Franklin Portfolio Advisors

One Franklin Parkway
San Mateo, California 94403-1906

Style:	Intermediate Term Municipal Fixed Income
Firm Assets Under Management:	$5.9 billion
Firm Strategy Assets Under Management:	$4.8 billion
Year Founded:	1978
Professional Staff:	130^
Firm Ownership:	Franklin Resources, Inc (aka Franklin Templeton Investments)
CG IAR Status:	Approved

PRODUCT OVERVIEW

Franklin Portfolio Advisors' (FPA), a division of Franklin Templeton, Portfolio Advisors, Inc. (FTPA), intermediate term municipal fixed income investment strategy seeks to invest in municipal securities providing a high level of current income consistent with preservation of capital and specific client objectives. In addition, FPA attempts to exploit yield and quality spreads to obtain the best value along the yield curve based on current market conditions. Average maturities are adjusted depending on interest rate trends and yield differentials. Portfolios typically emphasize current coupon intermediate-term bonds with prices close to par. Where state specific-only portfolios are not available, federally tax-exempt securities will be purchased.

PORTFOLIO STATISTICS

	06/12			12/11
	FPA	BC Muni 1 Yr	BC Muni	FPA
Number of bond holdings	10	—	—	10
Average credit quality	AA	—	—	AA
Average maturity	9.15 yrs.	—	—	9.24 yrs.
Average duration	7.29 yrs.	—	—	4.89 yrs.
Average coupon	4.3%	—	—	4.4%

TARGET PORTFOLIO CHARACTERISTICS

Number of bond holdings:	5 to 15
Average credit quality:	A to AAA
Average maturity:	3.0 to 15.0 years
Average duration:	2.0 to 12.0 years
Average coupon:	3.0 to 8.0%
Average turnover rate:	10 to 20%

MANAGER'S INVESTMENT PROCESS

- Thorough credit and sector analysis
- Participate in major changes in interest rate trends
- Adjust maturities based on market outlook
- Active account management
- Bonds swapped when possible to increase after-tax income

RISK CONSIDERATIONS

Investing in securities entails risks, including: Municipals may realize gains, and shareholders will incur a tax liability from time to time. Income from the portfolios that invest in them are subject to state and local taxes and may at times be subject to the alternative minimum tax. It's important to note that a portfolio concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes than a portfolio with broader geographical diversification. Fixed Income securities may be sensitive to changes in prevailing interest rates. When rates rise the value generally declines.

FIXED INCOME SECTOR DISTRIBUTION(%) +

	06/12	03/12	12/11	09/11
General Obligation Bonds	40.68	38.64	50.31	50.70
Revenue Bonds	33.13	32.62	43.41	44.96
Other	0.00	0.00	4.01	4.34
Pre-Refunded Bonds	4.21	3.76	0.00	0.00
Cash/Cash Equivalents	1.93	1.99	2.27	0.00
Insured Bonds	17.87	20.84	0.00	0.00
Other	2.18	2.15	0.00	0.00

PORTFOLIO'S MATURITY STRUCTURE(%) +

	06/12	03/12	12/11	09/11
0 to 2 Years	7.06	6.83	7.08	4.91
2 to 4 Years	7.07	6.78	6.64	6.66
4 to 6 Years	10.20	10.60	10.82	11.29
6 to 8 Years	14.23	13.86	13.90	14.44
8 to 12 Years	33.65	33.97	34.09	34.34
12 to 17 Years	27.05	27.39	27.06	27.79
Over 17 Years	0.74	0.57	0.41	0.57
Cash/Cash Equivalents	0.00	0.00	0.00	0.00

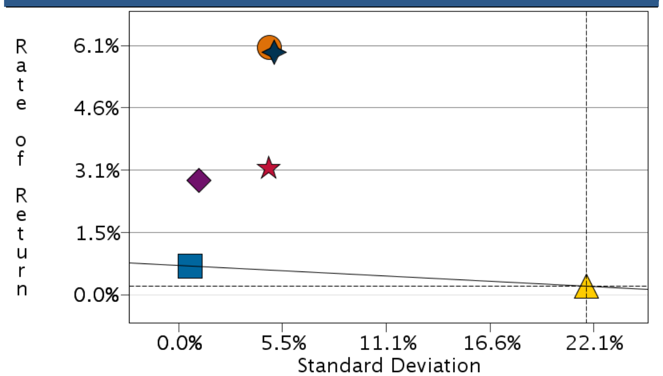
PORTFOLIO'S CREDIT QUALITY STRUCTURE(%) +

	06/12	03/12	12/11	09/11
Investment Grade				
AAA	23.71	21.29	22.39	20.27
AA	66.60	68.43	67.20	64.67
A	9.03	9.29	9.58	10.57
BBB	0.61	0.93	0.80	4.48
Below Investment Grade				
BB	0.01	0.00	0.00	0.01
B	0.00	0.00	0.00	0.00
Below B	0.00	0.00	0.00	0.00
Not Rated	0.04	0.06	0.03	0.00
Cash/Cash Equivalents	0.00	0.00	0.00	0.00

^As of 03/31/2012. Information as of 06/30/2012 is not yet available.
+Total may not equal 100% due to rounding.

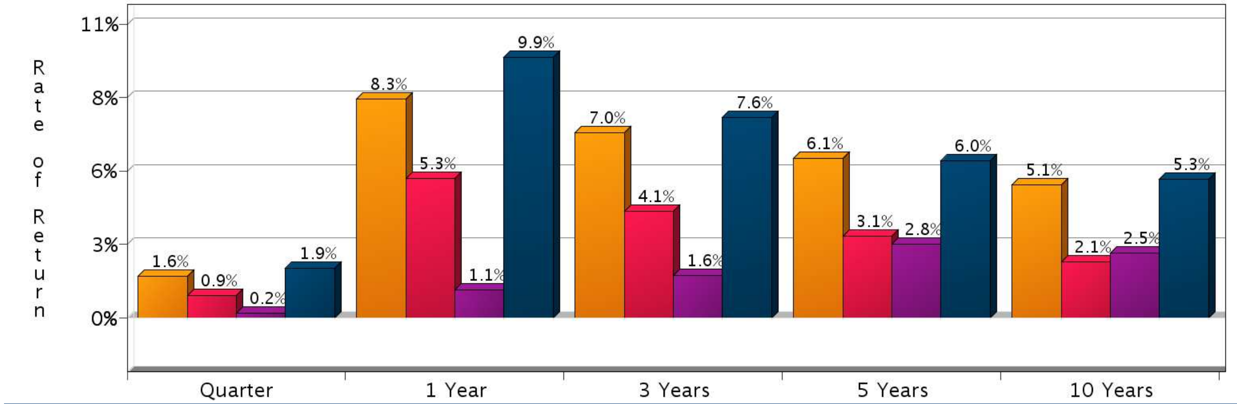
Past performance is no guarantee of future results. *This profile is not complete without pages 3 and 4, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of June 30, 2012, unless otherwise noted. All data are subject to change.*

RISK/RETURN ANALYSIS – 5 YEARS ENDING 06/30/12



	STD	ROR
FPA (Gross)	4.83	6.06
FPA (Net)	4.80	3.10
BC Muni 1 Yr	1.07	2.81
S&P 500	21.75	0.22
BC Muni	5.07	5.95
90-Day T-Bills	0.60	0.71

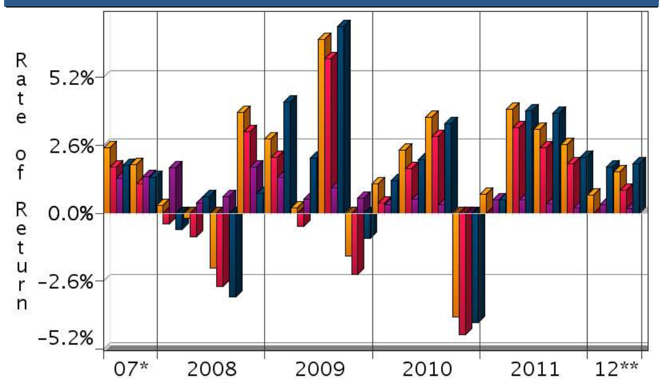
AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 06/30/12



INVESTMENT RESULTS

	Annual Rates of Return (%)										10 Year - Ending 06/30/12	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Annualized	Std. Dev.
FPA (Gross)	9.51	5.32	3.53	2.35	4.35	4.58	1.75	8.07	3.09	10.89	5.05	4.28
FPA (Net)	6.50	2.40	0.61	-0.52	1.44	1.65	-1.09	5.06	0.21	7.79	2.12	4.27
BC Muni 1 Yr	3.85	1.71	1.06	1.49	3.20	4.37	4.57	3.49	1.17	1.58	2.47	0.92
BC Muni	9.61	5.32	4.48	3.51	4.84	3.36	-2.48	12.92	2.38	10.70	5.28	4.27

RISK VOLATILITY



*07/01/07-12/31/07 **01/01/12-06/30/12

	Number Of	Up Qtrs.	Down Qtrs.
FPA (Gross)		16	4
FPA (Net)		12	8
BC Muni 1 Yr		19	1
BC Muni		16	4

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2002	0.63	-0.08	4.08	3.37	5.16	4.45	-0.57	-1.28
2003	1.09	0.38	3.06	2.35	-0.04	-0.75	1.13	0.42
2004	1.38	0.67	-2.36	-3.07	3.89	3.17	0.66	-0.05
2005	-0.72	-1.42	2.82	2.10	-0.33	-1.04	0.59	-0.13
2006	-0.05	-0.75	-0.14	-0.85	3.71	2.99	0.81	0.10
2007	0.90	0.19	-0.71	-1.41	2.50	1.78	1.84	1.12
2008	0.29	-0.41	-0.21	-0.91	-2.11	-2.80	3.85	3.12
2009	2.82	2.12	0.20	-0.51	6.64	5.89	-1.63	-2.35
2010	1.11	0.39	2.41	1.69	3.66	2.94	-3.95	-4.64
2011	0.71	-0.01	3.98	3.25	3.21	2.48	2.61	1.87
2012	0.70	0.00	1.58	0.87				

Related   Select UMA

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 06/30/12[1 2]

	3 Year	5 Year
Standard Deviation	5.47%	4.83%
Standard Deviation of Primary Benchmark	0.50%	1.07%
Sharpe Ratio	1.27	1.11
Sharpe Ratio of Primary Benchmark	3.03	1.97
Alpha	-2.94%	0.79%
Beta	6.60	2.18
Downside Risk	2.72%	2.53%
R-Squared	0.35	0.17
Tracking Error	5.19%	4.61%
Information Ratio	1.05	0.71

PORTFOLIO DIVERSIFICATION - R^2 (10 YEARS ENDING 06/12)[+]

	R^2
FPA vs. BC Muni 1 Yr	0.32
FPA vs. BC Muni	0.88

[+]Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. BC Muni 1 Yr 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 June 30, 2012, 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.

Sources of Performance Results and Other Data: The performance data and certain other information for this strategy (including the data on page 1 of this profile) reflect the investment manager's results in managing Morgan Stanley Smith Barney Fiduciary Services program accounts in the Morgan Stanley channel or the Smith Barney channel, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax-harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Related Performance:
Franklin Portfolio Advisors' (FPA) FPA Intermediate Municipal Fixed performance prior to 4/1/1995 represents a composite that is reflective of FPA's institutional composite. Subsequent to 3/31/1995, FPA's intermediate term municipal fixed income performance represents a composite of all fully discretionary municipal fixed income accounts with comparable investment objectives. The inception of the wrap composite was 3/31/1995. Certain accounts included in the composite are under comprehensive fee or wrap account programs sponsored by unaffiliated broker-dealers. Different wrap-fee sponsors may use different methodologies in calculating and combining accounts underlying their subcomposites. Therefore, the results shown may have been different had Franklin calculated and combined the underlying accounts using one consistent methodology. The composite consists of 3,459 accounts with a market value of $3.5 billion as of 6/30/2012.

Select UMA Performance:
In this profile, the performance from 6/1/2009 consists of accounts in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program. Performance composites calculated by Morgan Stanley Smith Barney include all fee-paying portfolios with no investment restrictions. New accounts are included upon the first full quarter of performance. Terminated accounts are removed in the quarter in which they terminate. Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

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

Net Performance for all Periods: Net performance results reflect a deduction of .71% quarterly. This consists of three components: 0.625% maximum quarterly MSSB Advisory Fee and 0.03% maximum quarterly Program Overlay Fee (which, together cover the services provided by Morgan Stanley Smith Barney), plus .055% quarterly SMA Manager Fees (being the fee currently charged by FPA to new clients for managing their assets in the Select UMA program). The SMA Manager Fees may differ from manager to manager, and managers may change their fee to new clients from time to time. If you select this manager for your account, check the SMA Manager Fees specified in the written client agreement, in case these have changed since you received this profile.

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

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 thorough 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 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 Smith Barney 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 Smith Barney or elsewhere, and may cost an investor more or less than this strategy in Morgan Stanley Smith Barney's Select UMA 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 Smith Barney 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.

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 interested earned. T-bills are issued in denominations of $10,000 (auction) and $1,000 increments thereafter.

BC Muni

The Barclays Municipal Bond Index contains approximately 1,100 municipal bonds composed of approximately 60% revenue bonds and 40% state government obligations.

BC Muni 1 Yr

The Barclays 1 Year Municipal Bond Index is composed of securities from the Barclays Municipal Bond Index with maturities between one and two years.

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^2 (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.