

Graystone ConsultingSM

A business of Morgan Stanley

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February 25, 2019 | City of Atlantic Beach

Pension Plans and Cash Reserve Update

Graystone Consulting Boca Raton | Orlando

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Institutional Consulting Director

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Senior Investment Management Consultant

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Agenda: Today's Discussion

- Morgan Stanley and Graystone Consulting
- City Cash Reserve Account Review
- General Employee and Police Officer Pensions Review



Your Local Dedicated Team

- Our dedicated teams are fully staffed to provide services and capabilities essential to your organization
- Locally based team is a full time and full service team to handle all aspects of the relationship



Chris Bridges, CFP®, CIMA®, CPFA

Institutional Consulting Director

Chris earned a B.S. in Electrical Engineering from the U.S. Air Force Academy and an MBA from the University of Florida with a concentration in finance. While on active duty, he flew as an F-15E aircraft commander and instructor pilot in combat missions over Kosovo, Iraq, and Afghanistan. He maintains the professional designation of Certified Plan Fiduciary Advisor and has been a consultant with Morgan Stanley since 2010. He holds Series 7, 31, & 66 licenses with FINRA as a Registered Representative.



Sidney H. Taylor, II, AIF®, CIMA®

Senior Investment Management Consultant

Sidney has over 16 years of institutional investment experience as an investment consultant to corporate, non-profit, and public plans. Sidney received his undergraduate degree and MBA from Stetson University, and continued as an adjunct professor for the University. He obtained the professional designation of Accredited Investment Fiduciary® (AIF®), and currently holds Series 7, 63, & 65 licenses with FINRA as a Registered Representative.



Morgan Stanley has the Breadth of a Global Leader

Morgan Stanley serves clients worldwide providing a wide range of investment banking, securities, investment management, institutional consulting and wealth management services.

- Formed in **1935**
- Offices in **41** countries
- **57,000+** employees
- **\$2.1** trillion in wealth management client assets



WEALTH MANAGEMENT

Recognized as one of the industry’s premier global wealth management firms, with a dedicated independent consulting division, Graystone Consulting.

INVESTMENT MANAGEMENT

Offers investment expertise across a broad spectrum of global equities, fixed income, alternatives and real estate strategies.

INSTITUTIONAL SECURITIES

Global leader in investment banking: consistently ranked among the top firms in M&A, equity underwriting and debt financings.

Source: <https://www.morganstanley.com/people>. Data as of December 31, 2017



Graystone Consulting

A Different Kind of Institutional Consulting Experience

Graystone Consulting is focused on your results; providing a sophisticated framework and disciplined approach to help guide investment decisions while supporting your goals and risk parameters

BOUTIQUE SERVICE

Graystone Consulting consists of more than 50 offices nationwide, providing the personalized service you would expect from a small investment boutique while backed by the global resources of Morgan Stanley

INDEPENDENCE AND OBJECTIVITY

We believe in challenging conventional solutions, delivering unbiased strategies using an open architecture platform centered on your specific circumstances. When acting as fiduciaries, we act in your best interest, and are focused on customized, unaffiliated and transparent solutions

GLOBAL RESOURCES

Backed by Morgan Stanley's vast network, you will have access to specialists including more than 45 analysts dedicated to investment manager analysis, along with Philanthropy and Impact Investing professionals



Extensive Investment Experience

Graystone Consulting is one of the industry's premier institutional investment consulting businesses providing advisory and discretionary investment services with a history of client loyalty and growth.

\$310 Billion in Institutional Advisory Assets¹

40+ years of experience, providing investment consulting since **1973**

2017 NUMBERS

- Corporate: \$130.7 Billion
- Taft Hartley: \$68.4 Billion
- Non-Profit: \$36.2 Billion
- Public Funds: \$26.8 Billion
- Healthcare: \$16.0 Billion
- High Net Worth: \$15.5 Billion
- Education: \$9.2 Billion
- Insurance: \$5.8 Billion
- Other: \$0.2 Billion

2017 NUMBERS

- DC Retirement: \$81.4 Billion
- DB Retirement: \$79.7 Billion
- Assets & Reserves: \$43.3 Billion
- Foundation & Endowment: \$32.6 Billion
- Family Office/Trust: \$13.9 Billion
- Other: \$58.7 Billion

Source: CG Institutional Summary

1. Graystone Consulting and Morgan Stanley Institutional Consulting AUM data as of December 31, 2017.



Awards and Accolades

National Recognition



Barron's 2018 Top 50 Institutional Consultants Ranking¹

- Graystone Consulting had 17 spots on the 2018 list, 5 in the top 10, and 11 in the top 20



Barron's Top 100 Women Financial Advisors List²

- Graystone Consulting had 3 spots in both May and June of 2018



Forbes Best-In-State Wealth Advisors List³

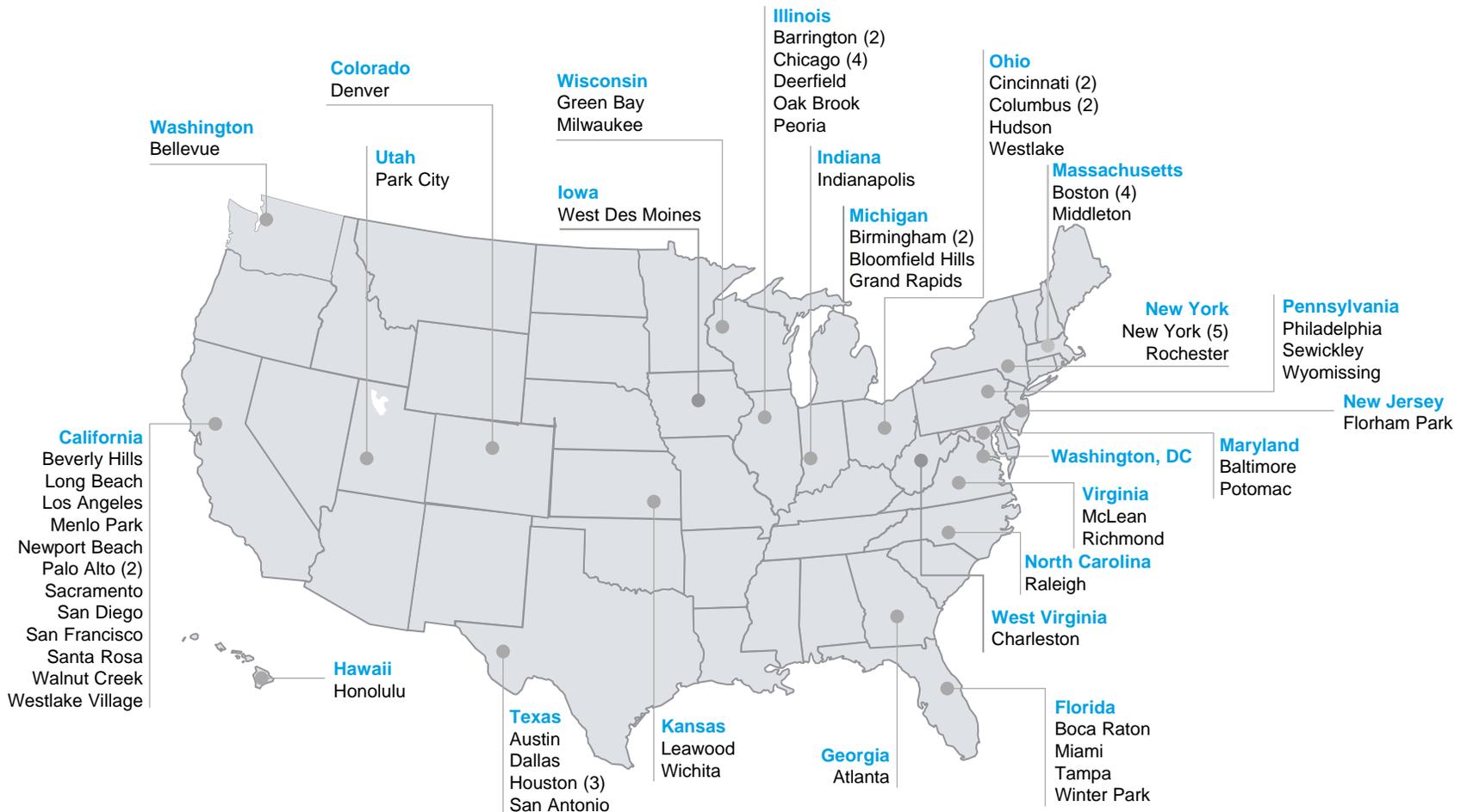
- Graystone Consulting had 29 spots on the 2018 list
- Candidates have 7 plus years of experience

1. Barrons 4/2018
2. Barrons 5/2018, 6/2018
3. Forbes 2/2018



A Personalized Client Experience with a National Presence

Greater Client Engagement All Across the Country





Conflict of Interest Overview

Graystone Consulting maintains strict policies in an effort to help mitigate and disclose conflicts of interest.

- **Top priority is the success of the clients we serve**
 - *Recommendation or selection of managers is based on stringent obligation when acting as fiduciaries*
- Over **720 Morgan Stanley compliance, legal, and risk professionals help** support rigorous oversight and reinforce that we put the interests of our client first
 - *“Code of Conduct” and “Code of Ethics” policies apply at both the firm and employee level*
- Leveraging **size and scale helps to drive down investment manager costs**, which results in significant cost savings for our clients
 - *Favourable investment manager pricing may not be available to other firms, particularly smaller sized ones;*

Custom Report

Prepared on February 25, 2019 for:
CITY OF ATLANTIC BEACH
Account No. 660-XXX000

CITY OF ATLANTIC BEACH
C/O RUSSELL CAFFEY
800 SEMINOLE ROAD
ATLANTIC BCH FL 32233-5444

BRIDGES/TAYLOR
Tel: 407-849-4700

ACCOUNT(S) INCLUDED IN THIS REPORT

CITY OF ATLANTIC BEACH 660-XXX000 - Galliard Intermed Gov/Credit...

Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name and Address	Account Type/ Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed	Total Value (\$) 02/22/19	% of Portfolio 02/22/19
CITY OF ATLANTIC BEACH 800 SEMINOLE ROAD ATLANTIC BCH	Galliard Intermed Gov/Credit Comp CES	Advisory	660-XXX000	04/22/10	-	16,482,598.54	100.00

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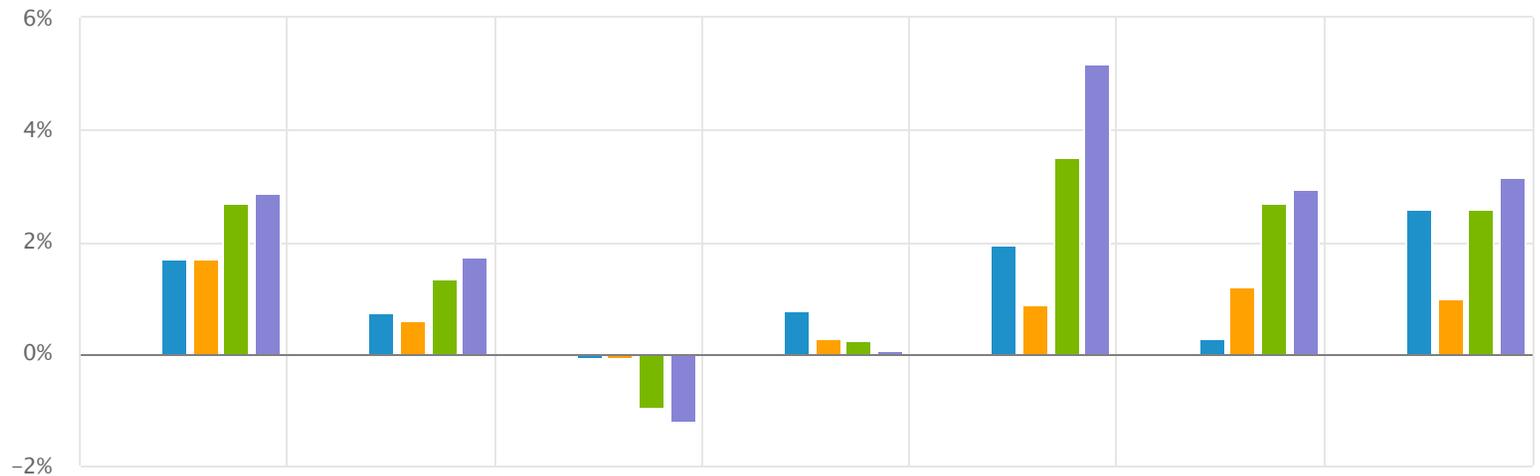
All content within this Document applies to the accounts listed above or a subset thereof, unless otherwise indicated.

TIME WEIGHTED PERFORMANCE SUMMARY

CITY OF ATLANTIC BEACH 660-XXX000 - Galliard Intermed Gov/Credit...

As of February 22, 2019 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	FY19 YTD	4 YRS THRU FY18	FY18	FY17	FY16	FY15	Performance Inception
	09/30/18 - 02/22/19	09/30/14 - 09/30/18	09/30/17 - 09/30/18	09/30/16 - 09/30/17	09/30/15 - 09/30/16	09/30/14 - 09/30/15	04/27/10 - 02/22/19
Beginning Total Value (\$)	16,223,459.88	15,745,485.51	16,228,497.33	16,104,060.66	15,791,624.89	15,745,485.51	4,198,662.16
Net Contributions/Withdrawals (\$)	-16,316.07	1,800.23	0.00	21.64	1,778.59	0.00	9,700,665.99
Investment Earnings (\$)	275,454.80	476,174.14	-5,037.45	124,415.03	310,657.18	46,139.38	2,583,270.46
Ending Total Value (\$)	16,482,598.61	16,223,459.88	16,223,459.88	16,228,497.33	16,104,060.66	15,791,624.89	16,482,598.61
Return % (Net of Fees)	1.70	0.75	-0.03	0.77	1.96	0.29	2.58
BC Gov 1-3 Yr (%)	1.69	0.59	-0.01	0.27	0.88	1.20	0.97
BC Gov/Cr Intm (%)	2.68	1.35	-0.96	0.23	3.51	2.68	2.60
Barclays Aggregate (%)	2.86	1.72	-1.22	0.07	5.19	2.94	3.15

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

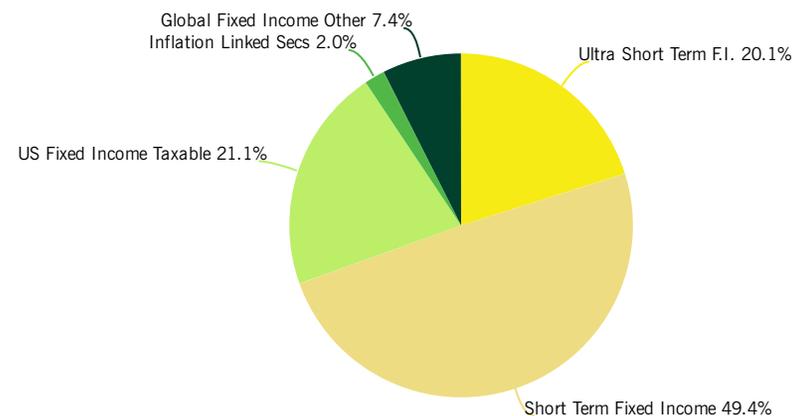
CITY OF ATLANTIC BEACH 660-XXX000 - Galliard Intermed Gov/Credit...

As of February 22, 2019 | Reporting Currency: USD

TOP FIXED INCOME & PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 02/22/2019	% of Fixed Income & Preferreds 02/22/2019
UNITED STATES TREASURY BILL	2,473,525.00	15.1
UNITED STATES TREASURY NOTE	719,107.35	4.4
UNITED STATES TREASURY NOTE	619,934.94	3.8
UNITED STATES TREASURY NOTE	478,921.58	2.9
UNITED STATES TREASURY NOTE	477,866.87	2.9
UNITED STATES TREASURY NOTE	472,831.66	2.9
UNITED STATES TREASURY NOTE	368,121.92	2.2
UNITED STATES TREASURY NOTE	307,486.38	1.9
UNITED STATES TREASURY NOTE	303,008.66	1.9
UNITED STATES TREASURY NOTE	302,423.17	1.8
Top Fixed Income & Preferred Positions	6,523,227.54	39.8
Other Fixed Income & Preferred Positions	9,858,034.48	60.2
Total Fixed Income & Preferred	16,381,262.02	100.0

ASSET ALLOCATION - FIXED INCOME & PREFERRED



ASSET ALLOCATION - FIXED INCOME & PREFERRED

	% of Fixed Income & Preferreds 02/22/2019	Total Value (\$) 02/22/2019	% of Portfolio 02/22/2019
Ultra Short Term F.I.	20.1	3,300,687.29	20.0
Short Term Fixed Income	49.4	8,087,684.08	49.1
US Fixed Income Taxable	21.1	3,455,428.04	21.0
Inflation Linked Secs	2.0	319,888.68	1.9
Global Fixed Income Other	7.4	1,217,573.93	7.4
TOTAL FIXED INCOME & PREFERREDS	100.0	16,381,262.02	99.4

Custom Report

Prepared on February 25, 2019 for:

CITY OF ATLANTIC BEACH GENERAL

CITY OF ATLANTIC BEACH GENERAL
EMPLOYEES RETIREMENT SYSTEM
C/O RUSSELL CAFFEY
800 SEMINOLE ROAD
ATLANTIC BCH FL 32233-5444

BRIDGES/TAYLOR
Tel: 407-849-4700

ACCOUNT(S) INCLUDED IN THIS REPORT

CITY OF ATLANTIC BEACH GENERAL

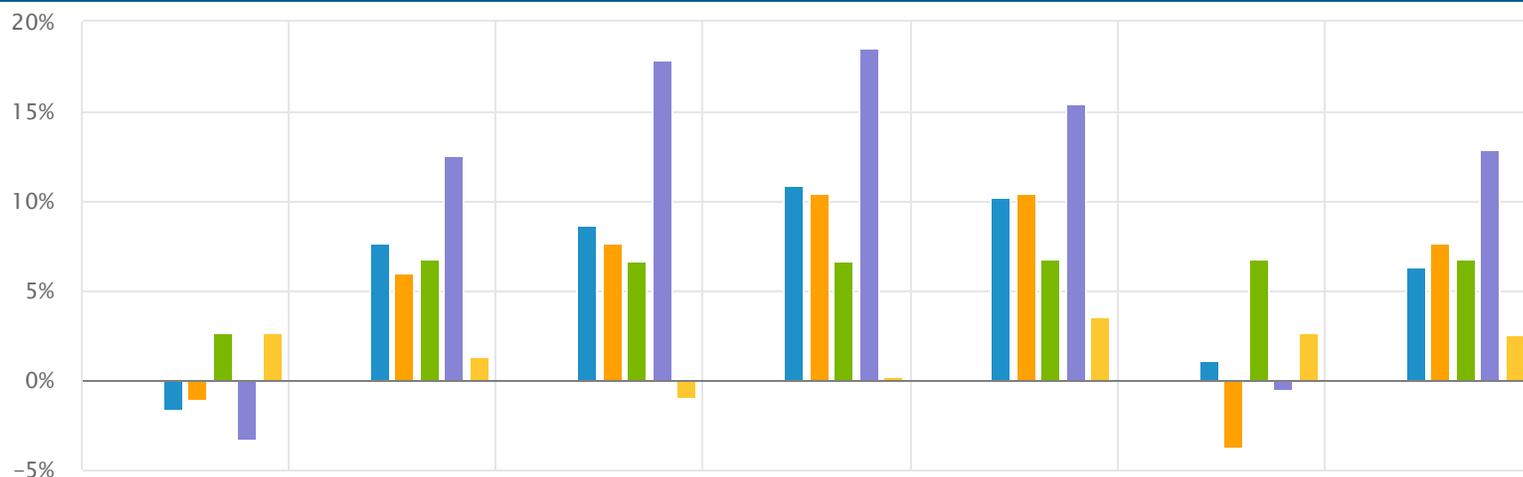
Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name	Account Type/ Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed
CITY OF ATLANTIC BEACH	Sage Intermediate Taxable	Advisory	660-XXX174	04/15/13	-
	AAA	Advisory	660-XXX217	10/15/13	07/21/18
	AAA	Advisory	660-XXX219	10/15/13	07/15/17
	AAA	Brokerage	454-XXX751	11/04/15	02/23/16
CITY OF ATLANTIC BEACH GENERAL	JP Morgan Equity Income	Advisory	660-XXX029	03/10/10	-
	AAA	Advisory	660-XXX179	03/10/10	-
	Columbia Select Large Growth	Advisory	660-XXX222	03/10/10	-
	Boston Partners SMid Value	Advisory	660-XXX134	03/10/10	-
	Riverbridge SMid Cap Growth	Advisory	660-XXX145	03/10/10	-
	AAA	Advisory	660-XXX366	03/10/10	07/21/18
	Consulting Group Advisor	Advisory	660-XXX178	11/04/15	-
	AAA	Brokerage	454-XXX120	08/16/16	08/23/16
GENERAL EMPLOYEE RETIREMENT	AAA	Advisory	454-XXX639	03/10/10	01/27/16
Pioneer	Pioneer Fundamental Growth	Advisory	660-XXX191	10/15/13	-

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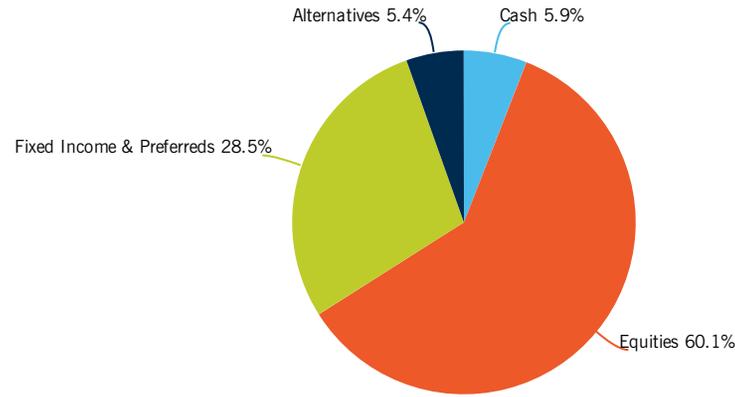
RETURN % (NET OF FEES) VS. BENCHMARKS



	FY19 YTD 09/30/18 - 02/22/19	4 YRS THRU FY18 09/30/14 - 09/30/18	FY18 09/30/17 - 09/30/18	FY17 09/30/16 - 09/30/17	FY16 09/30/15 - 09/30/16	FY15 09/30/14 - 09/30/15	Performance Inception 03/10/10 - 02/22/19
Beginning Total Value (\$)	19,878,025.27	14,753,154.11	18,115,817.14	16,332,332.54	14,916,099.07	14,753,154.11	9,882,145.25
Net Contributions/Withdrawals (\$)	18.36	90,827.97	190,761.72	66.25	-100,000.00	0.00	1,697,744.64
Investment Earnings (\$)	-328,712.41	5,034,043.19	1,571,446.41	1,783,418.35	1,516,233.47	162,944.96	7,969,441.33
Ending Total Value (\$)	19,549,331.22	19,878,025.27	19,878,025.27	18,115,817.14	16,332,332.54	14,916,099.07	19,549,331.22
Return % (Net of Fees)	-1.65	7.66	8.68	10.92	10.17	1.10	6.32
COAB Target (%)	-1.09	6.04	7.71	10.45	10.48	-3.83	7.62
+6.75% (%)	2.63	6.75	6.69	6.69	6.75	6.75	6.75
S&P 500 Total Return (%)	-3.37	12.56	17.91	18.61	15.42	-0.61	12.84
BC Gov/Cr Intm (%)	2.68	1.35	-0.96	0.23	3.51	2.68	2.58
MSCI EAFE (%)	-4.65	4.96	3.25	19.65	7.05	-8.27	5.47
Russell 2500 (%)	-4.13	11.99	16.19	17.79	14.42	0.38	12.24

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 02/22/2019	% of Portfolio 02/22/2019
Cash	1,161,017.06	5.9
Equities	11,748,031.38	60.1
Fixed Income & Preferreds	5,577,876.90	28.5
Alternatives	1,062,405.87	5.4
Other	-	-
TOTAL PORTFOLIO	19,549,331.20	100.0

Total Value and % of Portfolio are based on US Dollar values.

Custom Report

Prepared on February 25, 2019 for:

CITY OF ATLANTIC BEACH POLICE

CITY OF ATLANTIC BEACH POLICE
OFFICERS RETIREMENT SYSTEM
C/O RUSSELL CAFFEY
800 SEMINOLE ROAD
ATLANTIC BCH FL 32233-5444

BRIDGES/TAYLOR
Tel: 407-849-4700

ACCOUNT(S) INCLUDED IN THIS REPORT

CITY OF ATLANTIC BEACH POLICE

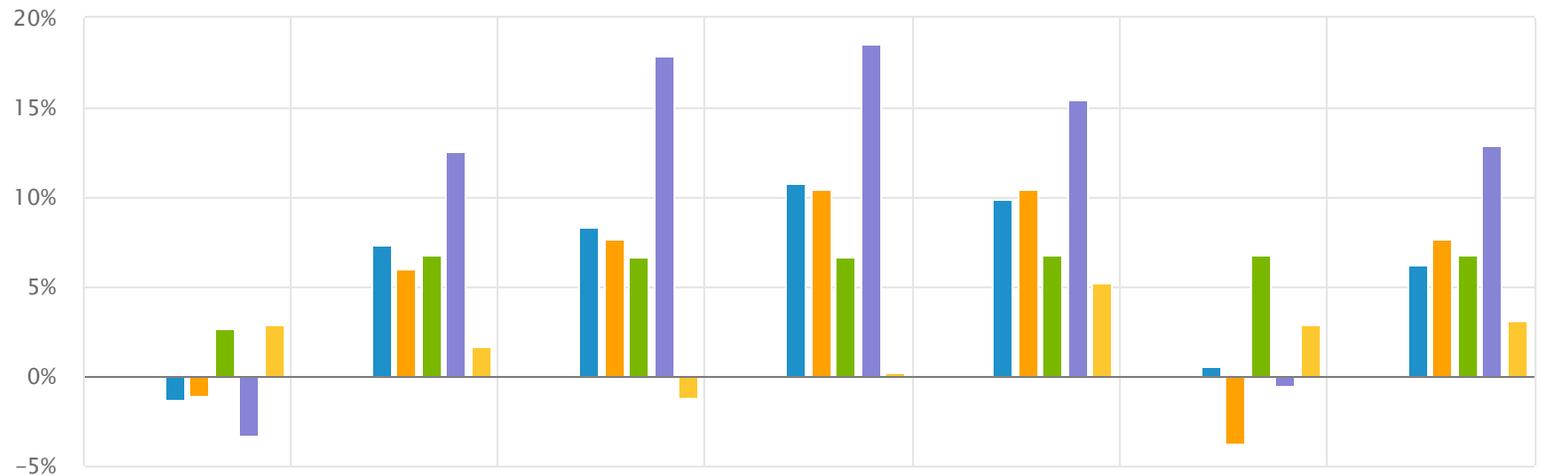
Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name	Account Type/ Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed
CITY OF ALTANTIC BEACH GENERAL	AAA	Advisory	660-XXX350	03/10/10	07/21/18
CITY OF ATLANTIC BEACH	Pioneer Fundamental Growth	Advisory	660-XXX196	10/15/13	-
	AAA	Advisory	660-XXX201	10/15/13	07/15/17
	AAA	Advisory	660-XXX210	10/15/13	07/15/17
	AAA	Brokerage	454-XXX752	11/04/15	02/23/16
CITY OF ATLANTIC BEACH POLICE	JP Morgan Equity Income	Advisory	660-XXX174	03/10/10	-
	AAA	Advisory	660-XXX331	03/10/10	-
	Boston Partners SMid Value	Advisory	660-XXX258	03/10/10	-
	Columbia Select Large Growth	Advisory	660-XXX290	03/10/10	-
	Riverbridge SMid Cap Growth	Advisory	660-XXX265	03/10/10	-
	Consulting Group Advisor	Advisory	660-XXX181	11/04/15	-
	AAA	Brokerage	454-XXX121	08/16/16	08/23/16
GENERAL EMPLOYEE RETIREMENT	AAA	Advisory	454-XXX633	03/10/10	01/27/16
POLICE EMPLOYEES' RETIREMENT	Sage Intermediate Taxable	Advisory	660-XXX035	03/10/10	-

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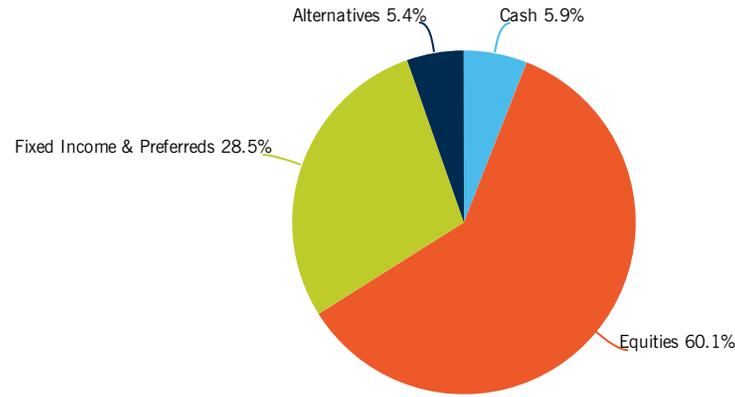
RETURN % (NET OF FEES) VS. BENCHMARKS



	FY19 YTD 09/30/18 - 02/22/19	4 YRS THRU FY18 09/30/14 - 09/30/18	FY18 09/30/17 - 09/30/18	FY17 09/30/16 - 09/30/17	FY16 09/30/15 - 09/30/16	FY15 09/30/14 - 09/30/15	Performance Inception 03/10/10 - 02/22/19
Beginning Total Value (\$)	11,362,543.16	7,897,560.94	9,870,329.37	8,728,013.59	7,939,480.40	7,897,560.94	5,848,281.36
Net Contributions/Withdrawals (\$)	7.23	873,432.39	673,373.27	200,059.12	0.00	0.00	1,049,575.44
Investment Earnings (\$)	-148,163.46	2,591,549.83	818,840.53	942,256.66	788,533.19	41,919.46	4,316,530.14
Ending Total Value (\$)	11,214,386.94	11,362,543.16	11,362,543.16	9,870,329.37	8,728,013.59	7,939,480.40	11,214,386.94
Return % (Net of Fees)	-1.30	7.31	8.30	10.79	9.90	0.53	6.27
COAB Target (%)	-1.09	6.04	7.71	10.45	10.48	-3.83	7.62
+6.75% (%)	2.63	6.75	6.69	6.69	6.75	6.75	6.75
S&P 500 Total Return (%)	-3.37	12.56	17.91	18.61	15.42	-0.61	12.84
Barclays Aggregate (%)	2.86	1.72	-1.22	0.07	5.19	2.94	3.14
MSCI AC World Net (%)	-3.26	8.02	9.77	18.65	11.95	-6.66	8.16
Russell 2500 (%)	-4.13	11.99	16.19	17.79	14.42	0.38	12.24

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 02/22/2019	% of Portfolio 02/22/2019
Cash	666,398.17	5.9
Equities	6,743,753.67	60.1
Fixed Income & Preferreds	3,201,558.49	28.5
Alternatives	602,676.58	5.4
Other	-	-
TOTAL PORTFOLIO	11,214,386.92	100.0

Total Value and % of Portfolio are based on US Dollar values.

DISCLOSURES

Explanatory Notes and Disclosures: This document is designed to assist you and your Financial Advisor in understanding portfolio positions, composition and subsets thereof. It is designed solely for your individual use, is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Do not take action relying on this information without confirming its accuracy and completeness. Please read carefully all accompanying notes and disclosures provided in this Document.

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Important Information About Auction Rate Securities: For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-". There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

Important Pricing Information: Prices of securities not actively traded may not be available, and are indicated by a dash "-".

Timing of Feeds - FX Market: The FX market rate used to convert non-US Dollar values to US Dollars is as of the previous business day's close. For the current FX rates, please contact your Financial Advisor.

Asset Classification: We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain characteristics of more than one asset class, allocations may be under or over inclusive. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes. In addition, the Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

Morgan Stanley Wealth Management: Morgan Stanley Wealth Management (custodian type "Morgan Stanley Wealth Management") is a registered trade name of Morgan Stanley Smith Barney LLC.

Timing of Feeds: Account and Position data for Morgan Stanley & Co. and External Accounts is obtained from sources that we believe to be reliable. However, Morgan Stanley Wealth management does not guarantee its accuracy or timeliness as such information may be incomplete, condensed, or based on differing points of time. Please refer to the "Last Update Date" for information regarding when the data was last refreshed. You should not take any action relying upon this information without confirming its accuracy and completeness.

External Accounts: "External" generally refers to accounts, assets, and/or liabilities that you hold with other financial institutions and/or which may be custodied outside of Morgan Stanley (whose subsidiaries include Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.) ("External Accounts"). External Accounts are not under administration or management at Morgan Stanley and are not

reflected in your Morgan Stanley account statements. Information related to External Accounts is provided solely as a service to you and your Financial Advisor/Private Wealth Advisor. The information reference is based upon information provided by external sources which we believe to be reliable. However, we do not independently verify this information. As such, we do not warrant or guarantee that such information is accurate or timely, and any such information may be incomplete or condensed.

Information related to Income, Performance, Tax Lots, Total Cost, Target Asset Allocation, Asset Classification and Gain/Loss may differ from the information provided by your custodian. External information presented herein is subject to, and does not supersede, the confirmations and account statements provided by your custodian. Values shown in an account statement from your custodian may differ from the values shown here due to, among other things, different reporting methods, delays, market conditions and interruptions. If there are discrepancies between your custodian's official account statement and this material, rely on the custodian's official account statement. We are not obligated to notify you or your Financial Advisor/Private Wealth Advisor if information changes. In performance calculations, the inception date referenced will reflect the first date on which Morgan Stanley received account information from the custodian. If information on an External Account cannot be reported, it will be noted.

Assets not custodied with Morgan Stanley are not covered by SIPC protection at Morgan Stanley or by additional protection under Morgan Stanley's excess insurance coverage plans. However, these assets may be subject to SIPC coverage at the entity at which they are custodied.

Morgan Stanley & Co.: Morgan Stanley & Co. LLC ("Morgan Stanley & Co.") is an affiliate of Morgan Stanley Smith Barney LLC ("Morgan Stanley Wealth Management") and both are subsidiaries of Morgan Stanley, the financial holding company. Morgan Stanley & Co. values shown on your Morgan Stanley Wealth Management statement may differ from the values shown in your official Morgan Stanley & Co. statement due to, among other things, different reporting methods, delays, market conditions and interruptions. The information shown is approximate and subject to updating, correction and other changes. Information being reported by Morgan Stanley Wealth Management on assets held by other custodians, which are related to Income, Performance, Tax Lots, Total Cost, Target Asset Allocation, Asset Classification and Gain/Loss may differ from that information provided by the custodian. In performance calculations, the inception date will align with the first date on which Morgan Stanley Wealth Management received account information from the custodian. If there are discrepancies between your official Morgan Stanley & Co. account statement and your Morgan Stanley Wealth Management supplemental client report, rely on the official Morgan Stanley & Co. account statement.

Manually Added assets: "Manually Added" generally refers to accounts, assets, and/or liabilities, as applicable, that you hold with other financial institutions and/or which may be custodied outside of Morgan Stanley (whose subsidiaries include Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.) ("Manually Added External Accounts"). The Manually Added External Accounts referenced are generally not held with Morgan Stanley and are not under administration or management at Morgan Stanley. Information about such Manually Added External Accounts is manually inputted, updated and maintained solely by you and/or your Financial Advisor/Private Wealth Advisor. Morgan Stanley may include information about these Manually Added External Accounts solely as a service to you and your Financial Advisor/Private Wealth Advisor. We do not independently verify any information related to your Manually Added External Accounts. As such, we do not warrant or guarantee that such information is accurate or timely, and any such information may be incomplete or condensed. Valuations and other information about these assets may be provided by you and/or your Financial Advisor/Private Wealth Advisor and are generally based upon estimates. The information is used for position, asset allocation, and product allocation reporting purposes but is not, however, reflected in your Morgan Stanley account statements. Income values, including Estimated Annual Income and Projected Income, are not calculated for Manually Added External Accounts. The information being reported by Morgan Stanley on Manually Added External Accounts related to Performance, Tax Lots, Total Cost, Target Asset Allocation, Asset Classification and Gain/Loss may differ from the information provided to you by the custodian of those assets. If there are discrepancies between your custodian's official account statement and this material, rely on the custodian's official account statement. The inception date referenced in this view will reflect the date on which information about the Manually Added External Accounts was input by you and/or your Financial Advisor/Private Wealth Advisor. If information on a Manually Added asset cannot be reported, it will be noted.

Assets not custodied with Morgan Stanley are not covered by SIPC protection at Morgan Stanley or by additional protection under Morgan Stanley's excess insurance coverage plans. However, these assets may be subject to SIPC coverage at the entity at which they are custodied.

Performance: Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up-to-date performance information. Past performance is not a guarantee of future results.

Market values used for performance calculation do not include Performance Ineligible Assets and thus may differ from asset allocation market values. Common examples of Performance Ineligible Assets include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

Unless otherwise indicated, performance is an aggregated composite calculation of the entire portfolio and may include brokerage and investment advisory accounts as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

For Morgan Stanley Smith Barney LLC accounts, performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Financial Advisor can provide you with individual account portfolio composition and performance information. For investment advisory accounts, please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure and any applicable brokerage commission and/or fee schedule for a full disclosure of fees and expenses. Your Financial Advisor will provide those documents to you upon request. For brokerage accounts, please speak to your Financial Advisor for more information on commissions and other account fees and expenses.

Performance inception date does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Financial Advisor for the performance inception date for each account.

Indices: Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

Additional information about your Alternative Investments: Your interests in Alternative Investments, which may have been purchased through us, are generally not held here, and are generally not covered by SIPC. The information provided to you: 1) is included as a service to you, and certain transactions may not be reported; 2) is derived from you or another external source for which we are not responsible, and may have been modified to take into consideration capital calls or distributions to the extent applicable; 3) may not reflect actual shares, share prices, or values; 4) may include invested or distributed amounts in addition to a fair value estimate; and 5) should not be relied upon for tax reporting purposes. Notwithstanding the foregoing, 1) to the extent this report displays Alternative Investment positions within a Morgan Stanley Individual Retirement Account ("IRA"), such positions are held by Morgan Stanley Smith Barney LLC as the custodian of your Morgan Stanley IRA; and 2) if your Alternative Investment position(s) is held by us and is registered pursuant to the Securities Act of 1933, as amended, your Alternative Investment position(s) is covered by SIPC.

Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy vehicles. Traditional alternative investment vehicles may include, but are not limited to, Hedge Funds, Fund of Funds (both registered and unregistered), Exchange Funds, Private Equity Funds, Private Credit Funds, Real Estate Funds, and Managed Futures Funds. Non-traditional alternative strategy vehicles may include, but are not limited to, Open or Closed End Mutual Funds, Exchange-Traded and Closed-End Funds, Unit Investment Trusts, exchange listed Real Estate Investment Trusts (REITs), and Master Limited Partnerships (MLPs). These non-traditional alternative strategy vehicles also seek alternative-like exposure but have significant differences from traditional alternative investment vehicles. Non-traditional alternative strategy vehicles may behave like, have characteristics of, or employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Characteristics such as correlation to traditional markets, investment strategy, and market sector exposure can play a role in the classification of a traditional security being classified as alternative.

Traditional alternative investment vehicles are illiquid and usually are not valued daily. The estimated valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding. Morgan Stanley does not engage in an independent valuation of your alternative investment assets. Morgan Stanley provides periodic information to you including the market value of an alternative investment vehicle based on information received from the management entity of the alternative investment vehicle or another service provider.

It is important to note in this report that Morgan Stanley makes a distinction between Alternative Investment products, and products classified as Alternatives by their asset class. Morgan Stanley categorizes traditional and non-traditional alternative investment vehicles under the category "Alternatives" in asset classification based view. For product based views, traditional alternative investments vehicles are classified under the category "Other"; this differs from your official Morgan Stanley account statement, which categorizes traditional alternative investment vehicles such as Hedge Funds under the category "Alternative Investments". Non-traditional alternative strategy vehicles are classified based on their investment type, such as Mutual Fund or Exchange-Traded Funds within both this report and your Morgan Stanley account statement.

Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and

CITY OF ATLANTIC BEACH

Prepared on February 25, 2019 | Reporting Currency: USD

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GENERAL DEFINITIONS

Dollar-Weighted Return (Internal Rate of Return): A return calculation that measures the actual performance of a portfolio over the reporting period. Since dollar weighted returns include the impact of client contributions and withdrawals, they should not be compared to market indices or used to evaluate the performance of a manager, but can be used to evaluate progress toward investment goals.

Investment Earnings: A combination of the income received and total portfolio value increase or decrease, excluding net contributions and withdrawals, over the reporting period.

Net Contributions/Withdrawals: The net value of cash and securities contributed to or withdrawn from the account(s) during the reporting period. Net contributions and withdrawals may include advisory fees for advisory accounts.

Net of Fees: Performance results depicted as "net" of fees shall mean that any wrap fee, investment management fees, trade commissions, and/or other account fees have been deducted. Any other fees or expenses associated with the account, such as third party custodian fees, may not have been deducted. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Time-Weighted Return: A return calculation that measures the investment performance of a portfolio over the reporting period. Time weighted returns do not include the impact of client contributions and withdrawals and therefore, may not reflect the actual rate of return the client received. Time weighted returns isolate investment actions and can be compared to benchmarks and used to evaluate the performance of a manager.

Total Value: "Total Value" represents the Market Value of the portfolio or Asset Class referenced and includes the accrual of interest and dividends. Total Value in the Asset Allocation view prior to January 2014 does not reflect the accrual of interest and dividends. Total Value for Morgan Stanley & Co. and External accounts also does not include accrued interest and dividends.

BENCHMARK DEFINITIONS

COAB Target: The current allocation is comprised of 6.00% Alerian MLP TR, 30.00% Barclays Aggregate, 15.00% MSCI ACWI Ex USA NR USD, 6.00% FTSE Treasury Bill 3 Month, 10.00% Russell 2500, 33.00% S&P 500 Total Return.

MSCI AC World Net: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

FTSE Treasury Bill 3 Month: Equal dollar amounts of three-month Treasury bills are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value. The yield curve average is the basis for calculating the return on the index. The index is rebalanced monthly by market capitalization. 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 2500: The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index.

MSCI ACWI Ex USA NR USD: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging

CITY OF ATLANTIC BEACH

Prepared on February 25, 2019 | Reporting Currency: USD

markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates (as of June 2014). This index is excluding the United States. Performance is showing net withholding tax. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. For historical purposes the AC World ex US Gross returns are being used from 1/29/1988 - 1/1/2001 and the net returns begin as of 1/1/2001.

Alerian MLP TR: The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis (NYSE: AMZ), and the corresponding total-return index is disseminated daily through ticker AMZX. Relevant data points such as dividend yield are also published daily.

S&P 500 Total Return: 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 \$5.58 trillion benchmarked, with index assets comprising approximately \$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.

BC Gov 1-3 Yr: The Barclays 1-3 Year Government Bond Index is composed of government bonds with maturities between one and three years.

BC Gov/Cr Intm: The Barclays Government/Credit Bond Index contains bonds that are investment grade and that have at least one year to maturity. 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.

Barclays Aggregate: The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).



Disclosures

General Risks of Investing:

You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested.

Asset allocation, diversification and rebalancing do not assure a profit or protect against loss. There may be a potential tax implication with a rebalancing strategy. Please consult your tax advisor before implementing such a strategy.

Non diversification is attributed to a portfolio that holds a concentrated or limited number of securities; a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and growth investing also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.



Disclosures

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The investments listed may not be suitable for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment will depend upon an investor’s individual circumstances and objectives.

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Award Disclosures

Source: Barron's "Ranking the Institutional Consultants," (April 2018). The teams in the ranking were evaluated on a range of criteria, including institutional investment assets overseen by the team, the revenue generated by those assets, the number of clients served by the team, and the number of team members and their regulatory records. Also considered were the advanced professional designations and accomplishments represented on the team. The rating is not indicative of the Institutional Consultant's past or future performance. Neither Morgan Stanley Smith Barney LLC nor its Institutional Consultants pay a fee to Barron's in exchange for the rating. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved.

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Source: Forbes.com (February 2018). Best-in-State Wealth Advisors ranking was developed by SHOOK Research and is based on in-person and telephone due diligence meetings and a ranking algorithm that includes: client retention, industry experience, review of compliance records, firm nominations; and quantitative criteria, including: assets under management and revenue generated for their firms. Investment performance is not a criterion. Rankings are based on the opinions of SHOOK Research, LLC and are not indicative of future performance or representative of any one client's experience. Neither Morgan Stanley Smith Barney LLC nor its Financial Advisors or Private Wealth Advisors pay a fee to Forbes or SHOOK Research in exchange for the ranking. For more information: www.SHOOKresearch.com.

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