

BlackRock Investment Management, LLC

1 University Square Dr.
Princeton, New Jersey 08540

Style: Core Fixed Income
Firm Assets Under Management: \$3,936.4 billion
Firm Strategy Assets Under Management: \$981.0 million
Year Founded: 1988
Professional Staff: 9897
Firm Ownership: BlackRock, Inc.
CG IAR Status: Focus

PRODUCT OVERVIEW

BlackRock ("BlackRock") applies the same controlled duration, relative value sector rotation and security selection style to the management of all its fixed income mandates, including the Core Bond for Managed Accounts w/ BATS strategy. The distinguishing feature of BlackRock's investment management style has been the ability to generate alpha within a risk-controlled framework. Real-time analysis of a vast array of risk measures allows BlackRock to assess the potential impact of various sector and security strategies on total return. As a result, BlackRock believes consistent value is added and performance volatility is limited. BlackRock's primary focus is on sector, sub-sector and security decisions. Duration is kept within +/-20% of the Barclay's Capital U.S. Aggregate Bond Index. The BlackRock Core Bond for Managed Accounts w/ BATS strategy generally consists of approximately 60% invested in individually held U.S. Treasuries, agencies, mortgage pass-throughs, asset backed securities, and/or corporates and 40% in shares of the Bond Allocation Target Shares mutual fund (Series C and Series M) ("BATS Fund"), which invests in fixed income securities. BlackRock uses the BATS Fund to seek to enhance the diversification and total return potential of client portfolios by providing access to additional fixed income sectors. Investors cannot invest in the BATS Fund unless they are invested in an eligible BlackRock separately managed account. Therefore, investors who terminate their investment in the BlackRock Core Bond for Managed Accounts w/ BATS strategy cannot elect to retain their shares in the BATS Fund. Accounts will generally hold 10-30 individual securities, plus shares in the BATS Fund (which generally holds between 350-500 securities).

TARGET PORTFOLIO CHARACTERISTICS

Number of bond holdings:	10 to 30
Average credit quality:	BBB to AAA
Average maturity:	3.0 to 10.0 years
Average duration:	3.5 to 5.2 years
Average coupon:	1.0 to 6.0%
Average turnover rate:	100 to 150%

MANAGER'S INVESTMENT PROCESS

- BlackRock adds value through relative value sector/sub-sector rotation and security selection.
- BlackRock performs rigorous quantitative analysis to the valuation of each security and of the portfolio as a whole.
- BlackRock performs intense credit analysis and review.

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	29.00	30.00	29.40	30.80
Mortgage-Backed Securities	23.00	24.00	23.70	27.00
Industrials ¹	33.00	30.00	30.20	24.30
U.S. Agencies	9.00	9.00	10.00	9.70
CMBS	5.00	5.00	4.80	5.10
Asset-Backed Securities	1.00	1.00	0.90	1.70
Cash/Cash Equivalents	1.00	1.00	1.00	1.20

PORTFOLIO STATISTICS

	-----03/13-----		09/12
	BlackRock	BC Aggregate	BlackRock
Number of bond holdings	27	—	27
Average credit quality	AAA	—	AAA
Average maturity	5.7 yrs.	—	5.5 yrs.
Average duration	4.32 yrs.	—	4.2 yrs.
Average coupon	1.8%	—	2.9%

PORTFOLIO'S MATURITY STRUCTURE(%) *

	03/13	12/12	09/12	06/12
0 to 2 Years	23.48	17.73	21.50	16.19
2 to 4 Years	12.32	17.22	31.25	37.86
4 to 6 Years	28.07	23.92	6.37	6.42
6 to 8 Years	4.79	6.70	9.25	9.34
8 to 12 Years	26.01	26.26	26.33	26.10
12 to 17 Years	0.00	0.00	0.00	0.00
Over 17 Years	2.98	3.13	3.11	2.40
Cash/Cash Equivalents	2.35	5.04	2.18	1.69

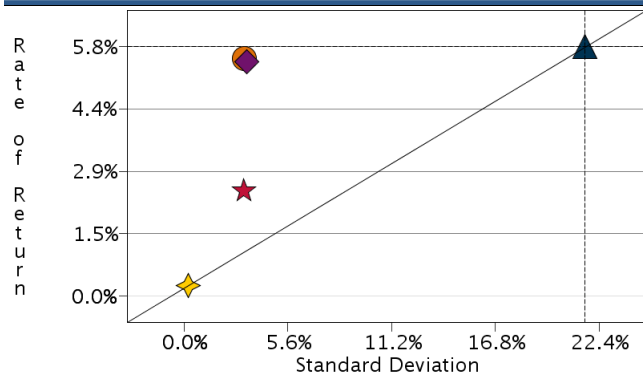
PORTFOLIO'S CREDIT QUALITY STRUCTURE(%) *

Investment Grade	03/13	12/12	09/12	06/12
AAA	65.50	68.00	68.00	69.20
AA	4.30	2.80	2.00	1.90
A	16.80	15.60	16.00	16.20
BBB	13.30	13.50	14.00	12.70
Below Investment Grade				
BB	0.00	0.00	0.00	0.00
B	0.00	0.00	0.00	0.00
Below B	0.00	0.00	0.00	0.00
Not Rated	0.00	0.00	0.00	0.00
Cash/Cash Equivalents	0.00	0.00	0.00	0.00

¹High Grade Corporates

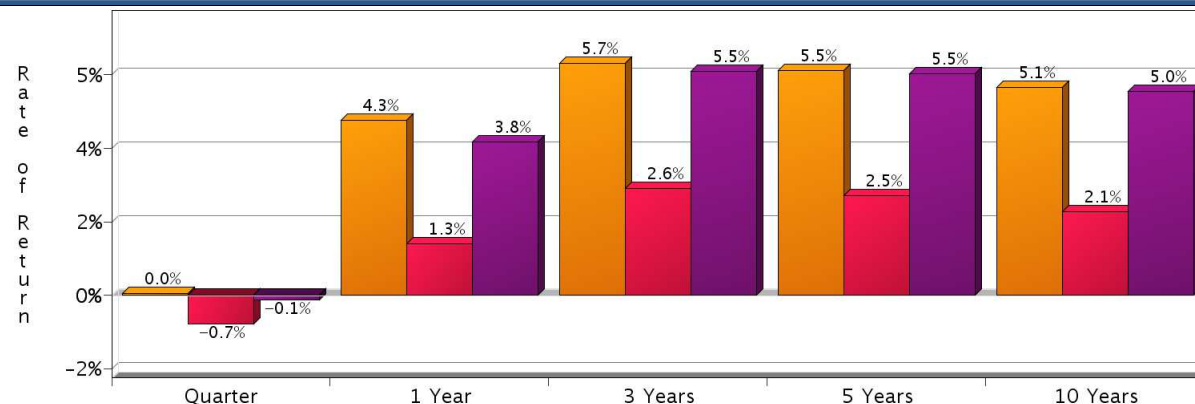
*Total may not equal 100% due to rounding.

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



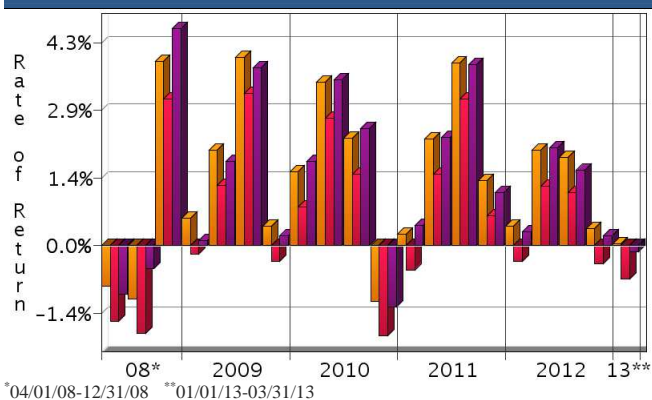
	STD	ROR
● BlackRock (Gross)	3.25	5.54
★ BlackRock (Net)	3.23	2.45
◆ BC Aggregate	3.38	5.47
▲ S&P 500	21.63	5.81
◆ 90-Day T-Bills	0.22	0.25

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



INVESTMENT RESULTS	2003	2004	2005	Annual Rates of Return (%)				5 Years			10 Years	
	2006	2007	2008	2009	2010	2011	2012	10 Year - Annualized	Ending 03/31/13	Std. Dev.		
BlackRock (Gross)	4.53	4.77	2.69	4.51	7.08	3.43	7.11	6.18	7.91	4.71	5.12	3.14
BlackRock (Net)	1.49	1.73	-0.31	1.45	3.95	0.38	3.98	3.08	4.76	1.66	2.05	3.12
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



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

	Number Of	Up Qtrs.	Down Qtrs.
● BlackRock (Gross)	17	3	3
★ BlackRock (Net)	11	9	9
◆ BC Aggregate	16	4	4

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2003	1.52	0.78	2.73	1.99	-0.03	-0.77	0.26	-0.48
2004	2.40	1.66	-1.87	-2.61	3.23	2.49	1.00	0.26
2005	-0.16	-0.90	2.61	1.87	-0.41	-1.15	0.65	-0.09
2006	-0.43	-1.17	0.26	-0.48	3.39	2.63	1.26	0.51
2007	1.40	0.65	-0.61	-1.35	2.95	2.19	3.21	2.45
2008	1.54	0.80	-0.85	-1.58	-1.11	-1.85	3.89	3.10
2009	0.58	-0.17	2.02	1.27	3.96	3.20	0.41	-0.33
2010	1.55	0.81	3.44	2.68	2.27	1.52	-1.17	-1.90
2011	0.24	-0.51	2.25	1.50	3.85	3.09	1.38	0.62
2012	0.41	-0.33	2.01	1.26	1.86	1.11	0.37	-0.38
2013	0.04	-0.71						

☒ Related
 ☐ Select UMA
PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 03/31/13^{1,2}

	3 Year	5 Year
Standard Deviation	2.96%	3.25%
Standard Deviation of Primary Benchmark	3.07%	3.38%
Sharpe Ratio	1.90	1.63
Sharpe Ratio of Primary Benchmark	1.77	1.54
Alpha	0.40%	0.30%
Beta	0.96	0.95
Downside Risk	0.17%	0.46%
R-Squared	0.99	0.97
Tracking Error	0.32%	0.58%
Information Ratio	0.64	0.12

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

	R ²
BlackRock vs. BC Aggregate	0.98

*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.

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 program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels - Morgan Stanley channel and the Smith Barney channel - and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of these channels.) 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:

BlackRock ("BlackRock") Core Bond for Managed Accounts w/ BATS performance results prior to 7/1/2006 represents all unconstrained, discretionary institutional accounts with a minimum of \$25 million managed by BlackRock for at least three months (although none held BlackRock Bond Allocation Target Shares (BATS)). The composite was asset-weighted and consisted of 81 fee paying (not in Morgan Stanley Fiduciary Services program) accounts with a market value of \$19.32 billion as of 6/30/2006. Performance from 7/1/2006 through 12/31/2007 represents all unconstrained, wrap fee-paying, discretionary separate accounts with a minimum market value of \$240,000 managed by BlackRock for at least three months. The composite was asset-weighted and consisted of 660 fee paying (not in Morgan Stanley Fiduciary Services program) accounts with a market value of \$367.1 million as of 12/31/2007. Performance subsequent to 1/1/2008 represents all of its unconstrained, wrap fee-paying, discretionary separate accounts managed by BlackRock for at least three months. The composite is asset-weighted and consists of 386 fee paying (not in Morgan Stanley Fiduciary Services program) accounts with a market value of \$209.0 million as of 3/31/2013.

Select UMA Performance:

In this profile, the performance from 9/1/2008 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.

Gross Performance: BlackRock's gross results do not reflect a deduction of any investment advisory fees or program fees, charged by BlackRock or Morgan Stanley, but are net of commissions charged on securities transactions.

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Net Performance for all Periods: Net performance results reflect a deduction of 0.7425% 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), plus .0875% quarterly SMA Manager Fees (being the fee currently charged by BlackRock 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 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.

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 Morgan Stanley'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 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.

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.