CONSULTING GROUP INVESTMENT ADVISOR RESEARCH

JULY 18, 2011

Sands Large Cap Growth

QUARTERLY PERFORMANCE COMMENTARY REPORT

STRATEGY DETAILS

INVESTMENT STYLE:	*Large Cap Growth*
EQUITY SUB-STYLE	*Aggressive Growth*
BENCHMARK:	*Russell 1000 Growth*
RESEARCH STATUS:	*Focus List*
PRODUCT TYPE :	*SMA*

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INVESTMENT PRODUCTS: NOT FDIC INSURED*NO BANK GUARANTEE*MAY LOSE VALUE

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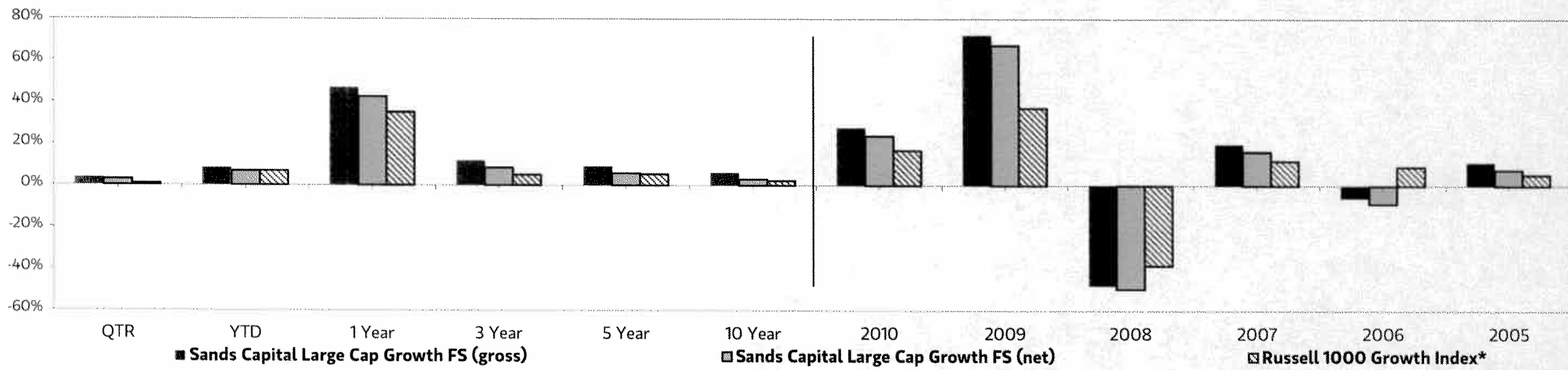
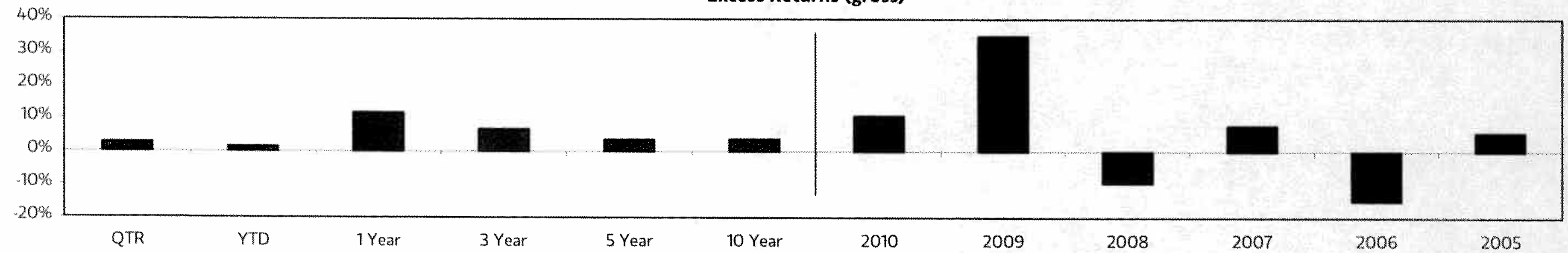
Performance as of 6/30/2011

(Total Returns - periods greater than 1-year are annualized)



Excess Returns (gross)



	QTR	YTD	1 Year	3 Year	5 Year	10 Year	2010	2009	2008	2007	2006	2005
Sands Capital Large Cap Growth FS (gross)	3.56%	8.28%	46.66%	11.68%	8.97%	6.03%	27.41%	72.10%	-47.94%	19.66%	-5.86%	10.96%
Sands Capital Large Cap Growth FS (net)	2.80%	6.70%	42.52%	8.39%	5.76%	2.88%	23.75%	67.22%	-49.60%	16.24%	-8.66%	7.68%
Russell 1000 Growth Index*	0.76%	6.83%	35.01%	5.02%	5.33%	2.24%	16.72%	37.21%	-38.43%	11.82%	9.08%	5.27%
Excess Return (gross)	2.80%	1.45%	11.65%	6.66%	3.64%	3.79%	10.69%	34.89%	-9.51%	7.84%	-14.94%	5.69%

** Please refer to the Definitions section at the end of the report*

Source: Consulting Group

Performance Commentary (Gross of Fees)

Current Quarter

- Sands Capital Management's Large Cap Growth portfolio gained 3.56% for the quarter which outperformed the benchmark by 280 basis points. CG IAR considers this to be above expectations as the broad markets tended to favor higher quality and lower beta stocks within the benchmark.
- Outperformance was primarily a result of strong stock selection across multiple sectors. Positions in Consumer Discretionary and Information Technology contributed, given the positive contributions from stocks such as Amazon, Netflix, Salesforce.com, and Visa.
- On the contrary, Financials was the one area of weakness for the portfolio and detracted from relative performance due largely to the lagging performance of Charles Schwab.
- Sector positioning for the quarter had an approximately neutral effect relative to the benchmark as gains from being overweight the strong Consumer Discretionary and Healthcare sectors were mostly offset by weakness from an underweight to the more defensive and top-performing Consumer Staples sector.
- From a style perspective, Sand's emphasis on higher earnings growth and beta worked against them this quarter as the more moderate growing companies and lower beta or more defensive stocks tended to perform best within the benchmark.

Shorter Term

- In the YTD period, Sands has outpaced the benchmark by 145 basis points, which CG IAR considers at the high end but within expectations as their mid-cap bias has helped but the rally in low beta and higher quality has created headwinds for the portfolio. Further, stock selection year to date has been additive to relative performance given the strength of holdings such as Intuitive Surgical, Amazon, Netflix and Starbucks.
- For the trailing twelve month period, Sands has outperformed the Russell 1000 Growth benchmark by 1165 basis points which CG IAR considers to be above expectations as strong stock selection across multiple sectors has driven results. Notable contributors include Las Vegas Sands, National Oilwell Varco and Amazon. Again, Financials was an area of weakness for Sands' given the poor relative performance of Intercontinental Exchange, CME Group, and Charles Schwab.
- Over the shorter-term and despite weakness in 2008, Sands has outpaced the benchmark by 6.66% over the past three years on an annualized basis. Consistently strong stock selection has been the primary driver of relative performance as the portfolio's economic sector positioning has had a neutral effect on relative performance over the past three years.
- Although CG IAR expected Sands to outperform given their investment process that favors lower market capitalizations, high earnings growth rates, and lower quality (as defined by S&P Rank)—all of which have been in favor for much of the time since the market lows of March 2009—we consider the magnitude of outperformance to be above expectations.

Longer-Term (>3-years)

- Despite a significant performance shortfall in 2008 and 2006, Sands' long term performance record is considered to be above expectations. The portfolio has outperformed the benchmark in eight of the last ten calendar years, and is 3.64% and 3.79% ahead of the Russell 1000 Growth Index on 5-Yr and 10-Yr annualized basis.
- Given a fairly concentrated number of holdings, consistent implementation, and long-term investment horizon, Sand's relative performance over the longer term is attributable to strong stock selection as opposed to favorable economic sector positioning. Further, the portfolio's economic sector positioning actually has been a detractor to relative performance over the past five years as Sand's consistent overweight to the lagging Energy sector and the volatile Financials sector, along with an underweight to the more defensive and top-performing Consumer Staples sector negatively impacted relative performance.
- From an investment style perspective, Sands' emphasis on the higher EPS Growth, higher P/E, and lower market cap stocks has contributed positively to relative performance as these smaller and faster growing companies have generally led returns within the benchmark over the past five years.

Trends in Portfolio Positioning

- Typically a lower weighted average market capitalization relative to the Russell 1000 Growth Index given Sands' consistent exposure to companies with market capitalizations less than $5.0 billion
- Higher EPS growth rates and P/E valuations relative to the benchmark
- Generally overweight stocks that do not pay dividends
- Emphasis on Healthcare, Information Technology, Consumer Discretionary sectors
- Typically overweight Energy
- Minimal exposure to more cyclical areas of the market like Industrials and Materials
- No exposure to the Utilities sector
- Little of no exposure to Consumer Staples

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.

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.

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.

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.

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

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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".

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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.

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.

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The net performance shown in this report reflects a deduction of a 0.75% quarterly fee (equivalent to a 3% annual fee). The maximum fee chargeable in a Morgan Stanley Smith Barney investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower. For example, if your fee is 3.05%, an annualized 10% gross return would result in an approximately 6.68% annualized net return. 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.

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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.

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.

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