FRANKLIN TEMPLETON INVESTMENTS

FRANKLIN PORTFOLIO ADVISORS

Large Cap Value Balanced

PORTFOLIO PROFILE

FOURTH QUARTER 2011

INVESTMENT MANAGEMENT TEAM

Frank Felicelli, CFA
Chief Executive Officer
Chief Investment Officer
Franklin Portfolio Advisors
Years with Firm: 25
Years Industry Experience: 31

Tom Runkel, CFA
Vice President
Director of Portfolio Strategies
Franklin Portfolio Advisors
Years with Firm: 24
Years Industry Experience: 28

Kim Woo
Portfolio Manager
Franklin Portfolio Advisors
Years with Firm: 14
Years Industry Experience: 14

Jacob Chu
Vice President
Portfolio Manager
Franklin Portfolio Advisors
Years with Firm: 10
Years Industry Experience: 15

For more information, please contact your Franklin Templeton separately managed account sales team at (800) 822-8464.

INVESTMENT PHILOSOPHY

Investing in financially strong companies with favorable, secular growth potential and high relative dividend yields, as well as in high-quality, intermediate-term taxable bonds may result in superior, long-term returns with lower volatility.

INVESTMENT PROCESS

Through consistent investment discipline, Franklin Portfolio Advisors identifies a universe of undervalued stocks and high-quality bonds to construct portfolios with an allocation of approximately 60% stocks and 40% U.S. government and agency bonds.

For equities, analysts use various quantitative screens and a relative yield analysis to assist in determining buy and sell ranges. They focus on financially solid companies with long-established records for paying stable or growing dividends, having strong secular growth potential and selling at historically favorable valuation metrics. They further conduct in-depth analysis on the companies' fundamentals. Investment decisions are made only after this rigorous process has been completed.

Our fixed income allocation is determined through proprietary, relative value analyses to make top-down allocation decisions among fixed income asset classes. Next we perform fundamental research that emphasizes credit quality and liquidity. Portfolios are then constructed targeting benchmark neutral duration.

Our highly disciplined selling strategy is designed to capture capital appreciation opportunities and preserve capital.

BENCHMARKS

Primary: 60% Russell 1000® Value Index • 40% Barclays Capital U.S. Intermediate Government Bond Index

Secondary: 60% S&P 500® Index • 40% Barclays Capital U.S. Intermediate Government Bond Index

PORTFOLIO CHARACTERISTICS[1]

	FPA Large Cap Value Balanced	Russell 1000 Value Index	S&P 500 Index	Barclays Capital U.S. Intermediate Gov Bond Index
Equity				
Number of Stock Holdings	60	650	500	—
Weighted Average Dividend Yield[2]	3.2%	2.5%	2.2%	—
Weighted Average Current Price to Earnings (harmonic)[2]	13.2x	12.9x	14.3x	—
Weighted Average Forward Estimated Price to Earnings (harmonic)[2]	11.3x	11.5x	12.5x	—
Weighted Average Market Cap (US$m)[2]	90,215	75,616	95,250	—
Expected Annual Turnover Rate	30%–50%	—	—	—
Fixed Income[3]				
Weighted Average Current Yield	3.6%	—	—	2.2%
Weighted Average Yield to Worst	0.7%	—	—	0.7%
Weighted Average Yield to Maturity	0.7%	—	—	0.7%
Weighted Average Maturity	3.7 Years	—	—	4.1 Years
Expected Annual Turnover Range	5%–15%	—	—	—
Number of Bond Holdings Range	5–15	—	—	—

Not FDIC Insured | May Lose Value | No Bank Guarantee

Please refer to back page for important compliance information.

COMPOSITE PERFORMANCE SUMMARY (USD) Period Ending December 31, 2011[4]

Total Returns (%)

	DECEMBER 31, 2011				
	1-Quarter	1-Year	3-Year	5-Year	10-Year
FPA Large Cap Value Balanced Composite–"Pure" Gross	8.6	5.3	9.8	2.2	4.6
FPA Large Cap Value Balanced Composite–Net	8.3	3.5	7.8	0.3	2.5
Primary Benchmark	8.3	3.4	9.0	1.3	4.8
Secondary Benchmark	7.5	4.5	10.4	2.8	4.1

Historical Performance (%)

	YEAR ENDING DECEMBER 31,										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FPA Large Cap Value Balanced/"Pure" Gross	1.8	-4.0	16.1	7.7	3.0	13.7	3.2	-18.1	12.1	12.0	5.3
FPA Large Cap Value Balanced–Net	-0.6	-6.3	13.5	5.4	0.8	11.3	1.1	-19.8	10.0	9.9	3.5
Primary Benchmark	0.1	-5.6	18.4	10.7	5.0	14.6	3.4	-20.2	12.2	11.7	3.4
Secondary Benchmark	-3.7	-10.0	17.6	7.5	3.7	10.9	6.8	-20.3	15.7	11.5	4.5

Quarterly Returns (%)

	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER	
	"Pure" Gross	Net	"Pure" Gross	Net	"Pure" Gross	Net	"Pure" Gross	Net
2001	-2.0	-2.5	2.1	1.5	-1.2	-1.7	2.9	2.2
2002	0.8	0.2	-2.3	-2.9	-8.0	-8.5	5.9	5.3
2003	-4.2	-4.8	10.7	10.1	0.4	-0.1	9.0	8.4
2004	1.8	1.2	0.4	-0.2	0.9	0.4	4.5	4.0
2005	-0.8	-1.4	1.0	0.5	1.3	0.8	1.5	0.9
2006	2.2	1.7	0.8	0.3	5.2	4.6	4.9	4.3
2007	0.5	0.0	4.0	3.5	1.2	0.7	-2.4	-2.9
2008	-4.4	-4.9	-3.3	-3.7	-2.3	-2.8	-9.3	-9.8
2009	-9.3	-9.7	7.4	6.9	10.8	10.3	3.8	3.4
2010	3.3	2.9	-6.5	-6.9	9.1	8.6	6.3	5.8
2011	3.7	3.2	1.3	0.8	-7.7	-8.1	8.6	8.3

Risk Statistics[5]

	1-YEAR		3-YEAR		5-YEAR	
	FPA Large Cap Value Balanced	Primary Benchmark	FPA Large Cap Value Balanced	Primary Benchmark	FPA Large Cap Value Balanced	Primary Benchmark
Annualized Standard Deviation	9.23	9.61	12.19	12.31	11.36	11.70
R-Squared	97.34	—	95.65	—	96.23	—
Beta	0.95	—	0.97	—	0.95	—
Annualized Alpha	2.13	—	1.01	—	0.92	—
Annualized Information Ratio	1.28	—	0.31	—	0.41	—
Annualized Tracking Error	1.59	—	2.57	—	2.28	—

FPA claims compliance with the Global Investment Performance Standards (GIPS®) from January 1, 2004 to present. Any performance presented prior to that date is not in compliance. Please refer to back page for important compliance information.

MODEL PORTFOLIO EQUITY TOP 10 HOLDINGS (% of Assets)[1]

	Weight	Sector
Cheveron Corporation	3.0	Energy
Merck and Company	2.7	Health Care
Exxon Mobil Corporation	2.6	Energy
ConocoPhillips	2.6	Energy
Johnson & Johnson	2.4	Health Care
Wells Fargo	2.3	Financials
Roche Holdings	2.3	Health Care
JP Morgan and Chase Company	2.3	Financials
Vodafone Group	2.3	Telecommunication Services
Marsh and McLennan Companies	2.3	Financials

MODEL PORTFOLIO EQUITY SECTOR BREAKDOWN (% of Assets)[1]

	FPA Large Cap Value Balanced	Russell 1000 Value Index	S&P 500 Index
Financials	19.6	24.4	13.4
Information Technology	12.7	8.9	19.0
Energy	12.4	12.3	12.3
Health Care	11.5	12.9	11.9
Industrials	11.2	9.2	10.7
Consumer Discretionary	8.4	8.9	10.7
Consumer Staples	7.5	8.2	11.5
Telecommunication Services	5.2	4.8	3.2
Materials	4.4	2.7	3.5
Utilities	3.8	7.8	3.9
Cash	3.3	—	—

EXPLANATORY NOTES

The information and opinions stated are as of December 31, 2011, and are based on the composite, unless otherwise indicated.

1. Figures may not add up to 100% due to rounding. Equity and fixed income portfolio characteristics, top 10 holdings, asset allocation, market capitalization and sector breakdown are based on the FPA Large Cap Value Balanced model portfolio, representative of the investment strategy. The model portfolio represents the allocation that would be used for new accounts coming in, updated as of the end of each quarter. The allocation of existing accounts may differ from the allocation used for new accounts due to differences in the timing of purchases and sales, changes in the purchase and sell list during the course of a quarter, general market conditions and other factors specific to each existing account due to client considerations. Information is supplemental to the historical performance of the FPA Large Cap Value Balanced Composite.

2. For the portfolio, P/E calculations for the weighted average use harmonic means. Yields above 100% are also excluded. For the benchmark, no limits are applied to these ratios. Market capitalization statistics are indicated in the base currency for the strategy presented.

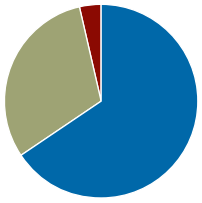
3. Fixed income portfolio characteristics, risk stats and maturity, financing and sector breakdown are based on FPA Large Cap Value Balanced Composite–Wrap Fee.

4. Returns over one year are annualized. Inception: 12/31/90.

5. Information is supplemental to the historical performance of the FPA Large Cap Value Balanced Composite, comprising the portfolios of all sponsors following that mandate, and is based on "pure" gross-of-fees performance for that composite.

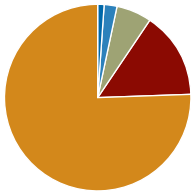
MODEL PORTFOLIO BREAKDOWN

ASSET ALLOCATION[1]



- Stocks 65.6%
- Bonds 31.0%
- Cash 3.4%

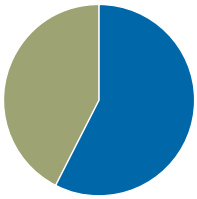
EQUITY (% of Assets)



Market Capitalization (USD)[1]

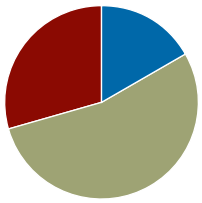
- Less than $1 billion 1.2%
- $1–$3 billion 2.1%
- $3–$10 billion 6.2%
- $10–$25 billion 15.1%
- Greater than $25 billion 75.3%

FIXED INCOME (% of Fixed Income)



Asset Allocation[1]

- U.S. Treasury 57.6%
- U.S. Government Agency 42.4%



Duration Breakdown[1]

- 0–2 Years 16.8%
- 2–4 Years 54.0%
- 4–6 Years 29.3%
- 6+ Years 0.0%

GAIN FROM OUR PERSPECTIVE®

Franklin Templeton offers true diversification through the specialized expertise of three world-class investment management groups—Franklin, Templeton and Fiduciary Trust International.

Franklin. Founded in 1947, Franklin is a leader in tax-free investing and a driving force in fixed income investing around the globe. They also bring expertise in growth- and value-style U.S. equity investing.

Templeton. Founded in 1940, Templeton pioneered international investing and, today, manages portfolios for individual and institutional investors based on a global perspective.

Fiduciary Trust. Since 1931, Fiduciary Trust International has been helping individuals achieve their investment goals through an investment process that combines fundamental research and individual issue selection with macroeconomic and sector strategy.

COMPLIANCE STATEMENT

Franklin Portfolio Advisors claims compliance with the Global Investment Performance Standards (GIPS®).

Franklin Portfolio Advisors ("FPA" or the "firm") manages domestic equity and fixed income portfolios for high-net-worth individuals and institutional clients, applying a bottom-up, research-oriented process that utilizes proprietary screening models and top-down risk controls in managing its portfolios. FPA is a division of Franklin Templeton Portfolio Advisors, Inc. ("FTPA"), a subsidiary of Franklin Resources, Inc. ("FRI"). In addition to relying on its own portfolio managers and analysts, FPA utilizes the experience, resources, and extensive research capabilities of affiliated Franklin entities (together, the firm "Franklin"), to conduct rigorous fundamental and quantitative analysis for equity, fixed income (taxable and tax-free) and other related strategies. At FPA, brokerage, administrative, custodial and investment management fees are charged together as a percentage of the portfolios' assets (comprehensive fee or "wrap fee") or may in some instances be charged separately (unbundled fee).

The Franklin Portfolio Advisors Large Cap Value Balanced Composite–Wrap Fee consists of all fully discretionary accounts managed by FPA with a large cap value balanced investment objective and for which the brokerage (including trading expenses), administrative, custodial, and investment management fees are charged together as a percentage of the portfolios' assets ("wrap fee"). The large cap value balanced strategy consists of constructing portfolios with a 60% allocation (typically) to large cap stocks deemed to be undervalued and a 40% allocation (the remainder) to high quality intermediate taxable bonds. All accounts in the composite have a wrap fee (also known as a bundled or "comprehensive" fee) for all time periods presented. FPA does not employ leverage or use derivatives in any account in the composite. Due to the nature of the investments in the fixed income portion of the strategy, interest rate risk is the primary risk of this strategy.

All returns when presented in U.S. dollars are calculated using time-weighted total rates of return. Gross performance when presented is "pure" gross-of-fees returns, which is before wrap fees, including brokerage fees related to trading expenses. "Pure" gross-of-fees returns when presented is provided as supplemental information only. **Past performance does not guarantee future results and results may differ over future time periods.**

The primary benchmark for this composite is a blended index consisting of 60% Russell 1000® Value Index and 40% Barclays Capital Intermediate Government Index (formerly the Lehman Brothers Intermediate Government Index) which is rebalanced monthly. The Russell 1000 Value Index is a float-adjusted market capitalization weighted equity index comprised of securities of large-cap U.S. companies with low price-to-book ratios and low forecasted growth values. The Barclays Capital Government Intermediate Index is a market value weighted fixed income index comprised of all publicly issued, non-convertible domestic debt of the U.S. government, any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the U.S. government with minimum outstanding principal of $1 million, minimum maturity of one year and maximum maturity of ten years. The secondary benchmark for this composite is a blended index consisting of 60% S&P 500 Index and 40% Barclays Capital Intermediate Government Index (formerly the Lehman Brothers Intermediate Government Index) and is also rebalanced monthly. The S&P 500 Index is a float-adjusted market capitalization weighted equity index comprised of securities of large cap U.S companies. The Russell 1000® Value Index, the S&P 500 Index and the Barclays Capital Intermediate Government Index are unmanaged indexes representing the investment environment existing during the time periods shown.

The information contained in this piece is not a complete analysis of every material fact regarding the market and any industry sector, a security, or a portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to the completeness or accuracy. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the material. Portfolio holdings and the manager's analysis of these issuers, market sectors, and of the economic environment may have changed since the date of the material. The manager's opinions are intended solely to provide insight into how the manager analyzes securities and are not a recommendation or individual investment advice for any particular security, strategy, or investment product.

Risk Statistic Definitions:

Annualized Standard Deviation: A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution.

Beta: Beta is a measure of volatility; it measures the systematic risk of a security or a portfolio. It describes the sensitivity of a portfolio to the market, the tendency of a portfolio or a security to move relative to the market.

R-Square: R-Square is the correlation squared. It is used in style analysis to determine how much information about a return series the style benchmark has been able to capture.

Annualized Tracking Error: The active risk of the portfolio that measures the dispersion of the portfolio's return minus the benchmark's annualized return.

Annualized Alpha: Alpha is a risk (beta-adjusted) return measurement. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha.

Annualized Information Ratio: A measure of consistency in excess return. The annualized excess return over a benchmark divided by the annualized standard deviation of excess return.

To receive a complete list of composite descriptions and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton separately managed account sales team at (800) 822-8464 or visit www.franklintempleton.com.

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