

## Brandes Investment Partners, L.P.

11988 El Camino Real - Suite 500  
San Diego, California 92130

Style: Core Plus Fixed Income  
 Firm Assets Under Management: \$26.4 billion  
 Firm Strategy Assets Under Management: \$182.4 million  
 Year Founded: 1974  
 Professional Staff: 125  
 Firm Ownership: Employee-Owned  
 CG IAR Status: Not Applicable

## PRODUCT OVERVIEW

Brandes Institutional Core Plus Fixed Income Fund actively manages a diversified portfolio comprised primarily of debt securities. Brandes generally uses the principles of value investing to analyze and select debt securities for the Fund's investment portfolio. The Fund invests in debt securities that can be purchased at a price or yield premium over U.S. Treasury securities (or other risk free securities) which Brandes believes to be attractive based on the their assessment of each security's intrinsic value. Brandes' assessment of intrinsic value is based upon an analysis of the issuers' ability to repay, the quality of the collateral (if any), liquidity, and other factors.

## TARGET PORTFOLIO CHARACTERISTICS

Number of bond holdings:	61
Average credit quality:	—
Average maturity:	5.47
Average duration:	4.07
Average coupon:	4.60
Average turnover rate:	—

## RISK CONSIDERATIONS

Investing in securities entails risks, including: 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. U.S. Treasuries are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and fixed principal value.

## FIXED INCOME SECTOR DISTRIBUTION(%) \* \*

	03/13	12/12	09/12	06/12
U.S. Treasury	42.20	41.90	44.30	43.30
Financials <sup>1</sup>	21.00	20.90	19.70	20.80
Industrials <sup>1</sup>	19.50	19.60	19.50	20.50
U.S. Agencies	6.10	6.20	6.00	6.10
Utilities <sup>1</sup>	5.00	5.00	4.00	3.60
Asset-Backed Securities	2.90	2.90	2.70	2.60
Collateralized Mortgage Obligations	0.00	0.00	0.00	1.70
Cash/Cash Equivalents	1.40	1.50	2.00	1.40
Mortgage-Backed Securities	1.90	2.00	1.80	0.00

## PORTFOLIO STATISTICS\*

	-----03/13-----		09/12
	Brandes	BC Aggregate	Brandes
Number of bond holdings	61	—	62
Average credit quality	A	—	AA
Average maturity	5.47 yrs.	—	5.52 yrs.
Average duration	4.07 yrs.	—	4.16 yrs.
Average coupon	4.6%	—	4.6%

## PORTFOLIO'S MATURITY STRUCTURE(%) \*

	03/13	12/12	09/12	06/12
0 to 2 Years	0.00	19.20	24.70	12.10
2 to 4 Years	0.00	34.30	26.10	33.20
4 to 6 Years	0.00	10.00	15.00	21.50
6 to 8 Years	0.00	18.30	19.30	17.40
8 to 12 Years	0.00	6.00	3.00	4.50
12 to 17 Years	0.00	0.80	3.10	3.10
Over 17 Years	0.00	9.90	6.80	6.80
Cash/Cash Equivalents	0.00	1.50	2.00	1.40

## PORTFOLIO'S CREDIT QUALITY STRUCTURE(%) \*\*

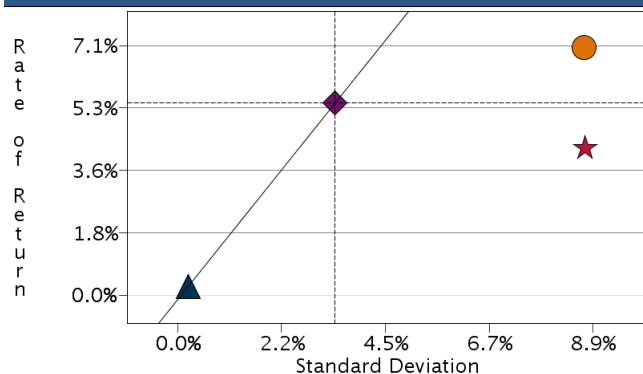
Investment Grade				
	03/13	12/12	09/12	06/12
AAA	50.40	50.40	53.60	52.20
AA	1.50	1.50	0.90	0.80
A	10.10	10.60	10.50	11.30
BBB	25.50	25.30	22.50	21.20
Below Investment Grade				
BB	7.90	7.70	8.30	9.40
B	2.50	2.40	2.20	2.40
Below B	1.70	2.10	1.70	2.30
Not Rated	0.40	0.00	0.30	0.40
Cash/Cash Equivalents	0.00	0.00	0.00	0.00

<sup>1</sup>High Grade Corporates

\*Total may not equal 100% due to rounding.

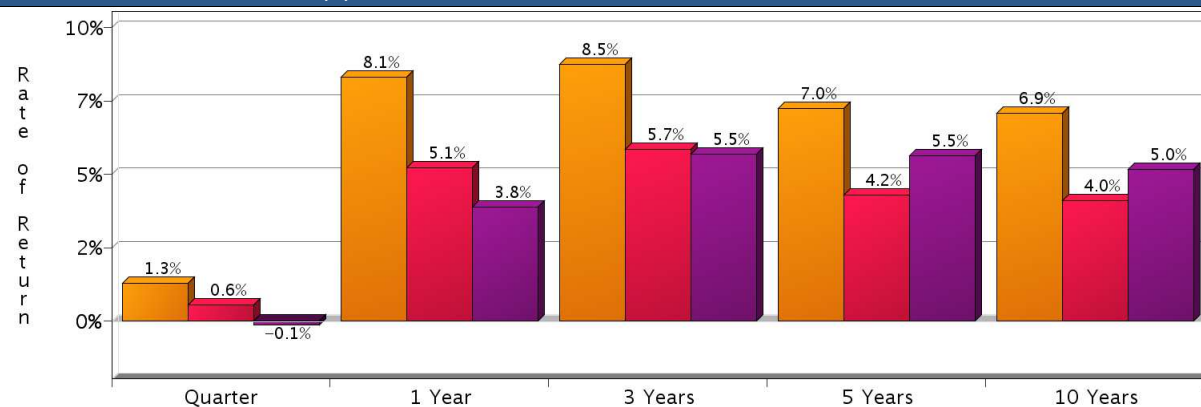
\*As represented by Brandes Investment Partners.

## RISK/RETURN ANALYSIS – 5 YEARS ENDING 03/31/13



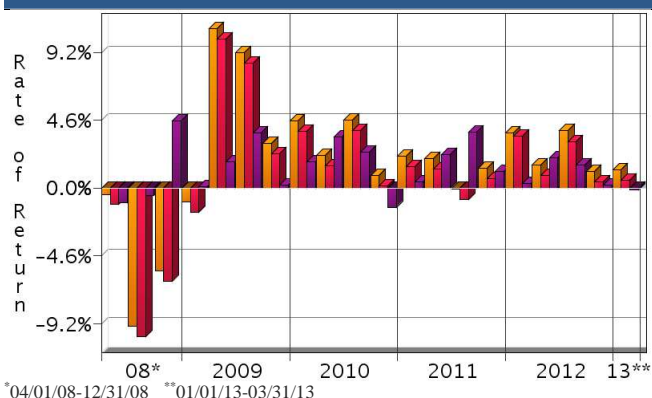
	STD	ROR
Brandes (Gross)	8.73	7.04
Brandes (Net)	8.76	4.19
BC Aggregate	3.38	5.47
90-Day T-Bills	0.22	0.25

## AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 03/31/13



INVESTMENT RESULTS	Annual Rates of Return (%)										10 Year - Ending 03/31/13	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annualized	Std. Dev.
Brandes (Gross)	14.30	7.59	3.76	7.83	4.52	-15.92	23.58	12.86	5.56	10.75	6.89	6.72
Brandes (Net)	11.22	4.64	0.89	4.88	1.63	-18.37	20.30	9.80	2.61	8.22	4.00	6.73
BC Aggregate	4.11	4.34	2.43	4.33	6.97	5.24	5.93	6.54	7.84	4.22	5.02	3.36

## RISK VOLATILITY



	Number Of	Up Qtrs.	Down Qtrs.
Brandes (Gross)	15	5	
Brandes (Net)	15	5	
BC Aggregate	16	4	

## PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2003	2.54	1.83	7.44	6.74	1.37	0.66	2.35	1.64
2004	2.70	2.00	-1.16	-1.86	3.75	3.04	2.16	1.46
2005	-0.08	-0.79	3.22	2.52	0.10	-0.60	0.50	-0.20
2006	0.81	0.10	0.54	-0.16	3.89	3.19	2.41	1.70
2007	1.72	1.02	-0.51	-1.22	1.59	0.88	1.66	0.96
2008	-1.22	-1.92	-0.42	-1.12	-9.43	-10.14	-5.62	-6.32
2009	-0.95	-1.65	10.88	10.18	9.20	8.50	3.04	2.34
2010	4.58	3.88	2.24	1.54	4.64	3.94	0.87	0.16
2011	2.15	1.44	2.03	1.32	-0.06	-0.80	1.34	0.63
2012	3.76	3.55	1.58	0.87	3.90	3.18	1.13	0.43
2013	1.26	0.55						

Related      Fiduciary Services

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 03/31/13<sup>1,2</sup>

	3 Year	5 Year
Standard Deviation	2.77%	8.73%
Standard Deviation of Primary Benchmark	3.07%	3.38%
Sharpe Ratio	3.04	0.78
Sharpe Ratio of Primary Benchmark	1.77	1.54
Alpha	8.06%	3.89%
Beta	0.07	0.61
Downside Risk	2.48%	6.52%
R-Squared	0.01	0.06
Tracking Error	3.97%	8.70%
Information Ratio	0.75	0.18

PORTFOLIO DIVERSIFICATION - R<sup>2</sup> (10 YEARS ENDING 03/13)\*

	R <sup>2</sup>
Brandes vs. BC Aggregate	0.14

\*Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.

2. BC Aggregate was used as the primary benchmark and the 90-Day U.S. T-Bill Index as the risk-free benchmark.

See page 3 for a discussion of the sources of the performance data used to calculate the performance results and related analyses on page 2.

Past performance is no guarantee of future results. This profile is not complete without pages 3 and 4, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of March 31, 2013, unless otherwise noted. All data are subject to change.

## IMPORTANT NOTES AND DISCLOSURES

### COMPOSITE DISCLOSURES

**Past performance is no guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will work under all market conditions. Do not use this profile as the sole basis for your investment decisions.**

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

#### Related Performance (Manager's Composite):

For periods before the date on which Morgan Stanley begins to calculate an applicable performance composite for actual Morgan Stanley program accounts, the performance composite and certain other information for this strategy (including the data on page 1 of this profile) are based on the investment manager's own composite and data. This composite includes accounts managed by the investment manager according to the same or a substantially similar investment strategy. To provide maximum information to you, the investment manager's own composite is linked to the Morgan Stanley composite to create a simulated continuous track record of performance information for the investment strategy. The investment manager's composite may include separately managed accounts, institutional accounts and/or mutual funds. Performance and other data for the investment managers composite may vary from that of Morgan Stanley accounts due to differences such as the availability and weighting of securities, trading implementation or client objectives. Morgan Stanley does not verify composite and other data provided by the investment manager and therefore does not guarantee its accuracy. Some of the accounts in the investment managers composite may have invested in the initial public offering ("IPO") market, whereas accounts held in Morgan Stanley programs do not do so. Since investment managers may use different methods of selecting accounts to be included in their composites and for calculating performance, returns of different investment managers may not be comparable.

#### Related Performance:

The gross quarterly and annual returns, calculated in USD, presented for the Brandes Core Plus Fixed Income composite were calculated on a time-weighted and asset-weighted, total return basis, including reinvestment of all dividends, interest and income, realized and unrealized gains or losses and are net of brokerage commissions, execution costs, and any applicable foreign withholding taxes, without provision for federal and state income taxes, if any. As of 4/1/2006 all custodial fees are treated as administrative fees. The returns do not give effect to investment advisory fees which would reduce such returns. Investment advisory fees are detailed in Part II of the firm's Form ADV. Actual returns will be reduced by investment management fees and any other expenses that may be incurred in management of the account. When fees are deducted quarterly, total portfolio performance will be reduced at a compounded rate. For example, if an account is charged a 0.35% annual management fee and the stated gross performance of that account is 8.0% annualized over a three-year period, the compounding effect of the deduction of the management fee will make the annualized net performance approximately 7.65%. Securities and transactions are accounted for on the trade date, and interest income is accounted for on an accrual basis. In June 2002, Brandes Investment Partners, L.P. changed its organizational structure from a limited partnership to a limited liability corporation formed under the name Brandes Investment Partners, LLC. With this change, Brandes Fixed Income Group (formerly Brandes Fixed Income Partners, Inc.) became a unit of Brandes Investment Partners, LLC rather than a separate subsidiary. On October 18, 2004, Brandes Investment Partners, LLC became a Delaware limited partnership with the name Brandes Investment Partners, L.P. The Brandes Core Plus Fixed Income composite results include all actual, fee-paying and non-fee-paying, fully discretionary Core Plus Fixed Income accounts under management by Brandes Investment Partners for at least one month beginning 12/31/1999, having substantially the same investment objectives, policies, techniques and restrictions. Accounts are included in the composite when the market value is \$1 million or greater. Cash and cash equivalents are included in performance returns. The results for individual accounts and for different periods may vary. Investors should not rely on prior performance results as a reliable indication of future results. Brandes Investment Partners, L.P. is a registered, independent investment management firm. As of January 1, 2006, Brandes Investment Partners has been divided into two separate divisions: the SMA Division of Brandes Investment Partners, which acts as a discretionary manager to SMA or "wrap fee" program clients; and the non-SMA Division of Brandes Investment Partners, which acts as a discretionary manager for all other types of clients which may include pooled investment vehicles, institutional accounts and high net worth clients outside of wrap fee programs. Although the divisions may share portfolio

management and other personnel, each division serves a particular target market, may trade in a different manner and may offer investment advice which differs from the other depending upon the individualized needs of the clients served. While our Core Plus Fixed Income for SMA product is managed in a style similar to the Brandes Core Plus Fixed Income strategy for non-SMA investors, no representation is being made that a managed account will achieve performance identical to the Brandes Core Plus Fixed Income composite accounts. It is important to note that Brandes Investment Partners exercises full discretion over the accounts, determining all aspects of a trade. The portfolio securities are traded by the wrap platform at the direction of Brandes Investment Partners. For efficiency of trading for smaller accounts, certain assets in the Core Plus Fixed Income for SMA product are managed by Brandes in a commingled vehicle that bears no internal expenses, while all assets in the Brandes Core Plus Fixed Income strategy for institutional accounts are managed directly in the accounts. Disparities may occur between the holdings, characteristics, and performance of the managed accounts and Core Plus Fixed Income composite accounts. Despite these differences, Brandes Investment Partners believes the Brandes Core Plus Fixed Income composite is a reasonable representation of the portfolio's management style and is sufficiently relevant for consideration by prospective investors.

#### Fiduciary Services Performance:

**Equity Account (Gross):** Brandes' gross results do not reflect a deduction of the investment advisory fees charged by Brandes, or program fees, if any, but are net of commissions charged on securities transactions.

**Net Performance for all Periods:** To demonstrate the effect of Morgan Stanley's fees that would have applied if you had invested in the investment manager strategy's through the Fiduciary Services program, the net results for all periods are calculated by deducting a quarterly fee of 0.705% (equivalent to an annual fee of 2.82%).

Morgan Stanley program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley program fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or on request from your Financial Advisor or Private Wealth Advisor.

Fiduciary Services is a separately managed account program sponsored by Morgan Stanley. For periods for which sufficient data is available, the profile shows a composite of client accounts managed by the investment manager in the Fiduciary Services program. Through June 2012, Morgan Stanley offered the Fiduciary Services program through two channels - the Morgan Stanley channel and the Smith Barney channel. For periods through June 2012, any composite based on Fiduciary Services accounts consists of Fiduciary Services accounts managed by the manager in the strategy in either the Morgan Stanley channel or the Smith Barney channel. If the strategy or similar strategies were available in both the Morgan Stanley and Smith Barney forms of the program, through June 2012 this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Series program. If both strategies were equally close, this profile shows through June 2012 the longer of the two composites. From July 2012, any composite based on Fiduciary Services accounts consists of all Fiduciary Services accounts managed by the manager in the strategy, subject to any other limitations stated in this profile. Performance and other data for Fiduciary Services composites may differ from composites in other Morgan Stanley programs, and performance and data for composites in one channel may differ from composites in the other channel, due to differences such as the availability and weighting of securities, trading implementation or client objectives.

#### Focus List, Approved List, and Watch Status:

Consulting Group Investment Advisor Research ("CG IAR") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

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

CG IAR has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if CG IAR identifies specific areas that (a) merit further evaluation by CG IAR and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for CG

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IAR to conduct its evaluation and for the investment manager to address any concerns. CG IAR may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure. Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "Manager Research and Selection: A Disciplined Process".

#### ADDITIONAL DISCLOSURES

The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

The investment manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in the Morgan Stanley Fiduciary Services program.

The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

Morgan Stanley investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement.

The investment manager acts independently of, and is not an affiliate of, Morgan Stanley Smith Barney LLC.

Morgan Stanley Smith Barney LLC Member SIPC.

#### INDEX DESCRIPTIONS

##### 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.

##### BC Aggregate

The Barclays Aggregate Index is composed of securities from the Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index and Asset-Backed Securities Index.

##### S&P 500

The S&P 500 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 US\$ 5.58 trillion benchmarked, with index assets comprising approximately US\$ 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.**

#### 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.

**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).

**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.

**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).

**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.

**R<sup>2</sup> (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.

**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.