.

Asset Type / Service	Fee Range per Annum
Active Equity	0.15 – 0.70%
Passive Equity	0. 02 <u>01</u> – 0.70%
Fixed Income	0.01 – 0. 90 <u>80</u> %
Wrap & Model Management	0.15 – 0.50%
Transition services	Negotiated individually
Overlay services	0. 10 <u>02</u> – 0. 21 <u>50</u> %

For many invoiced accounts, our management advisory fees are typically billed either one month or one quarter in arrears. For example: quarterly fees invoiced in September would be a percentage based on assets under management as of June month end for the billable months of July, August and September.

For certain fund accounts, including mutual funds, the fee is typically part of the price of the fund and generally deducted directly from the fund either monthly or quarterly, depending on the fund's billing cycle.

Notwithstanding the above, NTI may negotiate contracts with differing or modified fee arrangements than that described, including a minimum fee.

In addition to investment management advisory fees, clients may pay additional charges for value added services provided by our affiliates, such as custodian fees for the safekeeping and reporting of managed assets.

Managed funds are subject to fund level charges that may include co-administration, fund accounting, custody, transfer agent, audit, tax and legal fees, as well as redemption fees, in addition to the investment management advisory fee. These fees are typically charged directly to the fund. These expenses may vary monthly and are incorporated in the fund's net asset value (NAV).

The Northern Trust Company is compensated for acting as securities lending agent on behalf of selected managed funds. It earns securities lending income when such assets are on loan.

Finally, transaction costs, including broker costs, are generally included in security trades. Please see our discussion on Brokerage Practices.

NTI does not require the pre-payment of fees.

NTI and its supervised persons do not accept direct compensation for the sale of securities or other investment products.

Performance-Based Fees and Side-by-Side Management

NTI accepts performance-based fees. Generally these fees are based on a share of capital gains or on capital appreciation of a client's assets. NTI manages both performance-based fee accounts and accounts that are charged another type of fee, such as asset-based fees or flat fees.

An investment adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts that have a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the investment adviser may have an incentive to direct the best investment ideas to, allocate to or sequence trades in favor of the account that pays a performance fee.

NTI seeks to mitigate the conflict through formal peer reviews that are conducted at least annually. These reviews include the participation of portfolio management, compliance and client servicing in an effort to ensure portfolios are managed equally and within guidelines that meet standard market and client expectations.

Types of Clients

NTI provides investment advisory services to registered investment companies, bank common and collective funds, personal clients, institutional clients (including, but not limited to, endowments, foundations, governmental agencies, corporations, public funds, pension trusts, profit-sharing plans and foreign government entities) and wrap-program clients.

NTI also acts as an investment adviser or sub-adviser to certain bank-maintained personal trust accounts for which The Northern Trust Company, NTI's parent company, acts as trustee.

Minimum account size requirements vary based on the investment vehicle (fund vs. separately managed account), asset class (equity vs. fixed income) and strategy (passive vs. active). However, minimums may be waived under certain circumstances.

Methods of Analysis, Investment Strategies and Risk of Loss

<i>Strategy</i>	<i>Method of Analysis</i>
Active Equity U.S. markets: <ul style="list-style-type: none"> • Capitalizations (large cap, mid cap, small cap) • Styles (value, growth, core) • <u>Tax Managed</u> Developed ex-U.S. markets Emerging Markets	NTI applies both fundamental and quantitative analysis methods in actively managing equity portfolios. NTI relies on a suite of proprietary and vended applications to help in the construction and ongoing management of these portfolios. In addition, NTI uses a group of equity research analysts to provide specific and proprietary input on both individual stocks and the macroeconomic environment, which are use in managing specific strategies. NTI uses external research in managing accounts as well.
Passive Equity (Index Fund Management)	NTI relies on a suite of proprietary and vended applications to help in the construction and ongoing management of these portfolios. Additionally, NTI portfolio managers have an in-depth understanding of the construction rules for each index we manage portfolios against and practical experience in the implications of index rule changes. NTI also has a formal relationship with most of the index providers through membership on their index advisory boards.
Fixed Income <ul style="list-style-type: none"> • Money market cash management • Enhanced cash <u>Ultra Short Fixed Income</u> • Short duration • Intermediate duration • Tax exempt • Core • Core plus • International • High-yield • Securities Lending cash collateral 	NTI active fixed income incorporates both a top-down macro-economic view along with a bottom-up fundamental outlook. Northern Trust macro fixed income strategy committees generate proprietary environmental forecasts on key global metrics that guide the formulation of our active investment policy. The broad team of fixed income professionals reconciles these top-down macro views with bottom-up market inputs to develop tactical investment strategies. The closely aligned research, trading and portfolio management specialists continually monitor risk/reward relationships across sectors and issuers to identify attractive investment opportunities.
Passive Fixed Income: Providing a diversified portfolio through stratified sampling with risk and return characteristics of the underlying benchmark.	Because of the large size and diverse underlying holdings of the various fixed income indices, the team employs a sampling strategy to construct portfolios. The sampling process requires managing over-weights and under-weights of index members. Based on similar features of various constituents of the index, the team strives to build the optimal portfolio to replicate the benchmark while taking into account liquidity and the cost of trading.

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<p>Wrap & Model Management</p> <p>.</p>	<p>NTI model management is designed to maximize operational efficiencies for separately managed account investments and provides client and portfolio customization to thousands of clients. Through a highly scalable and centralized process, accounts are managed to minimize dispersion and seek to obtain best execution.</p>
<p>Transition Management</p> <p>Assisting clients who are undergoing significant changes in their portfolios, such as liquidations or changes to different managers, benchmarks or mandates.</p>	<p>The transition management team helps with the assessment, planning and implementation of these events under risk and cost monitoring and minimization. To do this, NTI may employ a variety of strategies, including liquidity options using a combination of in-kind transfers, crossing and open market trades.</p>
<p>Overlay Services</p> <p>Available strategies include a range of equity cash capitalization, synthetic beta management, and foreign exchange (f/x) overlay and hedging for U.S developed and emerging non-U.S. markets.</p>	<p>NTI applies quantitative analysis methodologies in creating passively managed portfolios comprised of Commodity Futures Trading Commission (CFTC) approved futures contracts. NTI relies on a suite of proprietary and vended applications to help in the construction and ongoing management of these portfolios.</p>

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Although NTI employs these strategies to manage risk, investing does involve risks, including possible loss of principal. There is no guarantee that the investment objectives of any fund or strategy will be met. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

The following general risks apply to active equity, passive equity and fixed income investing:

- **MARKET RISK** is the risk that the value of equity or fixed income securities owned may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market. It includes the risk that a particular style of investing, such as growth or value, may underperform other styles of investing or the market generally.
- **MANAGEMENT RISK** is the risk that a strategy used by the investment management team may fail to produce the intended results.
- **PORTFOLIO TURNOVER RISK** is the risk that high portfolio turnover may lead to increased expenses that may result in lower investment returns. High portfolio turnover may also result in higher short-term capital gains taxable to investors.

The following risks are more specific to each asset category of investing:

Active Equity and Passive Equity

- **FOREIGN SECURITIES RISK** is the risk that investing in foreign (non-U.S.) securities may result in the investment experiencing more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies, due to less liquid markets and adverse economic, political, diplomatic, financial and regulatory factors. Foreign governments also may impose limits on investment and repatriation and impose taxes. Any of these events could cause the value of the investment to decline. To the extent that the investment assets are concentrated in a single country or geographic region, the investments will be subject to the risks associated with that particular country or region.
- **SMALL AND MID CAP STOCK RISK** is the risk that stocks of smaller or mid-sized companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small and mid-sized companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally the smaller the company size, the greater the risk.

Fixed Income

- **INTEREST RATE/MATURITY RISK** is the risk that the value of the assets will decline because of rising interest rates. This risk is generally lower for assets that have shorter-weighted maturities. The magnitude of this decline will often be greater for longer-term fixed income securities than shorter-term fixed income securities.
- **CREDIT (OR DEFAULT) RISK** is the risk an issuer or guarantor of a fixed-income security, or a counterparty to a repurchase or other transaction, will be unwilling or unable to meet its payment or other financial obligations, adversely affecting the investment's value and returns. Changes in the credit rating of a debt security held could have a similar effect.

Wrap & Model Management

- Operational risks include: portfolio review activities, reconciliation, account administration, technology infrastructure and third party vendor relationships.

NTI does not recommend any particular types of securities.

Disciplinary Information

On January 28, 2012, Northern Trust Investments, Inc. (NTI) agreed, without admitting or denying any violation of exchange rules, to a settlement with the ICE Futures U.S. (ICE). In the agreed settlement, ICE found that NTI may have violated ICE Exchange Rule 27.21(e) in ninety-one instances when an employee with discretion over client accounts at NTI entered futures orders on both sides of the market without first exposing one order for a minimum of five seconds. NTI agreed to pay a fine of \$75,000 and to cease and desist from future violations of Rule 27.21.

Other Financial Industry Activities and Affiliations

NTI is not a registered broker-dealer; however certain of its management team are registered as representatives with its affiliated broker-dealer, Northern Trust Securities, Inc. (NTSI). NTSI and NTI are both subsidiaries of Northern Trust Corporation, the financial holding company of The Northern Trust Company.

NTI is registered as a commodity pool operator (CPO) and some of its management team are associated persons of the CPO.

As previously noted in the Advisory Business section, NTI is a subsidiary of The Northern Trust Company, an Illinois state **bank**, regulated by the Federal Reserve Bank. Additionally, The Northern Trust Company and its parent company, Northern Trust Corporation, are affiliated with Northern Trust, National Association. NTI may provide investment advice to any of these bank affiliates; additionally, these bank affiliates provide marketing services to NTI, including the referral of certain clients. NTI provides investment advice and may act as an investment adviser to these clients or as an investment adviser to the registered or unregistered funds in which these clients may invest.

Through regular peer reviews attended by portfolio management, compliance and client servicing, NTI seeks to mitigate the potential conflict to favor these clients and ensure portfolios are managed fairly and within client and regulatory guidelines. Additionally, portfolio management systems seek to ensure transactions entered for all clients are fairly and equitably allocated.

NTI serves as the investment adviser and administrator to the registered **investment companies** (mutual funds), Northern Funds and Northern Institutional Funds. NTI and its bank affiliates receive additional fees in connection with the management, administration, custody and accounting of these investment companies. Annually, an independent Board of Trustees is required to review the nature, quality and extent of the services provided to the Funds by its service providers, including NTI and its bank affiliates.

NTSI is an affiliated **broker-dealer**, as mentioned above. NTSI may receive compensation by executing trades on an agency basis as directed by clients of NTI for transition services. Additionally, NTSI may receive compensation by executing trades on an agency basis for the registered funds NTI advises. The registered funds have established procedures required by law (Investment Company Act of 1940) that are designed to address self-dealing conflicts of interest that may arise.

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The Northern Trust Company of Connecticut (NTCC) and Northern Trust Global Investments, Ltd. (NTGIL) are affiliated **investment advisers**, registered under the Investment Advisers Act of 1940 and are similarly owned by Northern Trust Corporation. NTI may delegate to and receive investment advice from these managers. Advice given to one or more clients may differ from, and may conflict with advice made from these investment advisers. NTI's employees are required to act in the best interest of their clients and generally without knowledge of trading positions or other operations of its advisory affiliates.

NTCC, an affiliate of NTI as noted above, acts as the General Partner to the private placement funds listed below. These Delaware limited partnerships invest primarily in a diversified mix of other funds. NTI clients may be solicited to invest in these various limited partnerships:

Northern Trust Buyout (U.S.) Fund III, L.P.
Northern Trust Buyout (Non-U.S.) Fund III, L.P.
Northern Trust Venture Capital Fund III, L.P.
Northern Trust Private Equity Fund, L.P.
Northern Trust Private Equity Fund II, L.P.
Northern Trust Private Equity Fund (QP) II, L.P.
Northern Trust Private Equity Fund III, L.P.
Northern Trust Private Equity Fund III (QP), L.P.
Northern Trust Private Equity Fund IV, L.P.
Northern Trust Private Equity Fund (QP) IV, L.P.
Northern Trust Private Equity Fund V, L.P.
Northern Trust Private Equity Fund (QP) V, L.P.
Northern Trust Buyout (U.S.) Fund V, L.P.
Northern Trust Buyout (U.S.) Fund IV, L.P.
Northern Trust Buyout (Non-U.S.) Fund IV, L.P.
Northern Trust Buyout (Non-U.S.) Fund V, L.P.
Northern Trust Venture Capital Fund IV, L.P.
Northern Trust Global Venture Capital Fund V, L.P.
NT Strategic Partners, L.P.
~~Northern Trust Private Equity Fund IV—H2~~
Holdings, LLC
NT Alpha Strategies Fund
Northern Trust Alpha Strategies Fund
Northern Trust Alpha Strategies Fund, Q.P.
Northern Trust Diversified Hedge Fund, LLC
Northern Trust Diversified Hedge Fund, LTD
Northern Trust Diversified Master Hedge Fund, L.P.

NTI does not recommend or select other investment advisers for compensation.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

All NTI employees may purchase or sell securities that are also recommended for purchase or sale by NTI for its client accounts and funds. As a result, NTI employees are subject to a Code of Ethics. Compliance with NTI's Code of Ethics is a condition of employment and requires annual affirmation by all employees. In general, the Code of Ethics contains various reporting, disclosure and approval requirements regarding an employee's personal securities transactions. The Code of Ethics requires employees who have access to certain information (Access Persons) to report all personal transactions to NTI compliance; These Access Persons are also prohibited from participating in initial public offerings (IPOs) and must obtain approval before purchasing any privately offered securities. NTI's Code of Ethics is available in its entirety by contacting a Northern Trust investment relationship manager directly or NTI Compliance at the address noted in this brochure.

NTI provides advice and makes investment decisions for client accounts that it believes are consistent with the clients' stated investment objectives. Advice given to clients or investment decisions made for these clients may differ from, or may conflict with, advice given or investment decisions made for an advisory or bank affiliate or another fund or client. Action taken with respect to advisory or bank affiliates may adversely affect client accounts, and actions taken by client accounts may benefit advisory or bank affiliates.

As noted in the Other Financial Industry Activities and Affiliations section, NTI is affiliated with various subsidiaries of Northern Trust Corporation. Each of these advisory or bank affiliates may invest in securities for their own accounts or the accounts of others. NTI could, from time to time, recommend to clients that they buy or sell securities in which those advisory or bank affiliates have some financial interest. However, such interests are generally unknown to NTI.

NTI has established certain restrictions, procedures and disclosures designed to address conflicts of interests that may arise between its employees and clients as well as between clients and NTI itself or its advisory or bank affiliates. NTI employees must act in the best interests of their advisory clients and generally do not have knowledge of proprietary trading positions or certain other operations of NTI or its personnel.

Brokerage Practices

Generally, NTI buys and sells securities for its clients' accounts on a fully discretionary basis, including the choice of brokers and the commission rates at which security transactions are applied. When NTI selects a broker or dealer, NTI uses its best judgment to obtain the best overall terms available, considering all relevant factors. Such factors may include, but are not limited to: the breadth of the market for the security; the price of the security; the financial condition and capability of the broker or dealer, and the reasonableness of the commission, whether continuing or for that specific transaction.

Research and Other Soft Dollar Benefits

NTI may also use brokers and dealers that provide useful investment research and execution products and services (soft dollar benefits). This means that NTI may use a broker or dealer that provides useful research and securities transaction services even though a lower commission may be charged by another broker or dealer who does not offer these services.

NTI has an incentive to use client security transactions to obtain research or other products or services using soft dollars because NTI receives a benefit that it did not have to produce or pay for in "hard dollars."

In return for the soft dollar benefits, NTI may use a broker or dealer that provides useful research and securities transaction services even though another broker or dealer that does not offer these services may charge a lower commission or provide a more favorable execution price for the client. As a result of this practice, clients may pay commissions higher than those charged by other broker-dealers.

NTI does use soft dollar benefits to service all of its clients' accounts. It does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generated.

The products and services that NTI may obtain with soft dollars include, but are not limited to furnishing advice through publication or writings; the advisability of investing in securities; the availability of securities quantitative data; news services, credit rating services and market information systems.

NTI regularly monitors and evaluates soft dollar benefits gained from client transactions directed to particular broker-dealers. As such, NTI has adopted policies and procedures that are used to determine whether the amount of commissions paid to broker-dealers is reasonable in relation to the value of the research or brokerage products or services received.

Brokerage for Client Referrals

NTI does not receive client referrals from broker-dealers.

Directed Brokerage

As mentioned in the Other Financial Industry Activities and Affiliations section, NTI routinely directs clients to NTSI, NTI's affiliated broker-dealer, for transition services. Additionally, NTSI may execute trades for the registered funds NTI advises. By directing brokerage, NTI may not achieve the most favorable execution for these types of transactions. Furthermore, NTSI receives economic benefits from these transactions.

Clients with separately managed accounts can direct NTI to place trades with a certain broker or dealer some or all of the time. However, the client may pay higher brokerage commissions or overall transactions costs on some or all of the trades executed because these trades may not be aggregated with others. NTI does not negotiate or monitor commission rates with such directed broker-dealers or evaluate the rates, nature, quality or value of any services or benefits a client may receive for such directed brokerage.

NTI may aggregate multiple client orders into blocks for execution. Accounts participating in such block trades receive the average price on any partial executions of such block trades and prorated distribution of shares to the nearest round lot.

If two or more clients are considering purchasing securities in an underwriting at or about the same time, the transactions will be allocated among the clients in a manner deemed equitable by NTI. Factors taken into account for such allocation may include, but are not limited to, the account's assets; the account's respective size; the amount of securities proposed to be purchased or sold in the account; diversification within the respective accounts; the investment objective of the account; liquidity and cash available for investment in each account. Procedures NTI uses may vary depending on the type and nature of the securities being allocated and the type of accounts involved in such allocations.

Review of Accounts

NTI conducts formal peer reviews of accounts at least annually. These reviews include the participation of portfolio management, compliance and client servicing in an effort to ensure portfolios are managed equally and within guidelines that meet standard market and client expectations and investment objectives.

If an exception is noted in the post-trade transaction monitoring by the compliance team, a discussion with the portfolio manager occurs upon discovery. These exceptions are reviewed monthly by NTI's Trust & Investment Committee.

Clients also receive, at a minimum, a quarterly status report, which is generally either accessible online or mailed to the client. Depending on the information the client requests, these reports may include:

- A description of the assets held,
- The quantity and market value for each position,
- The account's market value,
- A transaction history,
- Interest and expense items, and
- Fee calculations.

In addition to the above, the report may provide additional supplemental information to the client.

Client Referrals and Other Compensation

NTI does not receive economic benefits (sales awards or other prizes) from a nonclient for providing investment advice or advisory services to our clients.

NTI may enter into agreements where it provides cash compensation to people (solicitors) who refer clients to NTI, but are not clients themselves. These agreements are governed by, and require that the solicitor meet the disclosure and other requirements of, Rule 206(4)-3 under the Investment Advisers Act of 1940. Solicitors also must comply with all other applicable laws and regulations. Generally, these agreements provide for compensation equal to a specified percentage of the fees received by the firm.

Additionally, advisory or bank affiliates may receive indirect compensation for the referral of certain clients as discussed in the section Other Financial Industry Activities and Affiliations.

Custody

NTI through its affiliate, The Northern Trust Company, may have custody of client funds or securities and sends account statements to clients. Clients may also receive statements from The Northern Trust Company, their broker-dealer, bank or other qualified custodian. Clients should carefully review these statements and compare them to the statements provided by NTI.

Investment Discretion

NTI accepts full discretionary authority to manage securities on the behalf of clients pursuant to a signed investment management agreement. NTI's authority to perform actions may be subject to conditions imposed by statute, a fund offering document or client investment guidelines.

Voting Client Securities

Northern Trust has adopted proxy voting policies and procedures (the "Proxy Voting Policy") for the voting of proxies on behalf of client accounts for which Northern Trust has voting discretion. Under the proxy voting policy, Northern Trust must vote the shares to reflect its clients' best interests.

A proxy committee comprised of senior Northern Trust investment and compliance officers has adopted certain proxy guidelines (the "Proxy Guidelines") concerning various corporate governance issues. The proxy committee is responsible for the content, interpretation and application of the proxy guidelines and may apply them with a measure of flexibility. Northern Trust has retained an independent third party (service firm) to review proxy proposals and to make voting recommendations to the proxy committee that is consistent with the proxy guidelines.

The proxy guidelines specify that Northern Trust will generally vote for or against various proxy proposals, based on certain specified criteria. For example, under the proxy guidelines Northern Trust will generally vote in favor of proposals to:

- Repeal existing classified boards and elect directors annually;
- Adopt a written majority voting or withhold policy (in situations in which a company has not previously adopted such a policy);
- Lower supermajority shareholder vote requirements for charter and bylaw amendments;
- Lower supermajority shareholder vote requirements for mergers and other business combinations;
- Increase common share authorizations for a stock split;
- Implement a reverse stock split; and
- Approve an ESOP or other broad based employee stock purchase or ownership plan, or increase authorized shares for existing plans.

The proxy guidelines also direct Northern Trust to generally vote against proposals to:

- Classify the board of directors;
- Require that poison pill plans be submitted for shareholder ratification;
- Adopt dual class exchange offers or dual class recapitalizations;
- Require a supermajority shareholder vote to approve mergers and other significant business combinations; and
- Require a supermajority shareholder vote to approve charter and bylaw amendments.

In certain circumstances, the proxy guidelines stipulate that proxy proposals will be addressed case by case, including those regarding executive and director compensation plans, mergers and acquisitions, poison pills, a change in the company's state of incorporation, and an increase in authorized common stock.

Except as otherwise specified in the proxy voting policy, the proxy committee may vote proxies contrary to the service firm's recommendations if it determines that such action is in the best interests of Northern Trust's clients. In exercising its discretion, the proxy committee may take into account a variety of factors relating to the matter under consideration, the nature of the proposal and the company involved. As a result, the proxy committee may vote in favor of a proposal for one company and against it for another if, for example, the company's past history, the character and integrity of its management, the role of outside directors, and the company's record of producing performance for investors justifies a high degree of confidence in the company and the effect of the proposal on the investment's value. Similarly, poor past performance, uncertainties about management and future directions, and other factors may lead the proxy committee to conclude that particular proposals present unacceptable investment risks and should not be supported. The proxy committee also evaluates

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proposals in context. A particular proposal may be acceptable standing alone, but objectionable when part of an existing or proposed package. Special circumstances may also justify casting different votes for different clients for the same proxy vote.

Northern Trust may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships with people having an interest in the outcome of certain votes. For example, Northern Trust may provide trust, custody, investment management, brokerage, underwriting, banking and related services to accounts owned or controlled by companies whose management is soliciting proxies. Occasionally, Northern Trust may also have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors or candidates for directorships. Northern Trust may also be required to vote proxies for securities issued by Northern Trust Corporation or its affiliates or on matters in which Northern Trust has a direct financial interest, such as shareholder approval of a change in the advisory fees paid by a mutual fund advised by Northern Trust.

Northern Trust seeks to address such conflicts of interest through various measures, including the establishment, composition and authority of the proxy committee and the retention of the service firm to perform proxy review and vote recommendation functions. The proxy committee has the responsibility to determine whether a proxy vote involves a potential conflict of interest and how the conflict should be addressed in conformance with the proxy voting policy. The proxy committee may resolve such conflicts in any of a variety of ways, including:

- Voting in accordance with the service firm's proxy guideline-based recommendation;
- Voting in accordance with the recommendation of an independent fiduciary appointed for that purpose;
- Voting according to client direction by seeking instructions from the trust's board of trustees; or
- Voting under a mirror voting arrangement in which shares are voted in the same way and proportion as shares over which Northern Trust does not have voting discretion.

The method the proxy committee selects may vary depending on the facts and circumstances of each situation.

Northern Trust may choose not to vote proxies in certain situations or for certain clients. This may occur, for example, in situations where the exercise of voting rights could restrict the ability to freely trade the security in question (as is the case, for example, in certain foreign jurisdictions known as blocking markets). If the service firm does not provide recommendations for a particular proxy, the proxy committee may obtain recommendations from analysts at Northern Trust who review the issuer in question or the industry in general. The proxy committee will apply the proxy guidelines as discussed above to any such recommendation.

The proxy voting policies, procedures and guidelines are available upon request by contacting your investment relationship manager or NTI Compliance at:

Northern Trust Investments, Inc.,
Attn: Compliance, MB15
181 W. Madison Street
Chicago, Illinois 60602.

In addition, a client may obtain information on how Northern Trust voted proxies on securities in the client's account by contacting their investment relationship manager.

Financial Information

NTI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

NTI does not require or solicit prepayment of fees by clients.