

Sands Capital Management, Inc.

1101 Wilson Boulevard Suite 2300
Arlington, Virginia 22209

Style: Large Cap Growth

Firm Assets Under Management: —

Firm Strategy Assets Under Management: \$20.1 billion

Year Founded: 1992

Professional Staff: 80

Firm Ownership: No Firm Ownership Selected

CG IAR Status: Focus

PRODUCT OVERVIEW

Sands Capital seeks to place in client portfolios the leading 25 to 30 companies in the most attractive growth industries. While only up to 30 companies are owned in client portfolios, normally these companies participate in approximately 50 unique and attractive business spaces. The firm believes this business space metric is more valuable and relevant than broadly defined sectors and thus risk is mitigated by owning the leading and dominant businesses in a diversified array of business spaces. The portfolio's sector allocations are a residual effect of Sands Capital Management's bottom-up, fundamental approach rather than dedicated allocations to particular sectors. The six key investment criteria do lead to a focus on key growth sectors: healthcare, technology, financial services, energy, and consumer discretionary.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	25 to 30
Average dividend yield:	—
P/E ratio:	—
Cash level over market cycle:	—
Risk (standard deviation):	—
Average turnover rate:	0 to 25%
Use ADRs:	—
Capitalization:	—

RISK CONSIDERATIONS

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.

MANAGER'S INVESTMENT PROCESS

- Sands Capital's research begins with a quantitative search to identify growing companies. This process results in an initial universe of approximately 250-300 companies, participating in growing sectors of the economy usually advanced technology, financial services, health care, branded consumer and energy. Companies are selected for inclusion in the universe if they have above average historical and projected sales and earnings growth, as well as the potential for significant wealth creation. Each Sector Team then uses seven qualitative success factors designed to identify the true leader(s) within the most promising sector(s):
- Creating growth drivers: new products/services and entering new markets
- Developing and anticipating important industry trends
- Creating competitive barriers
- Gaining market share
- Building financial muscle to weather adverse periods and fund new opportunities
- Displaying superior management ability
- Applying technology to add value

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
- 0 Stock Selection

PORTFOLIO'S ALLOCATION HISTORY (%)¹

	06/12	03/12	12/11	09/11
U.S. Stocks	99	99	99	98
Cash/Cash Equivalents	0	0	0	2

PORTFOLIO STATISTICS²

	-----06/12-----			12/11
	Sands	Russell 1000 Gr	S&P 500	Sands
Number of stock holdings	28	559	500	29
Weighted average dividend yield	0.6%	1.6%	2.2%	0.6%
Weighted average P/E ratio ¹	26.50x	17.30x	14.04x	25.10x
Weighted average portfolio beta	1.05	0.94	0.99	1.07
Mega capitalization ⁺	23.3%	30.8%	34.7%	13.9%
Large capitalization ⁺	61.7%	45.5%	52.2%	71.6%
Medium capitalization ⁺	14.9%	21.5%	12.9%	13.9%
Small capitalization ⁺	0.0%	1.8%	0.2%	0.6%
Micro capitalization ⁺	0.0%	0.0%	0.0%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS³

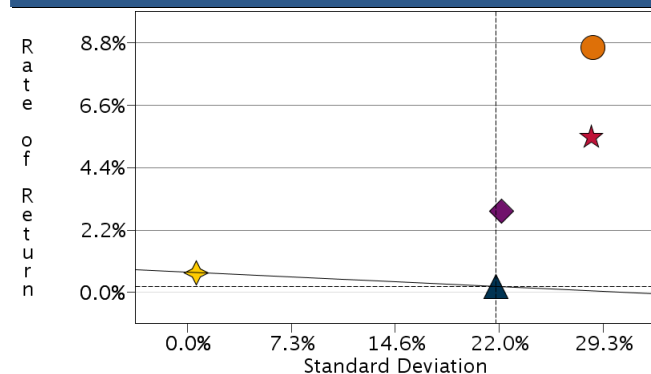
	-----06/12-----			12/11
Sector	Sands	Russell 1000 Gr	S&P 500	Sands
Energy	9.13	3.73	10.80	11.79
Materials	3.14	3.85	3.41	2.72
Industrials	2.82	12.40	10.46	4.94
Consumer Discretionary	23.87	16.17	10.96	21.10
Consumer Staples	0.00	13.24	11.29	0.00
Health Care	17.06	11.91	11.99	14.27
Financials	2.64	4.46	14.41	4.61
Information Technology	41.33	31.73	19.74	39.57
Telecomm Services	0.00	2.32	3.22	0.00
Utilities	0.00	0.20	3.73	0.00

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS⁴

	%
Amazon.com	8.9
Apple	7.7
Visa Inc	7.4
Salesforce.com	6.6
Qualcomm	6.0

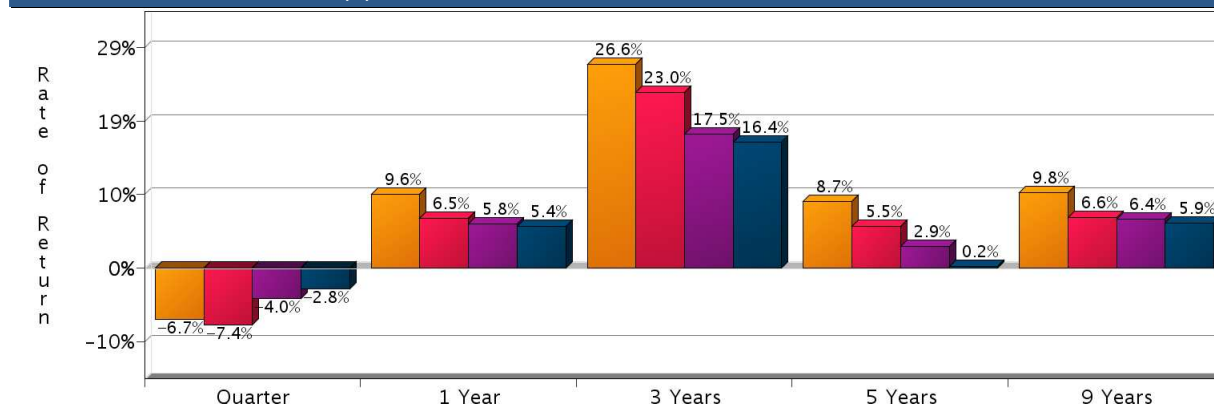
¹The P/E used here is calculated by the harmonic mean.²Total may not equal 100% due to rounding.³As represented by Sands Capital Management, LLC.⁴Based on a representative actual Morgan Stanley Smith BarneySM portfolio as calculated by FactSet.

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



	STD	ROR
○ Sands (Gross)	28.60	8.67
★ Sands (Net)	28.48	5.49
◆ Russell 1000 Gr	22.12	2.87
▲ S&P 500	21.75	0.22
◇ 90-Day T-Bills	0.60	0.71

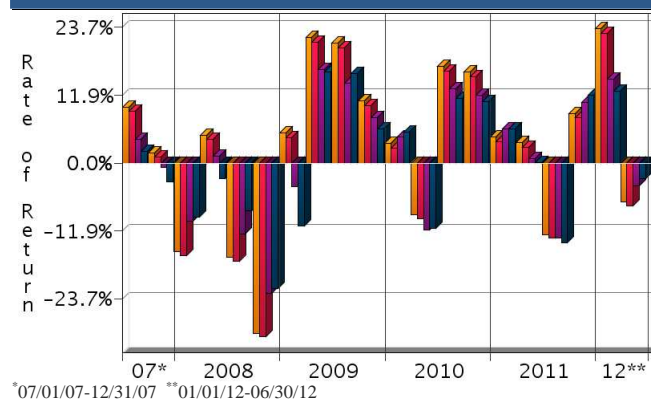
AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 06/30/12



INVESTMENT RESULTS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	9 Year - Ending 06/30/12 Annualized	Std. Dev.
Sands (Gross)	30.23	19.25	10.98	-5.85	19.67	-47.94	72.10	27.41	3.01	7.75	23.67
Sands (Net)	27.46	15.71	7.69	-8.66	16.25	-49.60	67.21	23.75	0.07	4.59	23.57
Russell 1000 Gr	31.15	6.30	5.26	9.07	11.81	-38.44	37.21	16.71	2.64	5.02	18.16
S&P 500	32.87	10.88	4.91	15.80	5.49	-37.00	26.46	15.06	2.11	4.37	17.72

RISK VOLATILITY



	Number Of	Up Qtrs.	Down Qtrs.
○ Sands (Gross)	14	6	6
★ Sands (Net)	14	6	6
◆ Russell 1000 Gr	12	8	8
▲ S&P 500	11	9	9

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2003			13.11	12.30	6.54	5.78	8.07	7.29
2004	5.63	4.86	5.28	4.50	-3.75	-4.51	11.41	10.58
2005	-9.17	-9.90	7.81	7.00	5.98	5.25	6.93	6.14
2006	-1.30	-2.04	-8.17	-8.88	0.77	-0.01	3.09	2.34
2007	2.77	2.03	4.16	3.39	9.81	9.00	1.82	1.11
2008	-15.41	-16.13	4.89	4.17	-16.48	-17.13	-29.74	-30.38
2009	5.26	4.45	21.95	21.15	20.92	20.08	10.88	10.04
2010	3.45	2.63	-9.08	-9.74	16.87	16.07	15.90	15.09
2011	4.56	3.79	3.56	2.80	-12.49	-13.14	8.71	7.98
2012	23.55	22.69	-6.72	-7.42				

Related

Fiduciary Services

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 06/30/12^{1,2}

	3 Year	5 Year
Standard Deviation	23.50%	28.60%
Standard Deviation of Primary Benchmark	19.38%	22.12%
Sharpe Ratio	1.13	0.28
Sharpe Ratio of Primary Benchmark	0.90	0.10
Alpha	5.62%	6.22%
Beta	1.17	1.25
Downside Risk	2.29%	4.76%
R-Squared	0.92	0.94
Tracking Error	7.20%	9.13%
Information Ratio	1.26	0.64

PORTFOLIO DIVERSIFICATION - R² (INCEPTION THROUGH 06/12)*

	R ²
Sands vs. S&P 500	0.75
Sands vs. Russell 1000 Gr	0.89

*Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
 2. Russell 1000 Gr 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.

Related Performance (Manager's Composite):

For periods before the date on which Morgan Stanley Smith Barney begins to calculate an applicable performance composite for actual Morgan Stanley Smith Barney Fiduciary Services 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 Smith Barney Fiduciary Services 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 Smith Barney accounts due to differences such as the availability and weighting of securities, trading implementation or client objectives. Morgan Stanley Smith Barney 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 Smith Barney 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 performance composite calculated by Sands Capital Management contains fully discretionary accounts. Effective April 1, 1997, the minimum account size for this composite is \$3 million. The minimum account size was \$1 million from February 7, 1992 through March 31, 1997. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in this composite. Balanced portfolio segments are not included in this composite from February 7, 1992 to present. The Sands Capital Management's composite performance is presented before the deduction of investment advisory fees and after the deduction of transaction costs.

Fiduciary Services Performance:

In this profile, the performance from 4/1/2003 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.

Equity Account (Gross): Sands' gross results do not reflect a deduction of the investment advisory fees charged by Sands, 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 Smith Barney'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 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.

For periods for which sufficient data is available, the profile shows a composite of client accounts managed by the investment manager in either the Fiduciary Services program in the Morgan Stanley channel (previously called the Morgan Stanley Access program) or the Fiduciary Services program in the Smith Barney channel. Fiduciary Services is a separately managed account program sponsored by Morgan Stanley Smith Barney. If the strategy or similar strategies are available in both the Morgan Stanley and Smith Barney forms of the program, this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Services program. If both strategies are equally close, this profile shows the longer of the two composites. Performance and other data for composites for both forms of the program may vary from each other and from composites in other Morgan Stanley Smith Barney programs 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 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 the Morgan Stanley Smith Barney 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 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 interest earned. T-bills are issued in denominations of \$10,000 (auction) and \$1,000 increments thereafter.

Russell 1000 Gr

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

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.

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.