

## CONSULTING GROUP CAPITAL MARKETS FUNDS (“TRUST”)

### SUPPLEMENT DATED NOVEMBER 6, 2012 TO THE PROSPECTUS DATED JANUARY 1, 2012

*The following information supplements, and to the extent inconsistent therewith, supersedes, certain information in the Prospectus. Defined terms not otherwise defined in this supplement have the same meaning as set forth in the Prospectus.*

#### **EMERGING MARKETS EQUITY INVESTMENTS**

*Effective October 12, 2012, David Lee and Maria Eugenia Tinedo are no longer Portfolio Managers of the Fund. As such, all references to David Lee and Maria Eugenia Tinedo are deleted.*

#### **INTERNATIONAL FIXED INCOME INVESTMENTS**

*Effective October 22, 2012, Kumaran K. Damodaran is no longer a Portfolio Manager of the Fund. As such, all references to Kumaran K. Damodaran are deleted. Also effective October 22, 2012, Michael A. Gomez, Managing Director, Portfolio Manager, Pacific Investment Management Company LLC (“PIMCO”), has joined the portfolio management team.*

*Effective October 22, 2012, the following is added to the disclosure for PIMCO, in the section of the Prospectus entitled “Fund Management,” under the heading “The Sub-Advisers” on page 61:*

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team	Fund Manager Since
			Members, Title, Past 5 years’ business experience	
International Fixed Income Investments	Pacific Investment Management Company LLC (“PIMCO”) 840 Newport Center Drive Newport Beach, CA 92660	10%	<b>Michael A. Gomez</b> <b>Managing Director, Portfolio Manager</b> (2003-present) Mr. Gomez is a global portfolio manager and co-head of the emerging markets portfolio management team. Prior to joining PIMCO, he was responsible for market making and proprietary trading of emerging markets bonds for Goldman Sachs.	2012

#### **MONEY MARKET INVESTMENTS**

*Effective November 1, 2012, the following replaces the disclosure for the Dreyfus Corporation, in the section of the Prospectus entitled “Fund Management,” under the heading “The Sub-Advisers” on page 62:*

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team	Fund Manager Since
			Members, Title, Past 5 years’ business experience	
Money Market Investments	The Dreyfus Corporation (“Dreyfus”) 200 Park Avenue, 8th Floor New York, NY 10166	100%	<b>Patricia A. Larkin</b> <b>Chief Investment Officer, Money Market Fund Strategies</b> (1982-present) Ms. Larkin is a senior portfolio manager and oversees Dreyfus’s Taxable and Tax-Exempt Money Market Portfolio Management and Trading Group.	2012

<b>Fund</b>	<b>Sub-adviser</b>	<b>Percentage</b>	<b>Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience</b>	<b>Fund Manager Since</b>
			<b>Bernard W. Kiernan, Jr.</b> <b>Senior Vice President and Senior</b> <b>Portfolio Manager of Money Market</b> <b>Fund Strategies</b> (1981-present) Mr. Kiernan has held his current position since 1996.	2012
			<b>James G. O'Connor</b> <b>Senior Portfolio Manager of Dreyfus</b> <b>Taxable Fixed Income Group</b> (2001-present) He has served as a member of the Dreyfus Capital Commitments and Risk Management Committees.	2012
			<b>Thomas Riordan</b> <b>Senior Vice President and Senior</b> <b>Portfolio Manager of Money Market</b> <b>Fund Strategies</b> (1998-present)	2012
			<b>William Doyle</b> <b>Vice President and Portfolio</b> <b>Manager of Money Market Fund</b> <b>Strategies</b> (1983-present) Mr. Doyle is co-head of the short-term taxable fixed-income desk. He has been with Money Market Fund Strategies since 1987.	2012
			<b>Edward J. Von Sauers</b> <b>Executive Vice President and</b> <b>portfolio manager</b> (2008-present) Mr. Von Sauers joined Dreyfus as a Managing Credit Strategist for Short Duration Portfolios. Prior to assuming his current responsibilities, he served as Chief Strategist for CIS. He has held several positions within BNY's Asset Management Division, serving as CIO of Institutional Asset Management with overall responsibility for Fixed Income and Index Management (1988-2007).	2012

## CONSULTING GROUP CAPITAL MARKETS FUNDS (“TRUST”)

### SUPPLEMENT DATED JULY 11, 2012 TO THE PROSPECTUS DATED JANUARY 1, 2012

The following information supplements, and to the extent inconsistent therewith, supersedes, certain information in the Prospectus. Defined terms not otherwise defined in this supplement have the same meaning as set forth in the Prospectus.

The following information replaces entirely, that contained in the Supplement dated June 19, 2012.

#### **LARGE CAPITALIZATION GROWTH INVESTMENTS**

Effective February 14, 2012, Michael C. Harris is no longer a Portfolio Manager of the Fund. As such, all references to Michael C. Harris are deleted.

#### **EMERGING MARKETS EQUITY INVESTMENTS**

Effective immediately, the following replaces similar disclosure found in the section entitled “Fund Fees and Expenses” under the heading “Emerging Markets Equity Investments” on page 17 of the Prospectus:

#### **Fund fees and expenses**

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

#### **Shareholder Fees (fees paid directly from your investment in the TRAK<sup>®</sup> program)**

Maximum annual TRAK <sup>®</sup> fee (as a percentage of average quarter-end net assets)	2.00%
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#### **Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)**

Management Fees	0.90%
Other Expenses	0.15%
Acquired fund fees and expenses	0.01%
Total Annual Fund Operating Expenses <sup>(1)</sup>	1.06%

(1) The ratio of Total Annual Operating Expenses in this table does not match the ratio found in the “Financial Highlights” section of this prospectus (“Expense Ratio”) because the Expense Ratio reflects the current operating expenses of the Fund and does not include the ratio of acquired fund fees and expenses, which are expenses incurred indirectly by the Fund as a result of its investment in other funds.

#### **LARGE CAPITALIZATION VALUE EQUITY INVESTMENTS**

Effective February 14, 2012, Daniel L. Kane, CFA<sup>®</sup>, Associate Portfolio Manager, Artisan, has joined the portfolio management team of Large Capitalization Value Equity Investments.

Effective February 14, 2012, the following is added to the disclosure related to Artisan Partners Limited Partnership in the section of the Prospectus entitled “Fund Management,” under the heading “The Sub-Advisers” on page 56:

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years’ business experience	Fund Manager Since
Large Capitalization Value Equity Investments	Artisan Partners Limited Partnership (“Artisan”) 875 East Wisconsin Avenue Suite 800 Milwaukee, WI 53202	10%	<b>Daniel L. Kane, CFA<sup>®</sup></b> <b>Associate Portfolio Manager</b>  (2012-present). Mr. Kane is associate portfolio manager to the mid cap value, small cap value and value equity disciplines at Artisan. Prior to joining Artisan as an analyst in 2008, Mr. Kane had served, since 2005, as a senior small cap investment analyst at BB&T Asset Management, Inc.	2012

## **SMALL CAPITALIZATION GROWTH INVESTMENTS**

Effective February 14, 2012, Carl Wiese no longer serves as portfolio manager for Small Capitalization Growth Investments. As such, all references to Carl Wiese are deleted. Also effective February 14, 2012, Luke Jacobson, CFA®, Portfolio Manager, Wall Street, has joined the portfolio management team.

Effective February 14, 2012, the following is added to the disclosure for Wall Street Associates LLC, in the section of the Prospectus entitled “**Fund Management**” under the heading “**The Sub-Advisers**” on page 57:

<b>Fund</b>	<b>Sub-adviser</b>	<b>Percentage</b>	<b>Fund Manager/Fund Management Team Members, Title, Past 5 years’ business experience</b>	<b>Fund Manager Since</b>
<b>Small Capitalization Growth Investments</b>	Wall Street Associates LLC (“Wall Street”) 1200 Prospect Street Suite 100 La Jolla, CA 92037	50%	<b>Luke Jacobson, CFA®</b> <b>Portfolio Manager</b>  (2012-present), covers business services, producer durables, financials and non-traditional areas of growth; Analyst (2004-2012).	2012

## **EMERGING MARKETS EQUITY INVESTMENTS**

Effective April 1, 2012, Michael Ho, Portfolio Manager, SSgA, has joined the portfolio management team for Emerging Markets Equity Investments.

Effective April 1, 2012, the following is added to the disclosure for SSgA Funds Management, Inc., in the section of the Prospectus entitled “**Fund Management**,” under the heading “**The Sub-Advisers**” on page 60:

<b>Fund</b>	<b>Sub-adviser</b>	<b>Percentage</b>	<b>Fund Manager/Fund Management Team Members, Title, Past 5 years’ business experience</b>	<b>Fund Manager Since</b>
<b>Emerging Markets Equity Investments</b>	SSgA Funds Management, Inc. (“SSgA FM”) State Street Financial Center One Lincoln Street Boston, MA 02111	30%	<b>Michael Ho, Ph.D.</b> <b>Senior Managing Director</b> (2012 – present). Mr. Ho is Chief Investment Officer (“CIO”) for the Active Emerging Market Equities and Global Macro investment strategies. Prior to joining SSgA in 2012, he was most recently the CIO for Mellon Capital Management (2008 - 2011). Prior to joining Mellon Capital, he was the Founder and CIO of Kevian Capital Management, a macro-driven hedge fund (2005-2007); and CIO at Marcuard Family Office (2003-2005).	2012

## **ALL FUNDS**

On May 24, 2012, the Board of Trustees approved the appointment of Morgan Stanley Smith Barney LLC (“MSSB”) as the Trust’s distributor, effective June 1, 2012. All references to Citigroup Global Markets Inc. (“CGM”) as distributor are hereby removed.

Effective February 14, 2012, the following replaces similar disclosure found in the first paragraph of the section entitled “**About the Funds**” under the heading “**Asset allocation programs**” on page 54 of the Prospectus:

### **Asset allocation programs**

Shares of the Funds are available to participants in advisory programs or asset based fee programs sponsored by MSSB, including the TRAK® Personalized Investment Advisory Service (“TRAK®”), or other investment advisory programs approved by MSSB. The advisory services provide investors with asset allocation recommendations, which are implemented through the Funds. The fees and expenses of these other investment advisory programs may vary, but are generally expected to be comparable to the fees paid by TRAK® participants. Shareholders who acquire Shares of the Funds through an investment advisory program other than through TRAK® may pay higher or lower fees and expenses than those set forth in the applicable Fund’s fee table and expense example in the Prospectus.

## **MONEY MARKET INVESTMENTS**

Effective July 16, 2012, Stephen Murphy no longer serves as portfolio manager for Money Market Investments. As such, all references to Stephen Murphy are deleted.

Effective July 16, 2012, Jay Sommariva, Vice President and Portfolio Manager, Dreyfus, has joined the portfolio management team of Money Market Investments. As such, the following is added to the disclosure related to Money Market Investments in the section of the Prospectus entitled “Fund Management” under the heading “The Sub-Advisers” on page 62:

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years’ business experience	Fund Manager Since
Money Market Investments	The Dreyfus Corporation (“Dreyfus”) 200 Park Avenue, 8 <sup>th</sup> Floor New York, NY 10166	100%	<b>Jay Sommariva</b> <b>Vice President and Portfolio Manager</b> (2005-present). Mr. Sommariva is responsible for managing and trading short duration portfolios.	2012,

## **ALL FUNDS**

Effective July 9, 2012, all references to CGM as clearing broker are hereby removed.

Effective July 9, 2012, the following replaces similar disclosure found in the section of the Prospectus entitled “Investment and account information” under the heading “Account transactions” on page 63:

**Purchase of shares.** You may purchase shares of a Fund if you are a participant in an advisory program or asset based fee program sponsored by MSSB, including TRAK<sup>®</sup> and advisory programs or asset based fee programs sponsored by MSSB, or by a qualified investment adviser not affiliated with MSSB. Purchases of shares of a Fund must be made through a brokerage account maintained with MSSB. You may establish a brokerage account with MSSB free of charge in order to purchase shares of a Fund.

- The minimum initial aggregate investment in the TRAK<sup>®</sup> program is \$10,000. The minimum investment in a Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK<sup>®</sup> program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- Investment advisory programs other than TRAK<sup>®</sup> may have different minimum initial aggregate investment requirements.
- The Funds, the TRAK<sup>®</sup> program and other investment advisory programs may vary or waive the investment minimums at any time.
- You may establish a Systematic Withdrawal/Investment Schedule. For more information, contact your Investment Professional or consult the SAI.

Shares of the Funds are sold at net asset value per share (“NAV”) without imposition of a sales charge but will be subject to any applicable advisory program fee. You may buy shares of a Fund at NAV on any day the NYSE is open by contacting your broker. All orders to purchase accepted by MSSB before 4:00 p.m. Eastern time will receive that day’s share price. Orders accepted after 4:00 p.m. will receive the next day’s share price. If the NYSE closes early, the Funds may accelerate transaction deadlines accordingly. All purchase orders must be in good order to be accepted. This means you have provided the following information:

- Name of the Fund
- Your account number
- Dollar amount or number of shares to be purchased
- Signatures of each owner exactly as the account is registered

Each Fund reserves the right to reject purchase orders or to stop offering its shares without notice. No order will be accepted unless MSSB has received and accepted an advisory agreement signed by the investor participating in the TRAK<sup>®</sup> program or other advisory program or asset based fee program sponsored by MSSB. Orders may also be accepted from investors who maintain a brokerage account through MSSB. With respect to investors participating in advisory programs sponsored by entities other than MSSB, MSSB must have received and accepted the appropriate documents before the order will be accepted. Payment for shares must be received by MSSB within three business days after the order is placed in good order.



# Consulting Group Capital Markets Funds

Prospectus

» January 1, 2012

- Large Capitalization Growth Investments (**TLGUX**)
- Large Capitalization Value Equity Investments (**TLVUX**)
- Small Capitalization Growth Investments (**TSGUX**)
- Small Capitalization Value Equity Investments (**TSVUX**)
- International Equity Investments (**TIEUX**)
- Emerging Markets Equity Investments (**TEMUX**)
- Core Fixed Income Investments (**TIIUX**)
- High Yield Investments (**THYUX**)
- International Fixed Income Investments (**TIFUX**)
- Municipal Bond Investments (**TMUUX**)
- Money Market Investments (**TGMXX**)

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

The Securities and Exchange Commission has not approved or disapproved these securities or determined whether this Prospectus is accurate or complete. Any statement to the contrary is a crime.

# Consulting Group Capital Markets Funds

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# Large Capitalization Growth Investments

## Investment objective

Capital appreciation.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.60%
Other Expenses	0.08%
Total Annual Fund Operating Expenses	0.68%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$271	\$832	\$1,419	\$3,011

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 76% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in the equity securities of large capitalization (or "cap") companies or in other investments with similar economic characteristics. The Fund defines large cap companies as companies whose market capitalizations typically fall within the range of the Russell 1000® Growth Index, which ranged from approximately \$50 million to \$353 billion as of November 30, 2011. The market capitalization of the companies in large-cap market indices and the Fund's portfolio changes over time. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S.

exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means large cap and/or growth stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on large cap and growth stocks. Both types of style tend to go in and out of favor.
- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Securities lending risk**, which includes potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

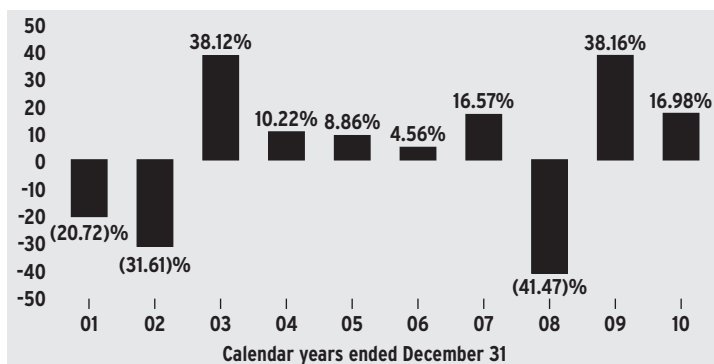
For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.



## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

### Annual total returns (%) as of December 31, 2010 Large Capitalization Growth Investments



### Fund's best and worst calendar quarters

Best: 19.27% in 4th quarter 2001

Worst: (24.61)% in 4th quarter 2008

Year-to-date: (11.04)% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	16.98%	2.88%	0.35%
Return After Taxes on Distributions	16.95%	2.71%	0.26%
Return After Taxes on Distributions and Sale of Fund Shares	11.07%	2.41%	0.27%
Russell 1000® Growth Index (reflects no deduction for expenses or taxes)	16.71%	3.75%	0.02%
Lipper Large Cap Growth Funds Average	15.03%	2.56%	(0.17)%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the Russell 1000® Growth Index. The benchmark is comprised of those Russell 1000® Index securities with greater than average growth orientation. The Russell 1000® Index is

composed of the 1,000 largest U.S. companies by market capitalization. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Large Cap Growth Funds Average. The Lipper Large Cap Growth Funds Average is comprised of funds that, by fund practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500® Index. Large cap growth securities will normally have an above-average price-to-earnings ratio, price-to-book ratio and three-year earnings growth figure, compared to the S&P 500® Index.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-advisers and portfolio managers

Delaware Management Company ("Delaware")

Frontier Capital Management Co., LLC ("Frontier")

Wells Capital Management, Inc. ("WellsCap")

Westfield Capital Management Company, L.P. ("Westfield")

Portfolio Manager	Fund's Portfolio Manager Since
Jeffrey S. Van Harte, CFA®, Senior Vice President and CIO — Focus Growth Equity — Delaware	2006
Christopher J. Bonavico, CFA®, Vice President, Senior Portfolio Manager, Equity Analyst — Delaware	2006
Christopher M. Ericksen, CFA®, Vice President, Portfolio Manager, Equity Analyst — Delaware	2006
Daniel J. Prislun, CFA®, Vice President, Senior Portfolio Manager, Equity Analyst — Delaware	2006
Stephen M. Knightly, CFA®, President and Portfolio Manager — Frontier	2009
Christopher J. Scarpa, Analyst and Assistant Portfolio Manager — Frontier	2011
Thomas J. Pence, CFA®, Managing Director and Senior Portfolio Manager — WellsCap	2006
Michael C. Harris, CFA®, Portfolio Manager — WellsCap	2006
Michael T. Smith, CFA®, Portfolio Manager — WellsCap	2010
William A. Muggia, President, CEO and CIO — Westfield	2004
Ethan J. Meyers, CFA®, Partner — Westfield	2004
John M. Montgomery, Partner & Portfolio Strategist — Westfield	2006
Hamlen Thompson, Partner — Westfield	2004
Bruce N. Jacobs, CFA®, Partner — Westfield	2004

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### **Tax information**

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### **Payments to financial intermediaries**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# Large Capitalization Value Equity Investments

## Investment objective

Total return, consisting of capital appreciation and dividend income.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.60%
Other Expenses	0.08%
Total Annual Fund Operating Expenses	0.68%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$271	\$832	\$1,419	\$3,011

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 38% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of large capitalization (or "cap") companies or in other investments with similar economic characteristics. The Fund defines large cap companies as companies whose market capitalizations typically fall within the range of the Russell 1000® Value Index, which ranged from approximately \$43.6 million to \$195 billion as of November 30, 2011. The market capitalization of the companies in large-cap market indices and the Fund's portfolio changes over time. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S.

exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

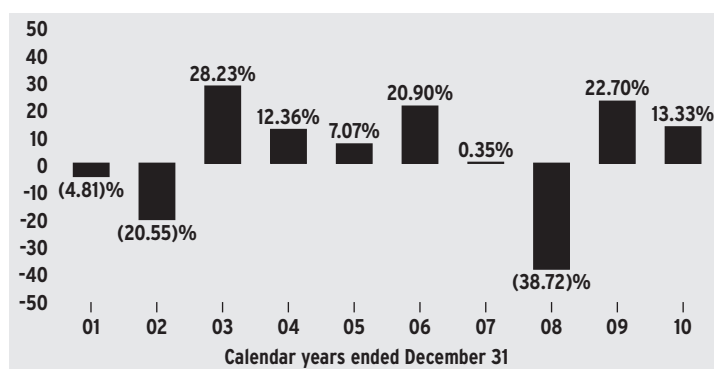
- **Market risk**, which is the risk that stock prices may decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means large cap and/or value stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on large cap and value stocks. Both types of style tend to go in and out of favor. Undervalued companies may have recently experienced adverse business developments or other events that have caused their stocks to be out of favor. If a Sub-adviser's assessment of the company is wrong, or if the market does not recognize the value of the company, the price of the company's stock may fail to meet expectations.
- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

For more information on the risks of investing in the Fund please see the Fund details” section in the Prospectus.

## Performance

The bar chart below shows how the Fund’s investment results have varied from year to year, and the following table shows how the Fund’s annual total returns for various periods compare to those of the Fund’s benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund’s past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

### Annual total returns (%) as of December 31, 2010 Large Capitalization Value Equity Investments



### Fund’s best and worst calendar quarters

Best: 18.13% in 2nd quarter 2009

Worst: (22.03)% in 4th quarter 2008

Year-to-date: (10.26)% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	13.33%	0.67%	1.89%
Return After Taxes on Distributions	12.94%	(0.48)%	1.00%
Return After Taxes on Distributions and Sale of Fund Shares	9.16%	0.27%	1.31%
Russell 1000® Value Index (reflects no deduction for expenses or taxes)	15.51%	1.28%	3.26%
Lipper Large Cap Value Funds Average	13.11%	1.04%	2.81%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor’s tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund’s benchmark is the Russell 1000® Value Index. The benchmark represents the stocks in the Russell 1000® Index with less than average growth orientation. The Russell 1000® Index includes the 1,000 largest U.S. companies by market capitalization. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Large Cap Value Funds Average. The Lipper Large Cap Value Funds Average is comprised of funds that, by fund practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500® Index. Large cap value securities typically have a below-average price-to-earnings ratio, price-to-book ratio and three-year sales-per-share growth value, compared to the S&P 500® Index.

## Investment adviser

Consulting Group Advisory Services LLC (“CGAS” or the “Manager”), a business of Morgan Stanley Smith Barney Holdings LLC (“MSSBH”), serves as the investment adviser for the Fund. The Fund employs a “multi-manager” strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

## Sub-advisers and portfolio managers

Artisan Partners Limited Partnership (“Artisan”)

Cambiar Investors, LLC (“Cambiar”)

Cullen Capital Management, LLC (“Cullen”)

HGK Asset Management Inc. (“HGK”)

NFJ Investment Group LLC (“NFJ”)

Portfolio Manager	Fund’s Portfolio Manager Since
Scott C. Satterwhite, CFA®, Managing Director and Co-Portfolio Manager — Artisan	2009
James C. Kieffer, CFA®, Managing Director and Co-Portfolio Manager — Artisan	2009
George O. Sertl, Jr., CFA®, Co-Portfolio Manager — Artisan	2009
Brian M. Barish, CFA®, Principal, President and Director of Research — Cambiar	2004
Maria L. Mendelsberg, CFA®, Principal, Portfolio Manager, Senior Investment Analyst — Cambiar	2004
Anna A. Aldrich, CFA®, Principal, Portfolio Manager, Senior Investment Analyst — Cambiar	2004
Timothy A. Beranek, Principal, Portfolio Manager, Senior Investment Analyst — Cambiar	2004
Andrew Baumbusch, Principal, Portfolio Manager, Senior Investment Analyst — Cambiar	2011
James P. Cullen, President and Portfolio Manager — Cullen	2008
John C. Gould, Portfolio Manager — Cullen	2008
Michael Pendergast, CFA®, Chief Investment Officer, Managing Director, Portfolio Manager — HGK	2010
Andrew Rothstein, CFA®, Assistant Portfolio Manager — HGK	2011
Ben J. Fischer, CFA®, Managing Director, Portfolio Manager/Analyst — NFJ	2006
R. Burns McKinney, CFA®, Managing Director, Portfolio Manager/Analyst — NFJ	2009
Thomas W. Oliver, CFA®, CPA, Managing Director, Portfolio Manager/Analyst — NFJ	2009
Paul A. Magnuson, Managing Director, Portfolio Manager/Analyst — NFJ	2005
L. Baxter Hines, Vice President, Portfolio Manager/Analyst — NFJ	2011
Jeff N. Reed, CFA®, Vice President, Portfolio Manager/Analyst — NFJ	2011

## **Purchase and sale of Fund shares**

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC (“MSSB”) or through a broker that clears securities transactions through Citigroup Global Markets Inc. (“CGM”), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange (“NYSE”) is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

## **Tax information**

The Fund’s distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

## **Payments to financial intermediaries**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.



# Small Capitalization Growth Investments

## Investment objective

Capital appreciation.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.80%
Other Expenses	0.15%
Total Annual Fund Operating Expenses	0.95%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$298	\$912	\$1,552	\$3,272

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 73% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of small capitalization (or "cap") companies or in other investments with similar economic characteristics. The Fund defines small cap companies as companies with market caps not exceeding \$3 billion or the highest month-end market cap value of any stock in the Russell 2000® Growth Index for the previous 12 months, whichever is greater. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S. exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn

additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means small cap and/or growth stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on small cap and growth stocks. Both types of style tend to go in and out of favor.
- **Small cap risk**, which refers to the fact that historically, small cap stocks have been riskier than large and mid cap stocks. Small cap companies tend to be more vulnerable to adverse business and economic events than larger, more established companies. Small cap companies tend to have more limited product lines, capital resources and/or management depth. Small cap companies tend to be more sensitive to changes in earnings results and forecasts and investor expectations and will experience sharper swings in market values. At times, small cap stocks may be less liquid and harder to sell at prices the Sub-advisers believe are appropriate.
- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells

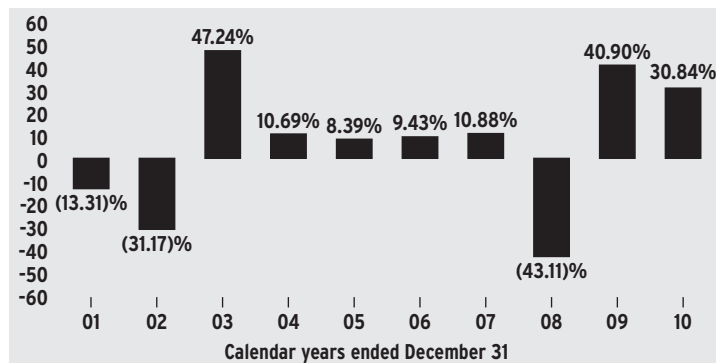
and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

### Annual total returns (%) as of December 31, 2010 Small Capitalization Growth Investments



### Fund's best and worst calendar quarters

Best: 25.27% in 4th quarter 2001

Worst: (29.83)% in 3rd quarter 2001

Year-to-date: (19.89)% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
Fund (without advisory program fee)			
Return Before Taxes	30.84%	4.94%	2.98%
Return After Taxes on Distributions	30.84%	4.94%	2.98%
Return After Taxes on Distributions and Sale of Fund Shares	20.04%	4.25%	2.58%
Russell 2000® Growth Index (reflects no deduction for expenses or taxes)	29.09%	5.30%	3.78%
Lipper Small Cap Growth Funds Average	27.73%	4.34%	3.68%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return

after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the Russell 2000® Growth Index. This index represents companies in the Russell 2000® Index with better than average growth orientation. The Russell 2000® Index includes the smallest 2000 U.S. companies out of the Russell 3000® universe. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Small Cap Growth Funds Average. The Lipper Small Cap Growth Funds Average is comprised of funds that, by fund practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500® Index. Small cap growth securities normally have an above-average price-to-earnings ratio price-to-book ratio and three-year earnings growth figure, compared to the S&P SmallCap 600® Index.

## Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

## Sub-advisers and portfolio managers

Wall Street Associates LLC ("Wall Street")

Westfield Capital Management, L.P. ("Westfield")

Portfolio Manager	Fund's Portfolio Manager Since
William Jeffery, III, Principal, President, and CIO – Wall Street	1997
Kenneth F. McCain, Principal, Portfolio Manager – Wall Street	1997
Paul J. Ariano, CFA®, Portfolio Manager – Wall Street	1997
Carl Wiese, CFA®, Portfolio Manager – Wall Street	1997
Paul K. LeCoq, Principal, Generalist Portfolio Manager – Wall Street	2005
William A. Muggia, President, CEO and CIO – Westfield	2000
Ethan J. Meyers, CFA®, Partner — Westfield	2004
John M. Montgomery, Partner & Portfolio Strategist — Westfield	2006
Hamlen Thompson, Partner — Westfield	2004
Bruce N. Jacobs, CFA®, Partner — Westfield	2004

## Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate

families, and retirement accounts or plans for those persons, is \$5,000.

- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### **Tax information**

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### **Payments to financial intermediaries**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.



# Small Capitalization Value Equity Investments

## Investment objective

Above-average capital appreciation.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.80%
Other Expenses	0.18%
Total Annual Fund Operating Expenses	0.98%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$301	\$921	\$1,567	\$3,298

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 36% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of small capitalization (or "cap") companies or in other investments with similar economic characteristics. The Fund defines small cap companies as companies with market caps not exceeding \$3 billion or the highest month-end market cap value of any stock in the Russell 2000® Value Index for the previous 12 months, whichever is greater. The Fund may invest up to 10% of its assets in foreign securities, including emerging markets securities. The Fund may also lend portfolio securities to

earn additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means small cap and/or value stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on small cap and value stocks. Both types of style tend to go in and out of favor. Undervalued companies may have recently experienced adverse business developments or other events that have caused their stocks to be out of favor. If a Sub-adviser's assessment of the company is wrong, or if the market does not recognize the value of the company, the price of the company's stock may fail to meet expectations.
- **Small cap risk**, which refers to the fact that historically, small cap stocks have been riskier than large and mid cap stocks. Small cap companies tend to be more vulnerable to adverse business and economic events than larger, more established companies. Small cap companies tend to have more limited product lines, capital resources and/or management depth. Small cap companies tend to be more sensitive to changes in earnings results and forecasts and investor expectations and will experience sharper swings in market values. At times, small cap stocks may be less liquid and harder to sell at prices the Sub-advisers believe are appropriate.
- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Emerging markets risk**, emerging market countries generally are those countries that the International Bank for Reconstruction and Development (the World Bank) considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different

from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.

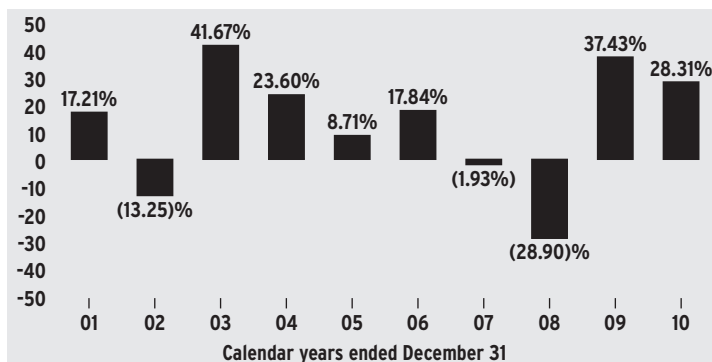
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers, may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

### Annual total returns (%) as of December 31, 2010 Small Capitalization Value Equity Investments



### Fund's best and worst calendar quarters

Best: 24.90% in 3rd quarter 2009

Worst: (23.94)% in 4th quarter 2008

Year-to-date: (16.36)% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	28.31%	7.69%	10.85%
Return After Taxes on Distributions	28.07%	6.17%	8.94%
Return After Taxes on Distributions and Sale of Fund Shares	18.71%	6.20%	8.85%
Russell 2000® Value Index (reflects no deduction for expenses or taxes)	24.50%	3.52%	8.42%
Lipper Small Cap Value Funds Average	25.00%	4.16%	9.25%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the Russell 2000® Value Index. The benchmark represents stocks in the Russell 2000® Index with less-than-average growth orientation. The Russell 2000® Index is comprised of the smallest 2,000 U.S. stocks out of the Russell 3000® universe. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Small Cap Value Funds Average, which is comprised of funds that, by fund practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500® Index. Small cap value securities will normally have a below average price-to-earnings ratio, price-to-book ratio and three-year earnings growth figure, compared to the S&P SmallCap 600® Index.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-advisers and portfolio managers

Delaware Management Company ("Delaware")

NFJ Investment Group LLC ("NFJ")

Rutabaga Capital Management LLC ("Rutabaga")

Portfolio Manager	Fund's Portfolio Manager Since
Christopher S. Beck, Senior Vice President, CIO – Small Cap Value/Mid Cap Value Equity — Delaware	2005
Paul A. Magnuson, Managing Director, Portfolio Manager/Analyst – NFJ	1993
Ben J. Fischer, CFA®, Managing Director, Portfolio Manager/Analyst – NFJ	2006
Morley D. Campbell, CFA®, Senior Vice President, Portfolio Manager/Analyst – NFJ	2009

Portfolio Manager	Fund's Portfolio Manager Since
Peter Schliemann, Managing Principal – Rutabaga	2000
Brent Miley, Principal – Rutabaga	2000
N. Carter Newbold, Principal – Rutabaga	2000
Dennis Scannell, Principal – Rutabaga	2000
Rob Henderson, Principal – Rutabaga	2005

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC (“MSSB”) or through a broker that clears securities transactions through Citigroup Global Markets Inc. (“CGM”), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange (“NYSE”) is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund’s distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

# International Equity Investments

## Investment objective

Capital appreciation.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.70%
Other Expenses	0.14%
Total Annual Fund Operating Expenses	0.84%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$287	\$880	\$1,499	\$3,166

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 70% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of companies located outside the U.S. The Fund focuses on companies located in developed markets, but also may invest a portion of its assets in securities of companies located in emerging markets. The Fund intends to diversify its assets by investing primarily in securities of issuers located in at least three foreign countries. The Fund may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions and trading currency futures contracts and options on these futures. However, a Sub-adviser may choose not to,

or may be unable to, hedge the Fund's currency exposure. The Fund may not be able to hedge its currency exposure. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Foreign investment risk**, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- **Currency risk**, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- **Forwards and futures risk**, which means that the Fund's use of forwards and futures to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Forward and futures contracts will obligate or entitle the



Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in forward or futures contracts can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using forward and futures can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in forward or futures contracts if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain forward or futures contracts presents the same types of credit risks as issuers of fixed income securities. Investing in forward and futures contracts can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.

- **Emerging markets risk**, emerging market countries generally are those countries that the International Bank for Reconstruction and Development ("World Bank") considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

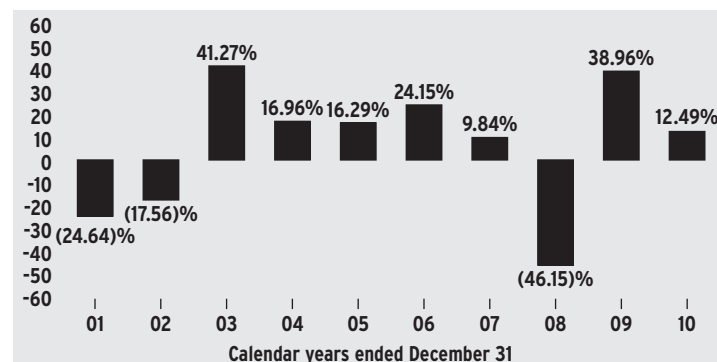
For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory

program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

## Annual total returns (%) as of December 31, 2010 International Equity Investments



## Fund's best and worst calendar quarters

Best: 25.95% in 2nd quarter 2009

Worst: (23.14)% in 4th quarter 2008

Year-to-date: (18.54)% (through 3rd quarter 2011)

## Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	12.49%	2.79%	3.20%
Return After Taxes on Distributions	12.27%	1.69%	2.49%
Return After Taxes on Distributions and Sale of Fund Shares	8.48%	2.00%	2.47%
MSCI EAFE® Index (reflects no deduction for expenses or taxes)	7.75%	2.46%	3.50%
Lipper International Large-Cap Core Average	8.11%	2.25%	2.74%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the MSCI EAFE® — Capitalization Weighted Index ("MSCI EAFE® Index"). The Benchmark is a composite portfolio of equity total returns for developed countries in Europe and the Far East and Australia and New Zealand. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper International Large-Cap Core Average. The Lipper International Large-Cap Core Average is comprised of funds that, by fund practice, invest at least 75% of their equity assets in companies strictly outside of the

U.S., with market capitalizations (on a three-year weighted basis) greater than the 250<sup>th</sup> largest companies in the S&P/Citigroup World ex-U.S. Broad Market® Index (“BMI®”). Large cap core securities typically have an average price-to-cash ratio, price-to-book ratio, and three year sales-per-year growth value, compared to S&P/Citigroup World ex-U.S. BMI®.

### Investment adviser

Consulting Group Advisory Services LLC (“CGAS” or the “Manager”), a business of Morgan Stanley Smith Barney Holdings LLC (“MSSBH”), serves as the investment adviser for the Fund. The Fund employs a “multi-manager” strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-advisers and portfolio managers

Marsico Capital Management, LLC (“Marsico”)

Philadelphia International Advisors LP (“PIA”)

Schroder Investment Management North America Inc. (“Schroder”)

Thornburg Investment Management, Inc. (“Thornburg”)

Portfolio Manager	Fund's Portfolio Manager Since
James G. Gendelman, Senior Analyst and Portfolio Manager — Marsico	2008
Munish Malhotra, Senior Analyst and Portfolio Manager — Marsico	2010
Andrew B. Williams, CFA®, CIO and Lead Portfolio Manager — PIA	2002
Robert C. Benthem de Grave, Analyst — PIA	2002
Frederick B. Herman, III, CFA®, Analyst — PIA	2002
Stephen C. Dolce, CFA®, Analyst — PIA	2010
Scott E. Decatur, Ph.D., Director of Quantitative Research — PIA	2008
Virginie Maisonneuve, CFA®, Head of Global and International Equities — Schroder	2007
Simon Webber, Portfolio Manager — Schroder	2011
William Fries, CFA®, Managing Director and Co-Portfolio Manager — Thornburg	2008
Wendy Trevisani, Managing Director and Co-Portfolio Manager — Thornburg	2008
Lei Wang, CFA®, Managing Director and Co-Portfolio Manager — Thornburg	2008

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC (“MSSB”) or through a broker that clears securities transactions through Citigroup Global Markets Inc. (“CGM”), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange (“NYSE”) is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# Emerging Markets Equity Investments

## Investment objective

Long-term capital appreciation.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

### Shareholder Fees (fees paid directly from your investment in the TRAK® program)

Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
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### Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.90%
Other Expenses	0.16%
Acquired fund fees and expenses	0.01%
Total Annual Fund Operating Expenses <sup>(1)</sup>	1.06%

<sup>(1)</sup> The ratio of Total Annual Operating Expenses in this table does not match the ratio found in the "Financial Highlights" section of this prospectus ("Expense Ratio") because the Expense Ratio reflects the current operating expenses of the Fund and does not include the ratio of acquired fund fees and expenses, which are expenses incurred indirectly by the Fund as a result of its investment in other funds.

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$308	\$942	\$1,601	\$3,364

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 42% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in equity securities of issuers located in emerging markets countries, which is generally defined as a country having per capita income in the low to middle ranges, as determined by the World Bank. To diversify its investments, the Fund invests primarily in securities of issuers located in at least three foreign countries. The

Fund also may invest a portion of its assets in closed-end investment companies that invest in emerging markets. The Fund may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions and trading currency futures contracts and options on these futures. However, a Sub-adviser may choose not to, or may be unable to, hedge the Fund's currency exposure. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Foreign investment risk**, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- **Emerging markets risk**, which refers to the fact that the market value for emerging market equity securities historically has been very volatile and an investment in the Fund involves a substantial degree of risk. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly,

rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.

► **Currency risk**, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.

► **Forwards and futures risk**, which means that the Fund's use of forwards and futures to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Forward and futures contracts will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in forward or futures contracts can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using forward and futures can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in forward or futures contracts if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain forward or futures contracts presents the same types of credit risks as issuers of fixed income securities. Investing in forward and futures contracts can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.

► **Closed-end investment company risk**, which means that since closed-end investment companies issue a fixed number of shares they typically trade on a stock exchange or over-the-counter at a premium or discount to their net asset value per share.

► **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.

► **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.

► **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

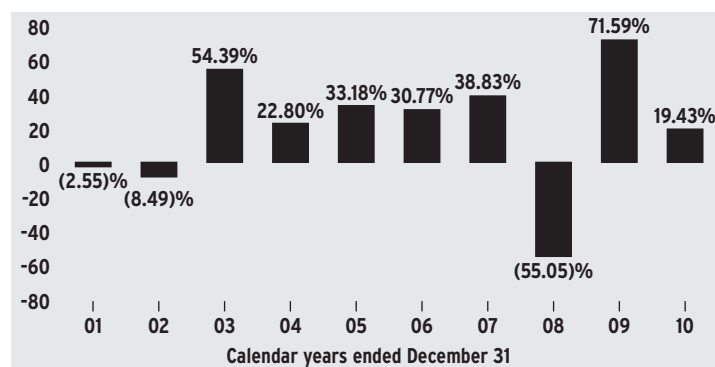
► **Issuer risk**, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

## Annual total returns (%) as of December 31, 2010 Emerging Markets Equity Investments



## Fund's best and worst calendar quarters

Best: 32.91% in 2nd quarter 2009

Worst: (29.44)% in 3rd quarter 2008

Year-to-date: (23.66)% (through 3rd quarter 2011)

## Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 4/21/1994	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	19.43%	10.82%	14.17%
Return After Taxes on Distributions	19.35%	10.20%	13.67%
Return After Taxes on Distributions and Sale of Fund Shares	13.12%	9.29%	12.62%
MSCI Emerging Markets Index (reflects no deduction for expenses or taxes)	18.88%	12.78%	15.89%
Lipper Emerging Markets Funds Average	19.58%	10.87%	15.30%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return



after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the MSCI Emerging Markets Index. The benchmark is composed of equity total returns of countries with low to middle per capita incomes, as determined by the World Bank. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Emerging Markets Funds Average. The Lipper Emerging Markets Funds Average is comprised of funds that, by fund practice, seek long-term capital appreciation by investing at least 65% of their total assets in emerging market equity securities, where "emerging market" is defined by a country's gross national product per capita or other economic measures.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-advisers and portfolio managers

Lazard Asset Management LLC ("Lazard")

Newgate Capital Management LLC ("Newgate")

SSgA Funds Management, Inc. ("SSgA FM")

Portfolio Manager	Fund's Portfolio Manager Since
Rohit Chopra, Managing Director — Lazard	2009
James M. Donald, Managing Director — Lazard	2009
Erik McKee, Director — Lazard	2009
John R. Reinsberg, Deputy Chairman — Lazard	2009
Avy Hirshman, Managing Director and CIO — Newgate	2004
James Trainor, CIMA, Managing Director and Senior Portfolio Manager — Newgate	2004
Sonia Rosenbaum, Ph.D., Managing Director and Director of Research — Newgate	2004
Matthew Peterson, Director of Investments — Newgate	2005
David Lee, Investment Director and Portfolio Manager — Newgate	2007
Maria Eugenia Tinedo, Portfolio Manager and Senior Research Analyst — Newgate	2006
Christopher Laine, Vice President and Senior Portfolio Manager — SSgA FM	2010

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate

families, and retirement accounts or plans for those persons, is \$5,000.

- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# Core Fixed Income Investments

## Investment objective

Maximum total return, consistent with preservation of capital and prudent investment management.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.40%
Other Expenses	0.12%
Total Annual Fund Operating Expenses	0.52%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$255	\$784	\$1,340	\$2,855

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 390% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in fixed income instruments. Fixed income instruments include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (Note that securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury); corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by

governments and corporations; structured notes, including hybrid or "indexed" securities and event-linked bonds; loan participations and assignments; delayed funding loans and revolving credit facilities; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements on fixed income instruments and reverse repurchase agreements on fixed income instruments; debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises; obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and obligations of international agencies or supranational entities. The Fund may invest in derivatives based on fixed income instruments, including futures, forwards, options, swaps, and swaptions, and may use other investment techniques such as mortgage dollar rolls, buy-backs and securities lending to earn additional income. The Fund also may engage in short sales.

Investments may be structured to provide all types of interest rate payments, including fixed, variable, floating, inverse, zero or interest only rates of interest. The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Fund may invest in currency spot and forward transactions for the purpose of active currency exposure. Foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) normally will be limited to 20% of the Fund's total assets. The Fund may invest up to 15% in emerging market securities. The Fund may also invest up to 5% of its total asset in convertibles and 10% of its total assets in preferred stocks. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

**Credit quality.** The Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in non-investment grade securities (sometimes called "high yield securities" or "junk bonds") rated CCC- or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Sub-advisers to be of comparable quality.

**Duration.** The Fund's average portfolio duration normally ranges within two years (plus or minus) of the duration of the benchmark. Duration is an approximate measure of the sensitivity of the market value of the Fund's holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. Individual investments may be of any maturity.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.

- *Interest rate risk*, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- *Credit risk*, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Non-investment grade securities (sometimes called "high yield securities" or "junk bonds") involve greater risks of default or downgrade and are more volatile than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. Additionally, issuers of non-investment grade securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.
- *Prepayment and extension risks*, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- *Mortgage-backed securities risk*, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
- *Asset-backed securities risk*, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
- *Portfolio turnover risk*, Due to its investment strategy, the Fund may buy and sell securities frequently. This may result in higher transaction costs and additional capital gains tax liabilities.
- *Liquidity risk*, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
- *Derivatives risk*, which means that the Fund's use of futures, forwards, options, swaps and swaptions to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Futures, forwards, options, swaps and swaptions will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in futures, forwards, options, swaps and swaptions can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using futures, forwards, options, swaps and swaptions can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in futures, forwards, options, swaps and swaptions if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain futures, forwards, options, swaps and swaptions presents the same types of credit risks as issuers of fixed income securities. Investing in futures, forwards, options, swaps and swaptions can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
- *Leverage risk*, which means the Fund creates an opportunity for increased net income but, at the same time, creates special risks. For example, leveraging may exaggerate changes in and increase the volatility of the net asset value of Fund shares. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's portfolio securities. The use of leverage also may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to maintain asset coverage.

- *Foreign investment risk*, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- *Emerging markets risk*, emerging market countries generally are those countries that the World Bank considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- *Currency risk*, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- *Short sale risk*, selling short may produce higher than normal portfolio turnover and result in increased transaction costs to the Fund. In addition, selling short magnifies the potential for both gain and loss to the Fund. The larger the Fund's short position, the greater the potential for gain and loss. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss. To borrow the security, the Fund also may be required to pay a premium, which could increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund may be required to pay in connection with the short sale. In addition, because the Fund's loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited. By contrast, the Fund's loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot drop below zero.
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Delayed funding loans and revolving credit facilities risk*, the Fund's investments in delayed funding loans and revolving credit facilities may have the effect of requiring a Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when such company's financial condition makes it unlikely that such additional funding commitments will be repaid). Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.
- *Event-linked exposure risk*, event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as "catastrophe bonds." If a trigger event occurs, a Fund may lose a portion of or the entire principal investment in the case of a bond or a portion of or the entire notional amount in the case of a swap. Event-linked exposure instruments often provide for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose a Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.
- *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

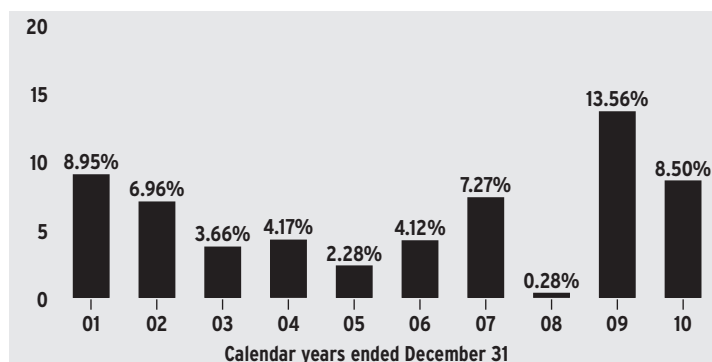
For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)



## Annual total returns (%) as of December 31, 2010 Core Fixed Income Investments



### Fund's best and worst calendar quarters

Best: 7.00% in 3rd quarter 2009

Worst: (2.30)% in 2nd quarter 2004

Year-to-date: 5.33% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	8.50%	6.65%	5.91%
Return After Taxes on Distributions	6.11%	4.53%	3.95%
Return After Taxes on Distributions and Sale of Fund Shares	5.67%	4.45%	3.90%
Barclays Capital U.S. Aggregate Bond Index (reflects no deduction for expenses or taxes)	6.54%	5.80%	5.84%
Lipper Intermediate Investment Grade Debt Funds Average	7.79%	5.12%	5.34%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the Barclays Capital U.S. Aggregate Bond<sup>TM</sup> Index. The benchmark is composed of debt securities of the U.S. government and its agencies and publicly issued, fixed rate, non-convertible, investment-grade domestic corporate debt with at least one year remaining to maturity. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper Intermediate Investment Grade Debt Funds Average. The Lipper Intermediate Investment Grade Debt Funds Average is comprised of funds that, by fund practice, invest primarily in investment-grade debt issues rated in the top four grades by a nationally recognized statistical rating organization, with dollar-weighted average maturities of one to five years.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-advisers and portfolio managers

BlackRock Financial Management, Inc. ("BlackRock")

Metropolitan West Asset Management LLC ("MetWest")

Pacific Investment Management Company LLC ("PIMCO")

Western Asset Management Company ("WAMCo")

Portfolio Manager	Fund's Portfolio Manager Since
Matthew Marra, Managing Director and Portfolio Manager — BlackRock	2000
Brian Weinstein, Managing Director and Portfolio Manager — BlackRock	2010
Tad Rivelle, CIO and Generalist Portfolio Manager — MetWest	2007
Laird Landmann, Generalist Portfolio Manager — MetWest	2007
Steve Kane, CFA®, Generalist Portfolio Manager — MetWest	2007
Chris P. Dialynas, Managing Director, Portfolio Manager — PIMCO	2000
Stephen A. Walsh, CIO — WAMCo	2004
Carl L. Eichstaedt, Portfolio Manager — WAMCo	2004
Mark S. Lindbloom, Portfolio Manager — WAMCo	2004
Michael C. Buchanan, Portfolio Manager — WAMCo	2004
Keith J. Gardner, Portfolio Manager — WAMCo	2004

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK<sup>®</sup> program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK<sup>®</sup> program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK<sup>®</sup> program may vary or waive the investment minimums at any time.

### Tax information

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### **Payments to financial intermediaries**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# High Yield Investments

## Investment objective

A high level of current income primarily through investment in below-investment grade debt securities.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.70%
Other Expenses	0.18%
Total Annual Fund Operating Expenses	0.88%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$291	\$892	\$1,519	\$3,205

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 62% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in high yield fixed income securities of corporate issuers located in the United States rated below investment grade by two or more nationally recognized statistical rating organizations (commonly called "junk bonds"), or, if unrated, of equivalent quality as determined by the Sub-advisers. These securities include all types of debt obligations, such as corporate bonds and notes and collateralized mortgage obligations. The Fund may invest up to 20% of its assets in securities of issuers located in developed and emerging market

foreign countries. The Fund also may invest up to 20% of its assets in equity and equity-related securities, including common stock, convertible securities, preferred stock, warrants and rights. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

**Credit quality.** The Fund invests primarily in high yield securities or junk bonds.

**Duration.** The Fund's average duration ranges from two to six years. Duration is an approximate measure of the sensitivity of the market value of the Fund's holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. Individual securities may be of any maturity.

The Fund employs a "multi-manager" strategy whereby portions of the Fund are allocated to professional money managers (each, a "Sub-adviser," collectively, the "Sub-advisers") who are responsible for investing the assets of the Fund.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Investment in high yield securities or junk

- bonds involves substantial risk of loss. The Fund could lose money if the issuer or guarantor of a Fund security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Junk bonds involve greater risks of default or downgrade and are more volatile than investment grade securities. Junk bonds involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness. Additionally, issuers of junk bonds may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.
- *Prepayment and extension risks*, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower than market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
  - *Mortgage-backed securities risk*, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
  - *Asset-backed securities risk*, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
  - *Liquidity risk*, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
  - *Foreign investment risk*, which means risks unique to investing in foreign issuers. These include:
    - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
    - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
    - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
    - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
    - Withholding and other foreign taxes may decrease the Fund's return.
  - *Emerging markets risk*, which refers to the fact that in addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
  - *Currency risk*, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
  - *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
  - *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
  - *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

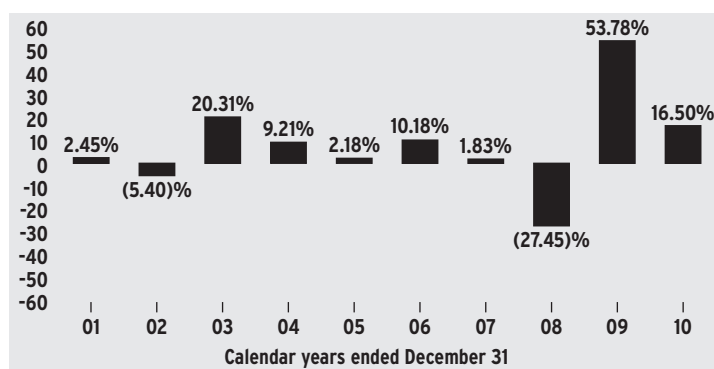


For more information on the risks of investing in the Fund please see the “Fund details” section in the Prospectus.

## Performance

The bar chart below shows how the Fund’s investment results have varied from year to year, and the following table shows how the Fund’s annual total returns for various periods compare to those of the Fund’s benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund’s past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

### Annual total returns (%) as of December 31, 2010 High Yield Investments



### Fund’s best and worst calendar quarters

Best: 21.79% in 2nd quarter 2009

Worst: (19.89)% in 4th quarter 2008

Year-to-date: (1.67)% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 7/13/1998	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	16.50%	7.83%	6.61%
Return After Taxes on Distributions	13.00%	4.42%	3.39%
Return After Taxes on Distributions and Sale of Fund Shares	10.60%	4.58%	3.61%
Barclays Capital High Yield Index (reflects no deduction for expenses or taxes)	15.12%	8.91%	8.88%
Lipper High Current Yield Funds Average	14.24%	6.62%	7.03%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor’s tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund’s benchmark is the Barclays Capital High Yield Index, a broad-based market measure of high yield bonds, commonly known as “junk bonds.” The benchmark is designed to mirror the investible universe of the dollar-denominated high yield debt market. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance to the Lipper High Current Yield Funds Average. The Lipper High Current Yield Funds Average is comprised of funds that, by Fund practice, aim at high current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues.

## Investment adviser

Consulting Group Advisory Services LLC (“CGAS” or the “Manager”), a business of Morgan Stanley Smith Barney Holdings LLC (“MSSBH”), serves as the investment adviser for the Fund. The Fund employs a “multi-manager” strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

## Sub-advisers and portfolio managers

PENN Capital Management Co., Inc. (“PENN Capital”) Western Asset Management Company (“WAMCo”)

Portfolio Manager	Fund’s Portfolio Manager Since
Richard A. Hocker, Founder and CIO — PENN Capital	2006
Eric J. Green, CFA®, Senior Managing Partner, Director of Research & Senior Portfolio Manager — PENN Capital	2006
Michael C. Buchanan, CFA®, Portfolio Manager — WAMCo	2005
Stephen A. Walsh, CIO — WAMCo	2001

## Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC (“MSSB”) or through a broker that clears securities transactions through Citigroup Global Markets Inc. (“CGM”), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange (“NYSE”) is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

## Tax information

The Fund’s distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### **Payments to financial intermediaries**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# International Fixed Income Investments

## Investment objective

Maximize current income, consistent with the protection of principal.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.50%
Other Expenses	0.22%
Total Annual Fund Operating Expenses	0.72%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$275	\$844	\$1,439	\$3,050

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 150% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in non-U.S. dollar-denominated fixed income instruments. The Fund invests primarily in fixed income instruments of issuers located in at least three countries, including the U.S. Up to 15% of the Fund's total assets may be invested in fixed income securities of issuers located in emerging markets countries. The fixed income instruments in which the Fund may invest include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (Note that securities issued by U.S.

Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury); corporate debt securities of U.S. and non-U.S. issuers, including preferred and convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; structured notes, including hybrid or "indexed" securities and event-linked bonds; loan participations and assignments; delayed funding loans and revolving credit facilities; bank loans; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements on fixed income instruments and reverse repurchase agreements on fixed income instruments; debt securities issued by foreign sovereigns, states or local governments and their agencies, authorities and other government-sponsored enterprises; obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and obligations of international agencies or supranational entities. The Fund may invest in derivatives based on fixed income instruments including futures, forwards, options, swaps, and swaptions and may use other investment techniques such as mortgage dollar rolls, buy-backs and securities lending to earn additional income. The Fund also may engage in short sales and invest in privately placed securities. Investments may be structured to provide all types of interest rate payments, including fixed, variable, floating, inverse, zero or interest only rates of interest. The Fund may invest in currency spot and forward transactions for the purpose of active currency exposure. Foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) normally will be limited to 30% of the Fund's total assets. The Fund may also invest up to 5% of its total asset in convertibles and 10% of its total assets in preferred stocks. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

**Credit Quality.** The Fund invests primarily in investment grade debt securities, but may invest up to 15% of its total assets in non-investment grade securities (sometimes called "high yield securities" or "junk bonds") rated CCC- or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Sub-adviser to be of comparable quality.

**Duration.** The Fund's average portfolio duration normally ranges within two years (plus or minus) of the duration of the benchmark index. Duration is an approximate measure of the sensitivity of the market value of the Fund's holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. The Fund may invest in individual securities of any maturity.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and

in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.

- *Interest rate risk*, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- *Portfolio turnover risk*, Due to its investment strategy, the Fund may buy and sell securities frequently. This may result in higher transaction costs and additional capital gains tax liabilities.
- *Credit risk*, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Non-investment grade securities (sometimes called "high yield securities" or "junk bonds") involve greater risks of default or downgrade and are more volatile than investment grade securities due to actual or perceived changes in an issuer's credit-worthiness. Additionally, issuers of non-investment grade securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.
- *Prepayment and extension risks*, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- *Mortgage-backed securities risk*, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
- *Asset-backed securities risk*, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
- *Derivatives risk*, which means that the Fund's use of futures, forwards, options, swaps and swaptions to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Futures, forwards, options, swaps and swaptions will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in futures, forwards, options, swaps and swaptions can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using futures, forwards, options, swaps and swaptions can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in futures, forwards, options, swaps and swaptions if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain futures, forwards, options, swaps and swaptions presents the same types of credit risks as issuers of fixed income securities. Investing in futures, forwards, options, swaps and swaptions can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
- *Delayed funding loans and revolving credit facilities risk*, the Fund's investments in delayed funding loans and revolving credit facilities may have the effect of requiring a Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when such company's financial condition makes it unlikely that such additional funding commitments will be repaid). Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.
- *Event-linked exposure risk*, event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as "catastrophe bonds." If a trigger event occurs, a Fund may lose a portion of or the entire principal investment in the case of a bond or a portion of or the entire notional amount in the case of a swap. Event-linked exposure instruments often provide for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An

extension of maturity may increase volatility. Event-linked exposure may also expose a Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.

- *Foreign investment risks*, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-adviser may not be able to sell securities held by the Fund in amounts and at prices it considers reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- *Emerging markets risk*, which refers to the fact that in addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- *Currency risk*, which means the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- *Short sale risk*, selling short may produce higher than normal portfolio turnover and result in increased transaction costs to the Fund. In addition, selling short magnifies the potential for both gain and loss to the Fund. The larger the Fund's short position, the greater the potential for gain and loss. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss. To borrow the security, the Fund also may be required to pay a premium, which could increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund may be required to pay in connection with the short sale. In addition, because the Fund's loss on a short sale arises from increases in the value of the security sold

short, such loss is theoretically unlimited. By contrast, the Fund's loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot drop below zero.

- *Liquidity risk*, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
- *Non-diversification risk*, which means that because the Fund is a "non-diversified" fund, it is permitted to invest in a limited number of issuers. To the extent the Fund invests in a limited number of issuers or countries, it is subject, to a greater extent, to the risks associated with those issuers or countries.
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Manager risk*, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.
- *Equity risk*, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.

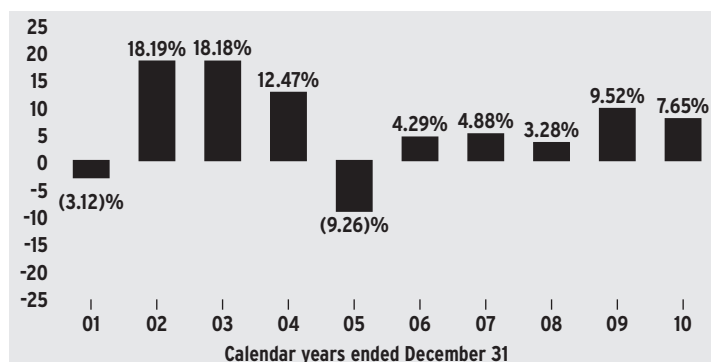
For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)



## Annual total returns (%) as of December 31, 2010 International Fixed Income Investments



### Fund's best and worst calendar quarters

Best: 11.91% in 2nd quarter 2002

Worst: (4.55)% in 1st quarter 2001

Year-to-date: 4.30% (through 3rd quarter 2011)

### Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	7.65%	5.89%	6.28%
Return After Taxes on Distributions	5.34%	3.96%	4.24%
Return After Taxes on Distributions and Sale of Fund Shares	4.97%	3.94%	4.21%
Citigroup Non-U.S. Dollar World Gov. Bond Index — Hedged (reflects no deduction for expenses or taxes)	2.48%	4.15%	4.64%
Lipper International Income Funds Average	6.69%	6.51%	6.59%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the Citigroup Non-U.S. Dollar World Government Bond Index-Hedged. The benchmark is a market capitalization-weighted index consisting of government bond markets in developed countries, excluding the U.S., as the term "developed countries" is defined by the benchmark. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index. Unlike the Citigroup Non-U.S. Dollar World Government Bond Index-Hedged, the Fund may invest in U.S. securities.

The Fund also compares its performance with the Lipper International Income Funds Average. The Lipper International Income Funds Average is an average of the reinvested performance of funds that invest primarily in U.S. dollar and non-U.S. dollar debt securities located in at least three countries, excluding the United States, except in periods of market weakness.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-adviser and portfolio manager

Pacific Investment Management Company LLC ("PIMCO")

Portfolio Manager	Fund's Portfolio Manager Since
Mohamed A. El-Erian, Chief Executive Officer and Co-Chief Investment Officer — PIMCO	2009
Kumaran K. Damodaran, Senior Vice President, Portfolio Manager — PIMCO	2012
Ed Devlin, Executive Vice President — London Office — PIMCO	2011

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# Municipal Bond Investments

## Investment objective

A high level of interest income that is excluded from federal income taxation, to the extent consistent with prudent investment management and the preservation of capital.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

### Shareholder Fees (fees paid directly from your investment in the TRAK® program)

Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%
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### Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.40%
Other Expenses	0.18%
Total Annual Fund Operating Expenses	0.58%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$261	\$802	\$1,370	\$2,914

## Portfolio turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transactions costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the above example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 20% of the average value of its portfolio.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in tax exempt general obligation, revenue and private activity bonds and notes, which are issued by or on behalf of states, territories or possessions of the U.S. and the District of Columbia and their political subdivisions, agencies and instrumentalities (including Puerto Rico, the Virgin Islands and Guam). Tax-exempt means that the bonds pay interest that is excluded from gross income for regular federal income tax purposes but such bonds may

pay income that is subject to the Alternative Minimum Tax. The Fund's investments generally include municipal obligations with a full range of maturities and broad issuer and geographic diversification.

**Credit quality.** The Fund limits its investments to municipal obligations that are rated investment grade or higher by a nationally recognized statistical rating organization, or, if unrated, of equivalent quality as determined by the Sub-adviser.

**Duration.** The Fund's average duration is typically maintained at 90-110% of the average benchmark duration, which is the average duration of all the constituent bonds in the Barclays Capital Municipal Bond Index, the Fund's benchmark. The Sub-adviser seeks to target the average duration of the benchmark which varies over time and may be impacted by market conditions. Duration is an approximate measure of the sensitivity of the market value of the portfolio holdings to changes in interest rates. The Fund is generally composed of securities having a full range of maturities. Maturity means the date on which the principal amount of a debt security is due and payable. Individual investments may be of any maturity.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that municipal bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security fails to make timely payment or otherwise honor its obligations.

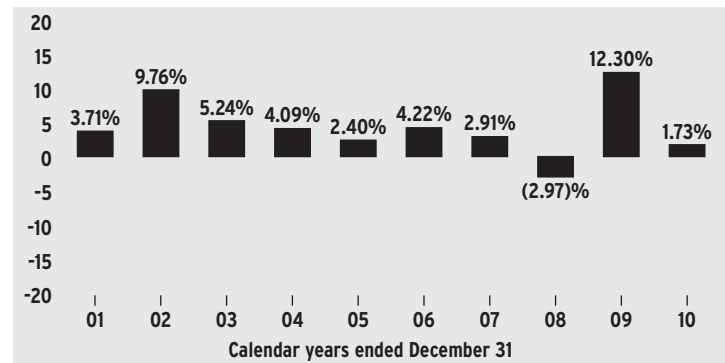
- **Prepayment and extension risks**, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- **Municipal securities risk**, which includes risks that new federal or state legislation or Internal Revenue Service determinations may adversely affect the tax-exempt status of securities held by the Fund or the financial ability of the municipalities to repay these obligations. Additionally, issuers of municipal obligations may not be able to make timely payments because of general economic downturns or increased governmental costs.
- **Liquidity risk**, which means when there is little or no trading active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the Fund's share price may fall dramatically, even during periods of declining interest rates. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell such municipal bonds at attractive prices.
- **Taxation risk**, which means the possibility that some of the Fund's income distributions may be, and distributions of the Fund's gains may be, subject to federal taxation. The Fund may realize taxable gains on the sale of its securities or other transactions, and some of the Fund's income distributions may be subject to the federal alternative minimum tax. This may result in a lower tax-adjusted return. Additionally, distributions of the Fund's income and gains generally will be subject to state taxation.
- **Manager risk**, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.

For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

## Annual total returns (%) as of December 31, 2010 Municipal Bond Investments



## Fund's best and worst calendar quarters

Best: 6.67% in 3rd quarter 2009

Worst: (4.74)% in 4th quarter 2010

Year-to-date: 7.99% (through 3rd quarter 2011)

## Average Annual Total Returns (for the periods ended December 31, 2010)

Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	1.73%	3.52%	4.26%
Return After Taxes on Distributions	(1.63)%	2.55%	3.77%
Return After Taxes on Distributions and Sale of Fund Shares	(1.06)%	2.57%	3.72%
Barclays Capital Municipal Bond Index (reflects no deduction for expenses or taxes)	2.38%	4.09%	4.83%
Lipper General Municipal Debt Funds Average	1.75%	2.59%	3.71%

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's primary benchmark is the Barclays Capital Municipal Bond Index. The benchmark is a composite measure of the total return performance of the municipal bond market. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

The Fund also compares its performance with the Lipper General Municipal Debt Funds Average. The Lipper General Municipal Debt Funds Average is comprised of funds that, by fund practice, invest in municipal debt issues in the top four credit ratings as determined by a nationally recognized statistical rating organization.

## Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC ("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and



oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-adviser and portfolio manager

McDonnell Investment Management, LLC (“McDonnell”)

Portfolio Manager	Fund's Portfolio Manager Since
Stephen Wlodarski, CFA®, Managing Director and Co-Head of Fixed Income Portfolio Management — McDonnell	2005
James Grabovac, CFA®, Managing Director and Senior Portfolio Manager — McDonnell	2005
Dawn Mangerson, Vice President and Senior Portfolio Manager — McDonnell	2006

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC (“MSSB”) or through a broker that clears securities transactions through Citigroup Global Markets Inc. (“CGM”), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange (“NYSE”) is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund’s distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

# Money Market Investments

## Investment objective

To provide maximum current income to the extent consistent with the maintenance of liquidity and the preservation of capital.

## Fund fees and expenses

This table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment in the TRAK® program)	
Maximum annual TRAK® fee (as a percentage of average quarter-end net assets)	2.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.08%
Other Expenses	0.21%
Total Annual Fund Operating Expenses	0.29%

## Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The figures are based off of total annual Fund operating expenses including the maximum annual TRAK® fee. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

After 1 year	After 3 years	After 5 years	After 10 years
\$232	\$715	\$1,224	\$2,623

## Principal investment strategies

The Fund invests exclusively in high-quality, short-term U.S. dollar denominated money market investments issued by U.S. and foreign issuers; provided that all such investments meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended ("1940 Act"), at the time of acquisition.

**Credit quality.** The Fund invests exclusively in high quality securities, generally those that are in the top two tiers of credit quality.

**Maturity.** Individual securities must have remaining maturities of 397 days or less. Maturity means the date on which the principal amount of debt security is due and payable. The Fund maintains an average dollar-weighted portfolio maturity of 60 days or less.

## Principal risks of investing in the Fund

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. The longer the Fund's maturity, the more sensitive it will be to interest rate movements.

During periods when interest rates are low, the Fund's yield will be low. During times of extreme financial crisis, the Federal Reserve may lower interest rates to very low levels, thereby exacerbating this risk.

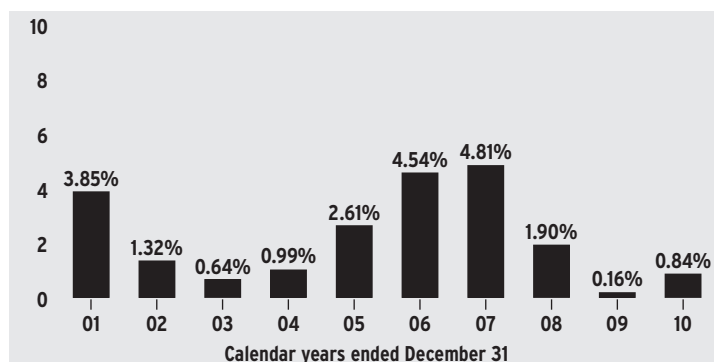
- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the risk of default generally is considered unlikely (even among foreign investments, which carry additional risks), any default on the part of a Fund investment could cause the Fund's share price or yield to fall. The additional risks of foreign investments are due to reasons ranging from a lack of issuer information to the risk of political uncertainties. Securities issued by certain agencies and instrumentalities of the U.S. government are not guaranteed by the U.S. government and are supported solely by the credit of the instrumentality. The credit quality of the securities held by the Fund can change rapidly in certain market environments, and the default of a single holding could have the potential to cause significant deterioration of the Fund's net asset value. **YOUR INVESTMENT IS NOT A BANK DEPOSIT. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the Fund.**
- **Liquidity risk**, which is when there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities may fall dramatically, potentially lowering the Fund's share price, even during periods of declining interest rates. Also, during such periods, redemptions by a few large investors in the Fund may have a significant adverse effect on the Fund's net asset value and remaining Fund shareholders.
- **Manager risk**, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.

For more information on the risks of investing in the Fund please see the "Fund details" section in the Prospectus.

## Performance

The bar chart below shows how the Fund's investment results have varied from year to year, and the following table shows how the Fund's annual total returns for various periods compare to those of the Fund's benchmark index and Lipper peer group. This information provides some indication of the risks of investing in the Fund. The Fund is available only to investors participating in an advisory program. These programs charge an annual fee, which in the case of TRAK® may be up to 2.00%. The performance information in the bar chart and table below does not reflect this fee, which would reduce your return. The Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. For current performance information please see [www.smith-barney.com/products\\_services/managed\\_money/trak/trak\\_cgcm.html](http://www.smith-barney.com/products_services/managed_money/trak/trak_cgcm.html)

## Annual total returns (%) as of December 31, 2010 Money Market Investments



### Fund's best and worst calendar quarters

Best: 1.29% in 1st quarter 2001

Worst: 0.00% 3rd quarter 2010

Year-to-date: 0.00% (through 3rd quarter 2011)

Average Annual Total Returns (for the periods ended December 31, 2010)			
Inception Date: 11/18/1991	1 year	5 years	10 years
<b>Fund (without advisory program fee)</b>			
Return Before Taxes	0.84%	2.43%	2.15%
90-day T-bill Index	0.14%	2.13%	2.12%
Lipper Money Market Funds Average	0.03%	2.20%	1.91%
Lipper U.S. Government Money Market Funds	0.02%	2.06%	1.84%

The Fund's 7-day yield as of December 31, 2010 was 0.00%.

The after-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an individual investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

The Fund's benchmark is the rate of return reflected in the 90-day Treasury Bill Index. Unlike the Fund, the benchmark is unmanaged and does not include any fees or expenses. An investor cannot invest directly in an index.

Additionally, the Fund compares its performance to the Lipper Money Market Funds Average. The Lipper Money Market Funds Average is comprised of the 30 largest funds in the Lipper Money Market Funds Category. These funds invest in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Beginning in 2012, the Fund determined to use the Lipper Money Market Funds Average in lieu of the Lipper US Government Money Market Funds Average as the Fund's secondary benchmark because the Adviser believes it provides a better comparison to the Fund. Returns of both Lipper indices are provided in the table above.

### Investment adviser

Consulting Group Advisory Services LLC ("CGAS" or the "Manager"), a business of Morgan Stanley Smith Barney Holdings LLC

("MSSBH"), serves as the investment adviser for the Fund. The Fund employs a "multi-manager" strategy. The Manager selects and oversees professional money managers who are responsible for investing the assets of the Fund.

### Sub-adviser

The Dreyfus Corporation

### Purchase and sale of Fund shares

Purchases of shares of the Fund must be made through a brokerage account maintained with Morgan Stanley Smith Barney LLC ("MSSB") or through a broker that clears securities transactions through Citigroup Global Markets Inc. ("CGM"), a clearing broker of MSSB (an introducing broker). You may purchase or sell shares of the Fund at net asset value on any day the New York Stock Exchange ("NYSE") is open by contacting your broker.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in the Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Fund and the TRAK® program may vary or waive the investment minimums at any time.

### Tax information

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two.

### Payments to financial intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

# Fund details

## Investment objectives, strategies and risks

### Large Capitalization Growth Investments

#### Investment objective

Capital appreciation.

#### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in the equity securities of large capitalization (or “cap”) companies or in other investments with similar economic characteristics. The Fund defines large cap companies as companies whose market capitalizations typically fall within the range of the Russell 1000® Growth Index, which ranged from approximately \$50 million to \$353 billion as of November 30, 2011. The market capitalization of the companies in large-cap market indices and the Fund’s portfolio changes over time. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S. exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

#### How the Sub-advisers select the Fund’s investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions. Growth style focuses on companies with growth of revenue and earnings potential exceeding that of the average of the market as a whole.

**Delaware Management Company, a series of Delaware Management Business Trust (“Delaware”)** invests primarily in common stocks of large capitalization growth-oriented companies that Delaware believes have long-term capital appreciation potential and are expected to grow faster than the U.S. economy. Using a bottom-up approach, Delaware seeks to select securities of companies that it believes have attractive end-market potential, superior business models and strong free cash flow generation that are attractively priced compared to the intrinsic value of the securities. Delaware also considers a company’s operational efficiencies, management’s plans for capital allocation and the company’s shareholder orientation. Delaware currently defines large capitalization companies as those that, at the time of investment, have market capitalizations within the range of market capitalizations of companies in the Russell 1000® Growth Index. The percentage of the Fund’s assets allocated to Delaware is 25%.

**Frontier Capital Management Co., LLC (“Frontier”)** seeks to invest primarily in equity securities of medium-sized companies believed to have attractive long-term capital appreciation potential. Frontier conducts in-depth fundamental research and selects securities using a bottom up approach. Frontier believes that growth must be purchased at a reasonable price. The percentage of the Fund’s assets allocated to Frontier is 10%.

**Wells Capital Management, Inc. (“WellsCap”)** seeks to construct a well-diversified portfolio which reduces risk while enhancing return. WellsCap employs a three pronged process. First, 50%-60% of the portfolio is a core allocation to lower volatility companies with stable growth records and proven management teams. Second, 30%-40% is an allocation to developing growth companies with

average volatility that are experiencing structural changes or that the team believes can capitalize on evolving opportunities. Finally, 5%-10% represents companies with a below average valuation and an above average growth outlook where a near term catalyst is expected to enhance value. The percentage of the Fund’s assets allocated to WellsCap is 25%.

**Westfield Capital Management Company, L.P. (“Westfield”)** seeks reasonably-priced stocks of companies with high foreseen earnings potential. The percentage of the Fund’s assets allocated to Westfield is 40%.

#### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund’s principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means large cap and/or growth stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on large cap and growth stocks. Both types of style tend to go in and out of favor. Additionally, the Fund generally will be more volatile than Large Capitalization Value Equity Investments because of the Fund’s focus on growth stocks.
- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund’s exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover



can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## Large Capitalization Value Equity Investments

### Investment objective

Total return, consisting of capital appreciation and dividend income.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of large capitalization (or "cap") companies or in other investments with similar economic characteristics. The Fund defines large cap companies as companies whose market capitalizations typically fall within the range of the Russell 1000® Value Index, which ranged from approximately \$43.6 million to \$195 billion as of November 30, 2011. The market capitalization of the companies in large-cap market indices and the Fund's portfolio changes over time. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S. exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

### How the Sub-advisers select the Fund's investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions. Value style focuses on companies whose stocks appear undervalued in light of factors such as the company's earnings, book value, revenues or cash flow.

**Artisan Partners Limited Partnership** ("Artisan") employs a bottom-up investment process to construct a diversified portfolio of stocks of medium-sized U.S. companies that Artisan believes are undervalued, in solid financial condition and have attractive business economics. Artisan believes that companies with these characteristics are less likely to experience eroding values over the long term. The percentage of the Fund's assets allocated to Artisan is 10%.

**Cambiar Investors, LLC** ("Cambiar") seeks companies that are attractively priced, demonstrate positive developments not yet recognized by the market and offer significant appreciation potential within a one- to two-year time frame. The percentage of the Fund's assets allocated to Cambiar is 30%.

**Cullen Capital Management, LLC** ("Cullen") takes a long-term bottom-up approach to investing focusing on low price-to-earnings ("P/E") and low price-to-book stocks with high yields and growing dividends. After conducting multiple internal research screens as well as trend analysis conducted on economic sectors and industry price momentum, Cullen narrows the potential universe of stocks from 6,000 to approximately 300. The final research step is the search for a catalyst for continued growth of earnings and dividends. The portfolio managers have a bias toward companies with low forward P/E ratios, high levels of corporate cash and low levels of debt. The percentage of the Fund's assets allocated to Cullen is 15%.

**HGK Asset Management, Inc.** ("HGK") employs a value-oriented, bottom-up approach. HGK seeks to invest in companies with improving cash flow return-on-investment that sell below the present value of their discounted cash flows. HGK's philosophy also emphasizes reduced volatility of returns, which may be caused by the rapid flow of investments into and out of particular market sectors. Thus,

HGK maintains exposure to all major industry sectors comprising the historical median of the Russell 1000® Value. The percentage of the Fund's assets allocated to HGK is 30%.

**NFJ Investment Group LLC** ("NFJ") seeks to manage a broadly diversified portfolio of dividend paying common stocks with low absolute and relative valuations. The percentage of the Fund's assets allocated to NFJ is 15%.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- *Market risk*, which is the risk that stock prices may decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- *Equity risk*, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- *Investment style risk*, which means large cap and/or value stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on large cap and value stocks. Both types of style tend to go in and out of favor. Undervalued companies may have recently experienced adverse business developments or other events that have caused their stocks to be out of favor. If a Sub-adviser's assessment of the company is wrong, or if the market does not recognize the value of the company, the price of the company's stock may fail to meet expectations.
- *Foreign investment risk*, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.



## Small Capitalization Growth Investments

### Investment objective

Capital appreciation.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of small capitalization (or “cap”) companies or in other investments with similar economic characteristics. The Fund defines small cap companies as companies with market caps not exceeding \$3 billion or the highest month-end market cap value of any stock in the Russell 2000® Growth Index for the previous 12 months, whichever is greater. The Fund may invest up to 10% of its assets in the securities of foreign issuers that are not traded on a U.S. exchange or the U.S. over-the-counter market. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

### How the Sub-advisers select the Fund’s investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions. Growth style focuses on companies with growth of revenue and earnings potential exceeding that of the average of the market as a whole.

**Wall Street Associates LLC** (“Wall Street”) seeks companies with superior earnings growth, strong balance sheets, attractive valuations and potentially positive earning surprises. The percentage of the Fund’s assets allocated to Wall Street is 50%.

**Westfield Capital Management, L.P.** (“Westfield”) seeks reasonably-priced stocks of companies with high foreseen earnings potential. The percentage of the Fund’s assets allocated to Westfield is 50%.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund’s principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means small cap and/or growth stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on small cap and growth stocks. Both types of style tend to go in and out of favor.
- **Small cap risk**, which refers to the fact that historically, small cap stocks have been riskier than large and mid cap stocks. Small cap companies tend to be more vulnerable to adverse business and economic events than larger, more established companies. Small cap companies tend to have more limited product lines, capital

resources and/or management depth. Small cap companies tend to be more sensitive to changes in earnings results and forecasts and investor expectations and will experience sharper swings in market values. At times, small cap stocks may be less liquid and harder to sell at prices the Sub-advisers believe are appropriate. Additionally, the Fund generally will be more volatile than large cap funds because of the Fund’s focus on small cap stocks. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.

- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund’s exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund’s transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## Small Capitalization Value Equity Investments

### Investment objective

Above-average capital appreciation.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of small capitalization (or “cap”) companies or in other investments with similar economic characteristics. The Fund defines small cap companies as companies with market caps not exceeding \$3 billion or the highest month-end market cap value of any stock in the Russell 2000® Value Index for the previous 12 months, whichever is greater. The Fund may invest up to 10% of its assets in foreign securities, including emerging markets securities. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

### How the Sub-advisers select the Fund’s investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions. Value style focuses on companies whose stocks appear undervalued in light of factors such as the company’s earnings, book value, revenues or cash flow.

**Delaware Management Company, a series of Delaware Management Business Trust** (“Delaware”), believes that markets can

misprice securities. Delaware seeks to exploit this inefficiency on a consistent basis through active, research-based management. Delaware seeks companies with market capitalizations generally less than 3.5 times the dollar-weighted median market capitalization of the Russell 2000 Index at the time of purchase, whose values it believes are not currently recognized in the market. To do so, Delaware considers a variety of factors, including the financial strength of a company, its management, the prospects for its industry and any anticipated changes within the company that might suggest a more favorable outlook going forward. Delaware focuses on free cash flow in its stock selection, identifying companies that it believes have a sustainable ability to buy back shares, lower debt and/or increase or initiate dividends. The percentage of the Fund's assets allocated to Delaware is 35%.

NFJ Investment Group LLC ("NFJ") seeks stocks that are undervalued in the marketplace generally and within their respective industries. These securities are characterized as having below average price-to-earnings ratios and improving fundamentals. NFJ also seeks companies that pay or are expected to pay dividends. The percentage of the Fund's assets allocated to NFJ is 35%.

Rutabaga Capital Management LLC ("Rutabaga") seeks uncommon or currently out-of-favor stocks of high quality companies with catalysts to increase margins and intrinsic value and that are neglected or misperceived by the market. The percentage of the Fund's assets allocated to Rutabaga is 30%.

## Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Investment style risk**, which means small cap and/or value stocks could fall out of favor with investors and trail the performance of other types of investments. Many of the risks of this Fund are associated with its emphasis on small cap and value stocks. Both types of style tend to go in and out of favor. Undervalued companies may have recently experienced adverse business developments or other events that have caused their stocks to be out of favor. If a Sub-adviser's assessment of the company is wrong, or if the market does not recognize the value of the company, the price of the company's stock may fail to meet expectations.
- **Small cap risk**, which refers to the fact that historically, small cap stocks have been riskier than large and mid cap stocks. Small cap companies tend to be more vulnerable to adverse business and economic events than larger, more established companies. Small cap companies tend to have more limited product lines, capital resources and/or management depth. Small cap companies tend to be more sensitive to changes in earnings results and forecasts and investor expectations and will experience sharper swings in market

values. At times, small cap stocks may be less liquid and harder to sell at prices the Sub-advisers believe are appropriate. Additionally, the Fund generally will be more volatile than large cap funds because of the Fund's focus on small cap stocks. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.

- **Foreign investment risk**, which means risk unique to foreign securities, including less information about foreign issuers, less liquid securities markets, political instability and unfavorable changes in currency exchange rates.
- **Emerging markets risk**, emerging market countries generally are those countries that the International Bank for Reconstruction and Development (the World Bank) considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers, may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## International Equity Investments

### Investment objective

Capital appreciation.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in the equity securities of companies located outside the U.S. The Fund focuses on companies located in developed markets, but also may invest a portion of its assets in securities of companies located in emerging markets. The Fund intends to diversify its assets by investing primarily in securities of issuers located in at least three foreign countries. The Fund may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions and trading currency futures contracts and

options on these futures. However, a Sub-adviser may choose not to, or may be unable to, hedge the Fund's currency exposure. The Fund may not be able to hedge its currency exposure. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

### How the Sub-advisers select the Fund's investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions.

**Marsico Capital Management, LLC ("Marsico")** seeks long-term growth of capital by investing in equity securities of foreign companies that are generally selected for their long-term growth potential. Marsico selects investments on the basis of "top-down" macro-economic analysis and "bottom-up" stock research and review. Stock selection emphasizes growth potential and investments may be sold from the Fund if, among other reasons, growth potential prospects change. The percentage of the Fund's assets allocated to Marsico is 20%.

**Philadelphia International Advisors LP ("PIA")** seeks investments by evaluating a company's growth outlook and market valuation based on traditional value characteristics, positive company-specific catalysts and other operating and financial conditions. PIA also utilizes a quantitative screening process to select companies with smaller market capitalizations. PIA does not engage in currency hedging. The percentage of the Fund's assets allocated to PIA is 30%.

**Schroder Investment Management North America Inc. ("Schroders")** Schroders seeks reasonably priced international quality companies with strong growth prospects and a sustainable competitive advantage. Schroders utilizes a team-based "matrix approach" to drive research, security selection and Fund construction, resulting in investments across multiple regions and sectors. The percentage of the Fund's assets allocated to Schroders is 25%.

**Thornburg Investment Management, Inc. ("Thornburg")** invests on an opportunistic basis, seeking traditional and basic value investments. Thornburg selects investments on the basis of individual issuer and industry analysis considering specific factors, including fundamental ratios and growth potential, in identifying undervalued securities. Thornburg invests in stocks that may be depressed or reflect unfavorable market perceptions of company or industry fundamentals and typically fall into one of three categories: basic value, consistent earner, and emerging franchises. The percentage of the Fund's assets allocated to Thornburg is 25%.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.

- **Foreign investment risk**, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- **Currency risk**, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- **Forwards and futures risk**, which means that the Fund's use of forwards and futures to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Forward and futures contracts will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in forward or futures contracts can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using forward and futures can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in forward or futures contracts if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain forward or futures contracts presents the same types of credit risks as issuers of fixed income securities. Investing in forward and futures contracts can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
- **Emerging markets risk**, emerging market countries generally are those countries that the International Bank for Reconstruction and Development ("World Bank") considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present



market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.

- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## Emerging Markets Equity Investments

### Investment objective

Long-term capital appreciation.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in equity securities of issuers located in emerging markets countries, which is generally defined as a country having per capita income in the low to middle ranges, as determined by the World Bank. To diversify its investments, the Fund invests primarily in securities of issuers located in at least three foreign countries. The Fund also may invest a portion of its assets in closed-end investment companies that invest in emerging markets. The Fund may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions and trading currency futures contracts and options on these futures. However, a Sub-adviser may choose not to, or may be unable to, hedge the Fund's currency exposure. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

### How the Sub-advisers select the Fund's investments

Each Sub-adviser utilizes fundamental research analysis as the basis for its investment decisions.

**Lazard Asset Management LLC ("Lazard")** invests primarily in equity securities, principally common stocks, of non-U.S. companies whose principal activities are located in emerging market countries and that are believed to be undervalued based on their earnings, cash flow or asset values. The percentage of the Fund's assets allocated to Lazard is 40%.

**Newgate Capital Management LLC ("Newgate")** utilizes a top-down value approach and seeks to identify undervalued economic regions, countries and sectors. Newgate incorporates both

geopolitical and macroeconomic factors into its investment strategy through fundamental analysis, investment experience and judgment. The percentage of the Fund's assets allocated to Newgate is 30%.

**SSgA Funds Management, Inc. ("SSgA FM")** uses quantitative analysis to identify countries and stocks with attractive valuation, growth, technical and/or macro-economic characteristics. The percentage of the Fund's assets allocated to SSgA FM is 30%.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- *Market risk*, which is the risk that stock prices decline overall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- *Equity risk*, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- *Foreign investment risk*, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- *Emerging markets risk*, which refers to the fact that the market value for emerging market equity securities historically has been very volatile and an investment in the Fund involves a substantial degree of risk. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- *Currency risk*, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving

revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.

- *Forwards and futures risk*, which means that the Fund's use of forwards and futures to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Forward and futures contracts will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in forward or futures contracts can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using forward and futures can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in forward or futures contracts if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain forward or futures contracts presents the same types of credit risks as issuers of fixed income securities. Investing in forward and futures contracts can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
- *Closed-end investment company risk*, which means that since closed-end investment companies issue a fixed number of shares they typically trade on a stock exchange or over-the-counter at a premium or discount to their net asset value per share.
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

## Core Fixed Income Investments

### Investment objective

Maximum total return, consistent with preservation of capital and prudent investment management.

## Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in fixed income instruments. Fixed income instruments include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (Note that securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury); corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; structured notes, including hybrid or "indexed" securities and event-linked bonds; loan participations and assignments; delayed funding loans and revolving credit facilities; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements on fixed income instruments and reverse repurchase agreements on fixed income instruments; debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises; obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and obligations of international agencies or supranational entities. The Fund may invest in derivatives based on fixed income instruments, including futures, forwards, options, swaps, and swaptions, and may use other investment techniques such as mortgage dollar rolls, buy-backs and securities lending to earn additional income. The Fund also may engage in short sales. Investments may be structured to provide all types of interest rate payments, including fixed, variable, floating, inverse, zero or interest only rates of interest. The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Fund may invest in currency spot and forward transactions for the purpose of active currency exposure. Foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) normally will be limited to 20% of the Fund's total assets. The Fund may invest up to 15% in emerging market securities. The Fund may also invest up to 5% of its total asset in convertibles and 10% of its total assets in preferred stocks. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

**Credit quality.** The Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in non-investment grade securities (sometimes called "high yield securities" or "junk bonds") rated CCC- or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Sub-advisers to be of comparable quality.

**Duration.** The Fund's average portfolio duration normally ranges within two years (plus or minus) of the duration of the benchmark. Duration is an approximate measure of the sensitivity of the market value of the Fund's holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. Individual investments may be of any maturity.

## How the Sub-advisers select the Fund's investments

BlackRock Financial Management, Inc. ("BlackRock") employs a relative value approach, which identifies Fund duration within a desired narrow range and adds value through sector and sub-sector rotation within the corporate and mortgage sectors. BlackRock



evaluates securities within a risk management framework which consists of determining interest rate risk, yield curve risk, cash flow risk, credit risk and liquidity risk of securities. The percentage of the Fund's assets allocated to BlackRock is 25%.

**Metropolitan West Asset Management LLC ("MetWest")** utilizes five value-added principal strategies in selecting investments: (1) duration management, (2) yield curve positioning, (3) sector allocation, (4) security selection, and (5) opportunistic execution. The first three strategies are top-down in orientation and start with a decision of where duration should be established (within a plus-or-minus one-year range from the benchmark). The bottom-up strategies of security selection and execution involve the day-to-day evaluation of the fixed income market to identify value opportunities across sectors and informed negotiation of prices at which transactions take place. The percentage of the Fund's assets allocated to MetWest is 25%.

**Pacific Investment Management Company LLC ("PIMCO")** employs top-down (i.e., duration and volatility analyses, sector evaluation and yield curve shape analysis) and bottom-up (i.e., credit analysis, quantitative research, issue selection and cost-effective trading) investment techniques to select investments. The percentage of the Fund's assets allocated to PIMCO is 25%.

**Western Asset Management Company ("WAMCo")** focuses on investment grade, long-term debt securities, and emphasizes four key strategies to enhance total return: adjusting the allocation of the Fund among the key sectors of the fixed income market — government, corporate and mortgage- and asset-backed — depending on WAMCo's forecast of relative values; purchasing undervalued securities in each of the key sectors, while keeping overall quality high; tracking the duration of the overall Fund so that it falls within a narrow band relative to the benchmark index, with adjustments made to reflect WAMCo's long-term outlook for interest rates; and positioning the term structure of the Fund to take advantage of market developments. The percentage of the Fund's assets allocated to WAMCo is 25%.

## Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than

a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.

- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Non-investment grade securities (sometimes called "high yield securities" or "junk bonds") involve greater risks of default or downgrade and are more volatile than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. Additionally, issuers of non-investment grade securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.
- **Prepayment and extension risks**, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- **Mortgage-backed securities risk**, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
- **Asset-backed securities risk**, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
- **Portfolio turnover risk**, Due to its investment strategy, the Fund may buy and sell securities frequently. This may result in higher transaction costs and additional capital gains tax liabilities.

- *Liquidity risk*, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
- *Derivatives risk*, which means that the Fund's use of futures, forwards, options, swaps and swaptions to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Futures, forwards, options, swaps and swaptions will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in futures, forwards, options, swaps and swaptions can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using futures, forwards, options, swaps and swaptions can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in futures, forwards, options, swaps and swaptions if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain futures, forwards, options, swaps and swaptions presents the same types of credit risks as issuers of fixed income securities. Investing in futures, forwards, options, swaps and swaptions can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
- *Leverage risk*, which means the Fund creates an opportunity for increased net income but, at the same time, creates special risks. For example, leveraging may exaggerate changes in and increase the volatility of the net asset value of Fund shares. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's portfolio securities. The use of leverage also may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to maintain asset coverage.
- *Foreign investment risk*, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
- Withholding and other foreign taxes may decrease the Fund's return.
- *Emerging markets risk*, emerging market countries generally are those countries that the World Bank considers to be emerging or developing. In addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
- *Currency risk*, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- *Short sale risk*, selling short may produce higher than normal portfolio turnover and result in increased transaction costs to the Fund. In addition, selling short magnifies the potential for both gain and loss to the Fund. The larger the Fund's short position, the greater the potential for gain and loss. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss. To borrow the security, the Fund also may be required to pay a premium, which could increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund may be required to pay in connection with the short sale. In addition, because the Fund's loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited. By contrast, the Fund's loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot drop below zero.
- *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- *Delayed funding loans and revolving credit facilities risk*, the Fund's investments in delayed funding loans and revolving credit facilities may have the effect of requiring a Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when such company's financial condition makes it unlikely that such additional funding commitments will be repaid). Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.
- *Event-linked exposure risk*, event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly

referred to as “catastrophe bonds.” If a trigger event occurs, a Fund may lose a portion of or the entire principal investment in the case of a bond or a portion of or the entire notional amount in the case of a swap. Event-linked exposure instruments often provide for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose a Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.

- **Manager risk**, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Multi-manager risk**, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund’s exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells and replaces its securities within a given period. Higher turnover can increase the Fund’s transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## High Yield Investments

### Investment objective

A high level of current income primarily through investment in below-investment grade debt securities.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in high yield fixed income securities of corporate issuers located in the United States rated below investment grade by two or more nationally recognized statistical rating organizations (commonly called “junk bonds”), or, if unrated, of equivalent quality as determined by the Sub-advisers. These securities include all types of debt obligations, such as corporate bonds and notes and collateralized mortgage obligations. The Fund may invest up to 20% of its assets in securities of issuers located in developed and emerging market foreign countries. The Fund also may invest up to 20% of its assets in equity and equity-related securities, including common stock, convertible securities, preferred stock, warrants and rights. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

**Credit quality.** The Fund invests primarily in high yield securities or junk bonds.

**Duration.** The Fund’s average duration ranges from two to six years. Duration is an approximate measure of the sensitivity of the market value of the Fund’s holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. Individual securities may be of any maturity.

## How the Sub-advisers select the Fund’s investments

**PENN Capital Management Co., Inc. (“PENN Capital”)** seeks investments from an initial universe that includes all domestic, corporate cash-paying dollar denominated bond issues that have spread-to-treasury and yield characteristics that are consistent with or wider than the single-B credit tier. Sectors and industries are selected that offer relative value based on PENN Capital’s macro-economic outlook. PENN Capital scans this group for companies with spreads-to-treasury that are wider than comparable companies, industry averages and historical averages. PENN Capital then performs liquidity analysis and qualitative research to determine if a credit is suitable for the Fund. It further screens each potential investment based on its effect on PENN Capital’s current industry weightings and diversification. The percentage of the Fund’s assets allocated to PENN Capital is 50%.

**Western Asset Management Company (“WAMCo”)** uses multiple strategies, including issue selection, subsector allocation and other technical factors, to minimize risk and maximize return through diversification among industry, quality and security sectors. WAMCo’s investment process uses a team approach based on bottom-up research to identify attractive industries and analyze individual companies and issues for appropriate credit parameters and total rate of return potential, and top-down macroeconomic analysis to develop an investment outlook. WAMCo’s goal is to seek out companies with superior management teams with strong track records, defensible market positions, strong cash flow generation and growth prospects, and underlying asset values under multiple scenarios. The percentage of the Fund’s assets allocated to WAMCo is 50%.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund’s principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable earnings report, or other events affecting particular industries or the equity market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund’s yield will change. When interest rates are low, the Fund’s yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund’s share price to fall. The longer the Fund’s maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund

- holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- *Credit risk*, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. **Investment in high yield securities or junk bonds involves substantial risk of loss.** The Fund could lose money if the issuer or guarantor of a Fund security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Junk bonds involve greater risks of default or downgrade and are more volatile than investment grade securities. Junk bonds involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness. Additionally, issuers of junk bonds may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.
  - *Prepayment and extension risks*, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower than market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
  - *Mortgage-backed securities risk*, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
  - *Asset-backed securities risk*, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
  - *Liquidity risk*, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund.
- Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
- *Foreign investment risk*, which means risks unique to investing in foreign issuers. These include:
    - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
    - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-advisers may not be able to sell securities held by the Fund in amounts and at prices they consider reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
    - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
    - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
    - Withholding and other foreign taxes may decrease the Fund's return.
  - *Emerging markets risk*, which refers to the fact that in addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.
  - *Currency risk*, which refers to the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
  - *Securities lending risk*, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
  - *Manager risk*, which is the risk that poor security selection by a Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
  - *Multi-manager risk*, which is the risk that the investment styles of the Sub-advisers may not complement each other as expected by the Manager. The Fund's exposure to a particular stock, industry or technique could be greater or smaller than if the Fund had a single Sub-adviser. Also, the Fund may experience a higher portfolio turnover rate, which is the frequency with which the Fund sells



and replaces its securities within a given period. Higher turnover can increase the Fund's transaction costs, thereby lowering its returns. It also may generate more taxable short-term gains for shareholders.

## International Fixed Income Investments

### Investment objective

Maximize current income, consistent with the protection of principal.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in non-U.S. dollar-denominated fixed income instruments. The Fund invests primarily in fixed income instruments of issuers located in at least three countries, including the U.S. Up to 15% of the Fund's total assets may be invested in fixed income securities of issuers located in emerging markets countries. The fixed income instruments in which the Fund may invest include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (Note that securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury); corporate debt securities of U.S. and non-U.S. issuers, including preferred and convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; structured notes, including hybrid or "indexed" securities and event-linked bonds; loan participations and assignments; delayed funding loans and revolving credit facilities; bank loans; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements on fixed income instruments and reverse repurchase agreements on fixed income instruments; debt securities issued by foreign sovereigns, states or local governments and their agencies, authorities and other government-sponsored enterprises; obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and obligations of international agencies or supranational entities. The Fund may invest in derivatives based on fixed income instruments including futures, forwards, options, swaps, and swaptions and may use other investment techniques such as mortgage dollar rolls, buy-backs and securities lending to earn additional income. The Fund also may engage in short sales and invest in privately placed securities. Investments may be structured to provide all types of interest rate payments, including fixed, variable, floating, inverse, zero or interest only rates of interest. The Fund may invest in currency spot and forward transactions for the purpose of active currency exposure. Foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) normally will be limited to 30% of the Fund's total assets. The Fund may also invest up to 5% of its total asset in convertibles and 10% of its total assets in preferred stocks. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund. The Fund may also lend portfolio securities to earn additional income. Any income realized through securities lending may help Fund performance.

**Credit Quality.** The Fund invests primarily in investment grade debt securities, but may invest up to 15% of its total assets in non-investment grade securities (sometimes called "high yield securities" or "junk bonds") rated CCC- or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Sub-adviser to be of comparable quality.

**Duration.** The Fund's average portfolio duration normally ranges within two years (plus or minus) of the duration of the benchmark index. Duration is an approximate measure of the sensitivity of the market value of the Fund's holdings to changes in interest rates. Maturity means the date on which the principal amount of a debt security is due and payable. The Fund may invest in individual securities of any maturity.

### How the Sub-adviser selects the Fund's investments

Pacific Investment Management Company LLC ("PIMCO") employs a total return approach that focuses on both capital appreciation and income while managing overall risk. PIMCO manages global bond investments by focusing on both economic and credit fundamentals as key determinants of value in fixed income markets, limiting volatility with respect to the benchmark index.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity or duration, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.
- **Portfolio turnover risk**, Due to its investment strategy, the Fund may buy and sell securities frequently. This may result in higher transaction costs and additional capital gains tax liabilities.
- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Non-investment grade securities (sometimes called "high yield securities" or "junk bonds") involve greater risks of default or downgrade and are more volatile than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. Additionally, issuers of Non-investment grade



securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the securities.

- *Prepayment and extension risks*, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- *Mortgage-backed securities risk*, exists when the Fund invests in mortgage-backed securities which represent an interest in a pool of mortgages. Mortgage backed securities are subject to prepayment and extension risk but the negative effect of a rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities, potentially increasing the volatility of a portfolio. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
- *Asset-backed securities risk*, exists when the Fund invests in asset-backed securities which are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities including prepayment and extension risk. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.
- *Derivatives risk*, which means that the Fund's use of futures, forwards, options, swaps and swaptions to enhance returns or hedge against market declines subjects the Fund to potentially greater volatility and/or losses. Futures, forwards, options, swaps and swaptions will obligate or entitle the Fund to deliver or receive an asset or a cash payment based on the change in value of one or more designated securities, currencies or indices. Even a small investment in futures, forwards, options, swaps and swaptions can have a large impact on the Fund's interest rate, securities market and currency exposure. Therefore, using futures, forwards, options, swaps and swaptions can disproportionately increase losses and reduce opportunities for gains when interest rates, stock prices or currency rates are changing. The Fund may not fully benefit from or may lose money on its investment in futures, forwards, options, swaps and swaptions if changes in their value do not correspond accurately to changes in the value of the Fund's holdings. The other party to certain futures, forwards, options, swaps and swaptions presents the same types of credit risks as issuers of fixed income securities. Investing in futures, forwards,

options, swaps and swaptions can also make the Fund's assets less liquid and harder to value, especially in declining markets. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.

- *Delayed funding loans and revolving credit facilities risk*, the Fund's investments in delayed funding loans and revolving credit facilities may have the effect of requiring a Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when such company's financial condition makes it unlikely that such additional funding commitments will be repaid). Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.
- *Event-linked exposure risk*, event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as "catastrophe bonds." If a trigger event occurs, a Fund may lose a portion of or the entire principal investment in the case of a bond or a portion of or the entire notional amount in the case of a swap. Event-linked exposure instruments often provide for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose a Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.
- *Foreign investment risks*, which means risks unique to investing in foreign issuers. These include:
  - Less information about foreign issuers or markets may be available because of less rigorous accounting standards or regulatory practices.
  - Many foreign markets are smaller, less liquid and more volatile than U.S. markets. In a changing market, the Sub-adviser may not be able to sell securities held by the Fund in amounts and at prices it considers reasonable. The Fund may hold illiquid securities that may be difficult to sell and may be required to be fair valued.
  - Economic, political or social instability in foreign countries may significantly disrupt the principal financial markets in which the Fund invests.
  - Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company, which could have a severe effect on the Fund's ability to bring its capital or income back to the U.S. or on security prices.
  - Withholding and other foreign taxes may decrease the Fund's return.
- *Emerging markets risk*, which refers to the fact that in addition to foreign investment and currency risks, which tend to be amplified in emerging markets, emerging markets may experience rising interest rates, or, more significantly, rapid inflation or hyperinflation. The economies of emerging market countries may grow at slower rates than expected or suffer a downturn or recession. Emerging market securities may present market, credit, liquidity, legal, political and other risks different from, or greater than, the

risks of investing in developed foreign countries. The Fund also could experience a loss from settlement and custody practices in some emerging markets.

- **Currency risk**, which means the risk that as a result of the Fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, the U.S. dollar will decline in value relative to the currency hedged. In either event, the value of your investment in the Fund would be adversely affected.
- **Short sale risk**, selling short may produce higher than normal portfolio turnover and result in increased transaction costs to the Fund. In addition, selling short magnifies the potential for both gain and loss to the Fund. The larger the Fund's short position, the greater the potential for gain and loss. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss. To borrow the security, the Fund also may be required to pay a premium, which could increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund may be required to pay in connection with the short sale. In addition, because the Fund's loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited. By contrast, the Fund's loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot drop below zero.
- **Liquidity risk**, exists when securities are difficult or impossible for the Fund to sell at the time and the price that the Fund would like due to a limited market or to legal restrictions. This may result in a loss or may otherwise be costly to the Fund. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. These securities may also need to be fair valued.
- **Non-diversification risk**, which means that because the Fund is a "non-diversified" fund, it is permitted to invest in a limited number of issuers. To the extent the Fund invests in a limited number of issuers or countries, it is subject, to a greater extent, to the risks associated with those issuers or countries.
- **Securities lending risk**, which includes the potential insolvency of the borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that default or do not perform well.
- **Manager risk**, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.
- **Issuer risk**, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.
- **Equity risk**, which is the risk that prices of equity securities rise and fall daily. Price movements may occur due to factors affecting individual companies, such as the issuance of an unfavorable

earnings report, or other events affecting particular industries or the equity market as a whole.

## Municipal Bond Investments

### Investment objective

A high level of interest income that is excluded from federal income taxation, to the extent consistent with prudent investment management and the preservation of capital.

### Principal investment strategies

The Fund will invest, under normal market conditions, at least 80% of its net assets (plus the amount of any borrowing for investment purposes) in tax exempt general obligation, revenue and private activity bonds and notes, which are issued by or on behalf of states, territories or possessions of the U.S. and the District of Columbia and their political subdivisions, agencies and instrumentalities (including Puerto Rico, the Virgin Islands and Guam). Tax-exempt means that the bonds pay interest that is excluded from gross income for regular federal income tax purposes but such bonds may pay income that is subject to the Alternative Minimum Tax. The Fund's investments generally include municipal obligations with a full range of maturities and broad issuer and geographic diversification.

**Credit quality.** The Fund limits its investments to municipal obligations that are rated investment grade or higher by a nationally recognized statistical rating organization, or, if unrated, of equivalent quality as determined by the Sub-adviser.

**Duration.** The Fund's average duration is typically maintained at 90-110% of the average benchmark duration, which is the average duration of all the constituent bonds in the Barclays Capital Municipal Bond Index, the Fund's benchmark. The Sub-adviser seeks to target the average duration of the benchmark which varies over time and may be impacted by market conditions. Duration is an approximate measure of the sensitivity of the market value of the portfolio holdings to changes in interest rates. The Fund is generally composed of securities having a full range of maturities. Maturity means the date on which the principal amount of a debt security is due and payable. Individual investments may be of any maturity.

### How the Sub-adviser selects the Fund's investments

McDonnell Investment Management, LLC ("McDonnell") employs a conservative approach to active municipal bond management. In order to add value, McDonnell attempts to identify relative value opportunities among securities and sectors, as well as exploiting anticipated changes in the slope of the yield curve.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Market risk**, which is the risk that municipal bond prices decline overall. Bond markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets are volatile and can decline significantly in response to real or perceived adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy or the market as a whole.
- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over

time, the Fund's yield will change. When interest rates are low, the Fund's yield and total return also may be low. When interest rates rise, bond prices generally fall, which might cause the Fund's share price to fall. The longer the Fund's maturity, the more sensitive its share price will be to interest rate movements. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.

- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the Fund invests primarily in investment grade securities, the Fund could lose money if the issuer or guarantor of a portfolio security fails to make timely payment or otherwise honor its obligations.
- **Prepayment and extension risks**, which means a debt obligation may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than-market rates of interest, which could hurt the Fund's yield or share price. Additionally, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.
- **Municipal securities risk**, which includes risks that new federal or state legislation or Internal Revenue Service determinations may adversely affect the tax-exempt status of securities held by the Fund or the financial ability of the municipalities to repay these obligations. Additionally, issuers of municipal obligations may not be able to make timely payments because of general economic downturns or increased governmental costs.
- **Liquidity risk**, which means when there is little or no trading active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the Fund's share price may fall dramatically, even during periods of declining interest rates. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell such municipal bonds at attractive prices.
- **Taxation risk**, which means the possibility that some of the Fund's income distributions may be, and distributions of the Fund's gains may be, subject to federal taxation. The Fund may realize taxable gains on the sale of its securities or other transactions, and some of the Fund's income distributions may be subject to the federal alternative minimum tax. This may result in a lower tax-adjusted

return. Additionally, distributions of the Fund's income and gains generally will be subject to state taxation.

- **Manager risk**, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.

## Money Market Investments

### Investment objective

To provide maximum current income to the extent consistent with the maintenance of liquidity and the preservation of capital.

### Principal investment strategies

The Fund invests exclusively in high-quality, short-term U.S. dollar denominated money market investments issued by U.S. and foreign issuers; provided that all such investments meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended ("1940 Act"), at the time of acquisition.

**Credit quality.** The Fund invests exclusively in high quality securities, generally those that are in the top two tiers of credit quality.

**Maturity.** Individual securities must have remaining maturities of 397 days or less. Maturity means the date on which the principal amount of debt security is due and payable. The Fund maintains an average dollar-weighted portfolio maturity of 60 days or less.

### How the Sub-adviser selects the Fund's investments

The Dreyfus Corporation ("Dreyfus") seeks to maintain a constant net asset value per share of \$1 by investing in securities that present minimal credit risks. Dreyfus focuses on improving the Fund's yield by actively managing sector allocations and the average maturity of the Fund, monitoring the spread relationships between U.S. Treasury and government agency issues, purchasing agency issues when they provide a yield advantage and adjusting average portfolio maturity to reflect Dreyfus' outlook on interest rates.

### Principal risks

Loss of money is a risk of investing in the Fund.

The Fund's principal risks include:

- **Interest rate risk**, which is the risk that interest rates rise and fall over time. As the yields of the underlying investments change over time, the Fund's yield will change. The longer the Fund's maturity, the more sensitive it will be to interest rate movements. During periods when interest rates are low, the Fund's yield will be low. During times of extreme financial crisis, the Federal Reserve may lower interest rates to very low levels, thereby exacerbating this risk.
- **Credit risk**, which means the Fund is subject to the risk that a decline in the credit quality of an investment could cause the Fund to lose money. Although the risk of default generally is considered unlikely (even among foreign investments, which carry additional risks), any default on the part of a Fund investment could cause the Fund's share price or yield to fall. The additional risks of foreign investments are due to reasons ranging from a lack of issuer information to the risk of political uncertainties. Securities issued by certain agencies and instrumentalities of the U.S. government are not guaranteed by the U.S. government and are supported solely by the credit of the instrumentality. The

credit quality of the securities held by the Fund can change rapidly in certain market environments, and the default of a single holding could have the potential to cause significant deterioration of the Fund's net asset value. **YOUR INVESTMENT IS NOT A BANK DEPOSIT.** An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the Fund.

- *Liquidity risk*, which is when there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities may fall dramatically, potentially lowering the Fund's share price, even during periods of declining interest rates. Also, during such periods, redemptions by a few large investors in the Fund may have a significant adverse effect on the Fund's net asset value and remaining Fund shareholders.
- *Manager risk*, which is the risk that poor security selection by the Sub-adviser will cause the Fund to underperform relevant benchmarks or other investments with similar strategies. This risk is common for all actively managed funds.



# About the funds

Consulting Group Advisory Services LLC (“CGAS” or the “Manager”) (formerly, Citigroup Investment Advisory Services LLC), a business of Morgan Stanley Smith Barney Holdings LLC (“MSSBH”), serves as the investment adviser for each series of the Consulting Group Capital Markets Funds (the “Trust,” and each series, a “Fund,” and collectively, the “Funds”). The Funds share a “multi-manager” strategy. The Manager selects and oversees professional money managers (each a “Sub-adviser,” and collectively, the “Sub-advisers”) who are responsible for investing the assets of the Funds.

The investments and strategies described in this prospectus are those that CGAS and the Sub-advisers use under normal conditions. During unusual economic or market conditions or for temporary defensive or liquidity purposes, each Fund may invest up to 100% of its assets in cash, money market instruments and other short-term obligations that would not ordinarily be consistent with a Fund’s objectives. A Fund will do so only if CGAS or the Sub-advisers believe that the risk of loss outweighs the opportunity for capital gains or higher income. There is no guarantee that any Fund will achieve its investment objective. Unless otherwise explicitly stated herein, or in the Statement of Additional Information (“SAI”), the investment policies and restrictions of the Funds are not fundamental and may be changed by the Board of Trustees of the Trust (“Board”), without shareholder approval.

## The multi-manager strategy

The Manager screens a universe of registered investment advisory firms and tracks the performance of more than 10,000 advisory firms. The Manager continually evaluates the strength and performance of these firms, focusing on a number of key issues, including:

- level of expertise
- relative performance and consistency of performance
- strict adherence to investment discipline or philosophy
- personnel, facility and financial strength
- quality of service and communication

The Manager employs a rigorous evaluation process to select Sub-advisers that have distinguished themselves through consistent and superior performance. The Manager’s selection is subject to approval by the Board. The Manager recommends the portion of assets of each Fund to be managed by each Sub-adviser and may adjust each allocation by up to 10% without Board approval.

Many of the Funds feature multiple Sub-advisers chosen to complement each other’s specific style of investing.

## Asset allocation programs

Shares of the Funds are available to participants in advisory programs or asset based fee programs sponsored by MSSB, including the TRAK® Personalized Investment Advisory Service (“TRAK®”), or other investment advisory programs approved by MSSB. The advisory services provide investors with asset allocation recommendations, which are implemented through the Funds.

The advisory services generally include:

- evaluating the investor’s investment objectives and time horizon
- analyzing the investor’s risk tolerance
- recommending an allocation of assets among the Funds in the Trust

➤ providing monitoring reports containing an analysis and evaluation of an investor’s account and recommending any changes

While an advisory service makes recommendations, the ultimate investment decision is typically up to the investor and not the provider of the advisory service. Under an advisory service, an investor typically pays an advisory fee that may vary based on a number of factors. The maximum fee for assets invested in the Trust under TRAK® is 2.00% of average quarter-end net assets. Investors existing prior to April 1, 2010, will be assessed a maximum fee for all assets invested in the Trust under TRAK® of 1.50% of average quarter-end net assets. This fee may be reduced in certain circumstances. The fee under the Advisory Services may be paid either by redemption of shares of the Trust or by separate payment.

CGM, the Trust’s Distributor, may make payments for distribution and/or shareholder servicing activities out of its past profits and other available sources. The Distributor may also make payments for marketing, promotional or related expenses to dealers. The amount of these payments is determined by the Distributor and may be substantial. The Manager or an affiliate may make similar payments under similar arrangements.

The payments described above are often referred to as “revenue sharing payments.” The recipients of such payments may include the Distributor and other affiliates of the Manager, broker-dealers, financial institutions and other financial intermediaries through which investors may purchase shares of a Fund. In some circumstances, such payments may create an incentive for an intermediary or its employees or associated persons to recommend or sell shares of a Fund to you. Please contact your financial intermediary for details about revenue sharing payments it may receive.

## Portfolio holdings

A description of each Fund’s policies and procedures with respect to the disclosure of its portfolio securities is available in the Fund’s SAI.



# Fund management

The Manager's address is 2000 Westchester Avenue, Purchase, NY 10577. CGAS was formed as a Delaware corporation on September 21, 2005, and was reorganized as a Delaware limited liability company in May 2009. The Manager is a subsidiary of MSSBH. The Trust's distributor, Citigroup Global Markets Inc. ("CGM" or the "Distributor"), is also a clearing broker of Morgan Stanley Smith Barney LLC ("MSSB") and is an affiliate of CGAS. The Manager was established to match the investment needs of institutional investors and substantial individual investors with appropriate and well qualified investment advisers.

Subject to the review and approval of the Board, the Manager is responsible for selecting, supervising, monitoring and evaluating the Sub-advisers. The Manager may adjust the allocation of a Fund's assets among Sub-advisers by up to 10%. Only the Board can make any adjustment affecting more than 10% of a Fund's assets. The Manager also is responsible for recommending to the Board whether a Sub-adviser should be replaced. The Funds rely upon an exemptive order from the SEC that permits the Manager to select new Sub-advisers or replace existing Sub-advisers without first obtaining shareholder approval. One of the conditions of the exemptive order

is that the Board, including a majority of the "non-interested" Trustees, must approve each new Sub-adviser. In accordance with the exemptive order, the Funds will provide investors with information about each new Sub-adviser within 90 days of the hiring of any new Sub-adviser.

A discussion regarding the Board's basis for approving the investment advisory and subadvisory agreements is available in the Trust's Annual Report for the year ended August 31, 2011. For Sub-advisers approved after August 31, 2011, a discussion of the Board's basis for approval of such agreement(s) will be in the Trust's Semi-Annual Report for the period ending February 28, 2012.

**The Sub-advisers.** The Sub-advisers are responsible for the day-to-day investment management of the Funds. The names and addresses of the Sub-advisers, the percentage of Fund assets each Sub-adviser manages and certain information about the Fund manager or portfolio management team for each Fund are set forth below. The Fund's SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in each Fund.

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Large Capitalization Growth Investments	Delaware Management Company ("Delaware") 2005 Market Street Philadelphia, PA 19103	25%	<b>Jeffrey S. Van Harte, CFA®</b> <b>Senior Vice President and Chief Investment Officer ("CIO")</b> (2005-present), CIO for Focus Growth Equity team.	2006
			<b>Christopher Bonavico, CFA®</b> <b>Vice President, Senior Portfolio Manager, Equity Analyst</b> (2005-present), Senior Portfolio Manager on the firm's Focus Growth Equity team.	2006
			<b>Christopher Ericksen, CFA®</b> <b>Vice President, Portfolio Manager, Equity Analyst</b> (2005-present) on the firm's Focus Growth Equity team.	2006
			<b>Daniel Prislis, CFA®</b> <b>Vice President, Senior Portfolio Manager, Equity Analyst</b> (2005-present), Senior Portfolio Manager on the firm's Focus Growth Equity team.	2006
	Frontier Capital Management Co., LLC ("Frontier") 99 Summer Street Boston, MA 02110	10%	<b>Stephen M. Knightly, CFA®</b> <b>President and Portfolio Manager</b> (1993-present).	2009
			<b>Christopher J. Scarpa</b> <b>Analyst and Assistant Portfolio Manager</b> (2001-present).	2011
	Wells Capital Management, Inc. ("WellsCap") 525 Market Street 10th Floor San Francisco, CA 94105	25%	<b>Thomas J. Pence, CFA®</b> <b>Managing Director and Senior Portfolio Manager</b> Mr. Pence joined WellsCap in 2000. Mr. Pence covers fundamental growth equity.	2006
			<b>Michael C. Harris, CFA®</b> <b>Portfolio Manager</b> (2000-present). Mr. Harris covers fundamental growth equity.	2006
			<b>Michael T. Smith, CFA®</b> <b>Portfolio Manager</b> (2000-present). Mr. Smith covers fundamental growth equity.	2010
	Westfield Capital Management Company, L.P. ("Westfield") One Financial Center 24th Floor Boston, MA 02111	40%	<b>William A. Muggia</b> <b>President, CEO and CIO</b> (1994-present). Mr. Muggia covers the healthcare and energy sectors, provides overall market strategy and is the lead member of the Westfield investment team.	2004

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Large Capitalization Value Equity Investments	Artisan Partners Limited Partnership ("Artisan") 875 East Wisconsin Avenue Suite 800 Milwaukee, WI 53202	10%	<b>Ethan J. Meyers, CFA®</b> <b>Partner</b> (1999-present). Mr. Meyers covers industrials and business services.	2004
			<b>John M. Montgomery</b> <b>Partner and Portfolio Strategist</b> (2006-present). Mr. Montgomery manages portfolio and investment process strategy at Westfield.	2006
			<b>Hamlen Thompson</b> <b>Partner</b> (2003-present). Mr. Thompson covers the energy and industrials sectors.	2004
			<b>Bruce N. Jacobs, CFA®</b> <b>Partner</b> (2003-present). Mr. Jacobs covers Medical Devices and Consumer Staples.	2004
	Cambiar Investors, LLC ("Cambiar") 2401 East Second Avenue Suite 500 Denver, CO 80206	30%	<b>Scott C. Satterwhite, CFA®</b> <b>Managing Director and Co-Portfolio Manager</b> (1997-present). Mr. Satterwhite co-manages the mid cap value, small cap value and value equity disciplines at Artisan.	2009
			<b>James C. Kieffer, CFA®</b> <b>Managing Director and Co-Portfolio Manager</b> (1997-present). Mr. Kieffer co-manages the mid cap value, small cap value and value equity disciplines at Artisan.	2009
			<b>George O. Sertl, Jr., CFA®</b> <b>Co-Portfolio Manager</b> (2000-present). Mr. Sertl co-manages the mid cap value, small cap value and value equity disciplines at Artisan.	2009
			<b>Brian M. Barish, CFA®</b> <b>Principal—President and Director of Research</b> Chairman of the Oversight Board (2002-present), Portfolio Manager, focusing on technology, aerospace and defense, and auto sectors (1997-present).	2004
			<b>Maria L. Mendelsberg, CFA®</b> <b>Principal—Portfolio Manager, Senior Investment Analyst</b> (1999-present). Portfolio manager, focusing on healthcare and retailing sectors.	2004
			<b>Anna A. Aldrich, CFA®</b> <b>Principal—Portfolio Manager, Senior Investment Analyst</b> (1999-present). Portfolio manager, focusing on the financial services and consumer staples sectors.	2004
			<b>Timothy A. Beranek</b> <b>Principal—Portfolio Manager, Senior Investment Analyst</b> (1999-present). Portfolio manager, focusing on energy, utilities, and basic material sectors.	2004
			<b>Andrew Baumbusch</b> <b>Principal—Portfolio Manager, Senior Investment Analyst</b> (2004-present). focusing on industrials, media and telecom.	2011
			<b>James P. Cullen</b> <b>President and Portfolio Manager</b> (2000-present). Mr. Cullen is a founder of Cullen Capital, and has been its President since 2000. He is also President of Schafer Cullen Capital Management since 1983.	2008
			<b>John C. Gould</b> <b>Portfolio Manager</b> (2000-present). Mr. Gould is Executive Vice President and a Portfolio Manager since May 2000.	2008
			<b>Michael Pendergast, CFA®</b> <b>CIO, Managing Director, Portfolio Manager</b> (1983-present). Mr. Pendergast manages HGK's large cap value and all cap value strategies. He joined HGK in 1983.	2010
	Cullen Capital Management, LLC ("Cullen") 645 Fifth Avenue Suite 700 New York, NY 10022	15%		
	HGK Asset Management, Inc. ("HGK") 525 Washington Blvd. Jersey City, NJ 07310	30%		

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Small Capitalization Growth Investments	NFJ Investment Group LLC ("NFJ") 2100 Ross Avenue Suite 700 Dallas, TX 75201	15%	<b>Andrew Rothstein, CFA®</b> <b>Assistant Portfolio Manager</b> (2006-present). Co-manager of HGK's quantitative strategies. Previously, Mr. Rothstein served as an auditor with a respected public accounting firm.	2011
			<b>Ben J. Fischer, CFA®</b> <b>Managing Director, Portfolio Manager/Analyst</b> (1989-present). Founding partner, Mr. Fischer is product team lead for the Dividend Value and International Value investment strategies and co-team lead for the All Cap Value investment strategy.	2006
			<b>R. Burns McKinney, CFA®</b> <b>Managing Director, Portfolio Manager/Analyst</b> (2006-present). Mr. McKinney is the product team lead for the Global Dividend Value investment strategy.	2009
			<b>Thomas W. Oliver, CFA®, CPA</b> <b>Managing Director, Portfolio Manager/Analyst</b> (2005-present). Mr. Oliver is the product team lead for the Large Cap Value and Mid Cap Value investment strategies and a product team co-lead for the All Cap Value investment strategy.	2009
			<b>Paul A. Magnuson</b> <b>Managing Director, Portfolio Manager/Analyst</b> (1992-present). Mr. Magnuson is the product team lead for the Small Cap Value and Mid Cap Value 100 investment strategies.	2005
			<b>L. Baxter Hines</b> <b>Vice President, Portfolio Manager/Analyst</b> (2008-present). Mr. Hines has portfolio management and research responsibilities for NFJ's Dividend Value, Global Dividend Value and International Value investment strategies. Prior to joining NFJ, he served as an investment analyst for the Teacher Retirement System of Texas and a market data analyst at Reuters.	2011
			<b>Jeff N. Reed, CFA®</b> <b>Vice President, Portfolio Manager/Analyst</b> (2007-present). Mr. Reed has portfolio management and research responsibilities for NFJ's Dividend Value, Mid Cap Value 100, Large Cap Value and All Cap Value investment strategies. Prior to joining NFJ, he served as a credit analyst at Frost Bank.	2011
			<b>William Jeffery, III</b> <b>Principal, President, and CIO</b> (1997-present). He is responsible for the implementation and oversight of the Fund's investment process.	1997
			<b>Kenneth F. McCain</b> <b>Principal, Portfolio Manager</b> (1997-present), covers the technology sector of the Portfolio.	1997
			<b>Paul J. Ariano, CFA®</b> <b>Portfolio Manager</b> (2005-present), covers the energy, consumer discretionary and health care sectors of the Portfolio; Analyst (1997-2004).	1997
			<b>Carl Wiese, CFA®</b> <b>Portfolio Manager</b> (2005-present), covers the financial services, producer durables and other sectors of the Fund; Analyst (2000-2004).	1997
			<b>Paul K. LeCoq</b> <b>Principal, Generalist Portfolio Manager</b> (1999-present).	2005

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Small Capitalization Value Equity Investments	Westfield Capital Management Company, L.P. ("Westfield") One Financial Center 24th Floor Boston, MA 02111	50%	<b>William A. Muggia</b> <b>President, CEO and CIO</b> (1994-present). Mr. Muggia covers the healthcare and energy sectors, provides overall market strategy and is the lead member of the Westfield investment team.	2004
			<b>Ethan J. Meyers, CFA®</b> <b>Partner</b> (1999-present). Mr. Meyers covers industrials and business services.	2004
			<b>John M. Montgomery</b> <b>Partner and Portfolio Strategist</b> (2006-present). Mr. Montgomery manages portfolio and investment process strategy at Westfield.	2006
			<b>Hamlen Thompson</b> <b>Partner</b> (2003-present). Mr. Thompson covers the energy and industrials sectors.	2004
			<b>Bruce N. Jacobs, CFA®</b> <b>Partner</b> (2003-present). Mr. Jacobs covers Medical Devices and Consumer Staples.	2004
			<b>Christopher S. Beck</b> <b>Senior Vice President, CIO – Small Cap Value/Mid Cap Value Equity</b> (2003-present). Mr. Beck leads Delaware's Small/Mid Cap Value Equity team. He joined Delaware in 1997.	2005
	NFJ Investment Group LLC ("NFJ") 2100 Ross Avenue Suite 700 Dallas, TX 75201	35%	<b>Paul A. Magnuson</b> <b>Managing Director, Portfolio Manager/Analyst</b> (1992-present). Member of NFJ's Executive Committee, Mr. Magnuson is the product team lead for the Small Cap Value and Mid Cap Value 100 investment strategies.	1993
			<b>Ben J. Fischer, CFA®</b> <b>Managing Director, Portfolio Manager/Analyst</b> (1989-present). Founding partner, Mr. Fischer is product team lead for the Dividend Value and International Value investment strategies and co-team lead for the All Cap Value investment strategy.	2006
			<b>Morley D. Campbell, CFA®</b> <b>Senior Vice President, Portfolio Manager/Analyst</b> (2007-present). Prior to joining NFJ, Mr. Campbell was an investment banking analyst for Lazard Ltd.	2009
			<b>Peter Schliemann</b> <b>Managing Principal</b> (2000-present), Portfolio Manager.	2000
			<b>Brent Miley</b> <b>Principal</b> (2000-present), Portfolio Manager.	2000
			<b>N. Carter Newbold</b> <b>Principal</b> (2000-present), Portfolio Manager.	2000
			<b>Dennis Scannell</b> <b>Principal</b> (2000-present), Portfolio Manager.	2000
			<b>Rob Henderson</b> <b>Principal</b> (2005-present), Portfolio Manager.	2005
International Equity Investments	Marsico Capital Management, LLC ("Marsico") 1200 17 <sup>th</sup> Street Suite 1600 Denver, CO 80202	20%	<b>James G. Gendelman</b> <b>Senior Analyst and Portfolio Manager</b> (2000-present), Portfolio Manager.	2008
			<b>Munish Malhotra, CFA®</b> <b>Senior Analyst and Portfolio Manager</b> (2003-present), Portfolio Manager.	2010

<b>Fund</b>	<b>Sub-adviser</b>	<b>Percentage</b>	<b>Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience</b>	<b>Fund Manager Since</b>
<b>Emerging Markets Equity Investments</b>	Philadelphia International Advisors LP ("PIA") 1650 Market Street One Liberty Place Suite 1400 Philadelphia, PA 19103	30%	<b>Andrew B. Williams, CFA®</b> <b>CIO, Lead Portfolio Manager</b> (2002-present). As Lead Portfolio Manager, Mr. Williams has primary decision-making responsibilities.	2002
			<b>Robert C. Benthem de Grave</b> <b>Analyst</b> (2002-present), covers the industrials sector.	2002
			<b>Frederick B. Herman, III, CFA®</b> <b>Analyst</b> (2002-present), covers the consumer discretionary sector.	2002
			<b>Stephen C. Dolce, CFA®</b> <b>Analyst</b> (2007-present), covers the energy and materials sectors; prior to joining PIA, Senior Analyst, DuPont Capital Management (1997-2010).	2010
			<b>Scott E. Decatur, Ph.D.</b> <b>Director of Quantitative Research</b> (2005-present).	2008
			<b>Virginie Maisonneuve, CFA®</b> <b>Head of Global and International Equities, Portfolio Manager</b> (2005-present).	2007
	Schroder Investment Management North America Inc. ("Schroders") 875 Third Avenue 22nd Floor New York NY 10022-6225	25%	<b>Simon Webber</b> <b>Portfolio Manager</b> (1999-present).	2011
			<b>William Fries, CFA®</b> <b>Managing Director and Co-Portfolio Manager</b> (1995-present). Mr. Fries joined Thornburg in 1995.	2008
			<b>Wendy Trevisani</b> <b>Managing Director and Co-Portfolio Manager</b> (2006–present). Ms. Trevisani joined Thornburg in 1999.	2008
			<b>Lei Wang, CFA®</b> <b>Managing Director and Co-Portfolio Manager</b> (2006–present). Mr. Wang joined Thornburg in 2004.	2008
	Lazard Asset Management LLC 30 Rockefeller Plaza New York, NY 10112	40%	<b>Rohit Chopra</b> <b>Managing Director</b> (1999-present), Member of Lazard's Emerging Markets Equity portfolio management team focusing on consumer and telecommunications research and analysis.	2009
			<b>James M. Donald</b> <b>Managing Director</b> (1996-present), Member of Lazard's Emerging Markets Equity portfolio management team and Head of the Emerging Markets Group.	2009
			<b>Erik McKee</b> <b>Director</b> (1999-present), Member of Lazard's Emerging Markets Equity portfolio management team focusing on the materials and industrials sectors.	2009
			<b>John R. Reinsberg</b> <b>Deputy Chairman</b> (1992-present), responsible for oversight of Lazard's International and Global strategies and a member of Lazard's Global Equity and International Equity portfolio management teams.	2009
			<b>Avy Hirshman</b> <b>Managing Director and CIO</b> (2000-present). Mr. Hirshman is responsible for the investment strategy, asset allocation and security selection for the Fund.	2004
			<b>James Trainor, CIMA</b> <b>Managing Director and Senior Portfolio Manager</b> (2000-present). Mr. Trainor is responsible for asset allocation, portfolio management and security selection for the Fund.	2004
	Newgate Capital Management LLC ("Newgate") One Sound Shore Drive Greenwich, CT 06830	30%		



Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Core Fixed Income Investments	SSgA Funds Management, Inc. ("SSgA FM") State Street Financial Center One Lincoln Street Boston, MA 02111	30%	<b>Sonia Rosenbaum, Ph.D.</b> <b>Managing Director and Director of Research</b> (1982-present). Dr. Rosenbaum is responsible for portfolio management, quantitative systems and research for the Fund.	2004
			<b>Matthew Peterson</b> <b>Director of Investments</b> (2005-present). Mr. Peterson is responsible for the investment strategy and risk analysis for the Fund.	2005
			<b>David Lee</b> <b>Investment Director and Portfolio Manager</b> (2007-present). Mr. Lee is responsible for the Asia sector; previously, Portfolio Manager, Rohatyn Group (2003-2007).	2007
			<b>Maria Eugenia Tinedo</b> <b>Portfolio Manager and Senior Research Analyst</b> (2006-present). Ms. Tinedo is responsible for Latin America; previously, Senior Analyst, Citigroup Asset Management (1999-2006).	2006
	BlackRock Financial Management, Inc. ("BlackRock") Park Avenue Plaza 55 East 52nd St. New York, NY 10055	25%	<b>Christopher Laine</b> <b>Vice President and Senior Portfolio Manager</b> (2007-present). Mr. Laine is a Vice President of SSgA and SSgA FM, and a Senior Member of the Active Emerging Markets Team. Prior to that, he was Head of Asset Allocation for a European Emerging Markets Hedge Fund, Alpinex Financial Group (2005-2007).	2010
			<b>Matthew Marra</b> <b>Managing Director and Portfolio Manager</b> (1991-present). Mr. Marra is a portfolio manager in the Multi-sector and Mortgages Group within BlackRock Fundamental Fixed Income. He is Deputy Head of Retail and Mutual Fund Products and Co-head of Mutual Fund Multi-sector Portfolios.	2000
			<b>Brian Weinstein</b> <b>Managing Director and Portfolio Manager</b> (2002-present). Mr. Weinstein is responsible for the day-to-day management of the portfolio including setting the overall investment strategy and overseeing management.	2010
			<b>Tad Rivelle</b> <b>CIO and Generalist Portfolio Manager</b> (1996-present).	2007
	Metropolitan West Asset Management, LLC ("MetWest") 865 South Figueroa Street Los Angeles, CA 90017	25%	<b>Laird Landmann</b> <b>Generalist Portfolio Manager</b> (1996-present).	2007
			<b>Steve Kane, CFA®</b> <b>Generalist Portfolio Manager</b> (1996-present).	2007
			<b>Chris P. Dialynas</b> <b>Managing Director, Portfolio Manager</b> A senior member of PIMCO's investment committee, he joined PIMCO in 1980.	2000
			<b>Stephen A. Walsh</b> <b>CIO</b> (1991-present), co-team leader responsible for oversight of investments and supervising the sector specialist teams dedicated to various asset classes.	2004
	Pacific Investment Management Company ("PIMCO") 840 Newport Center Drive Newport Beach, CA 92660	25%	<b>Carl L. Eichstaedt</b> <b>Portfolio Manager</b> (1994-present), responsible for portfolio structure, including sector allocation, duration weighting and term structure decisions.	2004
			<b>Mark S. Lindbloom</b> <b>Portfolio Manager</b> (2006-present), responsible for portfolio structure, including sector allocation, duration weighting and term structure decisions. Previously, Citigroup Asset Management (1986-2005).	2004
	Western Asset Management Company ("WAMCo") 385 E. Colorado Blvd Pasadena, CA 91101	25%		

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
High Yield Investments	PENN Capital Management Co., Inc. ("PENN Capital") Navy Yard Corporate Center 3 Crescent Drive, Suite 400 Philadelphia, PA 19112	50%	<b>Michael C. Buchanan</b> <b>Portfolio Manager</b> (2005-present), responsible for portfolio structure, including sector allocation, duration weighting and term structure decisions. Previously, Credit Suisse Asset Management, LLC ("CSAM") (2003-2005).	2004
			<b>Keith J. Gardner</b> <b>Portfolio Manager</b> (1994-present), responsible for portfolio structure, including sector allocation, duration weighting and term structure decisions.	2004
			<b>Richard A. Hocker</b> <b>Founder &amp; CIO</b> (1987-present).	2006
	Western Asset Management Company ("WAMCo") 385 E. Colorado Blvd Pasadena, CA 91101	50%	<b>Eric Green, CFA®</b> <b>Senior Managing Partner, Director of Research &amp; Senior Portfolio Manager</b> (1997-present). Mr. Green is responsible for buy/sell decisions, portfolio construction and monitoring positions in the equity and high yield portfolios.	2006
			<b>Michael C. Buchanan, CFA®</b> <b>Portfolio Manager</b> (2005-present); responsible for portfolio structure, including sector allocation, duration weighting and term structure decisions.	2005
			<b>Stephen A. Walsh</b> <b>CIO</b> (1991-present), co-team leader responsible for strategic oversight of the Fund's investments and supervising sector specialist teams dedicated to various asset classes.	2001
International Fixed Income Investments	Pacific Investment Management Company LLC ("PIMCO") 840 Newport Center Drive Newport Beach, CA 92660	90%	<b>Mohamed A. El-Erian</b> <b>Chief Executive Officer and Co-CIO</b> (2007-present). Mr. El-Erian re-joined PIMCO in December 2007, after serving as President and CEO of Harvard Management Company (2005-2007). Prior to that time, Mr. El-Erian was Managing Director at PIMCO, which he originally joined in 1999.	2009
		10%	<b>Ed Devlin</b> <b>Executive Vice President – London Office</b> (2006-present) Head of European Liability Driven Investing Portfolio Management, Mr. Devlin is a global portfolio manager. Prior to joining PIMCO, he was traded fixed income derivatives at Lehman Brothers and Merrill Lynch.	2011
			<b>Kumaran K. Damodaran</b> <b>Senior Vice President, Portfolio Manager</b> (2008-present) Mr. Damodaran is a global portfolio manager. Prior to joining PIMCO, he was a senior vice president at Lehman Brothers, trading Latin American local currency derivatives and held various trading roles at Credit Suisse in Latin American and emerging European markets, spanning currency, interest rate and credit derivatives markets.	2012
Municipal Bond Investments	McDonnell Investment Management, LLC ("McDonnell") 1515 W. 22nd Street 11th floor Oak Brook, IL 60523	100%	<b>Stephen Wlodarski, CFA®</b> <b>Managing Director and Co-Head of Fixed Income Portfolio Management</b> (2001-present), Municipal Portfolio Management.	2005
			<b>James Grabovac, CFA®</b> <b>Managing Director and Senior Portfolio Manager</b> (2002-present), Municipal Portfolio Management.	2005
			<b>Dawn Mangerson</b> <b>Vice President and Senior Portfolio Manager</b> (2006-present), Lead Portfolio Manager for the Fund, Municipal Portfolio Management.	

Fund	Sub-adviser	Percentage	Fund Manager/Fund Management Team Members, Title, Past 5 years' business experience	Fund Manager Since
Money Market Investments	The Dreyfus Corporation ("Dreyfus") 200 Park Avenue, 8 <sup>th</sup> Floor New York, NY 10166	100%	<b>Stephen C. Murphy</b> <b>Portfolio Manager</b> (2009-present). Mr. Murphy is responsible for managing and trading short duration portfolios. Prior to joining Dreyfus, he was a portfolio manager at Standish Mellon Asset Management Company LLC (2001-2009).	2011
			<b>Dawn Guffey</b> <b>Executive Vice President and the Chief Investment Officer</b> (1984-present) Ms. Guffey is responsible for the strategic direction and implementation of strategy decisions over the portfolios and plays a key role in developing analytic tools for portfolio management. She is a member of CIS' Fiduciary Risk Committee.	2008
			<b>Michael McNerney, CFA®</b> <b>Senior Vice President and Head of the Short Duration Portfolio Management group, BNY Mellon Cash Investment Strategies</b> (1994-present) Mr. McNerney is responsible for the portfolio management activity in the short duration and enhanced short duration portfolios. He is a member of the Pricing Committee and the Fiduciary Risk Committee.	2011
			<b>Theodore Bair, Jr., CFA®</b> <b>Senior Vice President and Short Duration Strategist, BNY Mellon Cash Investment Strategies</b> (1995-present) Mr. Bair's responsibilities include management of Non-Dollar/Custom portfolios; supervision of the interaction between client service, sales, and portfolio management; and he is one of the key decision makers in CIS' strategy setting process. He is an active member of the CIS Fiduciary Risk Committee and CIS Pricing Committee.	2011

**Management Fees.** The Manager receives a management fee from each Fund for its services. In turn, the Manager pays each Sub-adviser a fee for its subadvisory services. The Manager may voluntarily waive a portion or all of the management fees otherwise payable to it by a Fund. The chart below shows the contractual management fees for each Fund and the actual management fees paid to the Manager for the fiscal year ended August 31, 2011, based on a percentage of average daily net assets.

Fund	Contractual Management Fee	Actual Management Fee Paid During Most Recent Fiscal Year
Large Capitalization Growth Investments	0.60%	0.60%
Large Capitalization Value Equity Investments	0.60%	0.60%
Small Capitalization Growth Investments	0.80%	0.78%
Small Capitalization Value Equity Investments	0.80%	0.78%
International Equity Investments	0.70%	0.68%
Emerging Markets Equity Investments	0.90%	0.76%
Core Fixed Income Investments	0.40%	0.40%
High Yield Investments	0.70%	0.54%
International Fixed Income Investments	0.50%	0.50%
Municipal Bond Investments	0.40%	0.40%
Money Market Investments	0.08%	0.08%

**Potential Conflicts of Interest.** The management fees paid by each Fund to the Manager and the subadvisory fees paid by the Manager

to each Sub-adviser vary depending upon the Fund. For this reason, the Manager could retain a larger portion of its management fees by recommending certain Funds to clients in its asset allocation program or by recommending certain Sub-advisers to the Board. You should consider this potential conflict of interest when evaluating a Fund for investment and/or the Manager's asset allocation recommendation. The Manager intends to comply with standards of fiduciary duty that require it to act solely in the best interest of a participant when making such investment recommendations and to avoid any conflict of interest.

The SAI provides additional information about each Sub-adviser, including more information about their investment strategies and techniques, compensation paid to each Sub-adviser's portfolio manager(s), other accounts managed by such portfolio managers and the portfolio managers' ownership of the Fund's shares.

MSSB affiliates, including their directors, officers or employees, may have banking or investment banking relationships with the issuers of securities that are held in the Funds. They may also own the securities of these issuers. However, in making investment decisions for the Funds, the Manager does not obtain or use inside information acquired by any division, department or affiliate of MSSB in the course of those relationships. To the extent the Funds acquire securities from an issuer that has a borrowing or other relationship with MSSB or its affiliates, the proceeds of the purchase may be used to repay such borrowing or otherwise benefit MSSB and/or its affiliates.

Additional information regarding various former or current affiliates of, or predecessors to CGAS, CGM, or MSSB is included in the Trust's Annual Report and the Form ADV of CGAS.

# Investment and account information

## Account transactions

**Purchase of shares.** You may purchase shares of a Fund if you are a participant in an advisory program or asset based fee program sponsored by MSSB, including TRAK®, or by a qualified investment adviser not affiliated with MSSB. Purchases of shares of a Fund must be made through a brokerage account maintained with MSSB or through a broker that clears securities transactions through CGM, a clearing broker of MSSB (an introducing broker). You may establish a brokerage account with MSSB free of charge in order to purchase shares of a Fund.

- The minimum initial aggregate investment in the TRAK® program is \$10,000. The minimum investment in a Fund is \$100.
- There is no minimum on additional investments.
- The minimum initial aggregate investment in the TRAK® program for employees of MSSB and members of their immediate families, and retirement accounts or plans for those persons, is \$5,000.
- The Funds and the TRAK® program may vary or waive the investment minimums at any time.
- You may establish a Systematic Withdrawal/Investment Schedule. For more information, contact your Investment Professional or consult the SAI.

Shares of the Funds are sold at net asset value per share (“NAV”) without imposition of a sales charge but will be subject to any applicable advisory program fee. You may buy shares of a Fund at NAV on any day the NYSE is open by contacting your broker. All orders to purchase accepted by CGM or the introducing broker before 4:00 p.m. Eastern time will receive that day’s share price. Orders accepted after 4:00 p.m. will receive the next day’s share price. If the NYSE closes early, the Funds may accelerate transaction deadlines accordingly. All purchase orders must be in good order to be accepted. This means you have provided the following information:

- Name of the Fund
- Your account number
- Dollar amount or number of shares to be purchased
- Signatures of each owner exactly as the account is registered

Each Fund reserves the right to reject purchase orders or to stop offering its shares without notice. No order will be accepted unless MSSB has received and accepted an advisory agreement signed by the investor participating in the TRAK® program or other advisory program or asset based fee program sponsored by MSSB. Orders may also be accepted from investors who maintain a brokerage account through MSSB. With respect to investors participating in advisory programs sponsored by entities other than MSSB, MSSB must have received and accepted the appropriate documents before the order will be accepted. Payment for shares must be received by MSSB’s clearing broker or the introducing broker within three business days after the order is placed in good order.

**Customer Identification Program.** Federal law requires the Trust to obtain, verify and record identifying information, which will be reviewed solely for customer identification purposes, which may include the name, residential or business street address, date of birth (for an individual), Social Security Number or taxpayer identification number or other information, for each investor who opens an account directly with the Trust. Applications without the required

information may not be accepted by the Trust, or the financial institution or financial intermediary through which account documentation may be received. After accepting an application, to the extent permitted by applicable law or its customer identification program, the Trust reserves the right to: (i) place limits on transactions in any account until the identity of the investor is verified; (ii) refuse an investment in the Trust; or (iii) involuntarily redeem an investor’s shares and close an account in the event that the Trust is unable to verify an investor’s identity. The Trust has appointed an anti-money laundering officer to administer this process. The Trust will not be responsible for any loss in an investor’s account resulting from the investor’s delay in providing all required information or from closing an account and redeeming an investor’s shares pursuant to the customer identification program.

**Redemption of shares.** You may sell shares of a Fund at NAV on any day the NYSE is open by contacting your broker. All redemption requests accepted by MSSB’s clearing broker or an introducing broker before 4:00 p.m. Eastern time on any business day will be executed at that day’s share price. Orders accepted after 4:00 p.m. will be executed at the next day’s price. If the NYSE closes early, the Funds may accelerate transaction deadlines accordingly. All redemption orders must be in good form, which may require a signature guarantee (available from most banks, dealers, brokers, credit unions and federal savings and loan associations, but not from a notary public) to assure the safety of your account. If you discontinue your CGM advisory service, you must redeem your shares in the Funds.

Each Fund has the right to suspend redemptions of shares and to postpone the transmission of redemption proceeds to a shareholder’s account at MSSB or at an introducing broker for up to seven days, as permitted by law. Redemption proceeds held in an investor’s brokerage account generally will not earn any income and MSSB or the introducing broker may benefit from the use of temporarily uninvested funds. A shareholder who pays for shares of a Fund by personal check will be credited with the proceeds of a redemption of those shares after the purchaser’s check has cleared, which may take up to 10 days.

Money Market Investments shall have the ability to suspend redemptions and postpone payment of redemption proceeds in order to facilitate an orderly liquidation in accordance with Rule 22e-3 of the 1940 Act if (i) the Board, including a majority of Trustees who are not interested persons of the Funds, determines that the extent of deviation between Money Market Investments’ amortized cost price per share and its current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results to investors or existing shareholders; (ii) the Board, including a majority of Trustees who are not interested persons of the Fund, irrevocably has approved the liquidation of the Fund.

**Exchange of shares.** An investor that participates in an advisory program may exchange shares in a Fund for shares in any other Fund in the Trust at NAV without payment of an exchange fee. Be sure to read the Prospectus and consider the investment objectives and policies of any Fund into which you make an exchange. An exchange is a taxable transaction except for exchanges within a retirement account.

**Frequent purchases and sales of portfolio shares.** Frequent purchases and redemptions of mutual fund shares may interfere with the efficient management of a Fund's portfolio by its portfolio manager, increase portfolio transaction costs, and have a negative effect on a Fund's long-term shareholders. For example, in order to handle large flows of cash into and out of a Fund, the portfolio manager may need to allocate more assets to cash or other short-term investments or sell securities, rather than maintaining full investment in securities selected to achieve the Fund's investment objective. Frequent trading may cause a Fund to sell securities at less favorable prices. Transaction costs, such as brokerage commissions and market spreads, can detract from a Fund's performance. In addition, the return received by long-term shareholders may be reduced when trades by other shareholders are made in an effort to take advantage of certain pricing discrepancies, when, for example, it is believed that a Fund's share price, which is determined at the close of the NYSE on each trading day, does not accurately reflect the value of the Fund's portfolio securities. Funds investing in foreign securities have been particularly susceptible to this form of arbitrage, but other Funds could also be affected.

Frequent purchases and redemptions of shares of a Fund may interfere with the efficient management of the Fund, increase portfolio transaction costs and have a negative effect on the Fund's long-term shareholders. Because of the potential harm to the Funds and their long-term shareholders, the Board has approved policies and procedures that are intended to discourage and prevent excessive trading and market timing abuses through the use of various surveillance and other techniques. Under these policies and procedures, the Trust may limit additional exchanges or purchases of Fund shares by shareholders whom the Manager believes to be engaged in these abusive trading activities. The intent of the policies and procedures is not to inhibit legitimate strategies, such as asset allocation, dollar cost averaging, or similar activities that may nonetheless result in frequent trading of Fund shares. For this reason, the Board has not adopted any specific restrictions on purchases and sales of Fund shares, but the Trust reserves the right to reject any exchange or purchase of Fund shares with or without prior notice to the account holder. In cases where surveillance of a particular account establishes what the Manager believes to be obvious market timing, the Manager will seek to block future purchases and exchanges of Fund shares by that account. Where surveillance of a particular account indicates activity that the Manager believes could be either abusive or for legitimate purposes, the Trust may permit the account holder to justify the activity.

The policies apply to any account, whether an individual account or accounts with financial intermediaries, such as investment advisers, introducing brokers and retirement plan administrators, commonly called omnibus accounts, where the intermediary holds Fund shares for a number of its customers in one account.

The Trust's policies also require personnel, such as portfolio managers and investment staff, to report any abnormal or otherwise suspicious investment activity, and prohibit short-term trades by such personnel for their own account in mutual funds managed by the Manager and its affiliates, other than money market funds. Additionally, the Trust has adopted policies and procedures to prevent the selective release of information about the portfolio holdings held by Funds of the Trust, as such information may be used for market-timing and similar abusive practices.

Money market portfolios are often used by investors for short-term investments, in place of bank checking or saving accounts, or for cash management purposes. For this reason the policies with respect to frequent purchases and sales of shares do not apply to Money Market Investments.

**Share certificates.** Share certificates for the Funds will no longer be issued. If you currently hold share certificates of a Fund, such certificates will continue to be honored.

**Accounts with low balances.** If your account falls below \$7,500 as a result of redemptions (and not because of performance or payment of the TRAK® Advisory Service fees), MSSB or the introducing broker may ask you to increase the size of your account to \$7,500 within thirty days. If you do not increase the account to \$7,500, MSSB may redeem the shares in your account at net asset value and remit the proceeds to you. The proceeds will be deposited in your brokerage account unless you instruct otherwise.

## Valuation of shares

Each Fund offers its shares at NAV. Each Fund calculates its NAV once daily as of the close of regular trading on the NYSE (generally at 4:00 p.m. Eastern time) on each day the NYSE is open. The NYSE is closed on certain holidays listed in the SAI. If the NYSE closes early, the Funds may accelerate calculation of NAV.

The valuation of the securities of each Fund is determined in good faith by or under the direction of the Board. The Board has approved procedures to be used to value each Fund's securities for the purposes of determining each Fund's NAV. The Board has delegated certain valuation functions to the Manager. A Fund generally values its securities based on readily available market quotations determined at the close of trading on the NYSE. Debt obligations that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Debt obligations that will mature in more than 60 days are valued using valuations furnished by approved third-party pricing agents.

A Fund's currency conversions, if any, are done as of the close of the London Stock Exchange ("LSE"). For securities that are traded on an exchange, the market price is usually the closing sale or official closing price on that exchange. In the case of securities not traded on an exchange, or if such closing prices are not otherwise available, the market price is typically determined by third party pricing vendors using a variety of pricing techniques and methodologies. If vendors are unable to supply a price, or if the price supplied is deemed by the Manager to be unreliable, the Manager may determine the price, using quotations received from one or more broker/dealers that make a market in the security or by using fair value procedures approved by the Board. Certain Funds invest in emerging market securities and in securities rated below investment grade, some of which may be thinly traded, for which market quotations may not be readily available or may be unreliable; these Funds may use fair valuation procedures more frequently than funds that invest primarily in exchange-traded securities. A Fund also may use fair value procedures if the Manager determines that a significant event has occurred between when a market price is determined and when the Fund's NAV is calculated. In particular, the value of foreign securities may be materially affected by events occurring after the close of the market on which they are valued, but before a Fund calculates its NAV.



For International Equity Investments and Emerging Markets Equity Investments, the Board has approved the use of a fair value model developed by a pricing service to price foreign equity securities on days when there is a certain percentage change in the value of a domestic equity security index, as such index and percentage may be determined by the Manager from time to time.

Valuing securities using fair value procedures involves greater reliance on judgment than valuation of securities based on readily available market quotations. A Fund that uses fair value to price securities may value those securities higher or lower than another fund using market quotations or fair value to price the same securities. There can be no assurance that a Fund could obtain the fair value assigned to a security if it were to sell the security at approximately the time the Fund determines its net asset value.

Additionally, international markets may be open, and trading may take place, on days when U.S. markets are closed. For this reason, the values of foreign securities owned by a Fund could change on days when shares of the Fund cannot be bought or redeemed.

More information about the valuation of the Funds' holdings can be found in the SAI.

## Dividends and distributions

Each Fund intends to distribute all or substantially all of its net investment income and realized capital gains, if any, for each taxable year. Money Market Investments declares dividends, if any, daily from net investment income and pays dividends monthly. Shareholders in Money Market Investments receive dividends from the day following purchase through the date of redemption. Core Fixed Income Investments, High Yield Investments and Municipal Bond Investments declare and pay dividends, if any, monthly from net investment income. The equity oriented Funds and International Fixed Income Investments declare and pay dividends, if any, annually from net investment income. All of the Funds declare and distribute realized net capital gains, if any, annually, typically in December. The equity oriented Funds expect distributions to be primarily from capital gains. The fixed income oriented Funds expect distributions to be primarily from income. All dividends and capital gains are reinvested in shares of the Fund that paid them unless the shareholder elects to receive them in cash.

## Taxes

Each Fund is treated as a separate entity for federal tax purposes, and intends to qualify for special tax treatment afforded to regulated investment companies. So long as a Fund meets the requirements for being a tax-qualified regulated investment company ("RIC"), the Fund will pay no federal income tax on the earnings and gains, if any, it distributes to shareholders, provided that it satisfies a minimum distribution requirement. If a Fund fails to qualify as a RIC or fails to meet the distribution requirement, the Fund will be subject to federal income tax at regular corporate rates (without a deduction for distributions to shareholders). In addition, when distributed, income (including any distributions of net tax-exempt income and net long-term capital gains) would also be taxable to shareholders as an ordinary dividend to the extent attributable to the Fund's earnings and profits.

Distributions attributable to short-term capital gains are treated as dividends, taxable as ordinary income. Dividends and long-term capital gain distributions received by shareholders, other than in a tax-deferred retirement account, are taxable whether received in cash

or reinvested in shares. Although dividends (including dividends from short-term capital gains) are generally taxable as ordinary income, for taxable years beginning before January 1, 2013, individual shareholders who satisfy certain holding periods and other requirements are taxed on such dividends at long-term capital gain rates to the extent the dividends are attributable to "qualified dividend income" received by a Fund. "Qualified dividend income" generally consists of dividends received from U.S. corporations (other than dividends from tax-exempt organizations and certain dividends from real estate investment trusts and RICs) and certain foreign corporations. In order for such dividends to be considered "qualified dividend income," both the shareholders and a Fund must meet certain holding period requirements. Long-term capital gain distributions are taxable to you as long-term capital gain regardless of how long you have owned your shares. You may want to avoid buying shares when a Fund is about to declare a capital gain distribution or a taxable dividend, because it will be taxable to you even though it may actually be a return of a portion of your investment.

Dividends paid by Municipal Bond Investments that are derived from interest earned on qualifying tax-exempt obligations are expected to be "exempt-interest" dividends that shareholders may exclude from their gross income for regular federal income tax purposes. Some of Municipal Bond Investments' income that is exempt from regular federal income taxation may be subject to the alternative minimum tax. Municipal Bond Investments may at times buy tax-exempt securities at a discount from the price at which they were originally issued, especially during periods of rising interest rates. For federal income tax purposes, some or all of this market discount will be included in the Fund's ordinary income and will be ordinary income when it is paid to you.

In general, redeeming shares, exchanging shares and receiving dividends and distributions (whether in cash or additional shares) are all taxable events. The following table summarizes the tax status to you, if you are a U.S. shareholder, of certain transactions related to the Funds.

Recent legislation effective beginning in 2013 provides that U.S. individuals with income exceeding \$200,000 (\$250,000 if married and filing jointly) will be subject to a new 3.8% Medicare contribution tax on their "net investment income," including interest, dividends, and capital gains (including capital gains realized on the sale or exchange of shares).

Transactions	Federal tax status
Redemptions or exchange of shares	Usually capital gain or loss; long-term only if shares owned more than one year
Distributions of long-term capital gain	Long-term capital gain
Dividends from net investment income	Ordinary income (for all Funds except Municipal Bond Investments), potentially taxable at long-term capital gain rates for equity oriented Funds
Any of the above received by a qualified retirement account	Not taxable, provided purchase of shares not debt-financed

After the end of each year, the Funds will provide you with information about the distributions and dividends you received and any redemption of shares during the previous year. If you do not provide the Funds with your correct taxpayer identification number and any required certifications, you may be subject to backup withholding on your Fund's distributions, dividends and redemption

proceeds. Since each shareholder's circumstances are different and special tax rules may apply, you should consult your tax adviser about your investment in a Fund.

As noted above, investors, out of their own assets, will pay an advisory service fee. For most investors who are individuals, this fee will be treated as a "miscellaneous itemized deduction" for federal income tax purposes. Under current federal income tax law, an individual's miscellaneous itemized deductions for any taxable year will be allowed as a deduction only to the extent the aggregate of these deductions exceeds 2% of adjusted gross income. Such deductions are also subject to the general limitation on itemized deductions for individuals. For taxable years beginning in 2009, the general limitation on itemized deductions will be reduced by two-thirds, and solely for taxable years beginning during the years 2010 through 2012, this limitation on deductions will not apply.

The above discussion is applicable to shareholders who are U.S. persons. If you are a non-U.S. person, please consult your own tax adviser with respect to the tax consequences to you of an investment in a Fund.

# Financial Highlights

The financial highlights tables are intended to help you understand the performance of each Fund for the past five years. The following tables have been derived from the Funds' financial statements. The Funds' financial statements for the years ended August 31, 2011, 2010 and 2009, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report, along with each Fund's financial statements, is included in the annual report (available upon request). For the fiscal years prior to August 31, 2009, the Funds' financial statements were audited by another independent registered public accounting firm. Certain information reflects financial results for a single share. Total return represents the rate that a shareholder would have earned (or lost) on a share of a Fund assuming reinvestment of all dividends and distributions.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Large Capitalization Growth Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$11.80	\$11.15	\$14.66	\$15.45	\$12.88
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.07	0.03	0.04	0.03	0.03
Net realized and unrealized gain (loss)	2.40	0.68	(3.35)	(0.55)	2.54
Total Income (Loss) from Operations	2.47	0.71	(3.31)	(0.52)	2.57
Less Distributions From:					
Net investment income	(0.03)	(0.06)	(0.03)	(0.03)	—
Net realized gain	—	—	(0.17)	(0.24)	—
Total Distributions	(0.03)	(0.06)	(0.20)	(0.27)	—
Net Asset Value, End of Year	\$14.24	\$11.80	\$11.15	\$14.66	\$15.45
Total Return <sup>(2)</sup>	20.89%	6.30%	(22.25)%	(3.52)%	19.95%
Net Assets, End of Year (millions)	\$1,738	\$1,495	\$1,310	\$2,214	\$2,464
Ratio of Average to Net Assets:					
Gross expenses	0.68%	0.70%	0.71%	0.69%	0.70%
Net expenses	0.68	0.70 <sup>(3)</sup>	0.71 <sup>(3)</sup>	0.69 <sup>(3)</sup>	0.70
Net investment income (loss)	0.47	0.22	0.44	0.18	0.18
Portfolio Turnover Rate	76%	92%	113%	79%	112%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Large Capitalization Value Equity Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$7.54	\$7.34	\$9.88	\$12.87	\$12.25
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.17	0.19	0.22	0.23	0.21
Net realized and unrealized gain (loss)	1.07	0.23	(2.55)	(1.92)	1.43
Total Income (Loss) from Operations	1.24	0.42	(2.33)	(1.69)	1.64
Less Distributions From:					
Net investment income	(0.20)	(0.22)	(0.21)	(0.23)	(0.19)
Net realized gain	—	—	—	(1.07)	(0.83)
Total Distributions	(0.20)	(0.22)	(0.21)	(1.30)	(1.02)
Net Asset Value, End of Year	\$8.58	\$7.54	\$7.34	\$9.88	\$12.87
Total Return <sup>(2)</sup>	16.46%	5.67%	(23.14)%	(14.23)%	13.58%
Net Assets, End of Year (millions)	\$1,220	\$1,102	\$1,273	\$1,972	\$1,816
Ratios to Average Net Assets:					
Gross expenses	0.68%	0.69%	0.72%	0.69%	0.70%
Net expenses	0.68	0.69 <sup>(3)</sup>	0.71 <sup>(3)</sup>	0.67 <sup>(3)</sup>	0.69 <sup>(3)</sup>
Net investment income	1.95	2.43	3.30	2.12	1.67
Portfolio Turnover Rate	38%	104%	97%	55%	46%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Small Capitalization Growth Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$14.62	\$12.99	\$17.32	\$18.28	\$15.83
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	(0.07)	(0.09)	(0.07)	(0.09)	(0.10)
Net realized and unrealized gain (loss)	3.21	1.72	(4.26)	(0.87)	2.55
Total Income (Loss) from Operations	3.14	1.63	(4.33)	(0.96)	2.45
Net Asset Value, End of Year	\$17.76	\$14.62	\$12.99	\$17.32	\$18.28
Total Return <sup>(2)</sup>	21.48%	12.55%	(25.00)%	(5.25)%	15.48%
Net Assets, End of Year (millions)	\$278	\$262	\$371	\$458	\$402
Ratios to Average to Net Assets:					
Gross expenses	0.95%	0.99%	1.08%	1.00%	0.99%
Net expenses	0.93 <sup>(3)</sup>	0.98 <sup>(3)</sup>	1.07 <sup>(3)</sup>	0.99 <sup>(3)</sup>	0.99 <sup>(3)</sup>
Net investment income (loss)	(0.37)	(0.56)	(0.59)	(0.51)	(0.58)
Portfolio Turnover Rate	73%	84%	73%	66%	69%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Small Capitalization Value Equity Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$9.57	\$8.67	\$10.65	\$13.51	\$14.19
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.10	0.08	0.11	0.12	0.15
Net realized and unrealized gain (loss)	1.68	0.90	(1.63)	(0.89)	1.46
Total Income (Loss) from Operations	1.78	0.98	(1.52)	(0.77)	1.61
Less Distributions From:					
Net investment income	(0.15)	(0.08)	(0.07)	(0.10)	(0.11)
Net realized gains	—	—	(0.39)	(1.99)	(2.18)
Total Distributions	(0.15)	(0.08)	(0.46)	(2.09)	(2.29)
Net Asset Value, End of Year	\$11.20	\$9.57	\$8.67	\$10.65	\$13.51
Total Return <sup>(2)</sup>	18.52%	11.35%	(12.73)%	(5.36)%	11.94%
Net Assets, End of Year (millions)	\$223	\$203	\$374	\$379	\$352
Ratios to Average Net Assets:					
Gross expenses	0.98%	0.98%	1.09%	1.01%	1.01%
Net expenses	0.95 <sup>(3)</sup>	0.97 <sup>(3)</sup>	1.08 <sup>(3)</sup>	0.99 <sup>(3)</sup>	1.01
Net investment income	0.85	0.86	1.54	1.07	1.06
Portfolio Turnover Rate	36%	25%	53%	39%	40%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

International Equity Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$9.02	\$8.97	\$11.90	\$15.57	\$13.55
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.15	0.14	0.15	0.30	0.23
Net realized and unrealized gain (loss)	0.76	0.15	(2.32)	(2.61)	2.08
Total Income (Loss) from Operations	0.91	0.29	(2.17)	(2.31)	2.31
Less Distributions From:					
Net investment income	(0.16)	(0.24)	(0.30)	(0.21)	(0.29)
Net realized gain	—	—	(0.46)	(1.15)	—
Total Distributions	(0.16)	(0.24)	(0.76)	(1.36)	(0.29)
Net Asset Value, End of Year	\$9.77	\$9.02	\$8.97	\$11.90	\$15.57
Total Return <sup>(2)</sup>	9.97%	3.12%	(15.48)%	(16.23)%	17.21%
Net Assets, End of Year (millions)	\$536	\$795	\$725	\$1,407	\$1,655
Ratios to Average Net Assets:					
Gross expenses	0.84%	0.85%	0.91%	0.83%	0.82%
Net expenses	0.82 <sup>(3)</sup>	0.84 <sup>(3)</sup>	0.90 <sup>(3)</sup>	0.77 <sup>(3)</sup>	0.75 <sup>(3)</sup>
Net investment income	1.41	1.52	1.98	2.16	1.57
Portfolio Turnover Rate	70%	73%	72%	124%	44%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Emerging Markets Equity Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$14.79	\$12.80	\$15.36	\$19.19	\$13.59
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.31	0.23	0.19	0.23	0.21
Net realized and unrealized gain (loss)	0.99	1.90	(2.39)	(2.24)	5.52
Total Income (Loss) from Operations	1.30	2.13	(2.20)	(2.01)	5.73
Less Distributions From:					
Net investment income	(0.24)	(0.14)	(0.08)	(0.35)	(0.13)
Net realized gain	—	—	(0.28)	(1.47)	—
Total Distributions	(0.24)	(0.14)	(0.36)	(1.82)	(0.13)
Net Asset Value, End of Year	\$15.85	\$14.79	\$12.80	\$15.36	\$19.19
Total Return <sup>(2)</sup>	8.67%	16.69%	(12.86)%	(12.37)%	42.41%
Net Assets, End of Year (millions)	\$841	\$809	\$671	\$634	\$530
Ratio of Average to Net Assets:					
Gross expenses	1.05%	1.08%	1.12%	1.08%	1.15%
Net expenses	0.91 <sup>(3)</sup>	0.94 <sup>(3)</sup>	0.98 <sup>(3)</sup>	0.93 <sup>(3)</sup>	1.04 <sup>(3)</sup>
Net investment income	1.87	1.57	1.87	1.24	1.31
Portfolio Turnover Rate	42%	53%	133%	74%	66%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.



For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Core Fixed Income Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$8.81	\$8.25	\$8.05	\$8.07	\$8.09
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.28	0.32	0.39	0.38	0.38
Net realized and unrealized gain (loss)	0.05	0.71	0.36	0.01	—
Total Income from Operations	0.33	1.03	0.75	0.39	0.38
Less Distributions From:					
Net investment income	(0.29)	(0.33)	(0.40)	(0.41)	(0.40)
Net realized gain	(0.27)	(0.14)	(0.15)	—	—
Total Distributions	(0.56)	(0.47)	(0.55)	(0.41)	(0.40)
Net Asset Value, End of Year	\$8.58	\$8.81	\$8.25	\$8.05	\$8.07
Total Return <sup>(2)</sup>	3.93%	12.93%	9.96%	4.78%	4.82%
Net Assets, End of Year (millions)	\$1,067	\$1,001	\$872	\$953	\$861
Ratios to Average Net Assets:					
Gross expenses	0.52%	0.53% <sup>(3)</sup>	0.54% <sup>(3)</sup>	0.52% <sup>(3)</sup>	0.54% <sup>(3)</sup>
Net expenses	0.52% <sup>(4)</sup>	0.53% <sup>(3)(4)</sup>	0.53% <sup>(3)(4)</sup>	0.52% <sup>(3)(4)</sup>	0.54% <sup>(3)(4)</sup>
Net investment income	3.23	3.79	4.98	4.56	4.68
Portfolio Turnover Rate	390%	257%	374%	346%	400%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Ratio includes interest expense on forward sale commitments which represents less than 0.01%, 0.01%, 0.01%, 0.01% and 0.01%, respectively.

<sup>(4)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

High Yield Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$4.14	\$3.77	\$4.13	\$4.58	\$4.62
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.36	0.37	0.37	0.39	0.38
Net realized and unrealized gain (loss)	0.02	0.38	(0.35)	(0.46)	(0.03)
Total Income (Loss) from Operations	0.38	0.75	0.02	(0.07)	0.35
Less Distributions From:					
Net investment income	(0.37)	(0.38)	(0.38)	(0.38)	(0.39)
Total Distributions	(0.37)	(0.38)	(0.38)	(0.38)	(0.39)
Net Asset Value, End of Year	\$4.15	\$4.14	\$3.77	\$4.13	\$4.58
Total Return <sup>(2)</sup>	9.01%	20.41%	2.48%	(1.69)%	7.56%
Net Assets, End of Year (millions)	\$198	\$190	\$153	\$130	\$86
Ratios to Average Net Assets:					
Gross expenses	0.88%	0.95%	0.97%	0.90%	1.00%
Net expenses	0.72% <sup>(3)</sup>	0.79% <sup>(3)</sup>	0.81% <sup>(3)</sup>	0.74% <sup>(3)</sup>	0.85% <sup>(3)</sup>
Net investment income (loss)	8.26	9.06	11.24	8.78	7.92
Portfolio Turnover Rate	62%	74%	68%	73%	119%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

International Fixed Income Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$8.41	\$7.77	\$7.86	\$7.67	\$7.78
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.23	0.19	0.30	0.32	0.23
Net realized and unrealized gain (loss)	(0.15)	0.83	0.31	0.05	(0.05)
Total Income from Operations	0.08	1.02	0.61	0.37	0.18
Less Distributions From:					
Net investment income	(0.50)	(0.38)	(0.70)	(0.18)	(0.29)
Total Distributions	(0.50)	(0.38)	(0.70)	(0.18)	(0.29)
Net Asset Value, End of Year	\$7.99	\$8.41	\$7.77	\$7.86	\$7.67
Total Return <sup>(2)</sup>	1.21%	13.55%	8.54%	4.90%	2.33%
Net Assets, End of Year (millions)	\$227	\$220	\$197	\$286	\$189
Ratios to Average Net Assets:					
Gross expenses	0.72%	0.79%	0.79% <sup>(3)</sup>	0.70% <sup>(3)</sup>	0.78% <sup>(3)</sup>
Net expenses	0.72% <sup>(4)</sup>	0.79	0.79 <sup>(3)</sup>	0.70 <sup>(3)</sup>	0.78 <sup>(3)(4)</sup>
Net investment income (loss)	2.86	2.44	4.00	4.12	3.00
Portfolio Turnover Rate	150%	93%	263%	263%	433%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Ratio includes interest expense on forward sale commitments which represents less than 0.01%, 0.01% and 0.01%, respectively.

<sup>(4)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Municipal Bond Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$9.63	\$9.09	\$8.92	\$8.94	\$9.13
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.30	0.31	0.34	0.33	0.35
Net realized and unrealized gain (loss)	(0.15)	0.54	0.17	(0.02)	(0.19)
Total Income (Loss) from Operations	0.15	0.85	0.51	0.31	0.16
Less Distributions From:					
Net investment income	(0.30)	(0.31)	(0.34)	(0.33)	(0.35)
Total Distributions	(0.30)	(0.31)	(0.34)	(0.33)	(0.35)
Net Asset Value, End of Year	\$9.48	\$9.63	\$9.09	\$8.92	\$8.94
Total Return <sup>(2)</sup>	1.71%	9.59%	5.98%	3.48%	1.77%
Net Assets, End of Year (millions)	\$88	\$92	\$84	\$101	\$70
Ratios to Average Net Assets:					
Gross expenses	0.58%	0.62%	0.56%	0.56%	0.59%
Net expenses	0.58	0.62	0.56	0.56	0.59 <sup>(3)</sup>
Net investment income (loss)	3.27	3.39	3.86	3.66	3.84
Portfolio Turnover Rate	20%	2%	25%	26%	14%

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(3)</sup> Reflects fee waivers and/or expense reimbursements.

For a share of beneficial interest outstanding throughout each year ended August 31, unless otherwise noted:

Money Market Investments					
	2011	2010	2009	2008	2007
Net asset value, Beginning of Year	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Income (Loss) from Operations:					
Net investment income <sup>(1)</sup>	0.00 <sup>(2)</sup>	0.00 <sup>(2)</sup>	0.00 <sup>(2)</sup>	0.03	0.05
Net realized and unrealized gain (loss)	0.00 <sup>(2)</sup>	0.01	—	—	—
Total Income from Operations	0.00	0.01	0.00	0.03	0.05
Less Distributions From:					
Net investment income	0.00 <sup>(2)</sup>	0.00 <sup>(2)</sup>	0.00 <sup>(2)</sup>	(0.03)	(0.05)
Net realized gains	0.00 <sup>(2)</sup>	(0.01)	—	—	—
Total Distributions	0.00	(0.01)	0.00	(0.03)	(0.05)
Net Asset Value, End of Year	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Return <sup>(3)</sup>	0.01%	0.85%	0.49%	3.10%	4.86%
Net Assets, End of Year (millions)	\$119	\$125	\$292	\$144	\$118
Ratios to Average Net Assets:					
Gross expenses	0.29%	0.34%	0.51%	0.44%	0.48%
Net expenses <sup>(4)</sup>	0.21	0.27	0.47	0.42	0.47
Net investment income	0.00	0.01	0.46	3.11	4.75

<sup>(1)</sup> Per share amounts have been calculated using the average shares method.

<sup>(2)</sup> Amounts represent less than \$0.01 per share.

<sup>(3)</sup> Performance figures may reflect fee waivers and/or expense reimbursements and assume reinvestment of dividend distribution. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Applicable advisory program charges, which in the case of TRAK may be up to 2.00%, are not reflected in the performance data and would reduce the total returns. Past performance is no guarantee of future results.

<sup>(4)</sup> Reflects fee waivers and/or expense reimbursements.

## For More Information

You may visit the Trust's website at <https://www.smithbarney.com/products-services/managed-money/trak/trak-cgcm.html> for a free copy of this Prospectus, or an annual or semi-annual report, or to request other information.

### Annual and Semi-annual Reports

Additional information about the Funds' investments is available in the Funds' annual and semi-annual reports to shareholders. The Funds' annual report contains a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year.

The Trust sends only one report to a household if more than one account has the same address. Contact your Financial Professional or the transfer agent if you do not want this policy to apply to you.

### Statement of Additional Information ("SAI")

The SAI provides more detailed information about the Funds and is incorporated into this Prospectus by reference.

### Financial Professional

The investor's broker-dealer, bank or other financial intermediary ("Financial Professional") is available to answer questions about the Funds or the investor's overall asset allocation program.

Investors can get free copies of the annual and semi-annual reports, request the SAI, or request other information and discuss their questions about the Funds by contacting the Financial Professional through which shares of the Funds may be purchased or sold. Investors may also obtain free copies of these documents or request other information by calling

1-877-937-6739 (ask for "Consulting Group") or by writing to the Funds at:

Consulting Group Capital Markets Funds  
Morgan Stanley Smith Barney  
2000 Westchester Avenue  
Purchase, NY 10577

or at the Funds' website at <https://www.smithbarney.com/products-services/managed-money/trak/trak-cgcm.html>

Information about the Funds (including the SAI) can be reviewed and copied at the U.S. Securities and Exchange Commission's ("SEC") Public Reference Room in Washington, D.C. Additionally, information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8900. Reports and other information about the Funds are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. Copies of this information may be obtained for a duplicating fee by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, D.C. 20549-1520.

If someone makes a statement about the Funds that is not in this Prospectus, you should not rely upon that information. Neither the Funds nor the distributor is offering to sell shares of the Funds to any person to whom the Funds may not lawfully sell their shares.

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