

## TCW Investment Management Company

865 South Figueroa Street  
Los Angeles, California 90017

### PRODUCT OVERVIEW

TCW Investment Management's balanced value strategy seeks to maximize capital by investing in large capitalization U.S. equities and high quality U.S. investment grade bonds. TCW seeks to invest in companies with low valuation and historically low earnings growth that have a catalyst or catalysts that will enhance the value of the company. That catalyst is expected to move the company to a position of having high earnings growth and high valuation. TCW will generally invest in companies with a market capitalization of \$1 billion or greater. The fixed income portion of the portfolio seeks to maximize total return while preserving capital by investing in U.S. treasuries/agencies and investment grade corporate fixed income securities. TCW's fixed income strategy is value driven with a major focus on sector and security selection. Based on TCW's fundamental and technical analysis, small incremental shifts in portfolio allocations across stocks, bonds and cash may be made over time. TCW's investment process may, at times, result in portfolios that will be over/underweighted in particular sectors/industries versus the S&P 500 Index.

### RISK CONSIDERATIONS

Investing in securities entails risks, including: When investing in value securities, the market may not necessarily have the same value assessment as the manager, and, therefore, the performance of the securities may decline. 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.

### TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	30 to 50
Average dividend yield:	Similar to the S&P 500 Index
P/E ratio:	Similar to the S&P 500 Index
Cash level over market cycle:	0 to 10%
Risk (standard deviation):	Below the S&P 500 Index
Average turnover rate:	30 to 60%
Number of bond holdings:	8 to 20
Average maturity:	3.0 to 12.0 years
Average credit quality:	A to AAA
Use ADRs:	0 to 10%
Capitalization:	Mega, Large and Medium companies

### MANAGER'S INVESTMENT PROCESS

- Screen investable universe for companies that meet one or more value characteristics
- Determine fundamental catalyst that will make the stock value be realized
- Emphasize broad sector diversification for portfolio construction
- TCW will sell a stock when it approaches its target price unless analysis indicates significant further upside earnings or cash flow potential
- U.S. Treasuries/U.S. Agencies and investment grade corporate fixed income securities are selected based upon current position of yield curve and credit fundamentals

### MANAGER'S INVESTMENT STRATEGY

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

### % PROCESS BASED ON

20 Asset allocation  
0 Industry or sector weighting  
60 Stock Selection  
0 Duration Management  
0 Yield Curve Management  
5 Sector Selection  
15 Bond Selection

### PORTFOLIO'S TOP FIVE EQUITY HOLDINGS %

Chevron Corp.	2.6
TE Connectivity Ltd.	2.3
Pfizer Inc.	2.2
Honeywell International Inc.	2.1
Kraft Foods Inc.	2.1

Style: Large Cap Value Balanced

Firm Assets Under Management: \$119.5 billion

Firm Strategy Assets Under Management: \$81.0 million

Year Founded: 1971

Professional Staff: 374

Firm Ownership: Majority owned by Societe Generale

CG IAR Status: Approved

### PORTFOLIO STATISTICS\*

	06/11		12/10
	TCW	S&P 500 Index	BC Int. Gov't/Credit Bond Index
Number of stock holdings	50	500	—
Weighted average dividend yield	1.8%	2.0%	—
Weighted average P/E ratio <sup>2</sup>	15.91x	14.79x	—
Weighted average portfolio beta	1.21	1.01	—
Mega capitalization <sup>+</sup>	31.5%	33.8%	0.0%
Large capitalization <sup>+</sup>	45.2%	51.8%	0.0%
Medium capitalization <sup>+</sup>	22.3%	14.1%	0.0%
Small capitalization <sup>+</sup>	1.0%	0.2%	0.0%
Micro capitalization <sup>+</sup>	0.0%	0.0%	0.0%
Number of bond holdings	10	500	4010
Average maturity	4.24 yrs.	—	4.39
Average credit quality	AAA	—	AA2
	AAA	—	AAA

### PORTFOLIO'S EQUITY SECTOR WEIGHTINGS \*

	06/11		12/10
	TCW	S&P 500 Index	TCW
Sector			
Energy	14.53	12.67	13.98
Materials	5.26	3.66	5.89
Industrials	12.10	11.25	12.98
Consumer Discretionary	11.41	10.65	12.70
Consumer Staples	6.41	10.64	6.31
Health Care	7.44	11.71	8.39
Financials	16.53	15.15	15.81
Information Technology	17.30	17.79	18.06
Telecomm Services	3.94	3.09	3.74
Utilities	2.38	3.38	2.13
Cash/Cash Equivalents	2.70	0.00	0.00

### FIXED INCOME SECTOR DISTRIBUTION(%) \*1

	06/11	03/11	12/10	09/10
U.S. Treasury	37.78	39.82	38.62	38.98
Industrials <sup>1</sup>	19.26	19.80	23.66	23.96
Financials <sup>1</sup>	20.04	20.13	19.16	18.95
U.S. Agencies	18.79	20.25	18.56	18.11
Cash/Cash Equivalents	4.13	0.00	0.00	0.00

<sup>1</sup>High Grade Corporates

<sup>2</sup>The P/E used here is calculated by the harmonic mean.

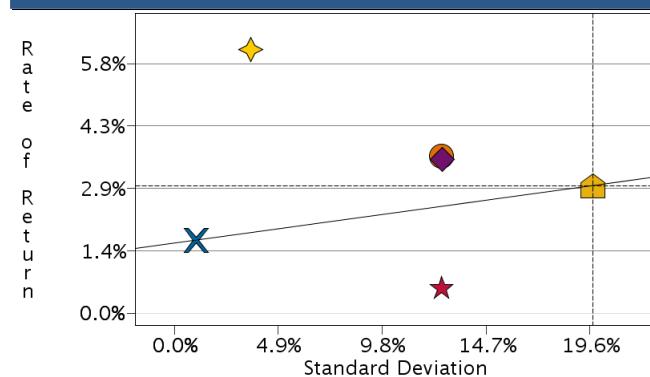
<sup>3</sup>Total may not equal 100% due to rounding.

<sup>4</sup>Based on a representative actual Morgan Stanley Smith Barney <sup>SM</sup> portfolio as calculated by FactSet.

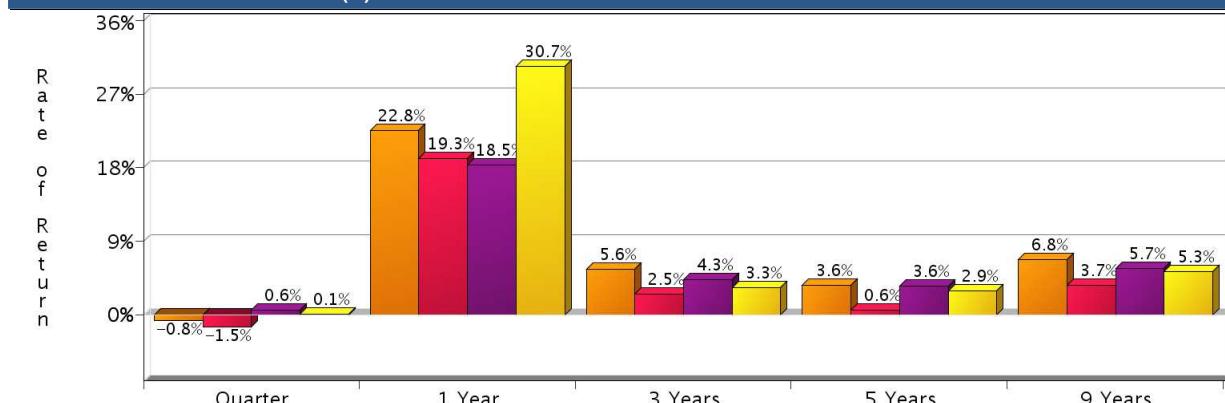
PORTFOLIO'S ALLOCATION HISTORY (%) <sup>1</sup>		06/11	03/11	12/10	09/10
U.S. Stocks		64	66	66	62
ADRs/Non-U.S. Stocks		2	0	0	0
U.S. Treasury		11	0	0	0
U.S. Agencies		5	0	0	0
High Grade Corporates:		5	0	0	0
Financials					
High Grade Corporates:		5	0	0	0
Industrials					
Bonds		0	31	32	34
Cash/Cash Equivalents		7	3	3	4

<sup>1</sup>High Grade Corporates<sup>2</sup>The P/E used here is calculated by the harmonic mean.<sup>3</sup>Total may not equal 100% due to rounding.<sup>4</sup>Based on a representative actual Morgan Stanley Smith Barney <sup>SM</sup> portfolio as calculated by FactSet.

## RISK/RETURN ANALYSIS – 5 YEARS ENDING 06/30/11

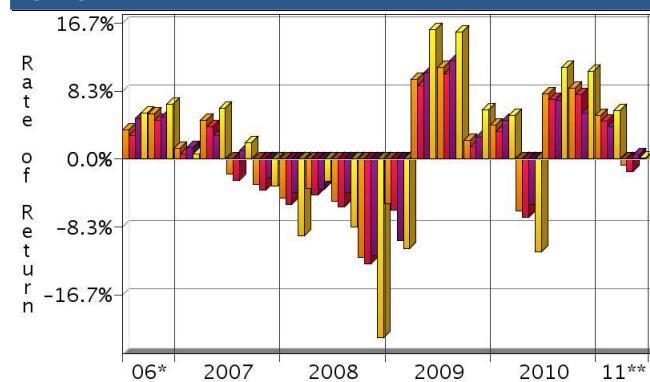


## AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 06/30/11



	STD	ROR
TCW (Gross)	12.57	3.63
TCW (Net)	12.57	0.57
60% R1000V/40% BCGCI Index	12.61	3.56
60% Russell 1000V/30% BC Int Gov/Cr/10% Tbills Index	6.09	N/A
BC Int. Gov't./Credit Bond Index	3.57	6.08
S&P 500 Index	19.70	2.94
90-Day Treasury Bills	1.01	1.69

## RISK VOLATILITY



\*07/01/06-12/31/06 \*\*01/01/11-06/30/11

	Number Of	Up Qtrs.	Down Qtrs.
TCW (Gross)	11	9	
TCW (Net)	11	9	
60% R1000V/40% BCGCI Index	13	7	
S&P 500 Index	13	7	

## INVESTMENT RESULTS

	Annual Rates of Return (%)									9 Year - Ending 06/30/11	Annualized Std. Dev.
	2002	2003	2004	2005	2006	2007	2008	2009	2010		
TCW (Gross)	-7.80	25.29	16.07	6.24	14.18	1.01	-23.47	18.08	14.50	6.78	11.52
TCW (Net)	-10.60	21.77	12.75	3.14	10.90	-1.98	-25.90	14.71	11.21	3.66	11.52
60% R1000V/40% BCGCI Index	-5.54	19.35	10.99	4.91	14.70	2.95	-21.97	14.53	12.10	5.71	11.25
BC Int. Gov't./Credit Bond Index	9.84	4.31	3.04	1.58	4.08	7.39	5.07	5.24	5.89	5.04	3.55
S&P 500 Index	-22.10	28.68	10.88	4.91	15.80	5.49	-37.00	26.46	15.06	5.32	17.50

## PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Related	Fiduciary Services
	Gross	Net	Gross	Net	Gross	Net	Gross	Net		
2002	2.96	2.21	-4.37	-5.12	-9.73	-10.48	3.73	2.98		
2003	-1.77	-2.52	11.86	11.11	4.20	3.45	9.43	8.68		
2004	5.15	4.40	1.44	0.69	0.23	-0.52	8.57	7.82		
2005	0.05	-0.70	2.26	1.51	2.51	1.76	1.30	0.55		
2006	5.46	4.71	-0.99	-1.74	3.62	2.87	5.53	4.78		
2007	1.35	0.60	4.73	3.98	-1.82	-2.57	-3.07	-3.82		
2008	-4.80	-5.55	-3.62	-4.37	-5.13	-5.88	-12.08	-12.83		
2009	-5.49	-6.24	9.75	9.00	11.26	10.50	2.32	1.57		
2010	4.16	3.41	-6.40	-7.14	8.05	7.30	8.68	7.93		
2011	5.38	4.63	-0.78	-1.53						

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 06/30/11<sup>1,2</sup>

	3 Year	5 Year
Standard Deviation	15.08%	12.57%
Standard Deviation of Primary Benchmark	15.47%	12.61%
Sharpe Ratio	0.36	0.15
Sharpe Ratio of Primary Benchmark	0.26	0.15
Alpha	1.52%	0.14%
Beta	0.95	0.97
Downside Risk	1.39%	1.86%
R-Squared	0.95	0.93
Tracking Error	3.63%	3.31%
Information Ratio	0.37	0.02

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

2. 60% R1000V/40% BCGCI Index was used as the primary benchmark and the 90-Day U.S. T-Bill Index as the risk-free benchmark.

PORTFOLIO DIVERSIFICATION - R<sup>2</sup> (INCEPTION THROUGH 06/11)\*

TCW vs. 60% R1000V/40% BCGCI Index	R <sup>2</sup>
	0.92

\*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 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 manager's 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 manager's 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:

TCW Investment Management's balanced value performance prior to 1/1/2007 represents a composite of all fully discretionary balanced relative value accounts managed by TCW's marketable securities division. TCW's managed account division will manage the Fiduciary Services accounts. The accounts are managed by the same portfolio manager and are expected to be managed similarly but, due to the lack of performance history for the retail separately managed account that of the marketable securities division is shown. This composite was size-weighted and included approximately 5 accounts with a market value of \$296.9 million as of 12/31/2006.

#### Fiduciary Services Performance:

In this profile, the performance from 1/1/2007 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.

**Balanced Account (Gross):** TCW's gross results do not reflect a deduction of the investment advisory fees charged by TCW, 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](http://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 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

## 60% R1000V/40% BCGCI Index

60% Russell 1000 Value, 40% BC Int G/C Index

## 60% Russell 1000V/30% BC Int Gov/Cr/10% Tbills Index

60% Russell 1000 Value, 30% BC Intermediate Government Credit, 10% Tbills

## 90-Day Treasury 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 Int. Gov't/Credit Bond Index

The Barclays Intermediate Government/Credit Bond Index is composed primarily of bonds covered by the Barclays Government/Credit Bond Index with maturities between one and 9.99 years.

## S&amp;P 500 Index

Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, it is also an ideal proxy for the total market.

**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 (\$50.0 billion and Above), Large (\$11.0 - \$50.0 billion), Medium (\$2 - \$11.0 billion), Small (\$500m - \$2 billion) and Micro (below \$500 million).

**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 June 30, 2011, unless otherwise noted. All data are subject to change.*