

Fox Asset Management LLC

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PRODUCT OVERVIEW

Fox Asset Management's value-oriented equity strategy employs a disciplined bottom-up approach to identify what the manager believes are undervalued stocks, with emphasis on capital preservation. Fox seeks to identify growing companies whose stocks the manager believes sell at discounted price-to-earnings and/or price-to-cash flow multiples, favoring such companies that maintain strong balance sheets. Rigorous fundamental analysis, from both a quantitative and qualitative standpoint, is applied to all investment candidates. Fox's process may, at times, result in portfolios that will be over/underweighted in particular sectors/industries versus the S&P 500 Index.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	35 to 45
Average dividend yield:	Similar to/Above the S&P 500
P/E ratio:	Below the S&P 500
Cash level over market cycle:	0 to 15%
Risk (standard deviation):	Below the S&P 500
Average turnover rate:	25 to 35%
Use ADRs:	0 to 20%
Capitalization:	Mega, Large and Medium companies

MANAGER'S INVESTMENT PROCESS

- Initial universe screen on valuation, capitalization in excess of \$2.0 billion
- Perform quantitative and qualitative analysis to identify what the manager believes are world class companies and industry leaders
- Select stocks with minimum 20% discount to the S&P 500 Index P/E and/or P/CF multiple, consistent earnings growth and yield above market average, low debt to equity ratios
- Sell stocks when value targets are reached or fundamentals deteriorate
- Trim positions when company exceeds diversification guidelines

MANAGER'S INVESTMENT STRATEGY

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

% PROCESS BASED ON

0 Asset allocation - cash vs. stock
0 Industry or sector weighting
100 Stock Selection

PORTFOLIO STATISTICS*

	03/13	09/12		
	Fox	Russell 1000 VI	S&P 500	Fox
Number of stock holdings	42	698	500	46
Weighted average dividend yield	2.7%	2.4%	2.1%	2.8%
Weighted average P/E ratio ¹	13.79x	14.11x	15.92x	13.28x
Weighted average portfolio beta	—	1.01	0.94	—
Mega capitalization ⁺	0.0%	35.3%	38.6%	0.0%
Large capitalization ⁺	0.0%	42.5%	50.4%	0.0%
Medium capitalization ⁺	0.0%	20.7%	10.9%	0.0%
Small capitalization ⁺	0.0%	1.5%	0.0%	0.0%
Micro capitalization ⁺	0.0%	0.0%	0.0%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS⁺

Sector	03/13	09/12		
	Fox	Russell 1000 VI	S&P 500	Fox
Energy	14.73	15.85	10.92	12.66
Materials	1.85	3.60	3.43	3.17
Industrials	10.08	9.08	10.11	8.52
Consumer Discretionary	4.52	8.32	11.63	9.30
Consumer Staples	8.53	7.42	10.96	7.18
Health Care	10.89	11.80	12.53	10.98
Financials	26.54	27.58	15.92	22.70
Information Technology	8.46	6.66	18.02	6.81
Telecomm Services	2.15	3.09	2.97	4.07
Utilities	3.05	6.61	3.51	3.72
Cash/Cash Equivalents	9.19	0.00	0.00	10.89

PORTFOLIO'S ALLOCATION HISTORY (%)⁺

	03/13	12/12	09/12	06/12
U.S. Stocks	88	0	89	98
ADRs/Non-U.S. Stocks	3	0	0	0
Cash/Cash Equivalents	9	0	11	2

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS*

	%
General Electric Co	3.7
BB&T Corp	3.5
Chevron Corp	3.5
AmerisourceBergen Corp	3.4
Microsoft Corp	3.3

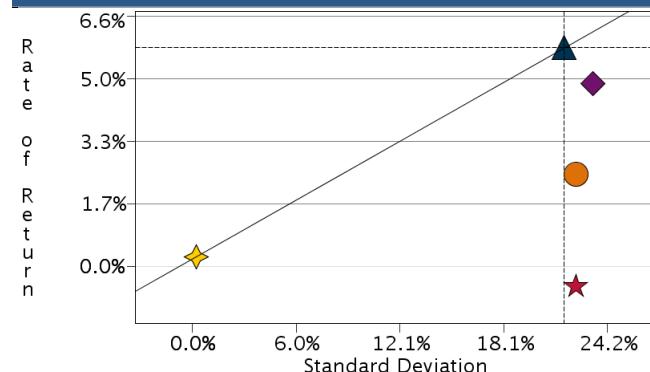
¹As of 03/31/2012. Information as of 03/31/2013 is not yet available.

¹The P/E used here is calculated by the harmonic mean.

¹Total may not equal 100% due to rounding.

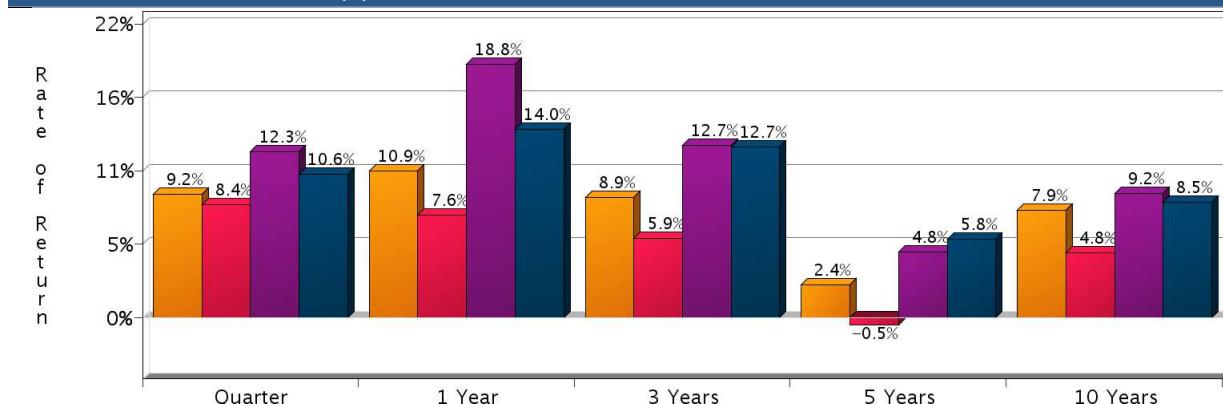
¹As represented by Fox Asset Management.

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



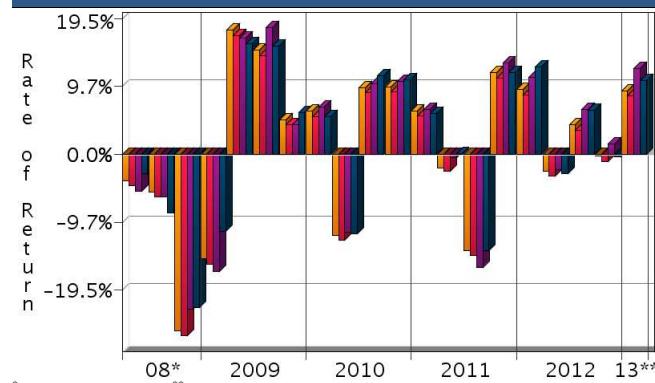
	STD	ROR
Fox (Gross)	22.35	2.43
Fox (Net)	22.32	-0.54
Russell 1000 V1	23.32	4.85
S&P 500	21.63	5.81
90-Day T-Bills	0.22	0.25

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



	Quarter		1 Year		3 Years		5 Years		10 Years		10 Year - Ending 03/31/13 Annualized	Std. Dev.
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Fox (Gross)	25.14	9.74	9.11	17.30	12.40	-39.00	20.88	12.85	0.26	11.08	7.94	17.78
Fox (Net)	21.61	6.56	5.94	13.95	9.16	-41.05	17.43	9.59	-2.31	7.81	4.82	17.76
Russell 1000 V1	30.03	16.49	7.05	22.25	-0.17	-36.85	19.69	15.51	0.39	17.50	9.18	18.37
S&P 500	28.68	10.88	4.91	15.80	5.49	-37.00	26.46	15.06	2.11	16.00	8.53	17.00

RISK VOLATILITY



*04/01/08-12/31/08 **01/01/13-03/31/13

	Number Of	Up Qtrs.	Down Qtrs.
Fox (Gross)	11	9	
Fox (Net)	11	9	
Russell 1000 V1	12	8	
S&P 500	12	8	

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2003	-6.91	-7.66	18.32	17.57	0.50	-0.25	13.05	12.30
2004	0.90	0.15	3.16	2.41	-2.54	-3.29	8.18	7.43
2005	4.25	3.50	1.49	0.74	3.50	2.75	-0.36	-1.11
2006	4.80	4.05	0.83	0.08	3.57	2.82	7.18	6.43
2007	3.95	3.20	7.76	7.01	1.49	0.74	-1.13	-1.88
2008	-10.30	-11.05	-3.76	-4.51	-5.39	-6.14	-25.31	-26.06
2009	-15.02	-15.77	17.86	17.11	14.96	14.21	4.98	4.23
2010	6.17	5.42	-11.60	-12.36	9.58	8.83	9.74	8.99
2011	6.24	5.49	-2.01	-2.43	-13.79	-14.45	11.71	10.95
2012	9.36	8.57	-2.39	-3.12	4.29	3.51	-0.22	-0.97
2013	9.16	8.37						

Related Fiduciary Services

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 03/31/13^{1,2}

	3 Year	5 Year
Standard Deviation	17.18%	22.35%
Standard Deviation of Primary Benchmark	19.01%	23.32%
Sharpe Ratio	0.51	0.10
Sharpe Ratio of Primary Benchmark	0.67	0.20
Alpha	-2.42%	-2.14%
Beta	0.90	0.95
Downside Risk	3.10%	3.16%
R-Squared	0.99	0.98
Tracking Error	2.77%	3.34%
Information Ratio	-1.38	-0.72

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

2. Russell 1000 V1 was used as the primary benchmark and the 90-Day U.S. T-Bill Index as the risk-free benchmark.

PORTFOLIO DIVERSIFICATION - R² (10 YEARS ENDING 03/13)*

	R ²
Fox vs. S&P 500	0.95
Fox vs. Russell 1000 V1	0.95

*Statistics are calculated using gross of fee performance only.

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.

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 manager's 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 manager's 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:

Fox Asset Management's large cap value equity performance prior to 1/1/2001 represents a composite of all fully discretionary, tax-exempt large cap value accounts as well as a mutual fund and commingled funds managed for at least one full quarter. The equity segments of balanced accounts are also included in this composite during the time period specified. The composite prior to 7/1/1992 included only those accounts with assets under management exceeding \$500,000. From 7/1/1992 to 9/30/1994 as well as from 1/1/1999 to 12/31/2000, the composite included only those accounts with assets under management exceeding \$1.0 million. The composite from 10/1/1994 to 12/31/1998 imposed no restrictions on asset size. The composite was size-weighted and consisted of 58 accounts with a market value of \$610.0 million as of 12/31/2000.

Fiduciary Services Performance:

In this profile, the performance from 7/1/2011 through June 2012 consists of accounts in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program. From July 2012, performance consists of all Fiduciary Services accounts managed by the investment manager in the strategy, subject to any other limitations stated in this profile. Performance composites calculated by Morgan Stanley 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.

Equity Account (Gross): Fox's gross results do not reflect a deduction of the investment advisory fees charged by Fox, 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 0.75% (equivalent to an annual fee of 3%).

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 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 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.

Russell 1000 VI

The Russell 1000 Value Index is representative of the U.S. market for large capitalization stocks containing those companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth.

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 Depository 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.

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.