

## Franklin Templeton

One Franklin Parkway, Building 970, 1st Floor  
San Mateo, California 94403

### EXECUTIVE SUMMARY

To help you better understand the performance results of third-party investment manager strategies within our Select UMA Program, we are including additional information within manager profiles that may inform your decision to invest in this strategy:

- The performance results displayed in this profile may include a composite of Morgan Stanley accounts enrolled in the strategy. These are **unshaded** in the Investment Results and Portfolio Quarterly Returns sections of the profile with the Select UMA label.
- The results may also display the performance of the manager's own composite of accounts invested in its version of the investment strategy, prior to the strategy's inception in the Select UMA program. These are shaded in **grey** and labeled Manager.
- If the transition month between the manager's results and the strategy's results occurs in the middle of a quarter, that quarter or year will be shaded **gold** in the Investment Results and Portfolio Quarterly Returns sections of the profile and labeled Transition.

The manager exercises discretion in selecting securities for your account, but differences between the manager's prior gross results and the strategy's ongoing gross results may arise from variations in who executes the strategy or how it is implemented:

- Some managers may deliver a model portfolio to Morgan Stanley, which may ultimately be responsible for executing those investment decisions.
- In some cases, the manager may act as an "executing manager," which means it implements its investment decisions and transactions directly instead of delivering instructions to Morgan Stanley.
- The manager's prior performance results are based on accounts that do not participate in the Select UMA program, with investment and operational differences such as account size and/or level of customization.
- There may be other reasons why the performance results differ from those of individual Select UMA accounts managed in the same or a substantially similar investment strategy. For example, Morgan Stanley may deviate from strategy models when applying client-requested restrictions.

If you have any questions about any of the information included in this profile, please contact your Morgan Stanley team.

Past performance is not a guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that any investment strategy will achieve its intended results under all market conditions. Do not rely upon this profile as the sole basis for your investment decisions.

For MAPS Third Party Model Portfolios, 'Manager' illustrated performance is that of the Model Portfolio Provider.

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Style: US Multi Asset  
Sub-Style: Balanced Blend Tax Favored  
Firm AUM: \$1,297.4 billion<sup>^</sup>  
Firm Strategy AUM: \$14.4 million<sup>^^</sup>

Year Founded: 1899  
GIMA Status: Approved  
Program Inception Date: 01/08/2013  
Strategy Minimum: \$200,000

### STRATEGY OVERVIEW

The ClearBridge Appreciation portfolios seek long-term capital appreciation by investing primarily in core portfolios of quality large-capitalization companies. The portfolio managers may also invest client portfolios in selected mid and small capitalization companies. The managers seek to create diversified portfolios, believing this approach may help portfolios benefit over time from changes in market and economic cycles and also help reduce overall portfolio volatility. Investments generally include companies the managers believe have superior demonstrated or expected growth characteristics and whose stocks are available at reasonable prices, and/or companies whose assets or earning power the managers believe are either unrecognized or undervalued by the market. While most investments are in U.S. companies, the managers may also invest in ADRs and U.S.-traded ordinary shares of non-U.S. companies in developed and emerging markets. Also, although the general focus of the ClearBridge Appreciation portfolios is equity investing, the managers may sometimes hold significant portions of portfolio assets in cash equivalents while waiting for buying opportunities. In addition to making Appreciation portfolios available in an equity format, LMPPG may make these portfolios available in a taxable balanced format (in which U.S. Government and/or corporate debt securities represent the fixed income portion of the portfolios) and a tax-favored balanced format (in which municipal securities represent the fixed income portion of the portfolios). Western Asset manages the fixed income portion of balanced portfolios, seeking to add stability and generate income. LMPPG refers to balanced portfolios as Legg Mason Appreciation balanced portfolios. The Western Asset GSM 3-Year ("GSM3") portfolios, Western Asset GSM 5-Year ("GSM5") portfolios and Western Asset GSM 7-Year ("GSM7") portfolios seek to produce total returns over complete market cycles that exceed appropriate benchmark returns. As part of this total return investment approach, the portfolios also seek to preserve principal. Western Asset manages these portfolios based on analysis of specific fundamental factors. The portfolio managers are responsible for monitoring daily market activity in an attempt to provide incremental return exceeding that expected under certain buy and hold and random trading strategies. These portfolios involve investments in U.S. Treasury and federal agency securities with varying maturities. GSM3 portfolios have average maturities of five years or less. GSM5 portfolios have average maturities of seven years or less.

### MANAGER'S INVESTMENT STRATEGY

- Top-down / portfolio structure based on economic trends
- Bottom-up / portfolio structure based on individual securities

### TARGET PORTFOLIO CHARACTERISTICS

|                               |                                     |
|-------------------------------|-------------------------------------|
| Number of security holdings:  | 52                                  |
| P/E ratio:                    | —                                   |
| Cash level over market cycle: | —                                   |
| Risk (standard deviation):    | —                                   |
| Average turnover rate:        | —                                   |
| Number of bond holdings:      | 27                                  |
| Average maturity:             | 4.49                                |
| Use ADRs:                     | 0 to 25%                            |
| Capitalization:               | —                                   |
| Eligible Investments:         | Individual Stocks, Individual Bonds |

### PORTFOLIO'S EQUITY SECTOR WEIGHTINGS <sup>†</sup>

| Sector                 | 12/22 | 06/22 |
|------------------------|-------|-------|
| Energy                 | 4.37  | 3.98  |
| Materials              | 7.38  | 6.78  |
| Industrials            | 13.96 | 13.09 |
| Consumer Discretionary | 6.22  | 6.69  |
| Consumer Staples       | 10.01 | 9.59  |
| Health Care            | 12.85 | 11.98 |
| Financials             | 13.85 | 12.79 |
| Information Technology | 17.14 | 19.12 |
| Communication Services | 6.39  | 7.68  |
| Utilities              | 1.74  | 1.69  |
| Miscellaneous          | 0.00  | 0.00  |
| Real Estate/REITs      | 1.32  | 1.68  |

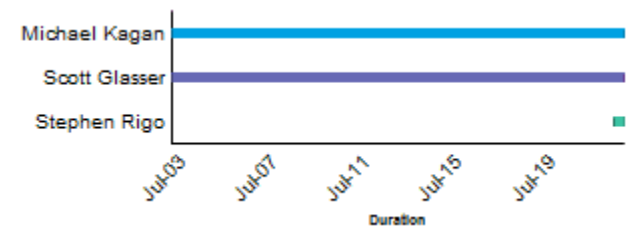
### PORTFOLIO STATISTICS

|                                    | 12/22     | 06/22     |
|------------------------------------|-----------|-----------|
| Number of security holdings        | 52        | 52        |
| Dividend Yield                     | 1.8%      | 1.8%      |
| Distribution Rate                  | —         | —         |
| Wtd avg P/E ratio <sup>1</sup>     | 19.77x    | 18.43x    |
| Wtd avg portfolio beta             | 0.85      | 0.85      |
| Mega capitalization <sup>+</sup>   | 0.0%      | —         |
| Large capitalization <sup>+</sup>  | 0.0%      | —         |
| Medium capitalization <sup>+</sup> | 0.0%      | —         |
| Small capitalization <sup>+</sup>  | 0.0%      | —         |
| Micro capitalization <sup>+</sup>  | 0.0%      | —         |
| Number of bond holdings            | 27        | 31        |
| Avg maturity                       | 4.49 yrs. | 3.56 yrs. |

### PORTFOLIO'S TOP FIVE SECURITY HOLDINGS

| Security                    | %   |
|-----------------------------|-----|
| Microsoft Corp              | 6.3 |
| Raytheon Technologies Corp  | 4.1 |
| Berkshire Hathaway Inc-CI B | 3.9 |
| Tjx Companies Inc           | 3.4 |
| Travelers Cos Inc/The       | 3.3 |

### PORTFOLIO MANAGER DETAILS



<sup>^</sup>As of 09/30/2022. Information as of 12/31/2022 is not yet available.

<sup>^^</sup>As of 12/31/2019. Information as of 12/31/2022 is not yet available.

<sup>†</sup>The P/E used here is calculated by the harmonic mean.

<sup>+</sup>Total may not equal 100% due to rounding.

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|                       |      |      |      |
|-----------------------|------|------|------|
| Cash/Cash Equivalents | 4.77 | 0.00 | 4.93 |
|-----------------------|------|------|------|

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

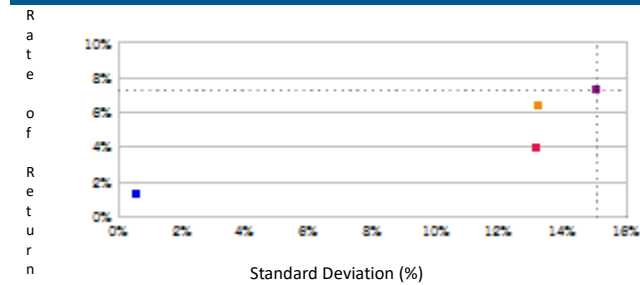
The subsequent pages contain important disclosures and a glossary of terms. Information as of December 31, 2022, unless otherwise noted and is subject to change.

| MANAGER'S INVESTMENT PROCESS   | RISK CONSIDERATIONS  | PORTFOLIO'S ALLOCATION HISTORY (%) *  |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
|--|--|---|-------|------------------|-------|------------------------------|-------|-----------------|---|---------------------|---|------------------------|---|------------------|---|----------------|--|--|--|--|--|--|--|--|-------|-------|-------|-------|---------------|------|------|-------|-------|--------------------------|------|------|-------|-------|-------|------|------|------|------|--------------------|------|------|------|------|------------|--------|--------|------|------|
|  | <p>Investing in securities entails risks, including: Equity portfolios are subject to the basic stock market risk that a particular security, or securities in general, may decrease in value. Fixed Income securities may be sensitive to changes in prevailing interest rates. When rates rise the value generally declines. There is no assurance that the private guarantors or insurers will meet their obligations. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. If a strategy expects to hold a concentrated portfolio of a limited number of securities, it should be noted that a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than that of a less concentrated portfolio.</p> | <table border="1"> <thead> <tr> <th></th> <th>12/22</th> <th>09/22</th> <th>06/22</th> <th>03/22</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> |       | 12/22            | 09/22 | 06/22                        | 03/22 |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
|  | 12/22  | 09/22   | 06/22 | 03/22            |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
|  |  |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| <table border="1"> <thead> <tr> <th colspan="2">% PROCESS BASED ON</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>Asset allocation</td> </tr> <tr> <td>0</td> <td>Industry or sector weighting</td> </tr> <tr> <td>0</td> <td>Stock Selection</td> </tr> <tr> <td>0</td> <td>Duration Management</td> </tr> <tr> <td>0</td> <td>Yield Curve Management</td> </tr> <tr> <td>0</td> <td>Sector Selection</td> </tr> <tr> <td>0</td> <td>Bond Selection</td> </tr> </tbody> </table> | % PROCESS BASED ON   |   | 0     | Asset allocation | 0     | Industry or sector weighting | 0     | Stock Selection | 0 | Duration Management | 0 | Yield Curve Management | 0 | Sector Selection | 0 | Bond Selection |  | <table border="1"> <thead> <tr> <th colspan="5">FIXED INCOME SECTOR DISTRIBUTION (%) *</th> </tr> <tr> <th></th> <th>12/22</th> <th>09/22</th> <th>06/22</th> <th>03/22</th> </tr> </thead> <tbody> <tr> <td>Revenue Bonds</td> <td>0.00</td> <td>0.00</td> <td>57.69</td> <td>54.85</td> </tr> <tr> <td>General Obligation Bonds</td> <td>0.00</td> <td>0.00</td> <td>35.65</td> <td>33.17</td> </tr> <tr> <td>Other</td> <td>0.00</td> <td>0.00</td> <td>3.13</td> <td>8.59</td> </tr> <tr> <td>Pre-Refunded Bonds</td> <td>0.00</td> <td>0.00</td> <td>3.53</td> <td>3.39</td> </tr> <tr> <td>Municipals</td> <td>100.00</td> <td>100.00</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table> | FIXED INCOME SECTOR DISTRIBUTION (%) * |  |  |  |  |  | 12/22 | 09/22 | 06/22 | 03/22 | Revenue Bonds | 0.00 | 0.00 | 57.69 | 54.85 | General Obligation Bonds | 0.00 | 0.00 | 35.65 | 33.17 | Other | 0.00 | 0.00 | 3.13 | 8.59 | Pre-Refunded Bonds | 0.00 | 0.00 | 3.53 | 3.39 | Municipals | 100.00 | 100.00 | 0.00 | 0.00 |
| % PROCESS BASED ON   |  |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Asset allocation   |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Industry or sector weighting   |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Stock Selection  |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Duration Management  |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Yield Curve Management   |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Sector Selection   |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| 0  | Bond Selection   |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| FIXED INCOME SECTOR DISTRIBUTION (%) *   |  |   |       |                  |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
|  | 12/22  | 09/22   | 06/22 | 03/22            |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| Revenue Bonds  | 0.00   | 0.00  | 57.69 | 54.85            |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| General Obligation Bonds   | 0.00   | 0.00  | 35.65 | 33.17            |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| Other  | 0.00   | 0.00  | 3.13  | 8.59             |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| Pre-Refunded Bonds   | 0.00   | 0.00  | 3.53  | 3.39             |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |
| Municipals   | 100.00   | 100.00  | 0.00  | 0.00             |       |                              |       |                 |   |                     |   |                        |   |                  |   |                |  |  |  |  |  |  |  |  |       |       |       |       |               |      |      |       |       |                          |      |      |       |       |       |      |      |      |      |                    |      |      |      |      |            |        |        |      |      |

Morgan Stanley Composite Start Date: 11/2016<sup>3</sup>

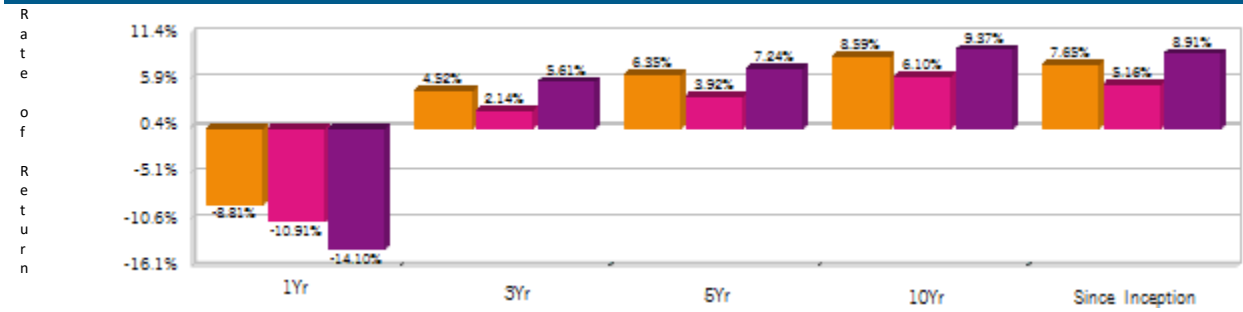
Strategy Inception Date: 07/2003<sup>3</sup>

### RISK/RETURN ANALYSIS<sup>2</sup> - 5 YEARS ENDING 12/31/22



|                     | STD   | ROR  |
|---------------------|-------|------|
| Legg Mason (Gross)  | 13.22 | 6.35 |
| Legg Mason (Net)    | 13.17 | 3.92 |
| Primary Benchmark   | 15.08 | 7.24 |
| Risk-free Benchmark | 0.54  | 1.24 |

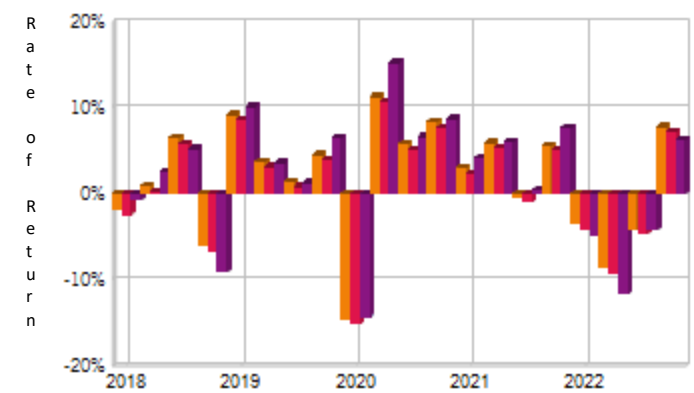
### AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 12/31/22



### INVESTMENT RESULTS<sup>2</sup>

|                    | Annual Rates of Return (%) |       |       |      |       |       |       |       |       |        | 10 Year - Ending 12/31/22 |           |
|--------------------|----------------------------|-------|-------|------|-------|-------|-------|-------|-------|--------|---------------------------|-----------|
|                    | 2013                       | 2014  | 2015  | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022   | Incpt.                    | Std. Dev. |
| Legg Mason (Gross) | 22.94                      | 10.13 | 0.46  | 8.72 | 13.27 | -0.95 | 20.29 | 8.96  | 14.92 | -8.81  | 7.65                      | 8.59      |
| Legg Mason (Net)   | 20.17                      | 7.56  | -1.84 | 6.19 | 10.67 | -3.23 | 17.56 | 6.49  | 12.31 | -10.91 | 5.16                      | 6.10      |
| Primary Benchmark  | 22.14                      | 10.51 | 1.91  | 8.27 | 15.95 | -2.36 | 23.32 | 14.63 | 19.64 | -14.10 | 8.91                      | 9.37      |

### RISK VOLATILITY (%)<sup>2</sup>



|                    | Number Of | Up Qtrs. | Down Qtrs. |
|--------------------|-----------|----------|------------|
| Legg Mason (Gross) | 13        | 7        | 7          |
| Legg Mason (Net)   | 13        | 7        | 7          |
| Primary Benchmark  | 14        | 6        | 6          |

### PORTFOLIO'S QUARTERLY RETURNS (%)

|      | Quarter1 |        | Quarter2 |       | Quarter3 |       | Quarter4 |       |
|------|----------|--------|----------|-------|----------|-------|----------|-------|
|      | Gross    | Net    | Gross    | Net   | Gross    | Net   | Gross    | Net   |
| 2013 | 8.18     | 7.57   | 2.19     | 1.60  | 3.40     | 2.82  | 7.55     | 6.94  |
| 2014 | 1.52     | 0.91   | 2.89     | 2.29  | 0.95     | 0.35  | 4.44     | 3.84  |
| 2015 | -0.40    | -1.00  | -1.15    | -1.72 | -3.63    | -4.18 | 5.87     | 5.29  |
| 2016 | 3.05     | 2.44   | 2.86     | 2.26  | 0.77     | 0.19  | 1.78     | 1.18  |
| 2017 | 3.76     | 3.15   | 2.03     | 1.44  | 2.14     | 1.55  | 4.75     | 4.15  |
| 2018 | -1.89    | -2.44  | 0.90     | 0.31  | 6.49     | 5.89  | -6.04    | -6.61 |
| 2019 | 9.27     | 8.65   | 3.81     | 3.22  | 1.42     | 0.84  | 4.57     | 3.96  |
| 2020 | -14.60   | -15.10 | 11.29    | 10.68 | 5.79     | 5.20  | 8.37     | 7.72  |
| 2021 | 3.01     | 2.39   | 5.98     | 5.39  | -0.39    | -0.96 | 5.69     | 5.09  |
| 2022 | -3.51    | -4.09  | -8.59    | -9.16 | -4.14    | -4.68 | 7.87     | 7.27  |

### PORTFOLIO'S RISK STATISTICS - PERIODS ENDING 12/31/22<sup>1,2</sup>

|   | 3 Year | 5 Year |
|---|--------|--------|
| Standard Deviation                      | 15.53% | 13.22% |
| Standard Deviation of Primary Benchmark | 17.55% | 15.08% |
| Sharpe Ratio                            | 0.25   | 0.39   |
| Sharpe Ratio of Primary Benchmark       | 0.28   | 0.40   |
| Alpha                                   | -0.54% | -0.12% |
| Beta                                    | 0.87   | 0.86   |
| Downside Risk                           | 2.89%  | 2.62%  |
| R-Squared                               | 0.97   | 0.96   |
| Tracking Error                          | 3.53%  | 3.39%  |
| Information Ratio                       | -0.31  | -0.26  |

0. ■ Manager ■ Transition □ Select UMA

### PORTFOLIO DIVERSIFICATION<sup>2</sup> - R<sup>2</sup>(10 YEARS ENDING 12/22)+

|                                  | R <sup>2</sup> |
|----------------------------------|----------------|
| Legg Mason vs. Primary Benchmark | 0.95           |

+Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. 70% S&P 500/30% BC 5 Yr Muni Bond Index was used as the Primary Benchmark, the 90-Day T-Bills Index as the Risk-free Benchmark
3. For more information on these dates please see the Glossary of Terms section

## IMPORTANT NOTES AND DISCLOSURES

### INDEX DESCRIPTIONS

#### 70% S&P 500/30% BC 5 Yr Muni Bond Index

70% S&P 500 Index, 30% BC 5 Year Municipal Bond Index

#### 90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

#### S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

**Indices are unmanaged and have no expenses. You cannot invest directly in an index. Depending on your account holdings and investment objectives, indices included may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown does not necessarily seek to track the index, may not be restricted to securities in the index and may be more volatile than the index. The benchmark presented may differ from the benchmark assigned by the manager.**

### GLOSSARY OF TERMS

**Alpha** is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

**American Depositary Receipts (ADRs)** are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

**Average Portfolio Beta** is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Beta** is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Bottom-Up Stock Selection** Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

**Capitalization** is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

**Distribution Rate** is defined as the most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and /or returns of capital.

**Dividend** a portion of a company's profit paid to common and preferred shareholders.

**Dividend Yield** annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Downside Risk** is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

**Duration** is a measure of price sensitivity expressed in years.

**High Grade Corporate Bonds** corporate bonds from issuers with credit ratings of AA or AAA.

**Information Ratio** is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

**Investment Grade Bonds** are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

**Morgan Stanley Composite Start Date** is the date when Morgan Stanley began to calculate the composite performance of the strategy using qualifying advisory accounts.

**Program Inception Date** is the date that the strategy was launched in the Select UMA program.

**Price/Book Ratio (P/B)** weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

**Price/Cash Flow Ratio** a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

**Price/Earnings Ratio (P/E Ratio)** shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

**Price/Sales Ratio** determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

**R2 (R-Squared)/Portfolio Diversification** indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

**Sharpe Ratio** measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

**Standard Deviation** is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

**Strategy Inception Date** is the date that the Manager started to calculate the performance of the strategy.

**Top-Down/Economic Analysis** Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

**Tracking Error** represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

**U.S. Treasury Bonds** a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

**Volatility** a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.

**CRC #:** -

**Approval Date:** -