

# Domestic Multi Cap & Large Cap Growth SMA Sector Summary

## SECTOR SUMMARY

### Quarterly Overview

- 2Q11 marked a weakening or deceleration within equity markets as macro economic forces & events tended to overwhelm individual company performance. Growth stocks in general began the quarter up over +3% in April, but gave up most of the initial return in May & June. For the quarter, growth stocks out-performed value stocks across the board, which has also been the trend over the YTD, and trailing 1-year & 3-year periods. Larger cap stocks have also out-performed smaller cap equities as investors seem to be getting more defensive, which also coincides with a favorable bias towards higher-quality and lower-beta factors. This has been a slowly strengthening trend throughout the year, however mega-caps continued to lag.
- Mid Cap Growth was the best returning asset class for the quarter & YTD, so portfolios with a mid-cap bias were advantaged.
- Some money managers have likened 2011 to 2010, where the 2<sup>nd</sup> quarter of each respective year was influenced by fears of sovereign debt defaults (Greece) and man-made/enhanced natural disasters (BP oil spill in 2010 and Japan's Fukushima nuclear reactor melt-down in 2011). If the markets hold to this script, the mid-year pull-back might give way to further upside as the markets "climb the wall of worry". However, there is a lot for the markets to worry about...

- The S&P Volatility Index (VIX) was fairly tame (or complacent) during 2Q11; beginning around 17, with an intra-quarter low of 14 (high of nearly 25), and ending at about 16. For perspective, the VIX hit 29 in mid-March following the earthquake, tsunami, and nuclear reactor disasters that hit Japan, touched nearly 46 in May 2010 following the "flash crash" & BP oil spill, and spiked to 79 in October 2008 following the collapse of Lehman and AIG.
- For the quarter, the unemployment rate rose from 8.8% to 9.2% and the economy added an estimated 260K jobs, with a sharp deceleration of jobs added in May & June. The 10-year Treasury yield decreased from 3.45% to 3.16% as investors shunned equities. However, the dollar weakened further against the Euro ending the quarter at \$1.45 USD/Euro. As "QE2" ended, all eyes have turned to Congress as debate over the national deficit and increase of the debt ceiling has taken front stage. Despite continued turmoil in the Middle East, oil fell by over 10% to \$95.42/barrel. At the end of the quarter, in a global concerted effort the U.S. announced the release of oil stocks from the Strategic Petroleum Reserve to mitigate supply shortages due to the Libyan conflict. Gold benefited from the "flight to safety" environment, rising +4.4% to \$1,502/oz.
- The more defensively oriented Consumers & Health Care sectors tended to out-perform for the quarter (over-weights to these sectors generally resonates with more conservative approaches).
- The Energy sector experienced a reversal from 1Q11 and was the worst-performing sector in 2Q11 followed by Industrials and Technology.

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## DOMESTIC MULTI CAP &amp; LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

- Many managers continue to be attracted to the Technology sector due to low debt levels, strong ROE, and compelling valuations. That said, growth expectations for the sector are relatively low compared to the more cyclical sectors.
- In the large cap growth field of FS Focus List portfolios, sub-styles experienced the following average returns: Aggressive 1.10%, Traditional 0.32%, and Conservative 1.09%
- 8 of the 14 FS Large Cap Growth products out-performed for the quarter. The themes or common factors that tended to be in favor included a smaller-cap bias, a moderate-valuation profile, a quality bias, a lower beta orientation, and defensive economic sector positioning (over-weight to Consumers & Health Care). Growth factors tended to be more disjointed with the moderate growth (8-12%) and high growth (above 20%) segments out-performing. In general, conservative growth investment approaches were in-favor, with Santa Barbara typifying the nearly ideal posture (that said, 4 of the 8 out-performers were aggressive growth mandates). The Energy & Technology sectors lagged for the quarter, which tended to drag down performance for Wells & Turner.
- In terms of upside outliers, Sands returned nearly 3.6% and benefited from significant exposures to the higher growth segments of the benchmark, an under-weight to mega-caps, and an over-weight to the Consumer Discretionary & Health Care sectors. Sands also experienced positive stock selection in 6 of the 7 sectors the portfolio was invested, with the most contribution from the Consumer Discretionary sector.
- In terms of downside outliers, Neuberger fell over 2.1% for the quarter – hurt by exposures to mega caps, a higher beta profile, but mostly due to adverse security selection in the Energy & Technology.
- The roster of non-diversified & Multi Cap Growth portfolios tended to lag as a group due to the aggressive growth bent to the bracket. William Blair & Renaissance essentially kept pace with the benchmark for the quarter, having traditional growth & conservative growth sub-styles, respectively. Clearbridge was the out-performer of the field, which benefited from an under-weight to mega-caps, advantageous sector positioning (over-weight Consumer Discretionary & Health Care, under-weight Technology), and positive stock selection within Health Care.

## 2Q11 Style Box Returns

<b>LCV</b> -0.50%	<b>LCC*</b> 0.10%	<b>LCG</b> 0.76%
<b>MCV</b> -0.69%	<b>MCC</b> 0.42%	<b>MCG</b> 1.61%
<b>SCV</b> -2.65%	<b>SCC</b> -1.61%	<b>SCG</b> -0.59%

\*based on Russell Indices except LCC (S&amp;P500 Index)

## YTD Style Box Returns

<b>LCV</b> 5.92%	<b>LCC*</b> 6.04%	<b>LCG</b> 6.83%
<b>MCV</b> 6.69%	<b>MCC</b> 8.08%	<b>MCG</b> 9.59%
<b>SCV</b> 3.77%	<b>SCC</b> 6.21%	<b>SCG</b> 8.59%

\*based on Russell Indices except LCC (S&amp;P500 Index)

2Q11 Wt	2Q11 Avg Return	S&P Quality	YTD Wt	YTD Avg Return
25.2%	2.73%	A+, Highest	25.0%	10.00%
10.7%	3.52%	A, High	10.7%	8.29%
11.2%	-0.81%	A-, Above average	11.5%	5.04%
22.7%	2.09%	B+, Average	22.7%	6.07%
19.8%	-0.63%	B, Below average	19.6%	8.99%
8.6%	-0.21%	B-, Lower	8.7%	1.66%
1.8%	2.37%	C, Lowest	1.8%	13.48%
0.0%	-2.48%	D	0.0%	-2.48%

R1000G Index, average indx weights &amp; returns for the respective time periods

2Q11 Wt	2Q11 Ret	Beta Sectors	YTD Wt	YTD Ret
38.0%	2.6%	0.0 - 0.9	38.0%	10.3%
22.8%	1.6%	0.9 - 1.1	27.1%	7.0%
26.5%	-1.4%	1.1 - 1.3	23.8%	4.0%
9.1%	0.0%	1.3 - 1.5	7.6%	3.2%
3.8%	-2.2%	Above 1.5	3.5%	1.5%

R1000G Index, average indx weights &amp; returns for the respective time periods

GICS Economic	2Q11 Wt	2Q11 Ret	YTD Wt	YTD Ret	Total Debt/Equity	ROE	Forecast 1YR P/E	Forecast 1YR Growth
Energy	11.6%	-4.4%	11.5%	11.5%	0.34	15.7%	12.5	26.5%
Materials	5.1%	0.2%	5.1%	2.8%	0.77	21.7%	12.7	21.5%
Industrials	13.5%	-0.8%	13.4%	7.5%	1.01	20.6%	14.8	21.6%
Consumer Discretionary	14.4%	5.1%	14.4%	7.8%	1.39	21.9%	16.8	18.6%
Consumer Staples	9.9%	5.9%	9.5%	10.6%	0.87	30.4%	15.0	10.8%
Health Care	10.0%	4.5%	9.9%	11.6%	0.63	19.2%	15.1	14.6%
Financials	4.7%	-0.3%	4.8%	5.9%	1.56	12.7%	19.3	20.1%
Information Technology	29.9%	-0.8%	30.5%	3.1%	0.27	25.2%	13.7	14.0%
Telecomm Services	0.8%	1.2%	0.8%	0.6%	1.83	4.8%	27.7	33.2%
Utilities	0.1%	1.8%	0.1%	16.2%	1.92	12.8%	20.5	16.1%
Index Return (Average)		0.8%		6.8%	0.74	21.3%	14.6	17.5%

R1000G Index, average index weights &amp; returns for the respective time periods. D/E, ROE, and Forecast P/E &amp; Growth metrics are as of 6/30/11

## Performance as of June 30, 2011 – (Gross of Fees)

	Mgr T.	Qtr	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2010	2009	2008	2007	2006
<b>Large Cap Growth</b>													
Sands LCG	8	3.56%	8.28%	46.66%	11.68%	8.97%	7.48%	6.03%	27.41%	72.10%	-47.94%	19.66%	-5.86%
Columbia	TEAM	3.30%	12.03%	49.83%	8.02%	9.03%	9.42%	3.69%	25.32%	47.17%	-44.66%	22.21%	9.52%
Jennison	TEAM	3.17%	8.45%	36.69%	6.86%	6.36%	6.59%	3.43%	13.82%	41.54%	-36.05%	11.28%	2.96%
Santa Barbara LCG	TEAM	2.32%	7.02%	31.26%	3.43%	3.89%	4.32%	4.05%	15.94%	23.05%	-29.72%	6.30%	4.36%
Goldman LCG	TEAM	1.80%	3.81%	25.83%	2.13%	4.65%	4.30%	1.38%	11.15%	42.95%	-38.39%	11.45%	9.68%
Marisco LCG	12	1.31%	6.78%	37.29%	4.48%	4.04%	5.76%	4.74%	19.27%	28.82%	-38.52%	13.80%	4.73%
Northroad DSM LCG	8	1.16%	4.72%	36.11%	1.87%	5.84%	7.50%	*	24.06%	25.22%	-37.90%	20.83%	11.44%
Montag LCG	TEAM	1.02%	5.45%	27.29%	3.14%	6.38%	5.63%	3.43%	9.63%	31.03%	-32.08%	22.21%	9.02%
<b>Russell 1000 Growth</b>		<b>0.76%</b>	<b>6.83%</b>	<b>35.01%</b>	<b>5.02%</b>	<b>5.33%</b>	<b>4.92%</b>	<b>2.24%</b>	<b>16.72%</b>	<b>37.21%</b>	<b>-38.43%</b>	<b>11.82%</b>	<b>9.08%</b>
Winslow LCG	TEAM	0.28%	8.19%	40.36%	5.28%	7.88%	8.43%	5.06%	17.27%	41.07%	-38.37%	23.05%	7.87%
Congress LCG	TEAM	-0.08%	7.63%	32.21%	2.85%	3.87%	5.31%	3.76%	11.48%	27.38%	-33.47%	11.99%	9.07%
Turner (C.G.)	TEAM	-0.62%	4.91%	30.58%	-0.41%	2.08%	5.00%	2.67%	13.07%	37.16%	-48.38%	22.14%	9.85%
Wells LCG	9	-0.66%	5.44%	38.18%	-1.12%	3.01%	4.68%	3.98%	19.29%	32.20%	-43.94%	16.98%	5.08%
Turner (G.E.)	19	-1.36%	5.75%	34.93%	1.06%	3.05%	4.23%	1.52%	18.45%	38.96%	-49.26%	22.76%	7.49%
Neuberger LCG	TEAM	-2.16%	4.45%	31.67%	3.43%	6.05%	7.41%	5.06%	14.52%	28.77%	-34.11%	20.78%	11.06%
<b>Multi Cap Growth</b>													
Clearbridge MCG	18	3.73%	10.24%	49.91%	10.46%	7.93%	9.43%	6.72%	30.97%	49.71%	-42.12%	7.89%	11.34%
<b>Russell 3000 Growth</b>		<b>0.64%</b>	<b>6.97%</b>	<b>35.69%</b>	<b>5.28%</b>	<b>5.36%</b>	<b>5.07%</b>	<b>2.42%</b>	<b>17.66%</b>	<b>36.99%</b>	<b>-38.45%</b>	<b>11.39%</b>	<b>9.46%</b>
Blair MCG	TEAM	0.60%	6.58%	33.00%	5.33%	6.63%	7.93%	4.49%	15.36%	41.20%	-37.22%	14.41%	13.97%
Renaissance	18	0.41%	6.42%	35.04%	1.46%	2.58%	4.66%	6.24%	16.31%	21.45%	-36.29%	11.59%	4.46%
Calamos MCG		-0.87%	8.08%	48.26%	5.90%	6.04%	6.66%	*	26.81%	53.26%	-50.67%	24.91%	4.01%
Wells MCG	6	-1.04%	7.09%	40.23%	1.77%	7.99%	9.95%	*	27.02%	38.89%	-45.10%	32.05%	14.56%
Turner MCG	19	-2.30%	6.17%	55.30%	9.41%	8.16%	8.26%	3.42%	38.29%	62.90%	-54.31%	30.10%	5.59%
Turner Conc	19	-3.08%	-0.70%	38.31%	6.40%	6.53%	7.22%	*	29.70%	68.42%	-54.70%	30.13%	6.87%

Source: Polaris

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The following Focus List products were not included due to the timing of data availability, please see the research report for more information: Calamos Growth, Chase LCG, Delaware LCG, Friess ACG, Friess LCG and Westfield LCG.

## Performance as of June 30, 2011 – (Net of Advisory Fees)

	Mgr T.	Qtr	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2010	2009	2008	2007	2006
<b>Large Cap Growth</b>													
Sands LCG	8	2.80%	6.70%	42.52%	8.39%	5.76%	4.31%	2.88%	23.75%	67.22%	-49.60%	16.24%	-8.66%
Columbia	TEAM	2.55%	10.45%	45.80%	4.84%	5.84%	6.23%	0.62%	21.79%	43.19%	-46.57%	18.76%	6.34%
Jennison	TEAM	2.43%	6.87%	32.80%	3.70%	3.22%	3.44%	0.38%	10.50%	37.49%	-38.06%	8.04%	-0.07%
Santa Barbara LCG	TEAM	1.57%	5.46%	27.49%	0.34%	0.81%	1.22%	0.97%	12.56%	19.45%	-31.91%	3.17%	1.27%
Goldman LCG	TEAM	1.05%	2.29%	22.30%	-0.91%	1.56%	1.22%	-1.63%	7.93%	39.07%	-40.47%	8.23%	6.50%
Marisco LCG	12	0.56%	5.24%	33.52%	1.39%	0.97%	2.65%	1.65%	15.87%	25.22%	-40.58%	10.53%	1.66%
Northroad DSM LCG	8	0.43%	3.19%	32.23%	-1.15%	2.72%	4.34%	*	20.49%	21.56%	-39.85%	17.35%	8.21%
Montag LCG	TEAM	0.28%	3.90%	23.63%	0.07%	3.22%	2.50%	0.36%	6.41%	27.22%	-34.23%	18.67%	5.83%
<b>Russell 1000 Growth</b>		<b>0.76%</b>	<b>6.83%</b>	<b>35.01%</b>	<b>5.02%</b>	<b>5.33%</b>	<b>4.92%</b>	<b>2.24%</b>	<b>16.72%</b>	<b>37.21%</b>	<b>-38.43%</b>	<b>11.82%</b>	<b>9.08%</b>
Winslow LCG	TEAM	-0.47%	6.64%	36.52%	2.17%	4.72%	5.26%	1.96%	13.91%	37.22%	-40.44%	19.58%	4.73%
Congress LCG	TEAM	-0.83%	6.08%	28.54%	-0.20%	0.81%	2.22%	0.70%	8.25%	23.81%	-35.66%	8.76%	5.90%
Turner (C.G.)	TEAM	-1.37%	3.38%	26.95%	-3.39%	-0.95%	1.91%	-0.37%	9.80%	33.39%	-50.20%	18.69%	6.66%
Wells LCG	9	-1.38%	3.90%	34.25%	-4.07%	-0.05%	1.56%	0.89%	15.80%	28.34%	-45.73%	13.58%	1.99%
Turner (G.E.)	19	-2.09%	4.21%	31.08%	-1.95%	-0.02%	1.13%	-1.53%	14.99%	34.93%	-50.89%	19.23%	4.33%
Neuberger LCG	TEAM	-2.88%	2.92%	27.91%	0.35%	2.92%	4.26%	1.96%	11.16%	24.99%	-36.19%	17.31%	7.85%
<b>Multi Cap Growth</b>													
Clearbridge MCG	18	2.98%	8.65%	45.71%	7.18%	4.74%	6.19%	3.54%	27.24%	45.41%	-43.99%	4.72%	8.12%
<b>Russell 3000 Growth</b>		<b>0.64%</b>	<b>6.97%</b>	<b>35.69%</b>	<b>5.28%</b>	<b>5.36%</b>	<b>5.07%</b>	<b>2.42%</b>	<b>17.66%</b>	<b>36.99%</b>	<b>-38.45%</b>	<b>11.39%</b>	<b>9.46%</b>
Blair MCG	TEAM	-0.14%	5.01%	29.17%	2.19%	3.46%	4.73%	1.37%	11.97%	37.11%	-39.20%	11.08%	10.63%
Renaissance	18	-0.32%	4.87%	31.19%	-1.57%	-0.47%	1.54%	3.07%	12.92%	17.88%	-38.31%	8.34%	1.39%
Calamos MCG		-1.60%	6.50%	44.04%	2.74%	2.89%	3.48%	*	23.13%	48.86%	-52.28%	21.32%	0.97%
Wells MCG	6	-1.76%	5.53%	36.21%	-1.28%	4.79%	6.68%	*	23.29%	34.84%	-46.85%	28.25%	11.23%
Turner MCG	19	-3.02%	4.61%	50.92%	6.17%	4.96%	5.04%	0.28%	34.27%	58.21%	-55.78%	26.40%	2.51%
Turner Conc	19	-3.81%	-2.17%	34.34%	3.23%	3.36%	4.02%	*	25.89%	63.59%	-56.19%	26.41%	3.77%

Source: Polaris

Please see the disclosures which appear at the end of this report.

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## Statistical Data (Trailing 5-year as of June 30, 2011)

	Alpha	Beta	R Squared	Tracking Error	Up Capture Ratio	Down Capture Ratio	Standard Deviation	Sharpe Ratio	Batting Average
<b>Large Cap Growth</b>									
Sands LCG	3.54%	1.23	0.91	8.83%	1.41	1.06	25.56%	0.29	60.00%
Columbia	3.62%	1.11	0.94	6.17%	1.30	0.99	22.84%	0.32	65.00%
Jennison	1.12%	0.94	0.97	3.28%	0.97	0.93	18.84%	0.25	50.00%
Santa Barbara LCG	-1.02%	0.83	0.95	4.91%	0.78	0.92	16.90%	0.13	35.00%
Goldman LCG	-0.48%	1.00	0.94	4.83%	0.96	1.01	20.52%	0.14	50.00%
Marisco LCG	-1.16%	0.97	0.97	3.47%	0.93	1.02	19.65%	0.12	50.00%
Northroad DSM LCG	0.70%	1.00	0.93	5.52%	1.09	1.03	20.65%	0.20	55.00%
Montag LCG	1.30%	0.89	0.95	4.52%	0.93	0.90	18.15%	0.26	45.00%
<b>Russell 1000 Growth</b>	*	*	*	*	*	*	19.87%	0.18	*
Winslow LCG	2.52%	1.03	0.96	4.42%	1.17	0.98	20.95%	0.30	55.00%
Congress LCG	-1.10%	0.86	0.96	4.36%	0.75	0.90	17.34%	0.13	40.00%
Turner (C.G.)	-3.05%	1.08	0.96	4.89%	0.92	1.10	22.07%	0.02	35.00%
Wells LCG	-2.03%	1.08	0.91	6.85%	1.01	1.12	22.52%	0.06	40.00%
Turner (G.E.)	-2.10%	1.10	0.94	6.07%	0.99	1.11	22.72%	0.06	50.00%
Neuberger LCG	0.97%	0.89	0.96	4.29%	0.88	0.88	18.19%	0.24	50.00%
<b>Multi Cap Growth</b>									
Clearbridge MCG	2.30%	1.18	0.97	5.65%	1.37	1.08	24.07%	0.26	60.00%
<b>Russell 3000 Growth</b>	*	*	*	*	*	*	20.08%	0.18	*
Blair MCG	1.30%	1.01	0.97	3.65%	1.07	0.98	20.60%	0.24	45.00%
Renaissance	-2.47%	0.91	0.98	3.39%	0.80	1.00	18.48%	0.05	25.00%
Calamos MCG	0.62%	1.25	0.94	7.98%	1.32	1.14	25.85%	0.17	65.00%
Wells MCG	2.94%	1.13	0.86	9.42%	1.44	1.11	24.46%	0.26	65.00%
Turner MCG	2.72%	1.46	0.92	12.68%	1.72	1.21	30.51%	0.21	60.00%
Turner Conc	1.20%	1.38	0.91	11.58%	1.45	1.17	29.08%	0.17	55.00%

Source: Polaris

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## Index Data

**Capitalization Quintile Return Breakdown**

Returns for period 3/31/11 through 6/30/11		
Sector (\$Billion)	R1000G Weight*	R1000G Return
Mega Cap (\$50b+)	45.36	-0.15
Large Cap (\$11b-\$50b)	33.60	1.45
Mid Cap (\$2b-\$11b)	20.63	1.90
Small Cap (\$500m-\$2b)	0.40	-1.82
Micro Cap (<\$500m)	0.02	11.49

**P/E Return Breakdown**

Returns for period 3/31/11 through 6/30/11		
P/E Quintile	R1000G Weight*	R1000G Return
1 0.00 - 8.00	0.49	-0.80
2 8.00 - 12.00	15.70	-1.08
3 12.00 - 16.00	18.35	2.06
4 16.00 - 20.00	29.86	1.87
5 ABOVE 20.00	34.48	0.12

**Earnings Growth Sector Breakdown**

Returns for period 3/31/11 through 6/30/11		
EPS Growth Sector (%)	R1000G Weight*	R1000G Return
1 0.00 - 8.00	12.59	-0.99
2 8.00 - 12.00	38.71	1.92
3 12.00 - 16.00	25.85	0.99
4 16.00 - 20.00	14.19	-2.14
5 ABOVE 20.00	8.12	2.62

**Beta Group Breakdown**

Returns for period 3/31/11 through 6/30/11		
Beta Group	R1000G Weight*	R1000G Return
1 0.00 - 0.90	32.08	4.70
2 0.90 - 1.10	31.19	-1.38
3 1.10 - 1.30	20.47	1.63
4 1.30 - 1.50	9.46	-3.18
5 ABOVE 1.50	6.80	-3.90

**Economic Sector Breakdown**

Returns for period 3/31/11 through 6/30/11		
Economic Sector**	R1000G Weight*	R1000G Return
Consumer Staples	10.03	5.86
Consumer Discretionary	14.63	5.08
Health Care	9.87	4.48
Utilities	0.08	2.45
Telecommunication Services	0.85	1.24
Materials	4.60	0.87
Financials	4.67	-0.38
Industrials	13.50	-0.72
Information Technology	30.29	-0.86
Energy	11.46	-4.31

**Top 5 Contributors and Detractors to the R1000G Return****Positive Contributors**

Company	Avg. 2Q11 % Weight*	2Q11 Return	Contrib
International Business Machines Corp.	3.10	5.67	0.18
McDonald's Corp.	1.27	11.64	0.14
Microsoft Corp.	1.95	3.07	0.13
Amazon.com Inc.	0.99	13.52	0.13
PepsiCo Inc.	0.99	10.15	0.11

**Negative Contributors**

Company	Avg. 2Q11 % Weight*	2Q11 Return	Contrib
Google Inc. Cl A	1.91	(13.70)	(0.30)
Exxon Mobil Corp.	5.62	(2.71)	(0.22)
Cisco Systems Inc.	1.31	(12.94)	(0.19)
Hewlett-Packard Co.	1.16	(14.52)	(0.19)
Apple Inc.	4.54	(3.68)	(0.17)

\* Represents the average exposure throughout the quarter. Source: FactSet

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DOMESTIC MULTI CAP &amp; LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

## Large Cap Growth Managers – Portfolio Characteristics (as of June 30, 2011)

	Sands LCG	Columbia	Jennison	Santa Barbara LCG	Goldman LCG	Marisco LCG	Northroad DSM LCG	Montag LCG	Russell 1000 Growth	Winslow LCG	Congress LCG	Turner (C.G.)	Wells LCG	Turner (G.E.)	Neuberger LCG
<b>2Q11 Performance*</b>	3.56%	3.30%	3.17%	2.32%	1.80%	1.31%	1.16%	1.02%	<b>0.76%</b>	0.28%	-0.08%	-0.62%	-0.66%	-1.36%	-2.16%
# of Securities	28	29	68	51	57	47	30	34	<b>591</b>	66	41	69	39	74	63
Market Cap (\$M)	57,607	32,662	60,865	39,428	72,466	49,404	61,878	90,326	<b>84,055</b>	55,249	69,820	49,882	67,584	53,969	77,061
Beta vs S&P 500	1.08	1.12	1.12	1.03	0.99	1.17	1.08	0.91	<b>1.01</b>	1.14	1.03	1.20	1.19	1.23	1.01
Quality	BB-	BB-	BB	BBB	BB+	BB+	BB+	BBB+	<b>BBB-</b>	BB+	BBB	BB	BB	BB-	BB+
P/E - Trailing 12-Mo.	29.4	34.2	25.4	19.4	18.7	22.2	21.4	18.4	<b>18.3</b>	21.9	17.2	21.3	23.1	22.6	20.5
Adj. P/E - trailing 12-Mo.	27.0	30.2	24.2	19.2	18.4	20.7	21.4	18.4	<b>18.0</b>	21.3	17.2	20.1	22.5	20.9	20.0
P/E - Forecast FY1	23.9	25.4	20.5	17.1	16.2	17.8	17.9	15.6	<b>15.5</b>	18.2	15.2	17.3	18.3	17.6	17.7
P/E - Forecast FY2	20.0	21.6	17.3	14.8	14.0	15.2	15.1	13.7	<b>13.6</b>	15.6	13.5	14.6	15.2	14.9	15.1
Price-to- Book	5.1	6.4	4.7	3.6	3.1	3.7	3.3	3.5	<b>4.1</b>	3.9	3.0	3.2	3.9	3.7	3.6
Dividend Yield	0.5	0.3	0.6	1.0	1.2	1.1	0.7	1.5	<b>1.4</b>	0.7	1.4	0.8	0.6	0.6	1.1
EPS Growth - Past 5 Year	24.8	27.3	21.0	10.5	14.3	15.4	15.1	9.1	<b>13.1</b>	20.2	10.3	14.7	18.9	16.5	13.0
EPS Growth - Forecast	20.7	20.3	17.1	14.2	11.3	15.9	16.2	12.7	<b>13.0</b>	17.5	13.0	16.5	16.4	16.9	15.1
<b>ECONOMIC SECTORS</b>															
Consumer Discretionary	22	19	24	11	15	31	17	17	<b>14</b>	14	15	13	16	15	17
Consumer Staples	0	3	6	9	10	4	4	22	<b>12</b>	3	10	7	0	5	14
Energy	13	6	6	9	11	8	10	14	<b>12</b>	10	13	11	13	11	9
Financials	5	4	3	4	9	5	5	2	<b>4</b>	7	9	11	3	4	2
Health Care	17	25	13	17	12	4	18	13	<b>11</b>	12	9	13	8	11	14
Industrials	5	8	8	12	4	16	15	10	<b>13</b>	16	16	11	18	14	12
Information Technology	36	31	35	29	31	16	32	21	<b>27</b>	32	22	24	37	34	24
Materials	2	3	4	7	3	15	0	0	<b>6</b>	4	8	6	2	6	7
Telecommunication Services	0	0	1	2	5	0	0	0	<b>1</b>	2	0	2	3	0	0
Utilities	0	0	0	0	0	0	0	0	<b>0</b>	0	0	3	0	0	1
[Unassigned]	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	0	0

Source: FactSet .

\*Note: All manager returns are Gross of Fees. Please see disclosures located at the end of this report

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## Large Cap Growth Managers – Portfolio Characteristics (as of June 30, 2011)

	Sands LCG	Columbia	Jennison	Santa Barbara LCG	Goldman LCG	Marisco LCG	Northroa d DSM LCG	Montag LCG	Russell 1000 Growth	Winslow LCG	Congress LCG	Turner (C.G.)	Wells LCG	Turner (G.E.)	Neuberger r LCG
<b>2Q11 Performance*</b>	3.56%	3.30%	3.17%	2.32%	1.80%	1.31%	1.16%	1.02%	<b>0.76%</b>	0.28%	-0.08%	-0.62%	-0.66%	-1.36%	-2.16%
<b>Capitalization Groupings</b>															
Mega Cap (\$50 bn+)	27	19	38	22	37	20	27	58	<b>42</b>	34	45	23	38	27	44
Large Cap (\$11-\$50 bn)	51	59	47	52	55	72	55	42	<b>34</b>	48	49	47	58	44	43
Mid Cap (\$2-\$11 bn)	21	22	14	25	8	8	18	0	<b>24</b>	18	6	30	4	29	13
Small Cap (\$500m-\$2 bn)	1	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	1	0
Micro Cap (<500m)	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	0	0
<b>Earnings Growth</b>															
1 0.0 - 8.0	0	0	4	2	8	9	6	4	<b>14</b>	3	10	8	7	7	11
2 8.0 -12.0	11	18	21	25	30	28	14	42	<b>34</b>	10	41	24	14	18	27
3 12.0 -16.0	23	23	30	51	38	29	23	41	<b>25</b>	39	30	26	29	29	25
4 16.0 -20.0	22	9	24	16	18	14	38	10	<b>16</b>	26	13	19	29	23	19
5 ABOVE 20.0	43	48	21	6	6	19	16	3	<b>9</b>	19	6	20	19	19	14
[N/A]	0	2	0	0	0	1	3	0	<b>3</b>	2	0	2	2	3	3
<b>P/E Groupings</b>															
0.00 - 8.00	0	0	0	2	0	0	2	0	<b>1</b>	1	2	1	0	1	0
8.00 - 12.00	2	0	0	2	7	5	0	2	<b>11</b>	4	9	5	0	5	7
12.00 - 16.00	6	0	12	9	20	9	10	14	<b>20</b>	12	17	12	13	11	18
16.00 - 20.00	13	11	17	30	28	31	21	48	<b>28</b>	24	38	22	30	18	25
Above 20.00	79	87	70	58	42	54	64	37	<b>39</b>	59	34	58	56	61	49
<b>Beta Groupings</b>															
0.00 - 0.90	23	24	20	40	32	19	25	45	<b>32</b>	18	28	23	10	17	34
0.90 - 1.10	24	19	24	22	32	19	28	18	<b>29</b>	23	31	17	19	20	24
1.10 - 1.30	34	30	35	20	25	29	20	20	<b>21</b>	35	24	22	39	22	21
1.30 - 1.50	14	18	11	16	10	13	24	13	<b>10</b>	12	12	14	22	18	13
Above 1.50	4	9	9	3	1	21	3	3	<b>7</b>	11	5	24	10	23	8

Source: FactSet.

\*Note: All manager returns are Gross of Fees. Please see disclosures located at the end of this report.

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## Multi Cap Growth Managers – Portfolio Characteristics (as of June 30, 2011)

	Clearbridge MCG	Russell 3000 Growth	Blair MCG	Renaissance	Calamos MCG	Wells MCG	Turner MCG	Turner Conc
<b>2Q11 Performance*</b>	3.73%	<b>0.64%</b>	0.60%	0.41%	-0.87%	-1.04%	-2.30%	-3.08%
# of Securities	28	<b>1,752</b>	56	55	84	65	36	23
Market Cap (\$M)	23,869	<b>77,065</b>	42,442	43,818	46,243	33,735	25,000	26,627
Beta vs S&P 500	1.15	<b>1.04</b>	1.09	1.18	1.18	1.22	1.29	1.27
Quality	BB-	<b>BBB-</b>	BB	BBB-	BB-	B+	B	B
P/E - Trailing 12-Mo.	15.6	<b>18.5</b>	23.0	16.0	22.8	24.8	26.2	25.2
Adj. P/E - trailing 12-Mo.	14.4	<b>18.0</b>	22.1	16.0	22.7	23.4	22.9	21.6
P/E - Forecast FY1	15.4	<b>15.8</b>	18.5	13.5	17.9	19.5	19.4	19.5
P/E - Forecast FY2	14.0	<b>13.7</b>	15.5	11.9	15.6	15.9	16.8	17.2
Price-to- Book	2.6	<b>4.1</b>	3.6	3.4	4.3	3.9	4.4	4.9
Dividend Yield	0.8	<b>1.3</b>	0.7	1.2	0.6	0.4	0.4	0.3
EPS Growth - Past 5 Year	15.8	<b>12.9</b>	19.5	13.0	20.6	20.7	18.9	25.7
EPS Growth - Forecast	10.3	<b>13.3</b>	16.6	12.3	17.0	16.9	20.6	21.2
<b>ECONOMIC SECTORS</b>								
Consumer Discretionary	25	<b>14</b>	15	18	16	17	15	19
Consumer Staples	0	<b>11</b>	3	2	5	0	8	4
Energy	11	<b>11</b>	10	7	12	13	4	9
Financials	0	<b>4</b>	3	5	5	2	3	0
Health Care	25	<b>12</b>	16	9	12	12	14	17
Industrials	16	<b>14</b>	18	21	7	17	3	0
Information Technology	20	<b>27</b>	31	29	37	34	50	45
Materials	3	<b>6</b>	4	8	5	4	4	7
Telecommunication Services	0	<b>1</b>	0	0	1	3	0	0
Utilities	0	<b>0</b>	0	0	0	0	0	0
[Unassigned]	0	<b>0</b>	0	0	0	0	0	0

Source: FactSet.

\*Note: All manager returns are Gross of Fees. Please see disclosures located at the end of this report

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## Multi Cap Growth Managers – Portfolio Characteristics (as of June 30, 2011)

	Clearbridge MCG	Russell 3000 Growth	Blair MCG	Renaissance	Calamos MCG	Wells MCG	Turner MCG	Turner Conc
<b>2Q11 Performance*</b>	3.73%	<b>0.64%</b>	0.60%	0.41%	-0.87%	-1.04%	-2.30%	-3.08%
<b>Capitalization Groupings</b>								
Mega Cap (\$50 bn+)	17	<b>39</b>	24	28	24	13	7	9
Large Cap (\$11-\$50 bn)	44	<b>31</b>	23	37	40	29	34	32
Mid Cap (\$2-\$11 bn)	38	<b>24</b>	38	35	35	54	48	54
Small Cap (\$500m-\$2 bn)	0	<b>5</b>	15	1	1	4	9	5
Micro Cap (<500m)	0	<b>1</b>	0	0	0	0	2	0
<b>Earnings Growth</b>								
1 0.0 - 8.0	19	<b>14</b>	1	7	4	7	5	0
2 8.0 -12.0	34	<b>32</b>	9	30	18	11	9	9
3 12.0 -16.0	30	<b>25</b>	46	47	29	25	22	27
4 16.0 -20.0	2	<b>16</b>	23	9	24	30	26	23
5 ABOVE 20.0	3	<b>10</b>	16	2	21	19	33	37
[N/A]	11	<b>4</b>	5	6	5	8	5	4
<b>P/E Groupings</b>								
0.00 - 8.00	11	<b>1</b>	2	1	1	0	0	0
8.00 - 12.00	15	<b>10</b>	0	13	3	1	7	9
12.00 - 16.00	15	<b>19</b>	12	26	13	12	15	15
16.00 - 20.00	22	<b>27</b>	19	38	15	16	5	0
Above 20.00	35	<b>40</b>	66	22	65	62	65	62
<b>Beta Groupings</b>								
0.00 - 0.90	28	<b>30</b>	26	20	17	14	16	17
0.90 - 1.10	15	<b>28</b>	27	18	20	18	10	7
1.10 - 1.30	24	<b>21</b>	15	23	27	26	18	18
1.30 - 1.50	15	<b>11</b>	25	22	20	21	24	33
Above 1.50	18	<b>10</b>	7	18	15	21	31	25

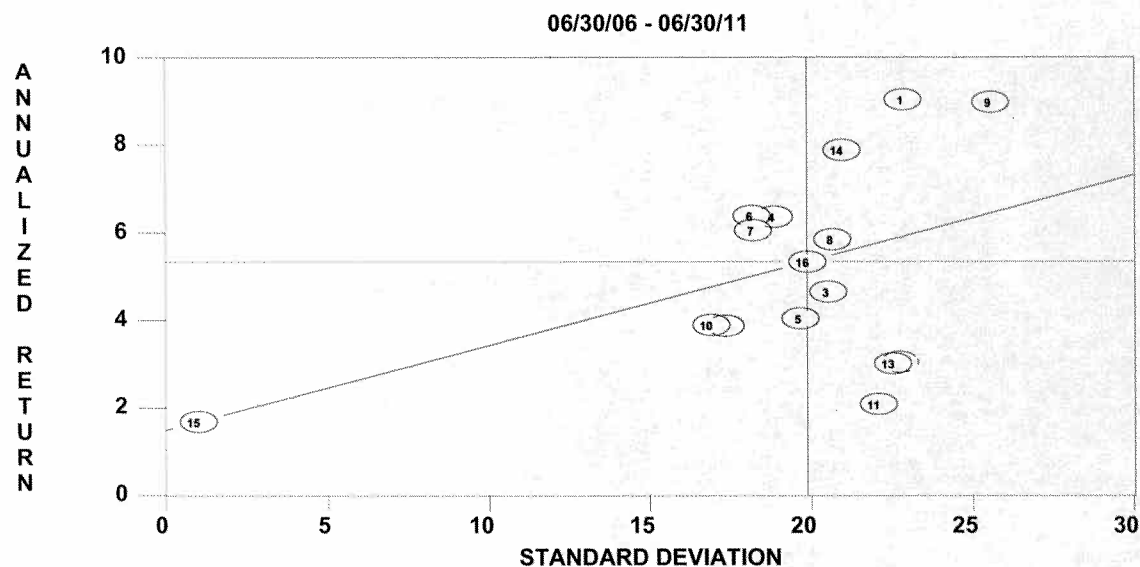
Source: FactSet.

\*Note: All manager returns are Gross of Fees. Please see disclosures located at the end of this report.

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DOMESTIC MULTI CAP &amp; LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

## Large Cap Growth 5-year Risk/Return Scattergrams

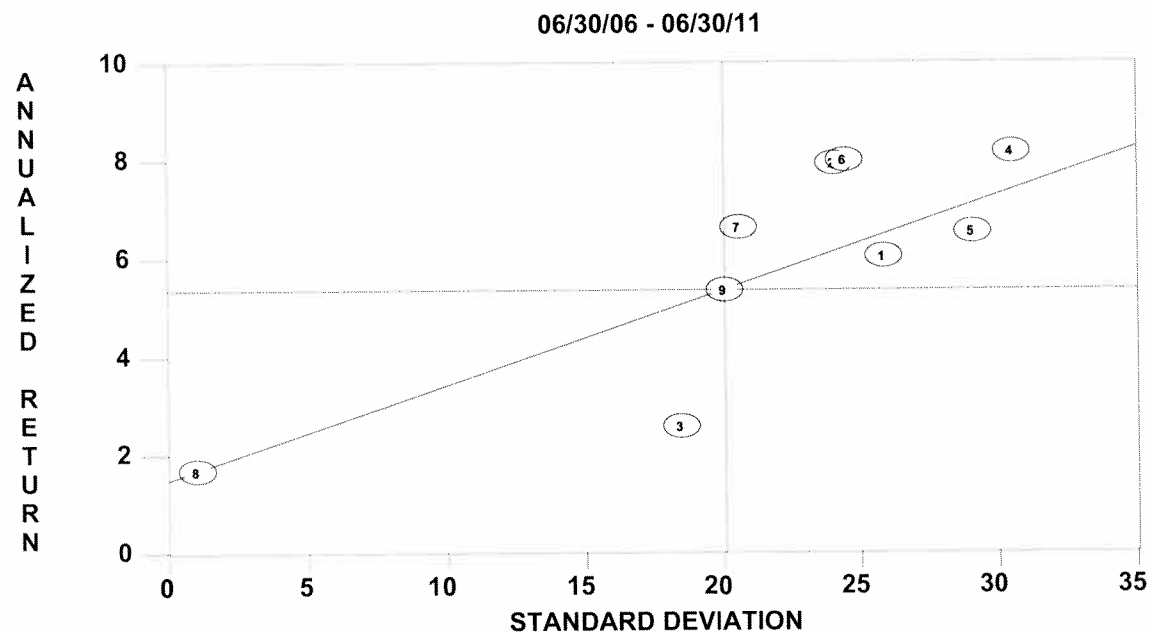


CANDIDATE	Standard Deviation	Annualized Return
1 Columbia Select Large Cap Growth FS	22.84%	9.03%
2 Congress Large Growth Composite FS	17.34%	3.87%
3 Goldman Sachs Strategic Growth FS	20.52%	4.65%
4 Jennison Assoc Large Cap Growth FS	18.84%	6.36%
5 Marsico Large Growth FS	19.65%	4.04%
6 Montag & Caldwell Large Cap Growth FS	18.15%	6.38%
7 Neuberger Berman LC Disc. Growth FS	18.19%	6.05%
8 NorthRoad DSM Large Cap Growth FS	20.65%	5.84%
9 Sands Capital Large Cap Growth FS	25.56%	8.97%
10 Santa Barbara Eq Stable Gr FS	16.90%	3.89%
11 Turner Core Growth Equity FS	22.07%	2.08%
12 Turner Growth Equity FS	22.72%	3.05%
13 Wells Fargo Lg Cap Select Gr FS	22.52%	3.01%
14 Winslow Capital Large Cap Growth FS	20.95%	7.88%
15 90-Day T-Bills	1.01%	1.68%
16 Russell 1000 Growth	19.87%	5.33%

Source: Polaris. All manager returns are gross of fees.

Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes which would affect performance of actively managed assets.

## Multi Cap Growth 5-Year Risk/Return Scattergrams



CANDIDATE	Standard Deviation	Annualized Return
1 Calamos All Cap Growth FS	25.85%	6.04%
2 ClearBridge Multi-Cap Growth FS	24.07%	7.93%
3 Renaissance Large Cap Growth Equity FS	18.48%	2.58%
4 Turner All Cap Growth FS	30.51%	8.16%
5 Turner Concentrated Aggressive Gr FS	29.08%	6.53%
6 Wells Fargo Fundamental All Cap Gr FS	24.46%	7.99%
7 William Blair All Cap Growth FS	20.60%	6.63%
8 90-Day T-Bills	1.01%	1.68%
9 Russell 3000 Growth	20.08%	5.36%

Source: Polaris. All manager returns are gross of fees.

Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes which would affect performance of actively managed assets.

**Large Cap Growth Managers – Investment Styles**

Manager	Investment Style	Sub-Style <sup>1</sup>	Research Status / Tactical <sup>2</sup>	Account Minimum	Watch Status	Open/Closed	Turnover
Congress	Large Growth	Conservative Growth	Focus	100,000		Open	30%
Chase Investment	Large Growth	Conservative Growth	Focus	10,000,000		Open	80-150%
Columbia Select	Large Growth	Aggressive Growth	Focus	100,000		Open	25-35%
Delaware Investments	Large Growth	Traditional Growth	Focus	50,000,000		Open	25-35%
Friess Associates	Large Growth	Aggressive Growth	Focus	10,000,000		Open	200%
Goldman Sachs	Large Growth	Traditional Growth	Focus	100,000		Open	20-30%
Jennison	Large Growth	Aggressive Growth	Focus	100,000		Open	75%
Marsico Capital	Large Growth	Traditional Growth	Focus	100,000		Open	75-150%
Montag & Caldwell	Large Growth	Conservative Growth	Focus	100,000		Open	30-50%
Neuberger Berman	Large Growth	Traditional Growth	Focus	100,000		Open	80-100%
Northroad DSM	Large Growth	Aggressive Growth	Focus	100,000		Open	80%
Sands	Large Growth	Aggressive Growth	Focus	250,000		Open	25%
Santa Barbara	Large Growth	Conservative Growth	Focus	100,000		Open	15-35%
Turner (Core Growth)	Large Growth	Aggressive Growth	Focus	250,000		Open	100-125%
Turner (Growth Equity)	Large Growth	Aggressive Growth	Focus	100,000		Open	100-125%
Wells	Large Growth	Aggressive Growth	Focus	100,000		Open	90-120%
Westfield Capital	Large Growth	Traditional Growth	Focus	10,000,000		Open	65%
Winslow Capital	Large Growth	Aggressive Growth	Focus	100,000		Open	75%

<sup>1</sup>Please see the Definition/Glossary section and important disclosures at the end of this report.<sup>2</sup>For additional information on the new Focus/Approved research process, please ask your Financial Advisor or Private Banker for a copy of the research paper entitled Manager Research and Selection: Disciplined Process.

**Multi Cap Growth Managers – Investment Styles**

Manager	Investment Style	Sub-Style <sup>1</sup>	Research Status / Tactical <sup>2</sup>	Account Minimum	Watch Status	Open/Closed	Turnover
Calamos Growth Equity	All Growth	Aggressive Growth	Focus	500,000		Open	70-90%
ClearBridge Multi Cap	All Growth	Aggressive Growth	Focus	50,000		Open	<10%
Friess Associates	All Growth	Aggressive Growth	Focus	25,000,000		Open	200%
Renaissance	All Growth	Conservative Growth	Focus	50,000		Open	75-100%
Turner	All Growth	Aggressive Growth	Focus	50,000		Open	100-200%
Turner	Concentrated Aggressive Growth	Aggressive Growth	Focus	50,000		Open	100-200%
Wells Fargo	All Growth	Aggressive Growth	Focus	100,000		Open	80-120%
William Blair	All Growth	Traditional Growth	Focus	100,000		Open	25-50%

<sup>1</sup>Please see the Definition/Glossary section and important disclosures at the end of this report.

<sup>2</sup>For additional information on the new Focus/Approved research process, please ask your Financial Advisor or Private Banker for a copy of the research paper entitled Manager Research and Selection: Disciplined Process.



**Product Contact Information**

<b>Name</b>	<b>Contact Info</b>	<b>Name</b>	<b>Contact Info</b>
ClearBridge	<a href="http://www.clearbridgeadvisors.com">www.clearbridgeadvisors.com</a>	Northroad/DSM	<a href="http://www.dsmcapital.com">www.dsmcapital.com</a>
Columbia	<a href="http://www.columbiafunds.com">www.columbiafunds.com</a>	Renaissance	<a href="http://www.reninv.com">www.reninv.com</a>
Congress	<a href="http://www.congressasset.com">www.congressasset.com</a>	Sands	<a href="http://www.sandscapital.com">www.sandscapital.com</a>
Goldman	<a href="http://www.gs.com">www.gs.com</a>	Santa Barbara	<a href="http://www.sbasst.com">www.sbasst.com</a>
Jennison	<a href="http://www.jennison.com">www.jennison.com</a>	Wells Fargo	<a href="http://www.wellscap.com">www.wellscap.com</a>
Marsico	<a href="http://www.marsicocapital.com">www.marsicocapital.com</a>	William Blair	<a href="http://www.williamblair.com">www.williamblair.com</a>
Montag & Caldwell	<a href="http://www.montag.com">www.montag.com</a>	Winslow	<a href="http://www.nuveen.com/winslow">www.nuveen.com/winslow</a>
Neuberger		Turner	<a href="http://www.turnerinvestments.com">www.turnerinvestments.com</a>
Berman	<a href="http://www.nb.com">www.nb.com</a>		

## DEFINITIONS

**Sub-Styles:** Subjective classifications designed to assist with manager selection and performance evaluation based on Consulting Group Investment Advisor Research ("CG IAR") understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

**Conservative Growth:** Growth managers that generally follow a more valuation-sensitive approach and focus on more established companies that frequently have longer earnings histories and greater visibility and perceived sustainability in earnings. Portfolios may display lower valuation levels and less exposure to the highest growth and more speculative companies and performance may display less volatility than the benchmark and peers.

**Traditional Growth:** Generally invest in a mix of lower and higher growth companies, portfolios and performance likely to be more highly correlated to the respective growth benchmark than peers and may demonstrate the flexibility at times to take on characteristics of more Conservative or Aggressive growth peers.

**Aggressive Growth:** Generally seek higher growth-rate companies, may place less emphasis on valuations and more emphasis on shorter-term and possibly momentum factors, and may demonstrate a greater willingness to invest in more speculative companies. Valuations are generally at a premium to the growth benchmark and volatility and turnover are frequently higher than peers.

**Russell 1000 Growth** - Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000** - Russell 1000 Index measures the performance of the 1,000 largest US companies based on total market capitalization.

**S&P 500 Index** – S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value.

## GLOSSARY OF TERMS

**5 Yr Forward EPS Growth Rate** - the annualized percentage change between the most recent actual fiscal year EPS and the 5-year EPS consensus analyst forecast.

**Adjusted Trailing P/E** - P/E (price-to-earnings) is measured by taking the current price of a stock divided by the most recent 12 months trailing earnings per share. When calculating Adjusted Trailing P/E, the P/Es below 2.0 are shown as N/A and excluded from the calculation. As a result, Adjusted Trailing P/E can bias the aggregate P/E value higher than would normally be reported. The Adjusted Trailing P/E for the portfolio is a weighted average for the stocks in the portfolio (i.e. the results for different securities are weighted according to the proportion of the portfolio represented by each security).

**ADRs** - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

**Alpha** - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

**Asset-backed securities (ABS)** - securities backed by a pool of assets, typically loans or accounts receivable, originated by banks, specialty finance companies, or other credit providers.

**Average Capitalization** - the total capitalization of the portfolio divided by the number of securities in a portfolio.

DOMESTIC MULTI CAP & LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

**Average Coupon** - the weighted average interest rate, expressed as a percentage of face value, paid on the bonds in the portfolio.

**Batting Average** - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.

**Beta** - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

**Commercial Mortgage-Backed Security (CMBS)** - mortgage-backed security that is secured by the loan on a commercial property.

**Collateralized Mortgage Obligation (CMOs)** - mortgage-backed security that creates separate pools of pass-through payments for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

**Convexity** - measures the sensitivity of a bond's duration to changes in interest rates. Convexity can be positive or negative. Unlike most fixed income securities, bonds with negative convexity tend to fall in value as interest rates decline and vice versa.

**Credit Quality Rating** - weighted average of the assessments of credit worthiness given by credit rating agencies such as Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings to bonds in the portfolio. Credit rating agencies evaluate issuers and assign ratings based of their opinions of the issuer's ability to pay interest and principal as scheduled.

**Down Capture Ratio** - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 1.0 indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.

**Effective Duration** - a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

**Excess Returns** - represents the average quarterly total returns of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

**Historical EPS Growth** - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

**Information Ratio** - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's overperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.

**Long Term EPS Growth Rate** - analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Maturity** - the weighted average portfolio length of time until the principal amount of a bond must be repaid.

**Median Cap by Portfolio Weight** - the midpoint of market capitalization (market price multiplied by shares outstanding) of a portfolio's stock holdings, weighted by the proportion of the portfolio's assets invested in each stock. Stocks representing half of the portfolio's holdings are above the median, while the rest are below it.

**Modified Adjusted Duration** - measures the sensitivity of the percentage change in the price of a bond portfolio for a given change in yield, shown as a number of years to maturity. This figure is calculated as the weighted average of the durations of the securities in the portfolio.

DOMESTIC MULTI CAP & LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

**Mortgage-backed securities (MBS)** - securities backed by a mortgage loan or a pool of mortgage loans secured by real property. Investors receive payments of interest and principal that are derived from payments received on the underlying mortgage loans.

**Pass-Through Security** - security backed by a package of assets. A servicing intermediary collects the monthly payments from issuers and, after deducting a fee, remits or passes them through to the holders of the pass-through security.

**P/E** - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**R-Squared (R2)** - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R2 percentages.

**Rolling Annualized Performance** - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.

**Sharpe Ratio** - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

**Standard Deviation** - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

**Tracking Error** - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

**Trailing P/E** - is measured by taking the current price of a stock divided by the most recent 12 months trailing earnings per share. The Trailing P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Up Capture Ratio** - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 1.0 indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

**Weighted Capitalization** - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.

**Year 1 EPS Growth Yield** - analyst consensus of Year 1 EPS forecast minus last fiscal year's reported EPS, normalized by dividing by current price. The Year 1 EPS Growth Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Yield to Worst** - The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Source: CG IAR

## IMPORTANT DISCLOSURES

### Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Smith Barney investment advisory programs and not in connection with brokerage accounts.

**CG IAR Services Only Apply to Certain Investment Advisory Programs**

CG IAR evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC). If you do not invest through one of these investment advisory programs, Morgan Stanley Smith Barney is not obligated to provide you notice of any CG IAR status changes even though it may give notice to clients in other programs.

**Focus List, Approved List and Tactical Opportunities List; Watch Policy**

CG IAR uses two methods to evaluate investment products in applicable advisory programs: Opinion Research (and investment products meeting this research standard are described as being on the Focus List) and Access Research (and investment products meeting this research standard are described as being on the Approved List). In general, Opinion Research entails a more thorough evaluation of an investment product than Access Research. Sometimes an investment product may be evaluated using the Opinion Research process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. CG IAR may also determine that an investment product no longer meets the criteria under either research process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

CG IAR has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if CG IAR identifies specific areas that (a) merit further evaluation by CG IAR and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for CG IAR to conduct its evaluation and for the investment manager or fund to address any concerns. CG IAR may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC. Your Financial Advisor, Private Wealth Advisor or Private Banker can also provide upon request a copy of a paper entitled "Manager Research and Selection: A Disciplined Process".

**No Obligation to Update**

Morgan Stanley Smith Barney has no obligation to update you when any information or opinion in this report changes.

**Strategy May Be Available as a Separately Managed Account or Mutual Fund**

Strategies are sometimes available in Morgan Stanley Smith Barney investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor, Private Wealth Advisor or Private Banker can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

**Consider Your Own Investment Needs**

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Citigroup, Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

**Performance and Other Portfolio Information****General**

*Past performance does not guarantee future results.* There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

**Data used in performance composite**

For periods for which sufficient data is available, this report shows a composite of client accounts managed by the investment manager in the Fiduciary Services program. Fiduciary Services is a separately managed account program sponsored by Morgan Stanley Smith Barney. Performance and other data for the Fiduciary Services composite may vary from other Morgan Stanley Smith Barney programs due to differences such as the availability and weighting of securities, trading implementation or client objectives.

## DOMESTIC MULTI CAP &amp; LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

For periods before Morgan Stanley Smith Barney calculates an applicable performance composite for actual Morgan Stanley Smith Barney program accounts, the performance composite and certain other information for this strategy are based on the investment manager's own composite and data. This composite includes accounts managed by the investment manager according to the same or a substantially similar investment strategy. To provide maximum information to you, the investment manager's own composite is linked to the Morgan Stanley Smith Barney composite to create a simulated continuous track record of performance information for the investment strategy.

The investment manager's own composite may include separately managed accounts, institutional accounts and/or mutual funds. Performance and other data for the investment manager's composite may vary from that for Morgan Stanley Smith Barney accounts due to differences such as the availability and weighting of securities, trading implementation or client objectives. Morgan Stanley Smith Barney does not verify composite and other data provided by the investment manager and therefore does not guarantee its accuracy. Some of the accounts in the investment manager's composite may have invested in the initial public offering ("IPO") market, whereas accounts held in Morgan Stanley Smith Barney programs do not do so. Since investment managers may use different methods of selecting accounts to be included in their composites and for calculating performance, returns of different investment managers may not be comparable.

**Net performance information**

The net performance shown in this report reflects a deduction of a 0.75% quarterly fee (equivalent to a 3% annual fee). If you invest in a program in which you pay a separate fee to the investment adviser in addition to the Morgan Stanley Smith Barney program fee, your total annual fee may be greater than 3%. Fees are deducted quarterly in many Morgan Stanley Smith Barney investment advisory programs. The quarterly deduction has a compounding effect on performance.

**Benchmark index**

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

**Other data**

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Smith Barney or a third party service provider, and may be based on a representative account or a composite of accounts.

**Securities holdings**

Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

**Sources of Data**

Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

**ASSET CLASS AND OTHER RISKS**

Investing in **stocks**, **mutual funds** and **exchange-traded funds ("ETFs")** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

**Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.



DOMESTIC MULTI CAP & LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

**IPO securities:** Investment in initial public offerings (IPO) exposes the portfolio to additional risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate.

**Value and growth investing** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

**International securities** may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets.

**Small- and mid- capitalization** companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

**Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

**Ultra-short bond** funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

**High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

**Real estate investments:** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

**Derivatives**, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

**Mortgage-backed securities ("MBS")**, which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

**Commodities:** The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

DOMESTIC MULTI CAP & LARGE CAP GROWTH SMA SECTOR SUMMARY / JULY 13, 2011

**No Tax Advice**

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If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

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