

Crawford Investment Counsel

600 Galleria Parkway Suite 1650
Atlanta, Georgia 30339

Style: Large Cap Value
Firm Assets Under Management: \$3.8 billion^
Firm Strategy Assets Under Management: \$1.6 billion^
Year Founded: 1980
Professional Staff: 30^
Firm Ownership: Employee-Owned
CG IAR Status: Not Applicable

PRODUCT OVERVIEW

Crawford Investment Counsel, Inc. ("Crawford") Dividend Growth's investment process focuses on undervalued, high quality stocks that have consistent and growing earnings, strong financial characteristics, and rising dividends. Crawford start our investment process by identifying all U.S. exchange-traded companies that have paid a dividend and that have increased its dividends over a ten year period. Crawford's research team then conducts fundamental research to create a portfolio of 30-35 stocks that in aggregate have below market PE, above market dividend, above market dividend growth and below market earnings variation. Crawford will sell a company if it becomes over-valued, fundamentals deteriorate or if there is a negative dividend action.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	30 to 35
Average dividend yield:	Above the S&P 500
P/E ratio:	Below the S&P 500
Cash level over market cycle:	0 to 10%
Risk (standard deviation):	Below the S&P 500
Average turnover rate:	25 to 30%
Use ADRs:	0 to 10%
Capitalization:	Mega, Large and Medium companies

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.

MANAGER'S INVESTMENT PROCESS

- Define investable universe of approximately 350 high quality companies with consistent growth in earnings and dividends.
- Fundamental research focuses on undervalued, high quality stocks that have consistent and growing earnings, strong financial characteristics, and rising dividends.
- Analyst presents buy recommendations to investment team at twice weekly meetings.
- Portfolio is constructed of 30-35 stocks equal weight at purchase.
- Sell decisions are based on any of the following criteria: deterioration of fundamentals, overvaluation, negative dividend action, diversification requirements.

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
10 Industry or sector weighting
90 Stock Selection

PORTFOLIO STATISTICS

		12/12		06/12
	Crawford	Russell 1000 VI	S&P 500	Crawford
Number of stock holdings	Data Not	696	500	—
Weighted average dividend yield	Available	2.5%	2.2%	2.9%
Weighted average P/E ratio [†]	From Mgr.	13.22x	14.87x	14.14x
Weighted average portfolio beta	—	1.01	0.89	—
Mega capitalization ⁺	0.0%	34.5%	38.3%	0.0%
Large capitalization ⁺	0.0%	42.1%	49.1%	0.0%
Medium capitalization ⁺	0.0%	21.3%	12.6%	0.0%
Small capitalization ⁺	0.0%	2.1%	0.1%	0.0%
Micro capitalization ⁺	0.0%	0.0%	0.0%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS ⁺

		12/12		06/12
Sector	Crawford	Russell 1000 VI	S&P 500	Crawford
Energy	0.00	16.14	10.99	12.25
Materials	0.00	3.91	3.62	8.00
Industrials	0.00	9.15	10.13	8.28
Consumer Discretionary	0.00	8.27	11.50	11.92
Consumer Staples	0.00	7.18	10.62	6.09
Health Care	0.00	11.53	12.01	17.79
Financials	0.00	27.47	15.61	18.23
Information Technology	0.00	6.39	19.03	12.02
Telecomm Services	0.00	3.41	3.06	3.30
Utilities	0.00	6.54	3.44	0.00
Cash/Cash Equivalents	0.00	0.00	0.00	2.14

PORTFOLIO'S ALLOCATION HISTORY (%)[†]

	12/12	09/12	06/12	03/12
U.S. Stocks	0	96	98	99
Non-U.S. Stocks	0	0	0	0
ADRs	0	3	0	0
ADRs/Non-U.S. Stocks	0	0	0	0
Cash/Cash Equivalents	0	1	2	1

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS %

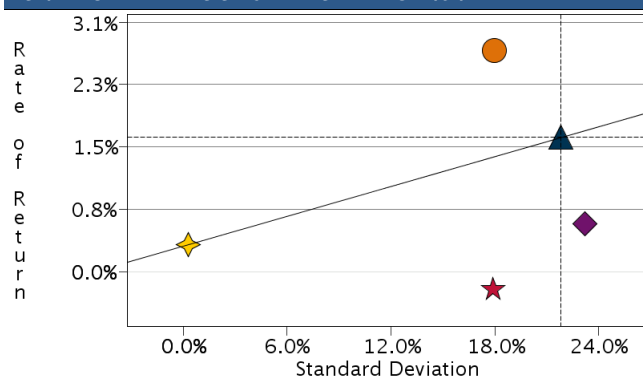
	%
Data Not Available From Manager	—
—	—
—	—
—	—
—	—

[^]As of 09/30/2012. Information as of 12/31/2012 is not yet available.

[†]The P/E used here is calculated by the harmonic mean.

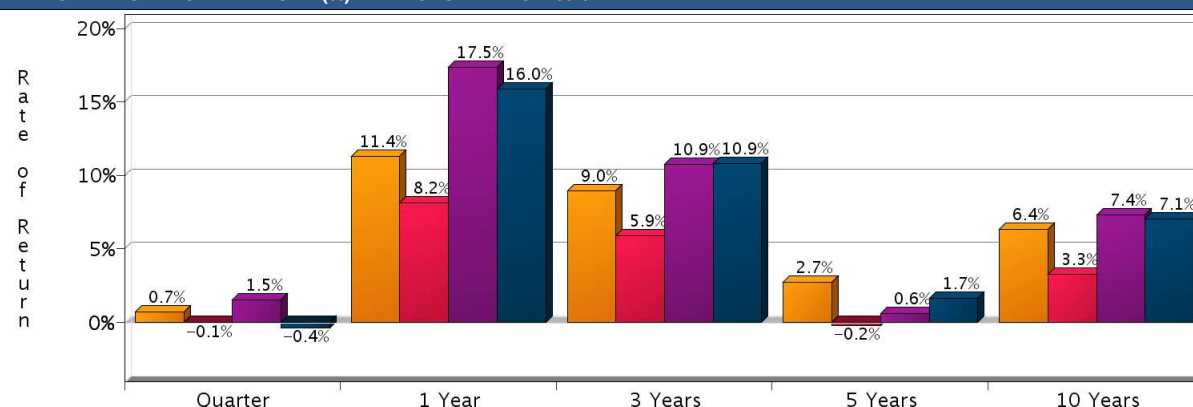
⁺Total may not equal 100% due to rounding.

RISK/RETURN ANALYSIS – 5 YEARS ENDING 12/31/12



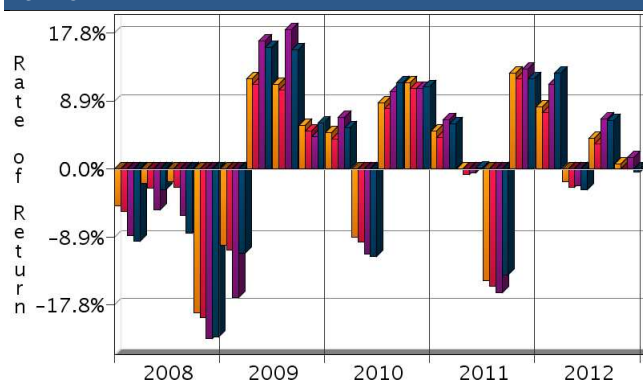
	STD	ROR
● Crawford (Gross)	17.98	2.73
★ Crawford (Net)	17.91	-0.22
◆ Russell 1000 VI	23.23	0.59
▲ S&P 500	21.81	1.66
◆ 90-Day T-Bills	0.28	0.33





AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 12/31/12



INVESTMENT RESULTS	Annual Rates of Return (%)									10 Year - Ending 12/31/12		
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annualized	Std. Dev.
Crawford (Gross)	20.83	13.14	-1.88	18.07	2.42	-25.34	18.27	15.35	0.87	11.37	6.38	14.24
Crawford (Net)	17.42	9.85	-4.73	14.71	-0.54	-27.60	14.93	12.08	-1.97	8.20	3.33	14.19
Russell 1000 VI	30.03	16.49	7.05	22.25	-0.17	-36.85	19.69	15.51	0.39	17.50	7.38	18.25
S&P 500	28.68	10.88	4.91	15.80	5.49	-37.00	26.46	15.06	2.11	16.00	7.10	16.88

RISK VOLATILITY



	Number Of	Up Qtrs.	Down Qtrs.
 Crawford (Gross)		12	8
 Crawford (Net)		10	10
 Russell 1000 VI		11	9
 S&P 500		11	9

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2003	-5.19	-5.91	14.01	13.23	2.70	1.96	8.85	8.10
2004	4.31	3.56	1.78	1.03	0.50	-0.25	6.04	5.27
2005	-3.06	-3.78	-0.67	-1.42	-1.57	-2.27	3.52	2.76
2006	4.54	3.79	-0.14	-0.85	5.38	4.62	7.32	6.56
2007	0.56	-0.16	5.21	4.47	1.90	1.13	-4.99	-5.70
2008	-4.81	-5.55	-1.82	-2.51	-1.70	-2.41	-18.73	-19.43
2009	-9.93	-10.62	11.82	11.07	11.09	10.33	5.70	4.92
2010	4.74	3.96	-8.89	-9.55	8.63	7.87	11.29	10.50
2011	4.92	4.17	0.04	-0.68	-14.62	-15.26	12.56	11.81
2012	8.13	7.37	-1.64	-2.36	4.00	3.26	0.69	-0.05

■ Related □ Select UMA

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 12/31/12^{1,2}

	3 Year	5 Year
Standard Deviation	16.07%	17.98%
Standard Deviation of Primary Benchmark	18.33%	23.23%
Sharpe Ratio	0.56	0.13
Sharpe Ratio of Primary Benchmark	0.59	0.01
Alpha	-0.51%	1.77%
Beta	0.87	0.76
Downside Risk	3.01%	4.58%
R-Squared	0.98	0.96
Tracking Error	3.32%	6.73%
Information Ratio	-0.55	0.32

PORTFOLIO DIVERSIFICATION - R² (10 YEARS ENDING 12/12)*

	R ²
Crawford vs. S&P 500	0.93
Crawford vs. Russell 1000 VI	0.93

*Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. Russell 1000 VI 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 December 31, 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 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 the 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.

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.

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 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.