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**MorganStanley
SmithBarney**

Response to Request for Proposal Submitted to

**City of Hampton
RFP Item No. 11-355439/D**

On behalf of Morgan Stanley Smith Barney

Investment Consultant Services

Consulting Services Proposal

Nii Kote Nikoi, CFA®

Vice President
Wealth Advisor
Portfolio Manager

7500 Old Georgetown Road
10th floor
Bethesda, MD 20814
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nii.nikoi@mssb.com

**Morgan Stanley
Smith Barney**

Karl Daughtrey
Finance Director, City of Hampton
City Hall – 7th Floor
22 Lincoln Street
Hampton, VA 23669

July 18, 2011

Dear Mr. Daughtrey:

On behalf of the Morgan Stanley Smith Barney (MSSB) organization, we are pleased to respond to the Request for Proposal (RFP) to provide investment advisory/consultant services from the City of Hampton's Employees' Retirement System administered by the City of Hampton's Department of Finance.

In crafting our response to the RFP we collaborated with our Institutional Consulting Group (ICG), a separate division within MSSB. As of December 31, 2009, MSSB ICG provided consulting services to 160 public sector clients managing over \$13 billion in assets. Throughout its history, MSSB and its parent companies, have worked closely with public sector clients by providing the following services:

- Assistance in the development of Investment Policy Statements
- Assistance in global asset allocation decisions
- Assistance with investment manager search and selection
- Performance measurement and monitoring services

In addition to these services, through our Investment Advisor Research team, we present our clients with research on third party investment managers of traditional and alternative asset classes. Appendix VI presents a whitepaper that gives an overview of the MSSB research process for managers of alternative asset classes and a sample research report on an investment manager. Our investment advisory platform includes industry leading investment managers such as Winslow Capital Management, Cambiar Investors, Blackrock, PIMCO, JP Morgan Asset Management, Brandywine and Franklin Templeton.

We believe that you will find our consulting services to be highly competitive and also ones that will add real value to your investment consulting options.

I look forward to our discussion, and please contact me at (301) 961 1813 if you have any questions or require additional information. Thank you for your consideration.

Regards,



Kote Nikoi, CFA

Table of Contents

Cover Page.....
Cover Letter.....
Table of Contents.....
Signature/Acknowledgment.....
Consulting Services Proposal.....
Appendix I – Sample Zephyr Analysis.....
Appendix II – Sample Asset Allocation Models and Strategic Estimates.....
Appendix III – Sample Large Cap Growth Investment Manager Analysis.....
Appendix IV – GIC and IAR Biographies.....
Appendix V – Sample Performance Reports.....
Appendix VI – Alternative Asset Class Methodology and Sample Research Report...



REQUEST FOR PROPOSALS

City of Hampton
ISSUING OFFICE:

DATE: June 28, 2011

Consolidated Procurement Div.
Franklin Street, Suite 345
HAMPTON, VA 23669
TELEPHONE: (757) 727-2200
FAX: (757) 727-2207
Hours: 8:00 a.m.-4:30 p.m.

Attention of Offeror is Directed To Section
2.2-4367 to 2.2-4377 Code of Virginia
(Ethics In Public Contracting)

SEALED PROPOSALS will be received in the Issuing Office above until Closing Date and Closing Time as specified in this solicitation including any addenda issued by this office. The City of Hampton is not responsible for late delivery by U.S. Postal mail or other couriers. All inquiries for information regarding this Request for Proposal are to be directed to the Issuing Office as defined herein.

COMMODITY: Investment Management Services NIGP CODE: 946-56

**PLEASE FILL IN OFFEROR'S NAME & ADDRESS
IN THE SPACES PROVIDED BELOW:**

THIS IS NOT AN ORDER

RFP ITEM NO. 11-355439/D
PROCUREMENT OFFICER Doris McRae, CPPB Senior Buyer
CLOSING DATE July 19, 2011
CLOSING TIME 3:00 P.M. EST
PREPROPOSAL CONFERENCE NONMANDATORY DATE: N/A TIME:

THE CITY OF HAMPTON, HEREAFTER REFERRED TO AS "THE CITY", RESERVES THE RIGHT TO ACCEPT OR REJECT ANY AND ALL PROPOSALS IN WHOLE OR IN PART AND WAIVE ANY INFORMALITIES IN THE COMPETITIVE NEGOTIATIONS PROCESS. FURTHER, THE CITY RESERVES THE RIGHT TO ENTER INTO ANY CONTRACT DEEMED TO BE IN ITS BEST INTEREST. THE ENTIRE CONTENTS OF THE REQUEST FOR PROPOSALS, ANY ADDENDA, OFFEROR'S PROPOSAL AND NEGOTIATED CHANGES SHALL BE INCORPORATED BY REFERENCE INTO ANY RESULTING CONTRACT.

THE CITY OF HAMPTON DOES NOT DISCRIMINATE AGAINST FAITH-BASED ORGANIZATIONS.

The City of Hampton Employees' Retirement System is seeking proposals from qualified Offerors to provide Independent Investment Advisory/Consultant Services.

ACKNOWLEDGE RECEIPT OF ADDENDUM: #1 KN #2 _____ #3 _____ #4 _____ (Please Initial)

THE CITY OF HAMPTON CANNOT LEGALLY AGREE TO ANY CLAUSE INDEMNIFYING THE CONTRACTOR FROM ANY DAMAGES ARISING OUT OF THE CONTRACT/AGREEMENT/LEASE OR HOLDING THE CONTRACTOR HARMLESS. THE SUBMISSION OF A BID OR A PROPOSAL CONSTITUTES AN AGREEMENT BY THE CONTRACTOR NOT TO REQUEST SUCH LANGUAGE IN THE RESULTING CONTRACT. IN COMPLIANCE WITH THIS SOLICITATION AND TO ALL THE CONDITIONS IMPOSED HEREIN, THE UNDERSIGNED AGREES TO PERFORM ANY CONTRACT AWARDED AS A RESULT OF THIS SOLICITATION. THE FOLLOWING SECTION SHALL BE SIGNED BY AN AGENT AUTHORIZED TO BIND THE COMPANY. FAILURE TO EXECUTE THIS PORTION MAY RESULT IN PROPOSAL REJECTION.

Authorized Agent:

niko@msb.com

Email Address

ENCLOSURES

301 961 1813

Telephone Number

240 235 7158

Fax Number

KOTE NIKOI

Type or Print Name

26 4310632

Company FEI/FIN#

ANTI-COLLUSION/NONDISCRIMINATION/DRUG-FREE WORKPLACE REQUIREMENTS

ANTI-COLLUSION CLAUSE:

IN THE PREPARATION AND SUBMISSION OF THIS PROPOSAL, SAID OFFEROR DID NOT EITHER DIRECTLY OR INDIRECTLY ENTER INTO ANY COMBINATION OR ARRANGEMENT WITH ANY PERSON, FIRM OR CORPORATION, OR ENTER INTO ANY AGREEMENT, PARTICIPATE IN ANY COLLUSION, OR OTHERWISE TAKE ANY ACTION IN VIOLATION OF THE SHERMAN ACT (15 U.S.C. SECTION 1), SECTIONS 59.1-9.1 THROUGH 59.1-9.17 OR SECTIONS 59.1-68.6 THROUGH 59.1-68.8 OF THE CODE OF VIRGINIA.

THE UNDERSIGNED OFFEROR HEREBY CERTIFIES THAT THIS AGREEMENT, OR ANY CLAIMS RESULTING THEREFROM, IS NOT THE RESULT OF, OR AFFECTED BY, ANY ACT OF COLLUSION WITH, OR ANY ACT OF, ANOTHER PERSON OR PERSONS, FIRM OR CORPORATION ENGAGED IN THE SAME LINE OF BUSINESS OR COMMERCE; AND, THAT NO PERSON ACTING FOR, OR EMPLOYED BY, CITY HAS AN INTEREST IN, OR IS CONCERNED WITH, THIS PROPOSAL; AND, THAT NO PERSON OR PERSONS, FIRM OR CORPORATION OTHER THAN THE UNDERSIGNED, HAVE, OR ARE, INTERESTED IN THIS PROPOSAL.

DRUG-FREE WORKPLACE:

DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES TO (I) PROVIDE A DRUG-FREE WORKPLACE FOR THE CONTRACTOR'S EMPLOYEES; (II) POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, A STATEMENT NOTIFYING EMPLOYEES THAT THE UNLAWFUL MANUFACTURE, SALE, DISTRIBUTION, DISPENSATION, POSSESSION, OR USE OF A CONTROLLED SUBSTANCE OR MARIJUANA IS PROHIBITED IN THE CONTRACTOR'S WORKPLACE AND SPECIFYING THE ACTIONS THAT WILL BE TAKEN AGAINST EMPLOYEES FOR VIOLATIONS OF SUCH PROHIBITION; (III) STATE IN ALL SOLICITATIONS OR ADVERTISEMENTS FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR THAT THE CONTRACTOR MAINTAINS A DRUG-FREE WORKPLACE; AND (IV) INCLUDE THE PROVISIONS OF THE FOREGOING CLAUSES IN EVERY SUBCONTRACT OR PURCHASE ORDER OF OVER \$10,000, SO THAT THE PROVISIONS WILL BE BINDING UPON EACH SUBCONTRACTOR OR VENDOR.

FOR THE PURPOSE OF THIS SECTION, "DRUG-FREE WORKPLACE" MEANS A SITE FOR THE PERFORMANCE OR WORK DONE IN CONNECTION WITH A SPECIFIC CONTRACT AWARDED TO A CONTRACTOR IN ACCORDANCE WITH FEDERAL LAW, THE EMPLOYEES OF WHOM ARE PROHIBITED FROM ENGAGING IN THE UNLAWFUL MANUFACTURE, SALE, DISTRIBUTION, DISPENSATION, POSSESSION OR USE OF ANY CONTROLLED SUBSTANCE OR MARIJUANA DURING THE PERFORMANCE OF THE CONTRACT.

EMPLOYMENT DISCRIMINATION BY THE SUCCESSFUL OFFEROR SHALL BE PROHIBITED:

1. DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:
 - a. THE OFFEROR, SHALL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, RELIGION, COLOR, SEX, NATIONAL ORIGIN, AGE, DISABILITY, OR ANY OTHER BASIS PROHIBITED BY STATE LAW RELATING TO DISCRIMINATION IN EMPLOYMENT, EXCEPT WHERE THERE IS A BONA FIDE OCCUPATIONAL QUALIFICATION REASONABLY NECESSARY TO THE NORMAL OPERATION OF THE CONTRACTOR. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES SETTING FORTH THE PROVISIONS OF THIS NONDISCRIMINATION CLAUSE.
 - b. THE CONTRACTOR, IN ALL SOLICITATIONS OR ADVERTISEMENTS FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR, SHALL STATE THAT SUCH CONTRACTOR IS AN EQUAL OPPORTUNITY EMPLOYER.
 - c. NOTICES, ADVERTISEMENTS, AND SOLICITATIONS PLACED IN ACCORDANCE WITH FEDERAL LAW, RULE OR REGULATION SHALL BE DEEMED SUFFICIENT FOR THE PURPOSE OF MEETING THE REQUIREMENTS OF THIS SECTION.
2. THE CONTRACTOR WILL INCLUDE THE PROVISIONS OF THE FOREGOING PARAGRAPHS A, B, AND C IN EVERY SUBCONTRACT OR PURCHASE ORDER OF OVER \$10,000, SO THAT THE PROVISIONS WILL BE BINDING UPON EACH SUBCONTRACTOR OR VENDOR.

Name and Address of OFFEROR:

Date: 7/19/2011 Authorized Signature: [Signature]

Printed Name: KOTE MIKOL Title: VP

Phone Number: 301 961 1813 Fax Number: 240 235 7158

Email Address: mi.kol@mssb.com

Federal Tax Identification Number/Social Security Number: 26 4310632

Is Offeror a "minority" business? Yes ☒ No ☐
African American Hispanic American

If yes, please indicate the "minority" classification below:

American Indian Eskimo Asian American Aleut Other; Please Explain:

Is Offeror Woman Owned? Yes ☒ No ☐

Is Offeror a Small Business? Yes ☒ No ☐

Is Offeror a Faith-Based Organization? Yes ☒ No ☐

State the dollar value of the assets and the number of portfolios the firm has under direct and continuous management, categorized between public sector and other clients.

MSSB has a diverse institutional client base with a variety of investment objectives. As of December 31, 2009, MSSB ICG and Graystone Consulting¹ actively consulted to over \$123 billion of clients' assets. This \$123 billion represents 2,210 institutional relationships, whose assets range from \$10 million to \$2.99 billion.² Clients include, but are not limited to, employee benefit plans, state and local governments, endowments and foundations, jointly trusted funds, public funds, hospitals, family offices and affluent individuals.

The following data provides information on our clients:

Consulting Group Institutional Services & Graystone Consulting¹
Client Data as of 12/31/2009

Client Type	Assets as of 12/31/09	% of Total
Corporation	\$16,702,567,066	14%
Foundation/Endowment/Other NPO ²	\$21,274,713,958	17%
High Net Worth/Private Family Office	\$17,792,662,080	14%
Taft Hartley	\$26,442,940,292	21%
Public Fund	\$13,764,140,025	11%
401(k)/Defined Contribution	\$15,658,408,022	13%
Hospital or Healthcare	\$4,805,653,185	4%
Insurance Company	\$3,828,439,715	3%
Other	\$3,330,861,534	3%
Grand Total	\$123,600,385,877	100%

² Other Non-Profit Organizations (NPO) include:

89 Educational Institutions with \$4,921,047,712 in institutional consulting assets

68 Faith Based Institutions with \$3,550,394,872 in institutional consulting assets

Client Type	Accounts as of 12/31/09	% of Total
Corporation	304	14%
Foundation/Endowment/Other NPO ²	438	20%
High Net Worth/Private Family Office	713	32%
Taft Hartley	207	9%
Public Fund	160	7%
401(k)/Defined Contribution	198	9%
Hospital or Healthcare	70	3%
Insurance Company	31	1%
Other	89	4%
Grand Total	2210	100%

Source: Consulting Group

¹ Graystone Consulting was known as Citi Institutional Consulting until June 1, 2009

The information presented shows the combined institutional consulting assets of Smith Barney and Morgan Stanley

Global Wealth Management Group as of December 31, 2009. In June 2009, Morgan Stanley and Citigroup Inc. ("Citi") combined the Global Wealth Management Group of Morgan Stanley & Co. Incorporated and Smith Barney and related businesses of Citi affiliates in a joint venture, Morgan Stanley Smith Barney LLC.

¹ Graystone Consulting was known by its predecessor firm's name, Citi Institutional Consulting, until June 1, 2009.

² The information presented shows the combined assets of Smith Barney and Morgan Stanley Global Wealth Management Group as of December 31, 2008. On June 1, 2009 these entities were combined in a joint venture as MSSB, LLC.

Within the past 5 years, have there been any significant developments in your organization such as changes in ownership, restructures, reorganizations or investigations?

MSSB is a registered investment adviser created in June, 2009 as a result of the merger of Morgan Stanley's Global Wealth Management division and the Smith Barney division of Citigroup Global Markets. The combined company represents over 130 years of investment management experience. There have been no changes in ownership, restructures or reorganizations since the formation of the company.

Within the past 5 years, has your organization or any officer or principal been involved in actual or threatened litigation, administrative or regulatory, or similar investigation proceedings, relating to your financial or management services? If so, provide an explanation and indicate the current status or disposition. Under disposition, include any censures or reprimands received from regulatory bodies.

MSSB along with its Financial Advisors are named from time to time as defendants in various matters incidental to, and typical of, the businesses in which we engage. These include civil actions and arbitration proceedings in which MSSB or its Financial Advisors have been named, arising in the normal course of business activities as a broker and dealer in securities, as an underwriter, as an investment banker or otherwise. MSSB also maintains regular and ongoing contact with the Securities and Exchange Commission ("SEC"), various state regulators, administrative agencies and self-regulatory organizations such as the National Association of Securities Dealers, Inc. (the "NASD") and the New York Stock Exchange ("NYSE"), and is often asked to provide information, documents or testimony in connection with investigations or proceedings conducted by those bodies.

Information disclosing certain legal and regulatory matters is made publicly available through the NASD website at www.nasd.com. Information can also be found in Part I of MSSB's Form ADV that may be found on the SEC website at www.sec.gov

Please note any change in ownership or financial relationships with any other financial firms, including asset management firms, broker or dealer firms, banking, insurance, or actuarial firms.

Morgan Stanley, which owns 51% of MSSB, owns Morgan Stanley Investment Management (MSIM) which provides investment and risk-management solutions to investors worldwide. MSIM has approximately \$399 billion of assets under management as of November 30, 2008. Morgan Stanley's asset management activities are principally conducted under the Morgan Stanley brand, with portfolio managers located in the U.S., Europe, Japan, Singapore and India who manage investment products ranging from money market funds to equity, taxable and tax-exempt fixed income funds and alternative investment and merchant banking products in developed and emerging markets.

Citigroup, which owns 49% of MSSB, does not own an Asset Management business. Citigroup does maintain Citi Alternative Investments, which is an integrated alternative investments platform that manages products across five asset classes including private equity, hedge funds, real estate, structured products and managed futures. Alternative Investments manages capital on behalf of Citigroup, as well as third-party institutional and high-net-worth investors.

There have been no changes in ownership or financial relationships with affiliated financial firms, since the formation of the company.

Describe your firm's back-up procedures in the event that key personnel in this assignment should leave the firm or become incapacitated or in the event of a natural disaster.

The following personnel will be assigned to this engagement.

Kote Nikoi, CFA – primary contact
Vice President
7500 Old Georgetown Road, 10th Floor
Bethesda, MD 20814
301 961 1813
1 year MSSB experience
8 years Merrill Lynch experience
6 years Sloan Financial Group experience
10 years International Monetary Fund (IMF) experience
Amherst College (BA, Mathematics);
Georgetown University (MBA, Finance & Management);
Chartered Financial Analyst.

Bruce VanNewkirk
Consulting Group Regional Director
1030 Baltimore Boulevard
Westminster, MD 21557
410 840 5102
10 years investment consulting experience

Mark Puccini
Managing Director
7272 Wisconsin Avenue
Bethesda, MD 20814
301 657 6333
20 years MSSB experience

Bill McNulty
Senior Vice President
7500 Old Georgetown Road, 10th Floor
Bethesda, MD 20814
301 961 1859
18 years investment management experience

Christopher Ferrell
Registered Client Service Associate
7500 Old Georgetown Road, 10th Floor
Bethesda, MD 20814
301 961 1811
5 years investment management experience

Kote Nikoi is a Vice President, Wealth Advisor, and Portfolio Manager with over 15 years of investment management experience. He previously worked with Merrill Lynch in Washington D.C. His clients included government entities, college foundations and not-for profit organizations.

Kote completed his MBA in Finance and General Management at Georgetown University, while working for the IMF as a research consultant. His undergraduate degree in Mathematics from Amherst College has proved invaluable for the advanced qualitative and quantitative analysis work integral to his career path. After serving for four years at the IMF as a Computer Systems Consultant he was promoted to Research Officer within the IMF's Research Department, and subsequently to Consultant within the South East Asian Department. These positions allowed Kote to gain extensive experience analyzing trends in the global economic and investment environment, utilizing advanced quantitative analysis techniques.

After working for the IMF for over 10 years, Kote decided to enter the private market, accepting a challenging position as a Vice President with Sloan Financial Group in Durham, NC; For 5 years as Vice President, he performed equity security analysis, client service activities and portfolio management. In 2000, Kote became the portfolio manager for the firm's total international asset portfolio. In this position he developed an investment discipline that involved econometric forecasting, asset allocation optimization methods, risk management techniques, and performance attribution analysis.

Kote was a member of the Chairman's Club while at Merrill Lynch and is a Chartered Financial Analyst.

While Kote Nikoi will be the primary contact for this account, professionals from the ICG and parent companies will provide investment management services to this account as well. These professionals will include portfolio managers, analysts, market strategists and economists.

MSSB has approximately 18,000 financial advisors globally and in the event that personnel assigned to this account should leave the firm or become incapacitated, this relationship will be assigned to personnel within the firm with comparable professional experience and educational backgrounds so that the requirements of this engagement will be fulfilled. MSSB will timely notify the City of Hampton of any change in key personnel associated with this account.

Describe the firm's approach to fulfilling the requirements of this RFP.

MSSB ICG uses a six-stage process that encompasses the design of an investment strategy, the selection of appropriate managers to implement that strategy and regular portfolio monitoring and rebalancing activities to meet client needs.

Need Analysis - Review time horizon, risk tolerance, future liabilities and cash inflows spending policy, assets and liabilities and desired fund surpluses and reserves.

Investment Policy - Help the City of Hampton (and where appropriate, your counsel) establish guidelines for an investment policy statement. Define the duties of all parties to the process, set risk and return targets, describe portfolio constraints and identify manager selection criteria.

Asset Allocation - Build a diversified portfolio designed to optimize the trade-off between expected risk and return in accordance with the stated investment policy.

Manager/Product Selection - Identify appropriate investment vehicles and/or portfolio managers for each asset class in the portfolio. Establish procedures for evaluating, negotiating and contracting with investment managers.

Portfolio Monitoring - Conduct performance measurement and evaluation in relation to stated risk-return targets, inflation, liability growth, customized market indexes or other relevant benchmarks.

Review & Rebalancing - Portfolio weights may be adjusted periodically to track the allocation targets. Managers may be downgraded or replaced due to changing requirements or deficiencies. Conduct continuous reviews of stated investment policy in light of changing needs and market environment.

Services that will be provided to the City of Hampton:

Assistance in the Development or Evaluation of Investment Policy

- Achieve committee consensus
- Establish investment objectives
- Review policy constraints
- Establish customized performance benchmarks
- Define strategic policy allocation

Active Style Allocation Advice

- Quarterly market commentary
- Global Investment Committee outlook
- Morgan Stanley Smith Barney recommended asset allocation strategy

Assistance in Manager Search and Selection

- Customized manager searches
- Proprietary manager research for covered investment products

Portfolio Analytics

- Portfolio analyses or portfolio characteristics reports
- Performance attribution reports (on selected investment products)

Performance Measurement

- Customized performance reports
- Quarterly reporting
- Absolute and risk-adjusted performance

Manager Evaluation Research

- Evaluation of investment managers on Investment Advisor Research platforms
- Published manager research reports on those platforms

Execution Services - (Included with Asset-Based Fee Arrangement only)

- No commissions are realized on stock transactions effected through Morgan Stanley Smith Barney, LLC.
- No markups or markdowns are realized on bond transactions effected through Morgan Stanley Smith Barney, LLC

Describe the efforts the Firm makes to keep its investment professionals informed of developments relevant to public sector pension investment.

Continuing education mandated by our internal compliance department, webinars and the constant interaction of the MSSB ICG with our research analyst team and broader organization (including Financial Advisors) promotes the dynamic discussions by which investment professionals keep abreast of developments relevant to public sector pension investment managers.

MSSB ICG understands that government entities may be restricted by state and local law in the types of investments they can use and that these restrictions differ from state to

state and often by the type of institution within each state. MSSB ICG carefully researches the state, local and federal regulations pertaining to the client's pensions fund and develops an investment strategy that complies with all applicable requirements. For example, many state and local governments are grappling with a statement issued by the Government Accounting Standards Board, known as GASB 45, which mandates accounting rules for other postemployment benefits.

The MSSB ICG is well versed in GASB 45 and, working in consultation with local counsel versed in the particular limitations of state law, we can public sector pension investment managers develop investment strategies and select managers to meet the special GASB requirements.

Describe the types of investment research the Firm uses and the methodology used to monitor and evaluate portfolio performance and risk, as well as to recommend investment decisions including the primary strategies for asset allocation and adding value to a portfolio

MSSB uses security specific research from our parent companies, economic research from our Global Investment Committee (GIC) and investment manager and product research from our Investment Advisor Research (IAR) team to help clients build diversified portfolios with the goal of out performing policy benchmarks on a risk-adjusted basis. In answering this question, the firm's methodology used to monitor and evaluate portfolio performance and risk is outlined. We then provide the methodology that the GIC uses to calculate asset class return/risk assumptions and we conclude with the disciplined process that the IAR uses to research and evaluate investment managers and products.

Performance Measurement

At MSSB, a Time-Weighted rate of return calculation is considered the optimal method to measure the performance of an investment manager. It removes from the return calculation the impact of contributions and withdrawals during the period; as a result, the manager is neither penalized nor rewarded for the decisions over which it has no control. By eliminating those cash flows, the return is an appropriate measure of the skill of the manager. The Modified Dietz method of calculating return has become an accepted practice in the performance measurement industry and is CFA Institute compliant. Consistent with industry practice, MSSB uses this method for calculating performance. Portfolios are valued monthly and returns are calculated monthly. Multi-month returns are computed by "linking" monthly returns. All returns over one year are annualized. Returns may be stated as gross or net of management fees. Monthly valuations include accrued income.

MSSB also uses analytical software provided by Vestek to produce our level II analytical reports. Vestek enables us to provide many different types of reports including attribution analysis. Attribution analysis enables clients to decompose an investment manager's results to determine the sources of return (i.e., country allocation, security selection and

sector exposure) and check on the manager's adherence to stated strategies. These types of reports are typically generated for marketable securities such as equity and fixed income.

In addition to these techniques, MSSB utilizes Zephyr, an industry leader in analytical software, created by a world-class team of software engineers. This software provides one of the most sophisticated and functional style analysis and performance analysis currently available. MSSB uses Zephyr to obtain thorough and complete style analysis to conduct manager evaluations. Appendix I presents a Zephyr analysis of world class fixed income managers.

Risk Evaluation

Statistical measures used to assess and monitor portfolio risk may include one or more of the following:

Alpha

The risk-adjusted value added; i.e., the y intercept of the linear regression line through the subject series and the independent benchmark. A positive Alpha is the expected extra return awarded to the investor for taking a risk instead of accepting the benchmark return. For example, an alpha of 0.6% means the subject would be expected to outperform the beta-adjusted independent benchmark return by 0.6%, based on past performance. Past performance does not ensure similar performance in the future.

Beta

The non-diversifiable risk. A beta of 0.7 means a candidate's price is likely to move up or down 70% of the market change; a beta of 1.3 means the candidate's price is likely to move up or down 30% more than the market based on past performance. Past performance does not ensure similar performance in the future.

Sharpe Ratio

The risk-adjusted return. Using standard deviation as a proxy for portfolio risk, the Sharpe ratio represents the excess return achieved per unit of risk undertaken. This is a value which risk-averse investors seek to maximize. The Sharpe ratio can be used to rank the performance of portfolios one versus another relative to the overall market.

Standard Deviation

This is a measure of volatility, used to represent risk.

Asset Allocation Methodology

At MSSB, the asset allocation process is an integral part of developing a client's Investment Policy Statement. We will work closely with the City of Hampton's Investment Committee to develop an Investment Policy Statement that is consistent with the City of Hampton's investment guidelines and objectives. This is most often accomplished by presenting the Investment Committee with a questionnaire, which will

help to develop a consensus view of members' attitudes on the long-term economic climate, the Fund's income needs, desired asset allocation and degree of diversification, perceived risk tolerances, policy constraints, and other pertinent investment considerations. From these discussions, an overall risk tolerance is developed for the Institution's assets.

The GIC of MSSB is made up of experienced teams of investment and economic professionals. They are responsible for creating a series of asset allocation recommendations designed to help clients build diversified portfolios. As a basis for these recommendations, the GIC develops a 12-month investment outlook across 28 regions, asset classes and currencies, which in turn helps our clients understand the anticipated development of—and results in—the world's economies and investments. Sample MSSB Asset Allocation Models are contained in Appendix II and biographical information for members of the GIC is contained in Appendix IV.

The GIC believes that a strong asset allocation methodology is predicated on time-tested relationships between fundamental drivers of financial markets and the return potential of asset classes. In a changing global landscape, this belief allows the firm to forecast market returns based on expected economic drivers of such returns, which can result in significant differences from historical performance. This framework also allows for consistency of return expectations across traditional and alternative asset classes.

Strategic estimates are meant to be stable across all asset classes and sub-asset classes, and, importantly, are not influenced by market action or valuations. Therefore, returns will typically not change meaningfully over short periods. Nevertheless, we continue to provide updates during the year if there are significant changes in market data or in the fundamentals, our models, asset class coverage or in any other factor that can influence portfolio returns and asset allocations.

To establish long-term returns for the major asset classes- Cash, Sovereign Bonds, and broad Stocks – we employ a “building block” approach that draws on various theoretical tenets of economics and finance. For those clients seeking Alternative investments (and those that meet the financial standards) we compute return estimates using forecasting models for hedge funds, managed futures, private equity, real estate and commodities.

The GIC's strategic asset allocation team, the Investment Strategy Group, maintains long-term estimates (20+ year horizon) of performance characteristics for various asset classes and sub-asset classes.

The Investment Strategy Group's methodology is predicated on the time-tested relationships between the fundamental drivers of the financial markets and the return potential of each asset class. Our analysis allows us to forecast market returns based on the expected economic drivers of such returns, which can result in significant differences from historical performance. The framework also allows for consistency of return expectations across traditional and alternative asset classes. Strategic estimates are meant to be stable across all asset classes and sub-asset classes and, importantly, are not

influenced by market action or valuations. Return estimates will typically not change meaningfully over short periods. MSSB provides asset allocation updates at the beginning of each year or, occasionally, during the year—if there is a significant change in market data, fundamentals, our models, our asset class coverage or in any other factor that can influence portfolio returns and asset allocation

Building Block Approach for Cash, Sovereign Bonds and Stocks

To establish long-term return estimates for the major asset classes (cash, sovereign bonds and broad stocks) we employ a “building block” approach that draws on various theoretical tenets of economics and finance. The first building block—real cash returns—has three components: estimates of the long-term trends in productivity growth for each market, estimates of the long-term trends in labor-force growth for each market and an adjustment to correct for historical overestimation. Together, these factors largely determine an economy’s “potential” growth rate and, consequently, real cash rates. Currently, for the US, based on our model’s long-term estimates of 2.2% for trend productivity growth and 0.5% for trend labor force growth and applying our adjustment (-0.8%), we estimate a long-term real rate of 1.9% for cash. Adding a long-term inflation assumption of 2.3% yields a long term nominal return estimate of 4.2% for cash.

The next step in the building-block process is to derive a long-term return estimate for the second building block—sovereign bonds—by adding a country-specific term premium to our cash estimate. We base this premium on the assumption that a link exists between a country’s perceived likelihood to repay its debt and the premium investors demand to purchase its debt, using a multifactor regression analysis (i.e., statistical methods) to quantify that linkage. The four factors used to predict a country’s term premium are: the cyclically adjusted budget balance (as a percentage of GDP), short-term interest rates, inflation and credit ratings. Currently, for the US, this process suggests a 90-basis-point term premium. Adding this premium to our cash estimate results in an estimate of 2.8% for the long-term, real return on Treasuries. Adding our long-term inflation assumption of 2.3% results in a long-term nominal estimate of 5.1% for US Long-Term Treasury Bonds.

The final step in our building-block process is to derive long-term return estimates for stocks. We consider two valuable and distinct approaches in setting equity return estimates. First, through a dividend discount model, we estimate the forward-looking equity risk premium implied by consensus earnings expectations for a composite of developed markets. Historically, this implied risk premium has averaged about 450 basis points over bonds. Second, through historical data analysis, we estimate real retained earnings growth and dividend yields, which we add to our cash estimate. Combining these two approaches yields a long-term nominal estimate of 9.1% for global, developed all-cap stocks and 9.6% for US all-cap stocks.

Key Related Traditional Asset Classes

Short-Term US Government Bonds. We add a small (0.1%) spread over the London Interbank Offered Rate (Libor), which is consistent with historical return data.

Corporate Bonds, High Yield Bonds and Emerging Market Debt. Our forecasting models derive long term estimates for the return premiums of credit-type fixed income securities over US Treasuries or other relevant government bonds. Factoring into premiums are historical spreads and expected default and recovery rates, given the composition of the various markets and the characteristics associated with specific bond types and ratings. Our estimates for US-dollar investment grade corporate bonds, US-dollar high yield bonds and US-dollar emerging market debt are 70 basis points, 250 basis points and 350 basis points over Treasuries, respectively.

Large-Cap, Mid-Cap and Small-Cap Stocks. In order to refine our broad or all-cap equity estimates into large-cap, mid-cap and small-cap estimates, we examine the volatility and correlation relationships between these sub-asset classes. We set premiums for mid caps and small caps over large caps in a way that is commensurate with the additional risk. As such, in the US, our return estimates for mid caps and small caps are 60 basis points and 80 basis points over large caps, respectively. The 9.6% return estimate for US all caps thus represents the weighted average of large, mid and small caps, with percentage allocations to each (as determined by the size of relevant Russell indexes).

Global Emerging Markets Stocks. As is the case with global developed markets, we combine two methodologies to derive a global emerging markets stock return estimate. First, we set a risk-consistent premium over developed stocks. Then, we combine real retained earnings growth and dividend-yield estimates as a premium over US-dollar cash. The result is an estimate of 11.6% returns for global emerging markets.

US Equity Styles. Given the long-term horizon of our return estimates, we do not differentiate between growth and value in setting expectations. That is, growth and value return estimates are the same within each of the three capitalization categories.

Alternative Investments

We compute return estimates using forecasting models for global REITs, commodities, convertible bonds, global inflation-linked securities, hedged strategies, managed futures, private equity and private real estate. Many of the models we use were developed by or in coordination with our colleagues at Alternative Investment Partners at Morgan Stanley Investment Management. The outputs from all models are consistent with our traditional asset-class estimates, described earlier, in capturing the relationships between the returns of traditional and alternative asset classes.

Global REITs. Our return estimate for real estate investment trusts is driven in part by our global equity-market estimate, but is significantly adjusted to account for factors

such as REITs' generally lower volatility (relative to that of small-cap stocks) and lower market-capitalization bias.

Commodities. We set commodity return estimates primarily based on the analysis of historical data from a number of index providers and across a wide range of market and economic cycles.

Convertible Bonds. Our return estimates for convertible bonds are determined by the average quality of the indexes' underlying bonds and the expected returns of embedded options. Option returns are determined by factors such as the cash return estimate, the underlying equity market's return and volatility and the option's time to expiration and strike price. Currently, we produce convertible-bonds estimates for US investment grade only, US all qualities and Euro all qualities.

Global Inflation-Linked Securities. Given our long term horizon, we assume that markets do not display systematic biases in setting inflation expectations through the pricing of inflation-linked securities relative to "standard" sovereign debt. As such, we expect comparable returns over time between standard and inflation-linked government securities. Thus, our US Treasury inflation protected (TIP) return estimate mirrors that of our US Treasuries return estimate of 5.1%.

Hedged Strategies and Managed Futures. We decompose historical returns into skill-based returns, or alpha, and traditional market and market-related components, such as equity-market volatility, credit spreads and the returns of various equity and fixed income markets. Our strategy-specific hedge-strategy return estimates are thus derived by combining the estimates we assign to such traditional drivers of returns with our expectations for skill-based returns, or alpha, over our strategic horizon. We subdivide hedged strategies and managed futures into five groups based on their return characteristics. The categories are: relative value, event driven, equity long-short, global macro and managed futures. Typically, each category can play a different role within a multi-strategy hedge fund or within a diversified portfolio. For example, relative value displays low volatility and correlation to traditional assets. While its return estimate is typically lower, it still tends to compare favorably to bonds. As such, this category is a particularly attractive complement to lower-risk portfolios, potentially enhancing returns without significantly adding to volatility. Equity long-short, meanwhile, can complement stock-rich portfolios by reducing overall volatility and exposure to equity markets (although the correlation with equities is typically high), without giving up potential returns.

Private Equity and Private Real Estate. We use a similar approach in deriving return estimates for broad real estate and the two major components of private equity: leveraged buyouts (LBOs) and venture capital. Returns are directly estimated from pricing models that take advantage of the relationships between stocks, bonds and private equity and real estate. For the purpose of asset allocation, we typically combine LBOs and venture capital into one broad category: private equity. For private real estate, we have developed a global forecasting model that allows us to differentiate return estimates by

region (please contact the authors for a copy of these estimates). Private equity and real estate may provide important benefits to a well diversified portfolio—the former through attractive potential returns, and the latter through high risk-adjusted returns combined with a generally low correlation with traditional assets. Additionally, we believe that investors who do not require short-term access to their capital can benefit from the theoretical “illiquidity premium” that is offered by illiquid investments such as private equity and real estate (and to a lesser extent, hedge funds) as compensation for locking up funds over extended periods. However, it must be noted that, for a variety of reasons, the performance of many alternative investments is difficult to forecast and, especially in the case of hedge funds, typically presents risks beyond what volatility estimates would suggest. For example, alternative assets display more downside risks than most traditional assets. In addition, investments that require investors to lock up capital for extended periods can limit investors’ ability to rebalance portfolios, potentially leading to suboptimal allocations over time.

Sample strategic return estimates are shown in Appendix II. Our estimates represent annualized (geometric) returns, as this is conceptually consistent with the long-term holding periods associated with strategic allocations. However, most vendor optimization tools assume that the return inputs represent arithmetic averages and apply a downward adjustment (sometimes referred to as “variance drain”) to account for the fact that annualized returns (geometric averages) are typically lower than average annual returns (arithmetic averages) because of the effects of compounding. This can affect optimization results. Therefore we provide the approximate average return estimates that correspond to our annualized return estimates.

Manager/Product Research and Evaluation

In an effort to provide consistency and comparability, MSSB seeks to apply a common research-evaluation framework to all the investment managers and products that we evaluate, which include separate accounts, mutual funds and exchange-traded funds.

At the heart of our evaluation process is an interlocking system of three research lists of qualified investment products—each based on different degrees of scrutiny or analysis. The three lists are:

Approved List: Identifies investment products that we believe meet acceptable research standards, which we, in turn, believe help make them appropriate recommendations to investors. At times, this process may leverage a qualitative, proprietary scoring framework that evaluates numerous factors to help develop the initial assessment. Investment products under scrutiny have passed a process that examines a variety of factors known to influence manager quality. A final decision is made by a manager research analyst and an investment officer as to whether or not to include a respective investment product on our Approved List.

Focus List: Identifies investment products from the Approved List and a broad universe of potential investment candidates in which our manager research analysts have a high

level of confidence. Our analysts believe that products on our Focus List have the potential to outperform the appropriate market benchmark or a respective peer group over a longer period, typically defined as a term greater than three years. This determination is made following a second, more intensive, quantitative and qualitative review of the investment manager before inclusion on the Focus List.

Tactical Opportunities List: Identifies investment products from the Approved and Focus Lists that we believe may benefit from expected market trends, such as out performance by a particular asset class or investment style. These investment products are added to the Tactical Opportunities List, indicating our analyst's belief that they may deliver above-average performance over the shorter period, typically defined as a term less than three years.

Whether our analysis results in an investment product's placement on our Approved or Focus Lists, our manager research process entails a common framework of analysis. We examine past investment performance, of course; however, the core of our manager research process is based on the evaluation of five critical qualitative factors:

Personnel. The credentials and expertise of key investment professionals are among any investment management firm's most important assets. Depth of experience and a history of success weigh heavily in our evaluation.

Investment Process. Investment managers should have a coherent system for generating ideas and constructing portfolios. The latter may include limits on sector or industry exposure, volatility guidelines or other constraints.

Research Capabilities. While we have no bias for or against any particular research approach, we expect each investment management firm to possess adequate resources to effectively apply its process. For example, if the stated goal is to identify fundamental value, we may review the number of companies each analyst is expected to cover.

Implementation. Investment managers should deliver results to clients that are consistent with their stated investment processes.

Business Operations. Clients need a reasonable assurance of the firm's commercial viability. Relevant factors include the trend of assets under management, growth or stability of personnel, and legal or regulatory issues, among other business and management results.

Each of these qualitative areas is analyzed in more depth when the investment product is on our Focus List.

At times, the deterioration of an investment manager's investment process or operations may force us to drop a strategy or fund from the Approved or Focus Lists. Investment products may be removed from the Tactical Opportunities List because of changes in the expected market environment, even though their quality may be unimpaired. Finally,

managers may be removed from all three lists to make room for new investment ideas. These steps may require clients to select new investment products or revise their contractual relationship with an investment manager.

To help clients make prudent decisions, we maintain a "Watch List" of investment products our manager research analysts believe might be subject to a potential downgrade. In other words, investment products on the Watch List may be removed entirely from our universe of research coverage. Our goal is to resolve the watch as quickly as possible, but in a time period that is appropriate for the nature of the qualitative review.

Appendix III presents a sample investment manager analysis of large cap growth managers on our approved list. Appendix IV presents the biographies of members of the MSSB IAR team.

Submit samples of reports and include a description of processes the Firm would use to assist in identifying appropriate benchmarks and other measures of performance.

Performance reports are created using the Informa Investment Solutions software. Style analysis is provided via Zephyr Associates software; fundamental analysis is performed via Thomson Vestek software and Factset Research Systems, Inc.; index data is provided by multiple index providers including Wilshire Associates, Inc., Russell Investment Group, Ibbotsen Associates and Standard & Poor's, among others. Performance is reported either gross and/or net of fees based on client preferences and State regulatory requirements.

Access to accurate and timely information is an important component of prudent investment management. To fill this need, MSSB has developed a sophisticated system of detailed performance reports, which cover vital aspects of an institutional investment program, including:

- Performance results for individual managers and for the portfolio as a whole
- Analysis of asset allocation strategies
- Comparisons to broad-market and style-specific benchmarks
- Cash flows and the growth of assets
- Performance-attribution analysis
- Modern portfolio analytics, such as beta, alpha, batting averages, up- and down-capture ratios and Sharpe ratios, among others
- The capability of showing withdrawals as either net or gross of account fees

Our performance measurement database includes hundreds of indices. This makes it possible to select an appropriate index to compare to any manager and to build a composite benchmark for the client. Benchmarks for individual managers are chosen based on the style of the manager. For fixed income managers the benchmark is determined by the type of fixed income instruments purchased, maturity, duration, and

quality. Each manager's performance is also compared to a universe of similar managers on both an absolute and risk-adjusted basis. This lets us see how the managers perform relative to their active competition in addition to the passive indices.

In addition, assuming that the City of Hampton implements a diversified portfolio of traditional and alternative asset classes, a composite benchmark will be constructed based on the target allocations set forth in the City of Hampton's Investment Policy Statement. This will allow the City of Hampton to monitor their account relative to the weighted-average of the appropriate style indices.

Appendix V presents sample performance reports.

Describe the nature and frequency of meetings the Firm would recommend to keep staff informed

In keeping with a client focused approach to investment advisory services, financial advisors conduct regular quarterly meetings with clients to discuss and review investment goals and objectives. In those instances where unusual market fluctuations merit a review of established investment objectives, financial advisers will contact clients to discuss modification and/or review of defined investment strategies and allocations.

Financial advisors will assist clients with monitoring the performance of client's investment selections and asset allocation policy and will make recommendations with respect to rebalancing client portfolios back to target allocations. However, ensuring compliance with investment guidelines as set forth in the client's Investment Policy Statement remains the fiduciary responsibility of the client.

Upon retention, Mr. Nikoi and other members of the team, as applicable, are available to meet with the City of Hampton as needed and upon request.

Describe the training available for the Board and staff as it relates to their investment responsibilities? Provide qualifications of the individuals that would be assigned to conduct the training.

As an additional benefit to our clients, MSSB provides seminars, conference calls, and whitepapers on topics of interest to the government sector and research on municipal entities at no additional cost. Sample seminar topics include risk management, Roth-IRA conversion, social security and pension planning. Recent conference calls have provided our clients with information on topics such as "the state of the municipal bond market" and "the impact of the Japan earthquake on the global economy".

Typical communications provided to you by your Financial Advisor might include: sample investment policy statements and investment policy questionnaires, which will help you develop a new investment policy statement, or review an existing investment policy statement; asset allocation materials, such as the GIC Asset Allocation Models and monthly Bulletins and commentary; investment manager comparisons, which are used for

comparing existing or new investment managers; research reports and materials, that provide a more in-depth review of current and prospective investment managers covered by our Research team to assist in manager selection and retention; and performance reports, which provide a review of individual portfolio performance and individual investment manager performance over specific periods to their benchmarks. Client reports are customized to meet specific client needs. Finally, your Financial Advisor will provide MSSB produced client materials addressing current investment trends, capital market events and other relevant educational materials. .

Upon retention, Mr. Nikoi and other assigned staff will conduct training for the City of Hampton. As noted in the key personnel section of this response, Mr. Nikoi has extensive financial and investment knowledge and expertise in developing, analyzing and modifying existing public sector Investment Policy Statements. Should the City of Hampton require additional training beyond investment and financial strategy, Mr. Nikoi will facilitate an appropriate response to the request, which may include utilization of the resources of ICG parent firms and relevant third party managers. The goal of this engagement is to ensure that the Board and staff of the City of Hampton understand and meet their investment responsibilities.

Provide a list of relevant client references (prefer public sector), including contact persons and telephone numbers. Relevant would include clients with similar types of jurisdictions, portfolio size, and investment objectives.

Due to the importance that MSSB places on our clients' confidentiality, we are currently unable to provide this information. We would however be more than willing to address this issue at a later stage in the manager selection process.

How many portfolios has the firm added in the last two years? How many portfolios has the firm lost in the past two years, and why?

12/31/08 total institutional clients were 1,801*

12/31/09 total institutional clients were 2,210*

23% net increase in institutional client relationships between 2008 and 2009. MSSB is still in the process of compiling 2010 data.

MSSB's ICG historically has experienced an expected amount of client turnover. Reasons for account turnover include plan termination, mergers, drastic changes in overall objectives, market conditions, changes in investment philosophy, and occasionally dissatisfaction with services and/or fees.

**Totals include the combined total of Smith Barney and Morgan Stanley Global Wealth Management Group institutional consulting clients as of the dates shown. The total number of institutional consulting clients prior to January 1, 2008 include only Smith Barney Clients. In June 2009, Morgan Stanley and Citigroup Inc. ("Citi") combined the Global Wealth Management Group of Morgan Stanley & Co. Incorporated and Smith*

Barney and related businesses of Citi affiliates in a joint venture, MSSB LLC. For 12/31/08, institutional clients are defined as those with \$10,000,000 or more institutional consulting assets. For prior years starting with 12/31/07 and earlier, Smith Barney institutional clients are defined as \$10,000,000 or more institutional consulting assets and Morgan Stanley institutional clients are defined as \$5,000,000 or more institutional consulting assets.

Describe the type and amount of insurance coverage the firm maintains with respect to investment management activities.

Financial Institutions Bond:

Morgan Stanley and all its subsidiaries maintain a Financial Institutions Bond, which insures Morgan Stanley and all its subsidiaries for loss due to dishonest or fraudulent acts by employees; loss caused by forgery or alteration of securities electronic and computer crime and voice-initiated money transfers. Details are given below:

Name of Insurer:	St. Paul Mercury and others
Policy Number:	490PB2005
Extent of Cover:	USD 150 Million
Expiry Date:	1 September 2012

Investment Advisers Errors and Omissions Policy: (Professional Indemnity Insurance)

Morgan Stanley maintains an Advisers Errors and Omissions Policy, which insures Morgan Stanley and all its subsidiaries for claims by clients regarding actual or alleged breach of duty, negligence and errors and omissions while in the business as an investment adviser. Details are given below:

Name of Insurer:	Travelers Casualty & Surety Co. of America
Policy Number:	105218422
Extent of Cover:	USD 15 Million
Expiry Date:	31 January 2012

Does your firm license any third party technology?

Yes. ICG uses the following technology from third parties:

Zephyr Associates, Inc.: Zephyr, an industry leader in analytical software, was created by a world-class team of software engineers who created an entirely new program—one of the most sophisticated and functional style analysis and performance analysis software available. Since the release of this software, Zephyr's development team continues to keep on the cutting edge. ICG uses Zephyr to get the most thorough and complete style analysis possible in their manager evaluations.

Morningstar®: Morningstar maintains data on mutual fund managers and funds. Morningstar allows ICG to sort through manager or fund databases utilizing commonly requested criteria. Morningstar offers a powerful search, allowing ICG to screen on hundreds of data points and providing well-defined results. All the screeners allow ICG to save search results as a Watch List, in case we'd like to track the performance of these investment vehicles for a while before making a decision. Morningstar will also "Score" investment vehicles, giving ICG a benchmark for our own analysis that ranks managers and funds that pass our test based on criteria that are important to us.

Informa Investment Solutions, Inc.: Informa Investment Solutions, Inc. was founded in 1976 to provide objective performance measurement services to the institutional investment community. Since its founding, Informa Investment Solutions, Inc. has developed its position as an international provider of specialist information and services for the academic, professional and business communities. ICG links to Informa Investment Solutions, Inc. databases to address the qualitative and quantitative factors needed for an extended level of analysis.

Provide a copy of the Firms SEC and/or FSA registration

Please see enclosures.

Provide proof of state registration.

Please see enclosures.



Meet the Global Investment Committee

PROFILES

The Global Investment Committee is made up of senior professionals from Morgan Stanley & Co. Incorporated Research, Morgan Stanley Smith Barney, Citi Investment Research & Analysis and outside financial market experts. The Global Investment Committee provides advice to Morgan Stanley Smith Barney Financial Advisors and our clients through a disciplined process of fundamental research and a comprehensive analysis of economic, market and political conditions. The members of the committee are:

JEFF APPLGATE, CHAIRMAN*

Jeff Applegate is the chief investment officer of Morgan Stanley Smith Barney, responsible for strategic and tactical asset allocation advice to clients. He leads the investment strategy team and chairs the Global Investment Committee. Previously, Mr. Applegate was the chief investment officer at Citigroup Global Wealth Management and, before that, Franklin Templeton. Earlier in his career, he was chief investment strategist for Lehman Brothers and Credit Suisse. Mr. Applegate has also been a senior investment advisor on both the sell side and the buy side at institutions such as Shearson Lehman Hutton, E.F. Hutton and Smith Barney. He began his career as an analyst with H.C. Wainwright & Company in 1974. Mr. Applegate earned a BA in international studies from American University and a B. Litt. in politics from Oxford University. He is on the Morgan Stanley Retirement Plan Committee and the Morgan Stanley

Smith Barney Management Committee. He is also a member of the New York Society of Security Analysts and the CFA Institute.

HUSSEIN ALLIDINA, CFA

Hussein Allidina, head of commodity research at Morgan Stanley, is responsible for fundamental research and analysis of a broad range of commodities, from energy to metals and foods. Prior to joining Morgan Stanley in 2006, he was part of the Goldman Sachs commodity research team and also spent time as a commodities analyst with the International Monetary Fund. Mr. Allidina earned a BA, with honors, in economics from the University of Western Ontario.

MICHAEL BRANDES

Michael Brandes is head of global fixed income strategy at Citi Private Bank and is on its Global Investment Committee. His responsibilities include market strategy, relative value analysis and portfolio recommendations. His views are featured ►

in *Bond Market Weekly* and *Bond Market Monthly*, Citi's flagship reports for high net worth fixed income investors, and he is a regular contributor to *Portfolio Strategist*, Citi's weekly research report. Mr. Brandes authored the book *Naked Guide to Bonds: Stripped Down to the Bare Essentials*. He has 18 years in the industry and earned a BA from the State University of New York and an MBA from the Columbia University Graduate School of Business.

ROBERT BUCKLAND

Robert Buckland is the chief global equity strategist for Citi Investment Research & Analysis. Mr. Buckland was previously the head of pan-European equity strategy. Before joining the firm in 1998, he was an equity strategist with HSBC for four years. Prior to that, Mr. Buckland was a sector analyst, economist and strategist for NatWest Securities starting in 1989.

WILLEM BUITER

Willem Buiter, CBE, FBA, is the chief economist of Citi since January 2010. His previous appointment was professor of political economy at the London School of Economics. He has a BA from Cambridge University and a PhD from Yale University. He has held academic appointments at Princeton University, the University of Bristol, the London School of Economics, Yale and Cambridge. He has published on macroeconomics, monetary and exchange-rate management, financial markets and institutions, fiscal policy, social security reform, economic development, emerging markets and transition economics. In addition, Mr. Buiter was a member of the Monetary Policy Committee of the Bank of England from 1997 to 2000 and chief economist and special counselor to the president at the European Bank for Reconstruction and Development from 2000 to 2005. He has also been an advisor to the International Monetary Fund, the World

Bank, other multilateral institutions, national governments and central banks. Mr. Buiter has been a senior advisor to Goldman Sachs International and a member of the Academic Advisory Board of APG Investments. He wrote *Maverecon*, an economics blog, for the *Financial Times*.

JIM CARON

Jim Caron is the head of global interest rate and currency strategy at Morgan Stanley and manages the global emerging markets fixed income and foreign exchange teams. He writes the firm's weekly US interest rate and monthly global interest rate publications. As a strategist, he is responsible for providing trading recommendations and market observations. Prior to joining Morgan Stanley in 2006, Mr. Caron spent 10 years at Merrill Lynch, where he headed the US Interest Rate Strategy Group and was global coordinator for the Interest Rate Derivatives Strategy Group. He started his career in 1991, trading US Treasuries at JPMorgan; he later worked as a proprietary trader at Tokai Securities and headed the US over-the-counter options trading desk for Sanwa Bank. Mr. Caron earned a BA in physics from Bowdoin College, a BS in aeronautical engineering from the California Institute of Technology and an MBA in finance from New York University.

DAVID M. DARST, CFA, VICE-CHAIRMAN*

David M. Darst is the chief investment strategist for Morgan Stanley Smith Barney and vice-chairman of the Global Investment Committee. He joined Morgan Stanley in 1996 from Goldman Sachs, where he served as a senior executive in the equities division and as resident manager of the firm's private bank in Zurich. Mr. Darst is the author of *The Complete Bond Book*; *The Handbook of the Bond and Money Markets*; *The Art of Asset Allocation*; *Mastering the Art of*

Asset Allocation; and *Benjamin Graham on Investing*. He also wrote *The Little Book That Saves Your Assets*, which ranked on the bestseller lists of *The New York Times* and *BusinessWeek*. He is also a frequent guest on CNBC, Bloomberg, FOX and PBS. Mr. Darst earned a BA in economics at Yale University and an MBA at Harvard Business School. He has lectured at Wharton, Columbia, INSEAD and New York University business schools; for nine years, he served as a visiting faculty member at Yale College, Yale School of Management, and Harvard Business School. He is a Chartered Financial Analyst and a member of the New York Society of Security Analysts and the CFA Institute.

GABRIEL DE KOCK

Gabriel de Kock is the head of US foreign exchange (FX) strategy at Morgan Stanley. As a member of Morgan Stanley's currency strategy team, Mr. de Kock contributes to its outlook on the major currencies and briefs clients and the sales and trading desks on prospects for the global economy and currency markets.

Before joining Morgan Stanley in November 2010, Mr. de Kock worked at J.P. Morgan, Citigroup, Warburg Dillon Read, and the Federal Reserve Bank of New York. In his most recent role at J.P. Morgan he was a senior FX strategist. At Citigroup, he led the currency research team, which is responsible for the firm's exchange-rate forecasts and authored the flagship publication *FX Chartbook*. Prior to that appointment, he was a senior international economist and the lead author and editor of *International Market Roundup*.

At Warburg Dillon Read, his responsibilities included the analysis of global economic trends, the formulation of foreign exchange strategy and coverage of the Canadian economy. At the Federal Reserve Bank of New York, he had primary responsibility for analyzing economic developments in Western ▶

Europe, with special emphasis on Germany. He also published long-term research on US monetary policy and exchange rate regimes.

A South African national, Gabriel earned a Ph.D. in economics from Yale University, an M.Sc. from the London School of Economics and a Bachelor of Commerce degree from the University of Stellenbosch.

RUI DE FIGUEIREDO

Rui de Figueiredo is a consultant who provides investment leadership for Alternative Investment Partners' (AIP) Portfolio Solutions Group. He also leads the hedge fund advisory business within AIP's funds of funds business. Prior to that, he oversaw the investment activities of Graystone Research, an alternative-investments advisory business within Morgan Stanley's Global Wealth Management division. Mr. de Figueiredo has worked with Morgan Stanley since 2007. Prior to that, he spearheaded research at Citi Alternative Investments. He also worked at Boston Consulting Group and Alliance Consulting Group. In addition, Mr. de Figueiredo is an associate professor at the Haas School of Business at the University of California at Berkeley. His research focuses on game theoretic and econometric analysis of organizations and institutions, and he has published in finance, economics, law and political-science journals. Mr. de Figueiredo earned a PhD and two MA degrees from Stanford University, as well as a BA, *summa cum laude*, from Harvard University.

JOACHIM FELS

Joachim Fels coheads Morgan Stanley's global economics team and is the firm's chief global fixed income economist. Based in London, Mr. Fels focuses on monetary policy, the global liquidity cycle and inflation. He edits *The Global Monetary Analyst*, a weekly research publication. Mr. Fels joined the firm in 1996 to cover

the German economy. Later, he coheaded the currency economics team and the European economics teams, which won several top rankings in an *Institutional Investor* poll. He was also the firm's specialist on the European Central Bank since the bank's launch in 1998; he held this position until 2005. Mr. Fels is a member of the German Banking Association's Economic and Monetary Committee and of the Volkswagen Foundation's Asset Allocation Advisory Board. From 1999 to 2008, Mr. Fels advised the German Finance Ministry on international economic policy and financial market issues. Before joining Morgan Stanley in 1997, he worked at the Kiel Institute of World Economics and at Goldman Sachs. He was educated in Germany and Italy.

THOMAS D. GALLAGHER

Thomas D. Gallagher is a consultant on public policy to the Global Investment Committee. Until 2010, he was the head of policy research for the International Strategy and Investment Group (ISI). He also ran ISI's Washington office, which analyzes the financial market implications of policy actions and political developments for institutional investors. ISI's Washington team has been ranked No. 1 for six years on the *Institutional Investor* All-Star Team. Mr. Gallagher's 20 years on Wall Street have been spent at ISI and Lehman Brothers. Prior to that, he worked in the federal government, mainly on Capitol Hill. He has degrees from the University of South Dakota and the Kennedy School of Government, Harvard University. He is also a Chartered Financial Analyst.

JONATHAN GARNER

Jonathan Garner is Morgan Stanley's chief Asian and emerging market strategist. He joined the firm in 2006, having held similar positions at Robert Fleming, DLJ International and Credit Suisse. Before that, he was an academic in the economics department of the London

School of Economics. He is the author of *The Rise of the Chinese Consumer*. Mr. Garner was ranked No. 1 in emerging markets strategy in the 2008 Thomson Reuters Extel survey.

CHRIS GODDING*

Chris Godding joined Morgan Stanley in 2002 and began his current role as manager of multi-asset class portfolios in 2006. Mr. Godding is now head of investments for the discretionary asset management team. Prior to this, he led the Investment Group equity team. He has 25 years experience in the investment management business, in both traditional fund management and hedge fund management. Between 1987 and 1996, Mr. Godding worked in New York, London and Toronto and progressed from analyst to portfolio manager of a top-three-decile US mutual fund. In 1996 he joined Prolific Investment Management as manager of their top-rated global technology fund, and then moved to establish the SocGen Technology Fund in 1998. In June 2000, Mr. Godding moved to Moore Capital, a long/short hedge fund, as a European telecom and technology specialist. Chris has a degree in economics from Sussex University in the UK.

EDWARD M. KERSCHNER, CFA*

Edward M. Kerschner, CFA, is senior strategy consultant for Morgan Stanley Smith Barney and a voting member of the Global Investment Committee. He began his career in 1974 with Cowen & Co. and joined PaineWebber in 1982 as chief investment strategist and chairman of the Investment Policy Committee. Following the acquisition of PaineWebber by UBS in 2000, Mr. Kerschner spent three years as the chief global strategist for UBS Investment Research. In 2004, he became chief investment officer for Citi Investment Research & Analysis and chief investment strategist for Citi Global Wealth Management. ►

More recently, Mr. Kerschner founded E.M. Kerschner, LLC—"The Thematic Research Group." *Institutional Investor* has called Mr. Kerschner "one of the deans of thematic investing." Since 2001, Mr. Kerschner has also been an adjunct professor of finance at New York University's Leonard N. Stern School of Business. In addition, he is a member of the Board of Overseers of the Stern School of Business. Mr. Kerschner received a BS from the New York University School of Engineering and Science and an MBA from the New York University Graduate School of Business Administration.

HENRY MCVEY

Henry McVey heads global macro and asset allocation for Morgan Stanley Investment Management. He joined Morgan Stanley in 1993 as a research associate and, after completing his MBA, returned in 1997 as a senior analyst covering financial institutions. Between 2000 and 2003, Mr. McVey was ranked a No. 1 analyst by *Institutional Investor*. He later became chief US investment strategist, a post in which he also won top industry ratings. He left to become a portfolio manager at Fortress Investment Group LLC, but returned to Morgan Stanley in 2009 to assume his current post. Mr. McVey holds a BA from the University of Virginia and an MBA from the Wharton School of the University of Pennsylvania. He serves on the advisory board of the Jefferson Scholarship at the University of Virginia and is a member of Diocesan Investment Trust for New York. In addition, he is a board member of the TEAK Fellowship and is also a member of the St. Christopher's School Investment Committee.

DAN NELSON*

Dan Nelson is head of the Morgan Stanley Smith Barney Portfolio Strategy & Research Group. The group includes the

equity model portfolio team; exchange-traded funds and models; fixed income strategy and models; closed-end funds; and technical analysis. In recent years, Mr. Nelson oversaw the design and development of the Portfolio Strategy & Research Group's expansion into London and Hong Kong. Over the course of his 33-year career with Smith Barney, Mr. Nelson has had management responsibility for the portfolio review group, equity high net worth program, portfolio advisory program and portfolio management program.

ADAM PARKER

Adam Parker is the chief US equity strategist at Morgan Stanley. He joined the firm in 2010. Previously, Mr. Parker was chief investment strategist and director of quantitative research at Sanford C. Bernstein, where he spent more than 10 years. In those roles, Mr. Parker was named to *Institutional Investor's* 2009 All-America Team in both portfolio strategy and quantitative research. His other roles at SCB included global director of research, senior semiconductor analyst and quantitative research associate. Previously, Mr. Parker was a financial and statistical analyst at American Express and a management consultant focused on the financial sector. He earned a PhD in statistics from Boston University, an MS in biostatistics from the University of North Carolina and a BS in statistics from the University of Michigan.

ROBERTO PERLI

Roberto Perli is a managing director and analyst on International Strategy and Investment Group's (ISI) Policy Research Team in Washington DC.

Prior to joining ISI in 2010, Roberto spent eight years in the division of Monetary Affairs at the Board of Governors of the Federal Reserve System—the last four of which, he was an officer and senior staff member. In that capacity, Mr. Perli assisted

the Board and the FOMC in the formulation of monetary policy, drafted FOMC statements, wrote speeches and testimonies for Chairman Bernanke and other Governors, and lead one of the Board groups that designed and implemented the Federal Reserve's response to the financial crisis.

Before joining the Fed, he worked in risk modeling at Capital One for two years. Mr. Perli started his career as an assistant professor of economics at the University of Pennsylvania and subsequently taught MBA classes at the University of Maryland Robert H. Smith School of Business.

He graduated from the University of Venice, Italy in 1990 with degrees in Economics and Mathematics and earned his PhD in Economics from New York University in 1995.

GREGORY PETERS

Gregory Peters is Morgan Stanley's global head of fixed income research and chief US credit strategist, responsible for research on investment grade, high yield, credit derivatives and structured products. He joined Morgan Stanley's investment-grade strategy group in 2000 and also served as the firm's high yield strategist. Mr. Peters, who started his career as bank regulator at the Office of Thrift Supervision, previously worked at Salomon Smith Barney. He has been recognized by *Institutional Investor* magazine for his efforts in both high yield and investment-grade strategy for the past six years. He received a BA in finance from The College of New Jersey and earned an MBA at Fordham University. He is also a member of the Fixed Income Analyst Society and the Bond Market Association.

CHARLES REINHARD*

Charles Reinhard is the deputy chief investment officer for Morgan Stanley Smith Barney. Prior to joining the firm ►

in 2008, he was the director of portfolio strategy and associate director of research for Neuberger Berman and served on Lehman Brothers' asset management division's Asset Allocation Committee. He was previously the senior US strategist at Lehman Brothers, where he managed the core, growth and value model portfolios, researched a wide array of investment issues and served on the Investment Policy Committee. Mr. Reinhard began his Wall Street career in 1987 and has held fixed income, currency and commodity strategy positions at other top firms. He served on the original committee that wrote the Series 86 and 87 exams. Mr. Reinhard received a BS in managerial economics with high honors at Carnegie Mellon University and an MBA from the New York University Stern School of Business. He was the 2009 to 2010 president of the Money Marketeers of NYU and is involved in a wide variety of nonprofit activities.

NICOLAS RICHARD, CFA*

Nicolas Richard oversees strategic asset allocation for Morgan Stanley Smith Barney. His group's responsibilities include capital market and portfolio construction research, model portfolio generation and maintenance, the support of various asset allocation tools and detailed analyses of key client portfolios. He is also a voting member of the Global Investment Committee, which sets the tactical investment outlook for the firm, and cochairs the Global Portfolio Committee, which implements tactical recommendations across a wide range of product offerings.

Prior to this, Mr. Richard was director of strategic asset allocation at Citigroup. He also worked as an investment strategist within the Quantitative Research group as well as a portfolio manager overseeing global balanced portfolios and mutual funds for Citigroup Asset Management in London.

Mr. Richard holds a masters in finance from London Business School and received his undergraduate degree in applied mathematics (actuarial science) from the University of Montreal. He is also a Chartered Financial Analyst.

DOUGLAS SCHINDEWOLF*

Douglas Schindewolf is the director of tactical asset allocation for Morgan Stanley Smith Barney. He joined Smith Barney's Consulting Group as a member of its Asset Allocation Committee in April 2000 and served as committee chairman from September 2000 through December 2005. Prior to that, Mr. Schindewolf held the position of financial economist in the firm's research department since 1986. Before joining Citi, he worked at the Federal Reserve Bank of New York as an associate economist. Mr. Schindewolf received his BS in finance from Rider University and an MS in economics from New York University.

GRAHAM SECKER

Graham Secker is a managing director for Morgan Stanley Research's European strategy team based in London. Graham joined Morgan Stanley Research in 2000 with a specific focus on the UK market and in 2002 became chief UK strategist. Starting in 2006 Graham took on more general pan-European responsibilities and now splits his time between UK and European strategy. The strategy team focuses on equity market direction, sector rotation and stock selection. Prior to joining Morgan Stanley Research, Graham worked on the strategy team at UBS for three years. Graham graduated in 1995 with a BA in finance from Bournemouth University. ■

Global Investment Committee Advisory Council

The Global Investment Committee Advisory Council comprises senior professionals from Morgan Stanley Research, Morgan Stanley Investment Management, Citi Research & Analysis and Citi Alternative Investments. The Global Investment Committee meets with council members individually on an ongoing basis to elicit their views on current strategic and tactical asset allocation. The members of the Global Investment Committee Advisory Council are:

RONAN CARR, CFA

Ronan Carr has been a member of Morgan Stanley Research's European Strategy team since 1999. The team was voted the best pan-European strategy team in the latest Extel and *Institutional Investor* polls of investors, and has been ranked number one in nine of the last 11 years in each of these polls. The team focuses on equity market direction, themes, styles, sector rotation and stock selection. Mr. Carr maintains the teams' *Sellers' Compendium*, a report that looks for sell ideas by combining quantitative screens with some fundamental stock picks. He became a CFA charterholder in 2002. Mr. Carr studied international commerce and French at University College Dublin, where he also won the Dean's List Award.

JACQUES CHAPPUIS

Jacques Chappuis, head of Alternative Investment Partners, joined Morgan Stanley in 2006 as head of alternative investments for the firm's Global Wealth Management group. There he was responsible for all aspects of the alternative-investments platform, including the firm's managed-futures fund of funds and customized hedge fund portfolios. Prior to joining the firm, Mr. Chappuis was head of alternative

investments for Citigroup's Global Wealth Management group and a managing director at Citi Alternative Investments. Earlier in his career, Mr. Chappuis was a consultant at the Boston Consulting Group, focusing on the financial services sector, and an investment banker at Bankers Trust Company. He received a BA in finance from Tulane University and an MBA in finance, with honors, from the Columbia University Graduate School of Business.

DAVID GREENLAW

David Greenlaw is the chief US fixed income economist for Morgan Stanley. His primary duties involve analysis of the US economy and credit markets, including Federal Reserve and US Treasury activity. He is also responsible for the projections of key economic indicators. Mr. Greenlaw was named "Best Fed Forecaster" in a *Bloomberg Markets* magazine survey. Before joining Morgan Stanley in 1986, he spent four years working on the staff of the Federal Reserve Board. Mr. Greenlaw holds an MBA from New York University and a BA from the University of New Hampshire. He has also done extensive graduate work at the University of Chicago and The George Washington University. In addition, he serves on the boards of various

organizations, including the Money Marketeers, the US Monetary Policy Forum, the State of New York Economic Advisory Panel and the University of New Hampshire Foundation.

ALEXANDER KINMONT

Alexander Kinmont is Morgan Stanley's strategist for Japan. As part of the global strategy team, he is responsible for formulating and disseminating the firm's view of the Japanese financial markets. He joined Morgan Stanley as a real estate and related sector analyst in 1991; in 1993 he became the Japanese equity strategist. Mr. Kinmont joined Nikko Salomon Smith Barney in 2001 and later worked at Prospect Asset Management and Babcock and Brown before returning to Morgan Stanley in 2009. Mr. Kinmont has an MA in Latin and Greek literature and ancient history from Pembroke College, Oxford University. Born in Yorkshire in the United Kingdom, he first came to Japan in 1985 as a graduate trainee at Dai-Ichi Securities Co. Ltd. He is fluent in Japanese.

MARTIN L. LEIBOWITZ

Martin L. Leibowitz is director of the global strategy team for Morgan Stanley, responsible for producing studies on such topics as beta-based asset allocation, long/short equity strategies and the need for greater fluidity in policy portfolios. Prior to joining Morgan Stanley, Mr. Leibowitz was vice-chairman and chief investment officer of TIAA-CREF, with responsibility for the management of more than \$300 billion in equity, fixed income and real estate assets. Previously, he had a 26-year association with Salomon Brothers, where he became director of global research, covering both fixed income and equities. Mr. Leibowitz has written more than 150 articles on various financial and investment-analysis topics and has been the most frequently published author in both the *Financial Analysts Journal* and the *Journal of Portfolio Management*. ►



Ten of his articles have received the Graham and Dodd Award for excellence in financial writing. He also has written several books—his first, *Inside the Yield Book*, is considered an investment standard. The CFA Institute has presented him with three of its highest awards. Mr. Leibowitz received an AB and MS from the University of Chicago and a PhD in mathematics from the Courant Institute of New York University.

TOBIAS M. LEVKOVICH

Tobias M. Levkovich is a managing director and the chief US equity strategist for Citi Investment Research & Analysis and is a member of Citi's Investment Strategy Committee. Among other duties, he is responsible for assessing the direction of the market, setting the firm's investment sector allocations and compiling its *Recommended List*, a list of specific investments that he expects to appreciate in value. Prior to assuming his current role in 2001, Mr. Levkovich spent 13 years analyzing the engineering, construction and machinery industries. Mr. Levkovich began his career as an assistant vice-president in the research department of L.F. Rothschild. He holds a bachelor's in commerce from Concordia University in Montreal and attended Boston University's Graduate School of Management.

GERARD MINACK

Gerard Minack is head of developed-market strategy at Morgan Stanley. He joined the firm in 2005 as an Australian market strategist. Prior to that, he worked at ABN AMRO, BZW and at Syntec Economic Services, a market-forecasting firm. He previously worked in government and earned an MA from the University of Melbourne.

QING WANG

Qing Wang is Morgan Stanley's chief economist for greater China. Mr. Wang joined Morgan Stanley in 2007 from Bank

of America, where he was the head of economics and investment strategy for greater China. Prior to that, he spent six years as an economist with the International Monetary Fund (IMF) in Washington, DC, covering member countries in Asia, Eastern Europe and the Middle East. In this position, he was responsible for strengthening and implementing the IMF's surveillance policy framework. Mr. Wang holds a PhD in economics from the University of Maryland, where he concentrated in international economics and public finance. He also holds a BA in economics and an MA in macroeconomic management from Renmin University of China.

STEVEN WIETING

Steven Wieting is a managing director of Citigroup's Economic & Market Analysis team, which is responsible for the firm's global economic forecasts and policy analysis. Mr. Wieting, based in New York, serves as the lead economist for the US institutional equities business. In addition to forecasting and interpreting economic developments, Mr. Wieting's research focuses heavily on financial market dynamics and investment risks and opportunities. He publishes his research in the weekly *Portfolio Economics* and also contributes to the firm's *Comments on Credit* and *Portfolio Strategist*. His quarterly *Inside the S&P 500* provides projections of corporate earnings for the S&P 500 and its industry sectors. Prior to joining Smith Barney in 1996, Mr. Wieting was an economics correspondent with Dow Jones for three years and a contributor to *The Wall Street Journal's* "Credit Markets" column. Previously, he worked for the US Department of Commerce. Mr. Wieting received an MS in quantitative economics at Baruch College. He also has acquired credits toward a PhD in economics at the City University Graduate Center. ■



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Meet Consulting Group Investment Advisor Research

PROFILES

Given the thousands of investment managers, mutual funds, exchange-traded funds and other investment vehicles available in the industry today, there is little question that finding an appropriate investment can be a bewildering challenge. To help investors make these difficult decisions, the Consulting Group Investment Advisor Research team uses a disciplined process to research and evaluate investment managers and products for Morgan Stanley Smith Barney's investment advisory programs. This dedicated team of more than 30 manager research professionals regularly reviews more than 1,000 investment products across a broad spectrum of asset classes and investment styles in an effort to ensure that they continue to meet our rigorous standards.

The Consulting Group Investment Advisor Research team is comprised of manager research analysts and other investment professionals, many of whom have extensive experience researching and evaluating professional investment management firms. The team applies a common research framework in its review of all investment products under consideration. Whether investors select a separately managed account, mutual fund or an exchange-traded fund in either a traditional or alternative investment strategy, they can feel confident that their choice has been scrutinized for a series of qualitative and quantitative criteria by an experienced team of manager research professionals.

Meet the Management Team

GLENN REGAN, CFA

Glenn Regan has served as Director of Consulting Group Investment Advisor Research and its predecessor teams since 1996, overseeing the research and evaluation process of all investment management firms up for

offering in Consulting Group's investment advisory programs. Mr. Regan began his career with Smith Barney's Consulting Group in 1987 and served as a director of Consulting Group's Institutional Services Department, where he assisted institutional clients in the development of investment policy guidelines, asset allocation strategies, portfolio structure and investment strategy. Mr. Regan holds a B.S. in Finance and Statistics from the Syracuse University School of Management. He is also a CFA® charterholder and a member of the CFA Institute (formerly the Association for Investment Management and Research).

JAMES FORSYTH, CFA

James Forsyth is the director of research publications within Consulting Group Investment Advisor Research. He manages the regulatory review process for Consulting Group Investment Advisor Research. Before joining the Firm in 2004, Mr. Forsyth worked for SEI Investments in a variety of roles within the

Investment Strategies Group, Institutional Asset Management Group and Mutual Fund Services unit. Mr. Forsyth holds a B.A. in Political Science/History from the University of Delaware and an M.B.A. in Finance from Temple University. He is a CFA charterholder and a member of the CFA Institute.

TOM LEEDS, CIMA

Tom Leeds, Associate Director of Consulting Group Investment Advisor Research, manages the team of manager research analysts responsible for evaluating the investment products that are offered in investment advisory programs at Morgan Stanley Smith Barney. He joined Morgan Stanley in 1993 as a senior manager research analyst, responsible for evaluating investment products across asset classes and was subsequently a manager for the Global Advisor Research team at Morgan Stanley. Previously, Mr. Leeds held positions in investment advisor research at Smith Barney and Drexel Burnham Lambert. He holds a B.A. from Rutgers College and an M.B.A. from Rutgers Graduate School of Business. Mr. Leeds also holds the Certified Investment Management AnalystSM (CIMA[®]) designation and is a member of the Investment Management Consultants Association (IMCA).

CHRISTINA SHORTS

Christina Shorts manages the research communications team within Consulting Group Investment Advisor Research responsible for disseminating manager research materials throughout Morgan Stanley Smith Barney. Ms. Shorts joined the Firm in 1999 and has held various roles within the manager research and relationship management teams. Previously, she worked for the accounting firm Papaleo, Rosen & Chelf. Ms. Shorts attended Delaware Tech.

DREW SOFFER

Drew Soffer is the Research Management Committee Chairperson for Traditional Strategies, providing oversight of the decision-making process across the Traditional Strategies team of Consulting Group Investment Advisor Research. He is also responsible for determining which products are available on the Tactical Opportunities List. This list identifies tactical, opportunistic investment products that Consulting Group Investment Advisor Research believes may benefit from expected market trends, such as outperformance by a particular asset class or investment style. Mr. Soffer joined Consulting Group Investment Advisor Research in 1999 as a manager research analyst. He has also served as the Investment Officer for Separate Account Research, responsible for all manager hire, upgrade, watch, downgrade and termination decisions. Prior to joining the Firm, he was the lead analyst in the Investor Relations Department of PECO Energy. Mr. Soffer holds a B.A. in Economics from La Salle University and an M.B.A. in Finance from Temple University.

BRIAN WATTS, CFA

Brian Watts is the Director of Research for Graystone Consulting, the institutionally focused investment consulting business of Morgan Stanley Smith Barney. Mr. Watts joined the Firm in 2006 and is responsible for Graystone Consulting manager research. In addition, he is responsible for consulting tools and analytics used by the institutional teams. Previously, Mr. Watts spent 12 years at Merrill Lynch's Consulting Group where he was a director in the institutional and high-net-worth consulting area, working closely with Financial Advisors and clients on investment strategy and portfolio implementation. At one time, he had been responsible for a team of analysts that conducted institutional

investor research and oversaw the asset allocation and investment policy functions. Prior to Merrill Lynch, he was a plan sponsor overseeing pension assets for the Pullman Company. He also worked at the family office of William E. Simon & Sons. Mr. Watts holds a B.S. and M.B.A. from Rutgers University. He is a CFA charterholder and member of the CFA Institute.

Meet the Investment Officers

STUART BLUMENTHAL

Stuart Blumenthal manages the team of manager research analysts responsible for evaluating managers who deliver quantitative and alternative investment strategies. He joined the Firm as a research analyst in 2006, responsible for conducting investment product research. Previously, he was a high yield analyst at Cypress Tree Investment Management, a Boston-based fixed income firm, where he was responsible for the automotive, healthcare and entertainment sectors. Mr. Blumenthal began his career as a consultant for Computer Sciences Corporation. He holds a B.S. in Operation Management from the University of Delaware and an M.B.A. and Masters in Finance from Northeastern University.

ANDREW COHEN, CFA

Andrew Cohen manages the team of manager research analysts focused on fixed income investment strategies. Mr. Cohen joined the Firm in 2006 as a manager research analyst focusing on fixed income managers. Previously, he worked for Natixis Global Associates, for which he focused on manager selection, performance analysis and reporting responsibilities. Mr. Cohen started his investment career in 2001 in municipal bond strategy and analysis with Thomson Reuters. He holds a B.S. in Finance from Virginia Tech. He is also a CFA charterholder and a member of the CFA Institute and the New York Society of Securities Analysts.

CHRISTINE COLLINS, CFA

Christine Collins manages the team of manager research analysts responsible for reviewing and evaluating US core investment strategies. She joined the Firm in 2004 and has covered various asset classes. Previously, Ms. Collins was a portfolio manager associate with Mellon Bond Associates and the Dreyfus Corporation. Ms. Collins holds a B.S. in Accounting from Fairfield University and an M.B.A. in Finance from Villanova University. She is a CFA charterholder and a member of both the CFA Institute and the CFA Society of Philadelphia.

WILLIAM DISISTO

William DiSisto manages the team of manager research analysts responsible for evaluating growth equity investment products. He joined the Firm in 2006 as a manager research analyst focusing on equity manager evaluation. Previously, he served as Director of Research at KB Advisors and, prior to that, as research analyst with Lockwood Advisors. Mr. DiSisto holds a B.S. in Business Management from Albright College and an M.B.A. from DeSales University.

ANTHONY NATALE, CFA

Anthony Natale manages the team of manager research analysts focused on value equity investment products. He joined the Firm as a manager research analyst in 2002, responsible for conducting research on a range of investment products. Previously, he spent six years with The Vanguard Group, where he most recently held the position of associate analyst within the Portfolio Review Group. Mr. Natale received a B.S. in Finance from Pennsylvania State University. He is also a CFA charterholder and a member of the CFA Institute.

LAURA THOMAS

Laura Thomas manages the team of manager research analysts focused

on evaluation of non-US investment management firms and strategies. Ms. Thomas joined the Firm in 2006 with a focus on international investing. Previously, she was an international equity analyst at Morgan Stanley Investment Management (MSIM). The majority of her career has been focused on investments outside the US and she has focused at various times on European, Canadian and emerging markets equities. She has also served as a portfolio specialist for the Firm's asset allocation strategies. Ms. Thomas holds a B.S. in Management from Rosemont College and has more than 20 years of investment experience.

Meet the Analysts**DIPTEE BORKAR**

Diptee Borkar is a senior manager research analyst and is responsible for researching and evaluating value equity investment products. She joined the Firm as a manager research analyst in 2004, responsible for conducting research on a range of investment products. Previously, she spent almost two years working as a manager research analyst at Fiduciary Investment Solutions, an investment consulting and fund management firm specializing in the evaluation and selection of emerging investment management firms. Prior to that, she worked as a research associate at ValueQuest/TA, a value-oriented global investment management firm. Ms. Borkar holds a B.A. from the University of Bombay and an M.A. from Purdue University. She also holds an M.B.A. from Babson College.

JEFFREY CHAPRACKI

Jeffrey Chapracki is a senior manager research analyst and is responsible for researching and evaluating growth equity investment products. He joined the Firm in 2006 as a manager research analyst focusing on evaluating equity asset management firms. He began his investment

career in 1997 as a fund accountant with SEI Investments and later assumed a role as business manager. In 2001, he joined Lockwood Advisors in an operational role and was later promoted as a research analyst in its investment manager research group. Mr. Chapracki holds a B.S. in Economics and Finance and an M.B.A. from West Chester University.

MARY BETH CHELOHA, CFA

Mary Beth Cheloha is a senior manager research analyst responsible for the review and evaluation of separate account managers, mutual funds and alternative strategies. Her manager research responsibilities encompass a variety of investment asset management firms and strategies including US and global real estate investment trust (REIT) managers, commodity-based managers, tactical asset allocation managers and long/short managers. Before joining the Firm in 2007, Ms. Cheloha conducted fundamental research for Susquehanna Investment Group, was a sell side equity analyst for Pennsylvania Merchant Group and was a fixed income portfolio manager and research analyst for Penn Mutual Life Insurance Company. Ms. Cheloha started her career as a National Bank Examiner for the Comptroller of the Currency. She holds a B.S.B.A. from the University of North Dakota and has more than 20 years of investment experience. Ms. Cheloha is a CFA charterholder and a member of the CFA Institute.

JAY CRUZ

Jay Cruz is a senior manager research analyst responsible for evaluating and selecting core equity and convertible bond strategies for the investment advisory programs at Morgan Stanley Smith Barney. Before joining the Firm in 2008, Mr. Cruz worked at UBS Financial Services as a manager research analyst focusing on value equity and international equity strategies. He previously held positions

as a supervisor on UBS' managed accounts trading desk and as a branch operations manager at PaineWebber. Mr. Cruz holds a B.A. in Economics from Boston College and an M.B.A. in Finance from Fordham University.

JUSTIN EAGAN, CFA

Justin Eagan is a senior manager research analyst responsible for evaluating and selecting value equity disciplines. He joined the Firm as a manager research analyst in 2006, responsible for conducting research on a range of investment products. Previously, he spent five years with Deutsche Bank as an equity product specialist. Prior to that, he conducted performance attribution analysis for JP Morgan. Mr. Eagan received a B.S. from Southern Connecticut State University and an M.B.A. from St. John's University. Mr. Eagan is a CFA charterholder and a member of the CFA Institute.

NILOY GANGULY

Niloy Ganguly is a senior manager research analyst responsible for the research and evaluation of managers who employ a quantitative investment process across multiple asset classes. He is also responsible for the review of exchange-traded funds and target date funds. Before joining the Firm in 2006, he was a new product development analyst with Morgan Stanley Capital International (MSCI Barra). Mr. Ganguly has more than 10 years of investment experience and holds a B.A. from the University of Rochester and an M.S. from the Krannert Graduate School of Business at Purdue University.

BRIAN GLANZ

Brian Glanz is a manager research analyst responsible for the research and evaluation of separately managed accounts and mutual funds that utilize alternative and quantitative investment strategies. Prior to joining the Firm in 2011, he was an

investment manager for NewMarket Capital Partners, a multistrategy fund-of-hedge-funds. Before that, he spent six years as an investment officer with the City of Philadelphia Board of Pensions and Retirement where he oversaw coverage of the pension fund's public equities, private equities and hedged strategies. Mr. Glanz received a B.S. from the University of Delaware.

CHRISTOPHER HART

Christopher Hart is a senior manager research analyst focusing on U.S. growth equity asset managers and funds. Prior to joining the Firm in 2006, Mr. Hart was an investment officer at Haverford Financial Services where he developed client relationships and managed investment portfolios. Prior to his tenure at Haverford Financial Services, Mr. Hart worked in the Private Client Group at Credit Suisse First Boston and at Prudential Securities as an associate research analyst. Mr. Hart holds a B.A. in Economics from Trinity College and an M.B.A. from the Darden Graduate School of Business at the University of Virginia.

JASON JANKOSKY, CFA

Jason Jankosky is a senior manager research analyst responsible for the review and evaluation of US value equity investment products. Mr. Jankosky joined the Firm in 2002. Previously, he was an associate portfolio manager in Consulting Group's Portfolio Advisory Services team where he was responsible for portfolio analysis and investment manager selection. Mr. Jankosky holds a B.S. in Finance from the University of Delaware. He is a CFA charterholder and a member of the CFA Institute.

ANITA KHARWADKAR

Anita Kharwadkar is a manager research analyst who joined the Firm in 2003. During her tenure, Ms. Kharwadkar has covered a number of

strategies from various asset classes, including domestic and international equities and fixed income. Currently, she focuses on the research and evaluation of asset management firms and funds in international and emerging markets strategies. Additionally, Ms. Kharwadkar conducts research on offshore mutual funds. Previously, Ms. Kharwadkar was a technical analyst where she provided investment advice and statistical analysis to Financial Advisors in the Northeast region. Ms. Kharwadkar holds a B.B.A. in Finance, Investments and Banking, and a Certificate in International Business from the University of Wisconsin at Madison.

RAFAEL KILAYKO JR.

Rafael Kilayko is a manager research analyst focused on reviewing and evaluating fixed income investment managers. Previously, he was an analyst with the Firm's investment products group where he evaluated mutual funds in various asset classes, including international/global equities, multi-sector fixed income strategies and sector equity strategies. Mr. Kilayko joined Morgan Stanley in 1998 and has held several roles since then, including supervisor of the separately managed accounts help desk and technical analyst with Morgan Stanley's analyst group. He also served as a research analyst for Proctor Investments where he was responsible for statistical analysis on emerging long/short managers. He holds a B.S. in Finance from the College of Staten Island – City University of New York.

STEVE LEE, CFA

Steve Lee is a senior manager research analyst focused on reviewing and evaluating fixed income managers. He has covered various asset classes in his career, including international equities, multi-sector bond and sector equity strategies. Prior to joining the Firm in 2007, Mr. Lee was

an analyst with HSBC Investments where he researched equity and fixed income asset managers. Previous to that, he was an associate director with Fitch Ratings, responsible for rating collateralized debt obligations (CDOs), mutual fund fee securitizations and fund-related products. He holds a B.B.A in Finance from Baruch College – City University of New York. Mr. Lee is a CFA charterholder and a member of the CFA Institute.

JEFFREY MEKULSKI

Jeffrey Mekulski is a manager research analyst focusing on the review and evaluation of US value equity investment strategies. Mr. Mekulski joined the Firm in 2002. Previously, he was a technical research analyst where he provided investment advice and statistical analysis for the Northeast region. Mr. Mekulski holds a B.S. in Finance from the University of Delaware.

JOHN MEYER

John Meyer is a senior manager research analyst focusing on the research and evaluation of US growth equity investments. He joined the Firm in 2005 and has covered various investment styles including international and US growth and value equity managers across capitalization ranges. Previously, he was an investment analyst at SEI Investments where he was responsible for the evaluation and selection of small cap domestic equity investment managers. Prior to SEI Investments, Mr. Meyer worked as an investment analysts at ICMA Retirement Corporations, a retirement plan sponsor in Washington, DC. Mr. Meyer received a B.S. in Marketing from Louisiana State University and an M.B.A. from Villanova University.

STACEY OREL, CIMA

Stacey Orel is a manager research analyst responsible for evaluating US growth equity investment prod-

ucts. Ms. Orel has been evaluating investment products since 2005. She joined the Firm in 2000 as a marketing associate with a Financial Advisor team, and subsequently held an analyst role with the Morgan Stanley Institutional Consulting Group. Ms. Orel holds a B.S. in Business Administration from the University of Pittsburgh. She also holds the Certified Investment Management AnalystSM (CIMA[®]) designation and is a Level II candidate in the Chartered Financial Analyst program.

ADRIANE N. PARRIS, CFA, CAIA

Adriane Parris is a senior manager research analyst specializing in the evaluation of investment managers and funds for international equity strategies. Before joining the Firm in 2004, Ms. Parris was a senior performance analyst at Citigroup Asset Management where she was responsible for GIPS compliance, composite reporting and competitive analysis. Ms. Parris began her investment career at Neuberger Berman in 1996 where she was a portfolio assistant and performance analyst. Ms. Parris holds a B.S. in Economics from the State University of New York at Albany. She also holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations, and is a member of the CFA Institute, the CAIA Association and the New York Society of Securities Analysts.

MATTHEW RIZZO

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