

MEMORANDUM

TO: VSCS Finance & Facilities Committee
M. Jerome Diamond
J. Churchill Hindes, Chair
Bill Lippert
Christopher Macfarlane, Vice Chair
Linda Milne
Michael Pieciak
David Silverman

FROM: Steve Wisloski



DATE: August 23, 2018

SUBJ: Finance & Facilities Committee Meeting on August 29, 2018

The Finance and Facilities Committee of the Board of Trustees is scheduled to meet from 12:45 p.m. to 3:00 p.m. in Conference Room 101 of the Chancellor's Office in Montpelier. Committee members are also invited to attend the Education, Personnel and Student Life (EPSL) Committee's meeting and working lunch commencing at 12 noon, and lunch otherwise will be available at 12:45 p.m.

The meeting will convene as a joint executive session with the EPSL Committee to receive an update on negotiations with the Faculty Federation, and other matters appropriate to an executive session if needed.

The balance of the agenda will include an update regarding governmental outreach, a review of FY2018 preliminary results and discussion of initial carry-over requests; an update on Fall 2018 admissions and enrollments, and any anticipated changes to FY2019 budgetary outlooks; a discussion of proposed amendments to Policy 403, Annual Operating Budget, primarily with respect to changing the allocations of the State appropriation and Chancellor's Office expenses; a proposal to add a brief Committee meeting at the Board of Trustees Retreat at Lake Morey in September; and updates regarding both capital projects and investments.

Should you have any questions regarding these materials or any other matter, please contact me at stephen.wisloski@vsc.edu or (802) 224-3022. Thank you.

Attachments:

1. Consent agenda
2. FY2018 preliminary financial results
3. Admissions as of August 15 and enrollments as of August 22
4. Proposed amendments to Policy 403, Annual Operating Budget
5. Capital projects update
6. Cash and investments report
7. Morgan Stanley endowment report
8. FY2019 Finance & Facilities Committee meetings schedule

cc: VSC Board of Trustees, Council of Presidents and Business Affairs Council
Lisa Cline, President, VSC Faculty Federation
David Beatty, Vermont Department of Finance & Management
The Honorable Douglas Hoffer, Vermont State Auditor

**Vermont State Colleges Board of Trustees
Finance and Facilities Committee Meeting
August 29, 2018**

AGENDA

1. Call to order
2. Joint Executive Session with Education, Policy and Student Life (EPSL) Committee
3. Consent agenda and approvals:
 - a. Minutes of June 21, 2018 meeting
 - b. Karii Cloud Memorial Scholarship Endowment
4. Governmental affairs update
5. Review preliminary FY2018 financial results, discuss carry-over requests
6. Fall 2018 admissions and enrollment update
7. Discuss State appropriation and Chancellor's Office expense reallocation and related changes to Policy 403, Annual Operating Budget
8. Discuss convening a brief Committee meeting on September 26
9. Capital projects update
10. Cash, investments and endowment update
11. Other business
12. Public comment
13. Adjourn

MEETING MATERIALS

1. Consent agenda
2. FY2018 preliminary financial results
3. Admissions as of August 15 and enrollments as of August 22
4. Proposed amendments to Policy 403, Annual Operating Budget
5. Capital projects update
6. Cash and investments report
7. Morgan Stanley endowment report
8. FY2019 Finance & Facilities Committee meetings schedule

Attachment 1: Consent Agenda

**Minutes of the VSC Board of Trustees Finance and Facilities Committee held Thursday,
June 21, 2018 at Northern Vermont University – Lyndon, Lyndonville, VT -
UNAPPROVED**

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Thursday June 21, 2018 at the Northern Vermont University – Lyndon Campus

Committee members present: Churchill Hindes (Chair), Chris Macfarlane, David Silverman, Jerry Diamond, Bill Lippert, Mike Pieciak (via phone at 11am)

Absent: Linda Milne

Other Trustees present: Dylan Giambatista, Karen Luneau, Jesse Streeter

Presidents: Joyce Judy, Karen Scolforo, Pat Moulton, Elaine Collins

Chancellor's Office Staff: Jeb Spaulding, Chancellor
Steve Wisloski, Chief Financial Officer
Sheilah Evans, System Controller/Senior Director of Financial Operations
Tricia Coates, Director of External & Governmental Affairs
Todd Daloz, Associate General Counsel
Yasmine Ziesler, Chief Academic Officer
Jen Porrier, Administrative Director
Sophie Zdatny, General Counsel

From the Colleges: Laura Jakubowski, Chief Budget & Finance Officer, Castleton University
Sharron Scott, Dean of Administration, Johnson State College
Lit Tyler, Dean of Administration, Vermont Technical College
Maurice Ouimet, Dean of Enrollment, Castleton University
Andy Pallito, Dean of Administration, Community College of Vermont
Tim Lewis, Professor, EJA, Northern Vermont University
Michael Stevens, Facilities Director, Northern Vermont University
Kelly Harris, Maintenance, Northern Vermont University

1. Chair Hinds called the meeting to order at 10:33 a.m.
2. Consent agenda and approvals:
 - a. Minutes of May 30, 2018 meeting
 - b. Annual Banking and Investments Resolution
 - c. Vermont Technical College grant proposal

Trustee Diamond moved and Trustee Macfarlane seconded the approval of the consent agenda. The agenda was approved unanimously.

3. Executive session

Trustee Diamond moved the Finance and Facilities Committee of the VSC Board of Trustees enter executive session, pursuant to 1 V.S.A. § 313(a)(2) to discuss negotiating or securing real estate purchase or lease options. Trustee Macfarlane seconded. The motion was unanimously adopted. The Board invited the Chancellor, members of the Council of Presidents, the VSCS Chief Financial Officer, the General Counsel, the Associate General Counsel, and the Dean of Administration for Vermont Technical College to join the executive session. The Committee returned from executive session at 11:07 a.m. and took no action in open session.

4. Admissions and enrollment update (materials provided at meeting)

Mr. Wisloski gave a presentation on the enrollment summary and admissions comparison. Trustee Lippert inquired about opportunities for Castleton University to work with the College of St. Joseph. President Scolforo responded that they have been working very closely with the College of St. Joseph through transcript evaluations and other avenues.

5. Review of Policy 433, Debt Management Policy

Mr. Wisloski reviewed the policy, including procedures and management, and noted that, due to the way the System's outstanding capital debt was restructured last year, annual debt service on a total portfolio basis will not be "level or declining over time" through FY 2022, as required by Policy 433. Trustee Diamond asked whether a waiver was required and Mr. Wisloski indicated he would research this and report back at the next meeting.

6. Discussion of FY2019 Committee meeting topics

Mr. Wisloski outlined the schedule of topics for FY2019 and solicited thoughts on special topics of interest. Mr. Wisloski reviewed FY2018 topics and what has been accomplished.

7. Other business

There was no other business.

8. Public comment

There were no public comments.

9. Adjourn

Chair Hindes adjourned the meeting at 11:34 a.m.



NorthernVermont.edu

Office of the President

July 26, 2018

Jeb Spaulding, Chancellor
Vermont State Colleges System
P.O. Box 7
Montpelier, VT 05602

Dear Chancellor Spaulding,

I am pleased to send you the New Funding Source Document for establishing a new endowment at Northern Vermont University-Johnson.

Gifts totaling \$10,000 from family and friends of Karii Cloud, Class of 2011, will be used to establish the endowment, which will fund an annual scholarship. Karii was a person of many talents: a gifted and talented actress, an accomplished guitar player, an award-winning potter, an avid trick skier, and a tenacious member of the rugby club. Karii passed away in November 2014, at the age of 25.

This scholarship will be awarded to a returning undergraduate student who meets the following eligibility requirements:

1. Recipient must identify as transgender and address this subject in their application essay.
2. Recipient must be enrolled at Northern Vermont University with preference given to students enrolled on the Johnson campus.
3. Preference will be given to students who demonstrate Karii's inquisitive curiosity and spirit of adventure.
4. Financial need and GPA will not be considerations when awarding this scholarship.

We look forward to the Vermont State Colleges Board of Trustees' approval for the establishment of this new endowment.

Sincerely,

A handwritten signature in blue ink that reads "Elaine C. Collins".

Elaine C. Collins, Ph.D.
President

Attachments: Funding Source C document

APPENDIX C

- NEW FUNDING SOURCE DOCUMENT - ENDOWMENTS ONLY

Johnson State College

(College Name)

Submit to Chancellor's Office for all activities based upon a new funding source.
Place copy in front of any applicable master file.

1) <u>Name of endowment:</u> (type in all CAP'S) KARII CLOUD MEMORIAL SCHOLARSHIP ENDOWMENT		
2) <u>Granting agency/donor/other funding source:</u> (attach support info) Family and Friends		
3) <u>Purpose of endowment:</u> (attach support information) To fund the Karri Cloud Memorial Scholarship to be awarded annually to a student who identifies as transgender		
4) <u>Proper accounting fund:</u> <input checked="" type="checkbox"/> Regular Endowment <input type="checkbox"/> Term Endowment		
5) <u>General Ledger Activity Code(s):</u> (as proposed or assigned) 033-34697		
6a) <u>Date Endowment Reach Endowment Status:</u> 5/4/2018		
7) <u>Reporting requirements:</u> (format/to whom/frequency/other) None.		
8a) <u>Funding amount:</u> \$10,000	8b) <input checked="" type="checkbox"/> One-time - OR <input type="checkbox"/> Ongoing funding (indicate timeframe:)	
9a) <u>Is principal use allowed:</u> (w/Board OK?)	NO	9b) <u>If yes, is replenishment of principal allowed or required:</u>
10) <u>If investment proceeds generated, indicate intended disposition:</u> <input checked="" type="checkbox"/> Per Board Approved Spending Procedure <input type="checkbox"/> Fully expend for program as prescribed <input type="checkbox"/> Increase principal for inflation and expend remainder <input type="checkbox"/> Fully apply to increasing principal <input type="checkbox"/> Other (describe:)		
11) <u>President:</u> Dr. Elaine C. Collins <i>Elaine C Collins</i>	12) <u>Date to Ch's Ofc:</u>	13) <u>Date Board Approved:</u>

Attachment 2:
FY2018 preliminary financial results

Unrestricted Revenues and Expenses
FY2018 Budget Outlook as of June 30, 2018
Vermont State Colleges System
(Amounts rounded to \$1,000)

EXECUTIVE SUMMARY

	FY2018 <u>Budget</u>	Outlook as of <u>30-Jun</u>	June 30 vs. <u>Budget</u>	Var > ±3%
REVENUES				
Castleton University	49,194	48,974	(220)	
Community College of Vermont	27,860	28,911	1,051	*
Northern Vermont University	57,962	56,143	(1,819)	*
Vermont Technical College	37,833	37,138	(695)	
Chancellor's Office	250	250	-	
TOTAL REVENUES	173,099	171,416	(1,683)	
EXPENSES				
Castleton University	49,710	48,425	(1,285)	
Community College of Vermont	26,950	27,998	1,048	*
Northern Vermont University	59,069	55,158	(3,911)	*
Vermont Technical College	37,153	37,240	87	
Chancellor's Office	250	816	566	
TOTAL EXPENSES	173,132	169,637	(3,495)	
NET REVENUES/(DEFICIT)				
Castleton University	(516)	549	1,065	*
Community College of Vermont	910	913	3	
Northern Vermont University	(1,107)	985	2,092	*
Vermont Technical College	680	(102)	(782)	*
Chancellor's Office	-	(566)	(566)	
NET REVENUES/(DEFICIT)	(33)	1,779	1,812	*
	0.0%	1.0%		

Vermont State Colleges

August 29, 2018

VSC CONSOLIDATED

For the Year Ending June 30, 2018

Budget vs Actual Report

(Amounts rounded to 1,000's)

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	110,701	-	110,701	111,662	(961)		112,047	(1,346)
State Appropriations	28,939	-	28,939	28,934	5		25,938	3,001
Room & Board	23,739	-	23,739	24,894	(1,155)	*	24,533	(794)
Sales and Services	4,656	-	4,656	4,936	(280)	*	5,262	(606)
Gifts	1,294	-	1,294	1,413	(119)	*	1,582	(288)
Other Revenue	2,087	-	2,087	1,260	827	*	1,889	198
TOTAL REVENUES	171,416	-	171,416	173,099	(1,683)		171,251	165
EXPENSES								
Employee Wages and Benefits	111,893	-	111,893	114,041	2,148		113,192	1,299
Services, Supplies and Travel	35,089	-	35,089	35,120	31		35,976	887
Scholarships and Fellowships	12,648	-	12,648	11,748	(900)	*	10,881	(1,767)
Utilities	5,800	-	5,800	6,464	664	*	5,475	(325)
Other Expenses	-	-	-	437	437	*	-	-
Debt Service	8,217	-	8,217	8,217	-		10,849	2,632
Chancellor's Office	-	-	-	-	-		-	-
Other Transfers	(4,010)	-	(4,010)	(2,895)	1,115	*	(1,825)	2,185
TOTAL EXPENSES	169,637	-	169,637	173,132	3,495		174,548	4,911
NET REVENUES	1,779	-	1,779	(33)	1,812		(3,297)	5,076
NON-RECURRING ITEMS								
Carry-Forward	190	-	523	28			353	
Strategic Reserve	(549)	-	961	268			766	
All Other	(1,420)	-	(3,263)	(263)			2,178	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Castleton University
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

			Total Board		Projection		Variance	
	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Approved Budget 2018	vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	30,794		30,794	30,535	259		30,850	(56)
State Appropriations	5,464		5,464	5,464	-		4,915	549
Room & Board	9,944		9,944	10,355	(411) *		10,310	(366)
Sales and Services	1,539		1,539	1,500	39		2,019	(480)
Gifts	638		638	900	(262) *		704	(66)
Other Revenue	595		595	440	155 *		452	143
TOTAL REVENUES	48,974	-	48,974	49,194	(220)		49,250	(276)
EXPENSES								
Employee Wages and Benefits	29,385		29,385	29,970	585		30,170	785
Services, Supplies and Travel	8,912		8,912	8,615	(297) *		9,503	591
Scholarships and Fellowships	5,492		5,492	5,125	(367) *		4,438	(1,054)
Utilities	1,916		1,916	2,028	112 *		1,688	(228)
Other Expenses	-		-	-	-		-	-
Debt Service	3,032		3,032	3,032	-		4,107	1,075
Chancellor's Office	1,480		1,480	1,480	-		1,420	(60)
Other Transfers	(1,792)		(1,792)	(540)	1,252 *		(54)	1,738
TOTAL EXPENSES	48,425	-	48,425	49,710	1,285		51,272	2,847
NET REVENUES	549	-	549	(516)	1,065		(2,022)	2,571
NON-RECURRING ITEMS								
Carry-Forward								
Strategic Reserve	(549)		-	116			766	
All Other	-	-	(549)	400			1,256	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Community College of Vermont
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	23,019	-	23,019	22,044	975	*	23,278	(259)
State Appropriations	5,465	-	5,465	5,465	-		4,915	550
Room & Board	-	-	-	-	-		-	-
Sales and Services	11	-	11	200	(189)	*	22	(11)
Gifts	101	-	101	50	51	*	25	76
Other Revenue	315	-	315	101	214	*	166	149
TOTAL REVENUES	28,911	-	28,911	27,860	1,051		28,406	505
EXPENSES								
Employee Wages and Benefits	21,925	-	21,925	20,881	(1,044)	*	21,902	(23)
Services, Supplies and Travel	4,541	-	4,541	3,766	(775)	*	4,618	77
Scholarships and Fellowships	223	-	223	150	(73)	*	184	(39)
Utilities	333	-	333	280	(53)	*	324	(9)
Other Expenses	-	-	-	187	187	*	-	-
Debt Service	1,276	-	1,276	1,276	-		1,941	665
Chancellor's Office	1,480	-	1,480	1,480	-		1,420	(60)
Other Transfers	(1,780)	-	(1,780)	(1,070)	710	*	(1,334)	446
TOTAL EXPENSES	27,998	-	27,998	26,950	(1,048)		29,055	1,057
NET REVENUES	913	-	913	910	3		(649)	1,562
NON-RECURRING ITEMS								
Carry-Forward	190	-	123	28			353	
Strategic Reserve	-	-	-	-				
All Other	(1,103)	-	(1,036)	(938)			296	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Johnson State College
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	17,336		17,336	18,022	(686)	*	17,538	(202)
State Appropriations	5,465		5,465	5,465	-		4,915	550
Room & Board	4,779		4,779	5,048	(269)	*	4,935	(156)
Sales and Services	552		552	496	56	*	472	80
Gifts	264		264	224	40	*	276	(12)
Other Revenue	248		248	178	70	*	288	(40)
TOTAL REVENUES	28,644	-	28,644	29,433	(789)		28,424	220
EXPENSES								
Employee Wages and Benefits	17,146		17,146	18,007	861	*	17,471	325
Services, Supplies and Travel	4,589		4,589	4,999	410	*	4,603	14
Scholarships and Fellowships	2,592		2,592	2,969	377	*	2,813	221
Utilities	1,252		1,252	1,473	221	*	1,292	40
Other Expenses	-		-	-	-		-	-
Debt Service	1,059		1,059	1,059	-		1,329	270
Chancellor's Office	1,480		1,480	1,480	-		1,420	(60)
Other Transfers	(216)		(216)	(7)	209	*	224	440
TOTAL EXPENSES	27,902	-	27,902	29,980	2,078		29,152	1,250
NET REVENUES	742	-	742	(547)	1,289		(728)	1,470
NON-RECURRING ITEMS								
Carry-Forward			-	-				
Strategic Reserve			104	272				
All Other	(742)	-	(846)	275			728	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
LyndonState College
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	15,622		15,622	16,253	(631)	*	16,786	(1,164)
State Appropriations	5,465		5,465	5,465	-		4,915	550
Room & Board	4,994		4,994	5,690	(696)	*	5,415	(421)
Sales and Services	869		869	838	31	*	893	(24)
Gifts	155		155	139	16	*	212	(57)
Other Revenue	394		394	144	250	*	356	38
TOTAL REVENUES	27,499	-	27,499	28,529	(1,030)		28,577	(1,078)
EXPENSES								
Employee Wages and Benefits	15,970		15,970	16,584	614	*	16,372	402
Services, Supplies and Travel	5,267		5,267	6,353	1,086	*	5,996	729
Scholarships and Fellowships	2,713		2,713	2,406	(307)	*	2,256	(457)
Utilities	928		928	1,325	397	*	966	38
Other Expenses	-		-	-	-		-	-
Debt Service	1,334		1,334	1,334	-		1,731	397
Chancellor's Office	1,480		1,480	1,480	-		1,420	(60)
Other Transfers	(436)		(436)	(393)	43	*	40	476
TOTAL EXPENSES	27,256	-	27,256	29,089	1,833		28,781	1,525
NET REVENUES	243	-	243	(560)	803		(204)	447
NON-RECURRING ITEMS								
Carry-Forward	-		-	-				
Strategic Reserve	-		857	560				
All Other	(243)	-	(1,100)	-			204	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Vermont Technical College
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	23,930		23,930	24,808	(878)	*	23,595	335
State Appropriations	6,402		6,402	6,397	5		5,850	552
Room & Board	4,022		4,022	3,801	221	*	3,873	149
Sales and Services	1,181		1,181	1,178	3		1,224	(43)
Gifts	136		136	100	36	*	365	(229)
Other Revenue	527		527	397	130	*	619	(92)
TOTAL REVENUES	36,198	-	36,198	36,681	(483)		35,526	672
EXPENSES								
Employee Wages and Benefits	22,455		22,455	23,356	901	*	22,145	(310)
Services, Supplies and Travel	7,328		7,328	7,646	318	*	7,505	177
Scholarships and Fellowships	1,628		1,628	1,098	(530)	*	1,190	(438)
Utilities	1,334		1,334	1,295	(39)	*	1,132	(202)
Other Expenses	-		-	-	-		-	-
Debt Service	1,516		1,516	1,516	-		1,741	225
Chancellor's Office	1,480		1,480	1,480	-		1,420	(60)
Other Transfers	536		536	(390)	(926)	*	(827)	(1,363)
TOTAL EXPENSES	36,277	-	36,277	36,001	(276)		34,306	(1,971)
NET REVENUES	(79)	-	(79)	680	(759)		1,220	(1,299)
NON-RECURRING ITEMS								
Carry-Forward			400					
Strategic Reserve			-	(680)				
All Other	79	-	(321)	-			(1,220)	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
VTC_Workforce Development
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees			-	-	-		-	-
State Appropriations	428		428	428	-		428	-
Room & Board			-	-	-		-	-
Sales and Services	504		504	724	(220) *		632	(128)
Gifts	-		-	-	-		-	-
Other Revenue	8		8	-	8		7	1
TOTAL REVENUES	940	-	940	1,152	(212)		1,067	(127)
EXPENSES								
Employee Wages and Benefits	827		827	976	149 *		903	76
Services, Supplies and Travel	458		458	671	213 *		618	160
Scholarships and Fellowships	-		-	-	-		-	-
Utilities	-		-	-	-		-	-
Other Expenses	-		-	-	-		-	-
Debt Service	-		-	-	-		-	-
Chancellor's Office	-		-	-	-		-	-
Other Transfers	(322)		(322)	(495)	(173) *		(591)	(269)
TOTAL EXPENSES	963	-	963	1,152	189		930	(33)
NET REVENUES	(23)	-	(23)	-	(23)		137	(160)
NON-RECURRING ITEMS								
Carry-Forward			-					
Strategic Reserve			-					
All Other	23	-	23	-			(137)	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Office of the Chancellor
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees			-	-	-		-	-
State Appropriations	250		250	250	-		-	250
Room & Board			-	-	-		-	-
Sales and Services			-	-	-		-	-
Gifts	-		-	-	-		-	-
Other Revenue	-		-	-	-		-	-
TOTAL REVENUES	250	-	250	250	-		-	250
EXPENSES								
Employee Wages and Benefits	4,185		4,185	4,267	82		4,169	(16)
Services, Supplies and Travel	3,994		3,994	3,070	(924) *		3,131	(863)
Scholarships and Fellowships				-	-		-	-
Utilities	37		37	63	26 *		73	36
Other Expenses			-	250	250 *		-	-
Debt Service	-		-	-	-		-	-
Chancellor's Office	(7,400)		(7,400)	(7,400)	-		(7,100)	300
Other Transfers			-	-	-		-	-
TOTAL EXPENSES	816	-	816	250	(566)		273	(543)
NET REVENUES	(566)	-	(566)	-	(566)		(273)	(293)
NON-RECURRING ITEMS								
Carry-Forward			-					
Strategic Reserve			-					
All Other	566	-	566	-			273	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
Northern Vermont University (Informational Only)
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

August 29, 2018

	Actual thru June 2018	Projected Balance of 2018	Projected Total Year 2018	Total Board Approved Budget 2018	Projection vs Budget Variance Fav/(Unfav)	Var > 3%	Total Year 2017 Actual	Variance FY17 Actual to Projected FY18 Fav/(Unfav)
REVENUES								
Tuition and Fees	32,958	-	32,958	34,275	(1,317)	*	34,324	(1,366)
State Appropriations	10,930	-	10,930	10,930	-		9,830	1,100
Room & Board	9,773	-	9,773	10,738	(965)	*	10,350	(577)
Sales and Services	1,421	-	1,421	1,334	87	*	1,365	56
Gifts	419	-	419	363	56	*	488	(69)
Other Revenue	642	-	642	322	320	*	644	(2)
TOTAL REVENUES	56,143	-	56,143	57,962	(1,819)		57,001	(858)
EXPENSES								
Employee Wages and Benefits	33,116	-	33,116	34,591	1,475	*	33,843	727
Services, Supplies and Travel	9,856	-	9,856	11,352	1,496	*	10,599	743
Scholarships and Fellowships	5,305	-	5,305	5,375	70		5,069	(236)
Utilities	2,180	-	2,180	2,798	618	*	2,258	78
Other Expenses	-	-	-	-	-		-	-
Debt Service	2,393	-	2,393	2,393	-		3,060	667
Chancellor's Office	2,960	-	2,960	2,960	-		2,840	(120)
Other Transfers	(652)	-	(652)	(400)	252	*	264	916
TOTAL EXPENSES	55,158	-	55,158	59,069	3,911		57,933	2,775
NET REVENUES	985	-	985	(1,107)	2,092		(932)	1,917
NON-RECURRING ITEMS								
Carry-Forward	-	-	-	-			-	
Strategic Reserve	-	-	961	832				
All Other	(985)	-	(1,946)	275			932	
TOTAL (must equal zero)	-	-	-	-			-	

Vermont State Colleges
VSC CONSOLIDATED
For the Year Ending June 30, 2018
Budget vs Actual Report
(Amounts rounded to 1,000's)

	VARIANCE TO BUDGET				Change Q4 vs Q3
	Projection Q1	Projection Q2	Projection Q3	Q4	
CCV	860	706	787	913	126
CU	-1196	-1511	-407	549	956
JSC	-414	-323	-104	742	846
LSC	-1491	-1215	-857	243	1100
VTC	298	726	-29	-79	-50
WFD	21	9	9	-23	-32
OC	0	-214	-160	-566	-406
TOTALS:	-1922	-1822	-761	1779	2540

Attachment 3:
Admissions as of August 15 and enrollments as of August 22



Vermont State Colleges System

Weekly Admissions Comparison

August 15, 2018 vs. Prior Year

	Fall 2018 from 8/15/18	Fall 2017 from 8/15/17	Year-to-year % Change	Total from Fall 2017	% of Fall 2017 Total rec'd by 8/15/17
Applications					
Castleton University	2,619	2,615	0%	2,670	98%
Northern Vermont University	2,922	3,098	-6%	3,183	97%
Vermont Technical College	2,127	1,728	23%	1,756	98%
Total	7,668	7,441	3%	7,609	98%
Acceptances					
Castleton University	2,197	2,118	4%	2,172	98%
Northern Vermont University	2,380	2,508	-5%	2,601	96%
Vermont Technical College	1,310	1,004	30%	1,037	97%
Total	5,887	5,630	5%	5,810	97%
Deposits					
Castleton University	621	514	21%	595	86%
Northern Vermont University	764	816	-6%	857	95%
Vermont Technical College	712	654	9%	659	99%
Total	2,097	1,984	6%	2,111	94%
Enrolled					
Castleton University	599	508	18%	582	87%
Northern Vermont University	547	627	-13%	780	80%
Vermont Technical College	686	627	9%	620	101%
Total	1,832	1,762	4%	1,982	89%

	Fall 2018 from 8/15/18	Fall 2017 from 8/15/17	Year-to-year % Change
Community College of Vermont			
Applications	2,883	3,093	-7%
Acceptances	1,923	1,947	-1%
Enrolled	1,251	1,321	-5%

PLEASE NOTE: DIFFERENCES FROM PRIOR YEAR MAY BE DUE TO SYSTEMIC, PROCESS AND TECHNOLOGY ENHANCEMENTS IMPLEMENTED THIS YEAR



Vermont State Colleges
Enrollment Summary Report
Fall 2018 Budget (May 30) vs. Projected (Aug 22), and Fall 2017 and Fall 2016 Actuals

	Budgeted (for Fall) vs. Actual				Change vs. Fall 2017			Change vs. Fall 2016		
	Budget*	Projected	Change	% Change	Fall 2017	Change	% Change	Fall 2016	Change	% Change
Full Time Equivalent (FTE) Students										
Castleton University	1,890	1,890	0	0.0%	1,854	36	1.9%	2,015	-125	-6.2%
Northern Vermont University	2,155	2,068	-87	-4.0%	2,243	-88	-3.9%	2,339	-184	-7.9%
Vermont Technical College	1,309	1,309	0	0.0%	1,339	-30	-2.2%	1,335	-26	-1.9%
Residential Subtotal	5,354	5,267	-87	-1.6%	5,436	-82	-1.5%	5,689	-335	-5.9%

	Budget*	Projected	Change	% Change			
Community College of Vermont					Change vs. 2017		
Full Paying Equivalents (FPEs)	2,500	2,500	0	0.0%	2,711	-211	-7.8%
Course Placements	10,000	10,000	0	0.0%	10,845	-845	-7.8%

* Reflects Fall enrollment; budgeted enrollment for Spring typically is lower, and annual budget averages the two.

Attachment 4:
Proposed amendments to
Policy 403, Annual Operating Budget



Manual of Policy and Procedures

<p>Title</p> <p><u>SYSTEM</u> ANNUAL OPERATING BUDGET</p>	<p>Number</p> <p>403</p>	<p>Page</p> <p>1 of 4</p>
	<p>Date</p> <p><u>9/26/2018</u>7/21/2016</p>	

PURPOSE

The ~~VSC~~ Board of Trustees considers the ~~annual~~ Vermont State Colleges System Annual Operating Budget as an essential oversight vehicle as well as the primary financial plan for operations of the System and its components for a given fiscal year (July 1 through ~~ensuing the following~~ June 30).- This policy prescribes the ~~dimensions of the~~ development, adoption, and subsequent administration of the Annual Vermont State Colleges Operating Budget and the annual operating budgets for the System as a whole, and for the individual colleges-Institutions plus and the System Chancellor's Offices and Services within the Vermont State Colleges System.

STATEMENT OF POLICY

1) Development of the System Annual Operating Budget

The Chancellor is responsible for Development-developing of the annual Vermont State Colleges-System Annual Operating Budget for recommendation to the Board of Trustees ~~is the responsibility of the Chancellor.~~ The System Annual Operating Budget development will be conducted in a collaborative manner with the Council of Presidents to assure application of revenues, ~~and expenditures,~~ one-time funds and any other factors ~~as well as other dimensions~~ in a consistent fashion and appropriate to functioning as an integrated System.- The System Annual Operating Budget will be presented for individual Institutions, the Chancellor's Office, and as a consolidated budget for the entire System. ~~Annual general fund budgets (also called operating budgets) will be~~

~~developed for individual colleges plus System Offices & Services and are consolidated as the Vermont State Colleges operating budget.~~

~~Development of the The Aannual general fund Operating Bbudget will embrace include the following key components and considerations:~~

State Operating Appropriations and Chancellor's Office Expense Allocation

After deductions as required by State law, and of additional amounts up to 3% for strategic initiatives at the discretion of the Chancellor, ~~a~~All State operating appropriations shall be ~~allocated~~ divided among to the colleges-Institutions equally. based upon an Allocation Formula as follows:

(1) 25% based upon the Status Quo Allocation of 40% for Northern Vermont University, and 20% each for Castleton University, the Community College of Vermont, and Vermont Technical College;

(2) 50% based upon the average of the previous three fiscal years' Net Student Revenues, defined as tuition, fees, room and board minus scholarships, fellowships and waivers; and

•(3) 25% based upon the average of the previous three academic years' numbers of awarded Degrees and Credentials, with certificates multiplied by 0.6, associates degrees multiplied by 0.75, bachelor's degrees multiplied by 1, and master's degrees multiplied by 0.75.

The Allocation Formula will be phased in over four fiscal years as follows:

FY2020: 25% Allocation Formula, 75% Status Quo Allocation

FY2021: 50% Allocation Formula, 50% Status Quo Allocation

FY2022: 75% Allocation Formula, 25% Status Quo Allocation

FY2023: 100% Allocation Formula

System Office Allocation

• The ~~System~~ budgeted expenses for the Chancellor's Offices & Services annual operating budget will be funded by a "System Services Charge" levied equally amongst the colleges~~the~~ Institutions according to the phased-in Allocation Formula. ~~The amount, basis, and administration of the "System Services Charge" shall be determined by the Chancellor and Council of Presidents, and shall be an integral part of the annual operating budget recommended to the Board.~~

Student Tuitions & Fees

- Each ~~college~~Institution will retain all student tuitions & fees the ~~college~~Institution generates, and in consultation with the Chancellor can determine the use of these funds.
- During each year student tuitions ~~s &~~ and fees available to each ~~college~~Institution will be as actually generated, whether below or above budgeted levels.- Each ~~college~~Institution will assume responsibility for ~~confronting~~addressing the financial impacts from under-realized budgeted student enrollments, and for reporting additional revenues or from over-realized student enrollments.
- The Board is responsible for approving not-to-exceed maximum tuition rates, room and board program charges, and selected fees. Each ~~college~~Institution is responsible for setting individual tuition rates, room and board program charges, and selected fees at or below the approved maximum rates. Further, each ~~college~~Institution may set such waivers, merit aid programs, and need-based financial aid as the individual ~~presidents~~Presidents believe are best designed to maximize net tuition revenue and support overall enrollment.- Additionally, ~~the VSC System~~ as a whole may enter into a waiver program (~~for example: e.g.,~~ NEBHE) with the approval of the Chancellor in consultation with the Council of Presidents.- The proposed impact of the rate setting and waivers must be shown in the materials included with the ~~Vermont State Colleges Annual Operating B~~udget presented for Board approval. Actual tuition rates approved and implemented by each Institution will be included in the budget materials provided to the Board.— Each ~~college~~Institution will be responsible for the impact of the ~~college~~Institution's setting of rates, charges and fees, tuition waiver programs, and discounting practices.

Further Provisions

- Incentive for sound ~~college~~ cash management will be provided by allocation to the ~~college~~Institutions of all System investment income, returning this revenue to those whose funds produce it and doing so according to each ~~college~~Institution's monthly invested cash balances averaged over ~~12 months~~the fiscal year.
- Each ~~college~~Institution will retain all ~~entrepreneurial~~other revenues the ~~college~~Institution generates and, in consultation with the Chancellor, can determine the use of these funds.

Periodic Review of the ~~System Annual Operating Budget Model~~

- Because the public higher education environment will continue to evolve, the ~~Vermont State Colleges Annual Operating B~~udget model and its key components

should be ~~periodically~~ reviewed periodically and, if necessary, recommendations made to the Board for recalibration or changes.

2) Review and Adoption of the ~~System~~ Annual Operating Budget

The ~~VSC Board of Trustees~~ is responsible for reviewing the ~~Vermont State Colleges~~ System Annual Operating Budget recommendations by the Chancellor, and for adopting ~~the an~~ official System Annual Operating Budget. - This is consistent with the Board's ultimate fiduciary responsibility for the ~~Vermont State Colleges~~ System. Timing of the Chancellor's recommendations will allow the Board to conduct its review and take action no later than the final Board meeting of each fiscal year. - The Chancellor's System Annual Operating Budget recommendations are to include individual ~~college~~ Institutions plus ~~System Offices & Services~~ the Chancellor's Office and are to reflect combined System totals, within each current operating fund or group of VSC System activities.

3) Administration of the ~~System~~ Annual Operating Budget

On behalf of the Chancellor and Council of Presidents, the ~~System Chief Financial Officer in the Chancellor's Office and Business Affairs Council~~ the chief business officers at each college are expected to collaborate and work with other appropriate college Institution and System officials to assure the proper and effective administration of ~~all the System Annual Operating Budgets~~ as adopted by the Board.

Reporting

Actual operating results compared to budgeted results for activities will ~~periodically~~ be provided by each ~~college~~ Institution through the Chancellor to the Board, by means of quarterly financial statements ~~which~~ reflect budgeted, projected actual, and variance to quarterly budget numbers for key enrollment, revenue, and expenditure areas, and variance to prior year quarterly actuals.

Contingency, Strategic and Construction, Renovation and Maintenance Reserves

To hedge shortfalls in annual operating budgets, each college will maintain college contingency reserves in the amount of 2.50% of unrestricted fund budget Use of funded reserves is subject to approval of the Chancellor, and depletion of a college's reserves must be replenished by the college in a timeframe determined in consultation with the Chancellor.

The To hedge unanticipated shortfalls in Institutional Annual Operating Budgets, each Institution will maintain Contingency Reserves in the amount of 2.5% of budgeted

expenses for the current fiscal year. Use of Contingency Reserves is subject to approval by the Chancellor, and depletion of an Institution's Contingency Reserves must be replenished in a timeframe determined in consultation with the Chancellor. collegeInstitutions may reserve up to ~~an additional 10%~~ of budgeted expenses ~~5.0%~~ as a ~~Sstrategic or discretionary r~~Reserve, and an additional 15% of budgeted expenses as a Construction, Renovation, and Maintenance (CRM) Reserve. Such reserves may be budgeted and expended by the ~~president~~President with concurrence from the Cehancellor.

Carried Over Funds

Upon the audited close of each fiscal year's books, any ~~Cearried y-o~~Over Ffunds available (net of encumbrances forward, commitments forward, maintained college eContingency, and sStrategic and ~~discretionary-CRM R~~Reserves) may be proposed by the ~~president~~President for one-time uses subject to concurrence of the Chancellor and approval by the Board ~~of Trustees~~.

As circumstances confronting the ~~System A~~annual ~~O~~operating ~~B~~udget change over the course of a year, ~~the Chancellor budget modifications may be authorizepropose budget modifications for consideration by the Board d-by the Chancellor's Office~~ for the purpose of more realistically reflecting increases, decreases, or shifts among budgeted revenue and expenditure categories.

Signed
by:



Manual of Policy and Procedures

Title SYSTEM ANNUAL OPERATING BUDGET	Number 403	Page 1 of 4
	Date 9/26/2018	

PURPOSE

The Board of Trustees considers the Vermont State Colleges System Annual Operating Budget as an essential oversight vehicle as well as the primary financial plan for operations of the System and its components for a given fiscal year (July 1 through the following June 30). This policy prescribes the development, adoption, and subsequent administration of the Annual Operating Budget for the System as a whole, and for the individual Institutions and Chancellor's Office.

STATEMENT OF POLICY

1) Development of the System Annual Operating Budget

The Chancellor is responsible for developing the System Annual Operating Budget for recommendation to the Board of Trustees. The System Annual Operating Budget development will be conducted in a collaborative manner with the Council of Presidents to assure application of revenues, expenditures, one-time funds and any other factors in a consistent fashion and appropriate to functioning as an integrated System. The System Annual Operating Budget will be presented for individual Institutions, the Chancellor's Office, and as a consolidated budget for the entire System.

The Annual Operating Budget will include:

State Operating Appropriations and Chancellor's Office Expense Allocation

After deductions as required by State law, and of additional amounts up to 3% for strategic initiatives at the discretion of the Chancellor, all State operating appropriations shall be divided among the Institutions based upon an Allocation Formula as follows:

(1) 25% based upon the Status Quo Allocation of 40% for Northern Vermont University, and 20% each for Castleton University, the Community College of Vermont, and Vermont Technical College;

(2) 50% based upon the average of the previous three fiscal years' Net Student Revenues, defined as tuition, fees, room and board minus scholarships, fellowships and waivers; and

(3) 25% based upon the average of the previous three academic years' numbers of awarded Degrees and Credentials, with certificates multiplied by 0.6, associates degrees multiplied by 0.75, bachelor's degrees multiplied by 1, and master's degrees multiplied by 0.75.

The Allocation Formula will be phased in over four fiscal years as follows:

FY2020: 25% Allocation Formula, 75% Status Quo Allocation

FY2021: 50% Allocation Formula, 50% Status Quo Allocation

FY2022: 75% Allocation Formula, 25% Status Quo Allocation

FY2023: 100% Allocation Formula

The budgeted expenses for the Chancellor's Office will be funded by the Institutions according to the phased-in Allocation Formula.

Student Tuitions & Fees

Each Institution will retain all student tuitions & fees the Institution generates, and in consultation with the Chancellor can determine the use of these funds.

During each year student tuition and fees available to each Institution will be as actually generated, whether below or above budgeted levels. Each Institution will assume responsibility for addressing the financial impacts from under-realized budgeted student enrollments, and for reporting additional revenues from over-realized student enrollments.

The Board is responsible for approving not-to-exceed maximum tuition rates, room and board program charges, and selected fees. Each Institution is responsible for setting individual tuition rates, room and board program charges, and selected fees at or below the approved maximum rates. Further, each Institution may set such waivers, merit aid programs, and need-based financial aid as the individual Presidents believe are best designed to maximize net tuition revenue and support overall enrollment. Additionally, the System as a whole may enter into a waiver program (e.g., NEBHE) with the approval of the Chancellor in consultation with the Council of Presidents. The proposed impact of the rate setting and waivers must be shown in the materials included with the Annual Operating Budget presented for Board approval. Actual tuition rates approved and implemented by each Institution will be included in the budget materials provided to the Board. Each Institution will be responsible for the impact of the Institution's setting of rates, charges and fees, tuition waiver programs, and discounting practices.

Further Provisions

Incentive for sound cash management will be provided by allocation to the Institutions of all System investment income, returning this revenue to those whose funds produce it and doing so according to each Institution's monthly invested cash balances averaged over the fiscal year.

Each Institution will retain all other revenues the Institution generates and, in consultation with the Chancellor, can determine the use of these funds.

Periodic Review of the System Annual Operating Budget Model

Because the public higher education environment will continue to evolve, the Annual Operating Budget model and its key components should be reviewed periodically and, if necessary, recommendations made to the Board for recalibration or changes.

2) *Review and Adoption of the System Annual Operating Budget*

The Board is responsible for reviewing the System Annual Operating Budget recommendations by the Chancellor, and for adopting an official System Annual Operating Budget. This is consistent with the Board's ultimate fiduciary responsibility for the System. Timing of the Chancellor's recommendations will allow the Board to conduct its review and take action no later than the final Board meeting of each fiscal year. The Chancellor's System Annual Operating Budget recommendations are to include individual Institutions plus the Chancellor's Office and are to reflect combined System totals, within each current operating fund or group of System activities.

3) Administration of the System Annual Operating Budget

On behalf of the Chancellor and Council of Presidents, the Chief Financial Officer and Business Affairs Council are expected to collaborate and work with other appropriate Institution and System officials to assure the proper and effective administration of the System Annual Operating Budget as adopted by the Board.

Reporting

Actual operating results compared to budgeted results for activities will be provided by each Institution through the Chancellor to the Board, by means of quarterly financial statements which reflect budgeted, projected actual, and variance to quarterly budget numbers for key enrollment, revenue, and expenditure areas, and variance to prior year quarterly actuals.

Contingency, Strategic and Construction, Renovation and Maintenance Reserves

To hedge unanticipated shortfalls in Institutional Annual Operating Budgets, each Institution will maintain Contingency Reserves in the amount of 2.5% of budgeted expenses for the current fiscal year. Use of Contingency Reserves is subject to approval by the Chancellor, and depletion of an Institution's Contingency Reserves must be replenished in a timeframe determined in consultation with the Chancellor. Institutions may reserve up to 10% of budgeted expenses as a Strategic Reserve, and an additional 15% of budgeted expenses as a Construction, Renovation, and Maintenance (CRM) Reserve. Such reserves may be budgeted and expended by the President with concurrence from the Chancellor.

Carried Over Funds

Upon the audited close of each fiscal year's books, any Carried Over Funds available (net of encumbrances forward, commitments forward, maintained Contingency, Strategic and CRM Reserves) may be proposed by the President for one-time uses subject to concurrence of the Chancellor and approval by the Board.

As circumstances confronting the System Annual Operating Budget change over the course of a year, the Chancellor may propose budget modifications for consideration by the Board for the purpose of more realistically reflecting increases, decreases, or shifts among budgeted revenue and expenditure categories.

Signed
by:

Attachment 5: Capital projects update

Finance & Facilities Committee Meeting - August 29, 2018

CCV Projects:

- a) While conducting roof inspections in recent years it has been noted that the parapet wall cap stones have been showing signs of deterioration. This condition is caused by winter freeze thaw cycles. Over time these stones will become deteriorated to the point they will need replacing. After consulting with individuals familiar with this type of deterioration issue, a decision was made to install a metal cap over the top of the stones to protect the stone and building from moisture. Construction documents are being prepared and roofers will be asked to submit pricing for this work. It is anticipated that this issue will be addressed before the cold weather sets in.
- b) The HVAC control system at the CCV Winooski site was upgraded in early summer. The original control system operated on a java platform, which had many operational and security issues. The system was upgraded to an html platform that has improved security and operational features.
- c) During the fall of 2015 CCV entered into a Net Metering agreement with Sun Edison for the construction of a 500 kW solar field to be located on Case Street in Middlebury. Shortly after entering into the agreement, Sun Edison began having financial issues and the project was eventually sold to Peck Electric. In the spring of 2018 Peck began the construction of the project and the project began generating power in mid-July. The solar credits received from this project will be reducing the power costs for the CCV Montpelier, Winooski, St Albans and the Upper Valley site.

Castleton University Projects:

- a) In late March, bids were solicited for the replacement of the South Fine Arts Roof at Castleton. A number of bids were received and the project was awarded to Vermont Roofing Company located in Rutland. The project cost was \$117,850. Vermont Roofing began the removal of the old membrane roof and the original built-up roofing system in mid-June and completed the project in mid-July.
- b) Jeffords Science Window Replacement, this project was bid in early spring and was awarded to The Glass Connection for \$72,991. The project scope of work included the replacement of all the exterior frames and windows with energy efficient low E glass and thermally broken frames. Construction started in early May and was completed in mid-June.
- c) The Coolidge Library Lighting Upgrade was also completed this summer. The scope of work for this project was to retrofit the existing 940 fluorescent fixtures; this involved the removal of the fluorescent tubes and ballast and the installation of LED strips and drivers. The College will conserve a significant amount energy from this project; Efficiency Vermont evaluated the project and determined that pay back will be less than 6 months.

- d) Early June marked the start of the Jeffords Science Lab renovation project. JMZ Architects presented their conceptual designs to Castleton in late May and was then asked to continue to work on the project to create a final design and the construction documents. The construction and design budget for this project is \$1,000,000. In mid-September the VSC will be releasing an RFP to area construction companies for Construction Management services. The Construction Manager will then work with JMZ to insure the project cost is within the budget. It is anticipated that construction will not start until the spring of 2019 and will be completed for the start of the fall semester.
- e) Castleton has also been working on replacing a number of small roofs throughout the campus. Two roofs have been completed, Superior Boiler and the Rienfurt House. Two other roofs are planned to be completed this fall and they are the Moriarty House and the Public Safety building porch. A few additional projects were completed this summer on the Castleton campus. The Reinfurt House was repainted, an in depth boiler inspection was completed on all the boilers, and the Fine Arts Foundation repair is being designed.

NVU - Lyndon Projects:

- a) This summer four more Wheelock residence hall restroom upgrades were completed. This project is a multi-phase project where the restrooms were reconfigured, received new plumbing, plumbing fixtures and electrical. They also received new partitions, counter tops, wall and floor finishes. As part of the FY20 Capital request, funding for the final phase will be requested.
- b) In early May, a number of contractors were invited to bid on the reconstruction of the Wheelock Parking lot, the resurfacing of the Lower Vail lot including some minor drainage improvements and the resurfacing of the Library parking area with some minor drainage improvements. The project was awarded to J Hutchins for \$255,642 and they are located in Richmond. Hutchins started work in early June, and the project was completed by late July.
- c) Lyndon is also working on a number of small miscellaneous projects that are in various stages of completion. The list of projects included items such as ductwork cleaning, acoustical ceiling replacement, exterior door replacements, and painting and walkway repairs.
- d) Wheelock Fire Alarm replacement project was also completed this summer. The existing fire alarm system had become a constant issue, the system was going in and out of trouble and it had become very difficult to purchase replacement parts. The replacement cost for the alarm system was \$75,000 and was installed by CFW Electric. CFW started the project in May and had the new system operational by mid-June.

NVU - Johnson Projects:

- a) In early March, a bid was received from FireTech Sprinkler Corp. of Colchester for the installation of the Senators Sprinkler system and was awarded to FireTech for \$203,350. FireTech mobilized and started work on the project immediately following commencement. Due to the construction of the building, FireTech was required to do an incredible amount of concrete core drilling to install the system. The system installation was completed, inspected and put in service on August 17.
- b) The Dibden Theater chiller replacement project was bid in late April and was awarded to Alliance Mechanical for \$134,240. Alliance started demolition of the old equipment in early April and completed the project in mid-July. By replacing this chiller system Johnson will see a reduction in energy consumption and equipment repair costs.
- c) In mid-March, bids were solicited for the Dewey Window Replacement project. The project was awarded to Portland Glass for \$176,767. The scope for this project included the replacement of the exterior window and frames, new entry door systems including electric openers. Portland started the project in early June and was completed by late July. The installation of this new window system will significantly reduce the heating and cooling costs for this building.

Vermont Tech Projects:

- a) In late spring, a request for bids was released for the replacement of the Keenan Hall student room and common space windows. The Glass Connection of Milton was awarded the project and their bid was \$317,363. The Glass Connection started the project immediately following commencement and was substantially completed by the July 29th. The replacement windows have significantly improved the appearance of the building.
- b) The Williston Building 200 roofing project was released for bids in early March and AC Hathorne of Williston was selected as our contractor. The cost to replace the existing ballasted roof and replacement damaged insulation was \$87,600. AC Hathorne will start work on the roof in late August and be completing the project by mid-September.
- c) Another phase of the Randolph Campus site lighting replacement project was completed this summer. This project replaced all the underground conduit, wire, light poles and fixtures on approximately 35 site lights. This was the final phase of a multi-phase project. At this time, all the campus site lighting has been upgraded with new poles and LED fixtures. This final phase was completed for approximately \$80,000.
- d) In December of 2015 a Solar Net Metering agreement was signed with Sun Edison for an offsite solar project to be located in Newfane. This was to be a share output project with VTC receiving 215 kW or 43% of the output. Sun Edison ran into financial

difficulties and the project was acquired by a local firm, Peck Electric. Peck started construction on the project in the fall of 2017 and completed it in February of 2018. VTC is now receiving the solar credits from this project and these credits reduce the electrical bills on the Williston and Randolph Campuses.

- e) A number of miscellaneous projects were completed or are in the process of being completed on the Randolph Campus. New flooring was install in a number of locations, the finishes in the Morey entrance and lobby area were upgraded, and roadway and walkways repairs are being completed.

Attachment 6: Cash and investments report

**VERMONT STATE COLLEGES
CASH & INVESTMENT REPORT: As of 7/31/2018**

(Excludes non-operating/non-endowment investments made by VSC capital bond trustees)

	FY2017			FY2018				FY2019			
	CASH Avg Daily Balance	INV'MT Avg Daily Balance	CASH & INV'MT Avg Daily Balance	CASH Avg Daily Balance	TD Wealth Avg Daily Balance	Morgan Stanley Avg Daily Balance	CASH & INV'MT Avg Daily Balance	CASH & MM Avg Daily Balance	TD Wealth Avg Daily Balance	Morgan Stanley Avg Daily Balance	CASH & INV'MT Avg Daily Balance
JULY	\$5,802,598	\$48,252,972	\$54,055,570	\$9,925,153	\$19,746,418	\$27,045,158	\$56,716,729	\$15,283,882	\$19,618,614	\$27,162,323	\$62,064,819
AUGUST	4,771,979	48,240,933	53,012,912	8,135,046	19,831,367	27,109,575	55,075,988	0	0	0	0
SEPTEMBER	10,524,995	48,953,239	59,478,234	12,006,402	19,770,063	27,478,524	59,254,988	0	0	0	0
OCTOBER	19,921,855	48,422,041	68,343,896	23,397,501	19,773,797	27,865,448	71,036,746	0	0	0	0
NOVEMBER	14,272,286	48,583,595	62,855,881	19,949,369	19,720,644	28,261,689	67,931,702	0	0	0	0
DECEMBER	11,656,241	48,920,191	60,576,432	17,183,317	19,746,282	28,623,086	65,552,685	0	0	0	0
JANUARY	10,474,838	49,436,478	59,911,316	17,211,805	19,616,439	29,751,920	66,580,165	0	0	0	0
FEBRUARY	15,537,918	50,060,833	65,598,751	26,380,889	19,537,530	28,761,103	74,679,522	0	0	0	0
MARCH	21,394,047	50,181,763	71,575,810	29,281,733	19,583,770	28,503,735	77,369,238	0	0	0	0
APRIL	19,400,018	50,499,834	69,899,852	26,001,997	19,517,311	28,465,108	73,984,416	0	0	0	0
MAY	16,577,913	50,877,230	67,455,143	23,072,387	19,613,195	26,580,593	69,266,176	0	0	0	0
JUNE	11,517,369	50,956,847	62,474,216	21,172,837	19,599,897	26,584,420	67,357,153	0	0	0	0
Cash & Inv Avg thru 1 mo.	\$5,802,598	\$48,252,972	\$54,055,570	\$9,925,153	\$19,746,418	\$27,045,158	\$56,716,729	\$15,283,882	\$19,618,614	\$27,162,323	\$62,064,819

Summary of July Average Daily Balances

CASH & MM FUNDS:

TD Bank Concentration Account	\$9,825,006
TD Bank Enterprise Money Market	4,771,685
Remainder of money at local college banks	<u>687,191</u>
SUBTOTAL	\$15,283,882

TD WEALTH INVESTMENTS:

TD Wealth Intermediate Investment	\$881,807
TD Wealth Long Term Investment	<u>18,736,807</u>
SUBTOTAL	\$19,618,614

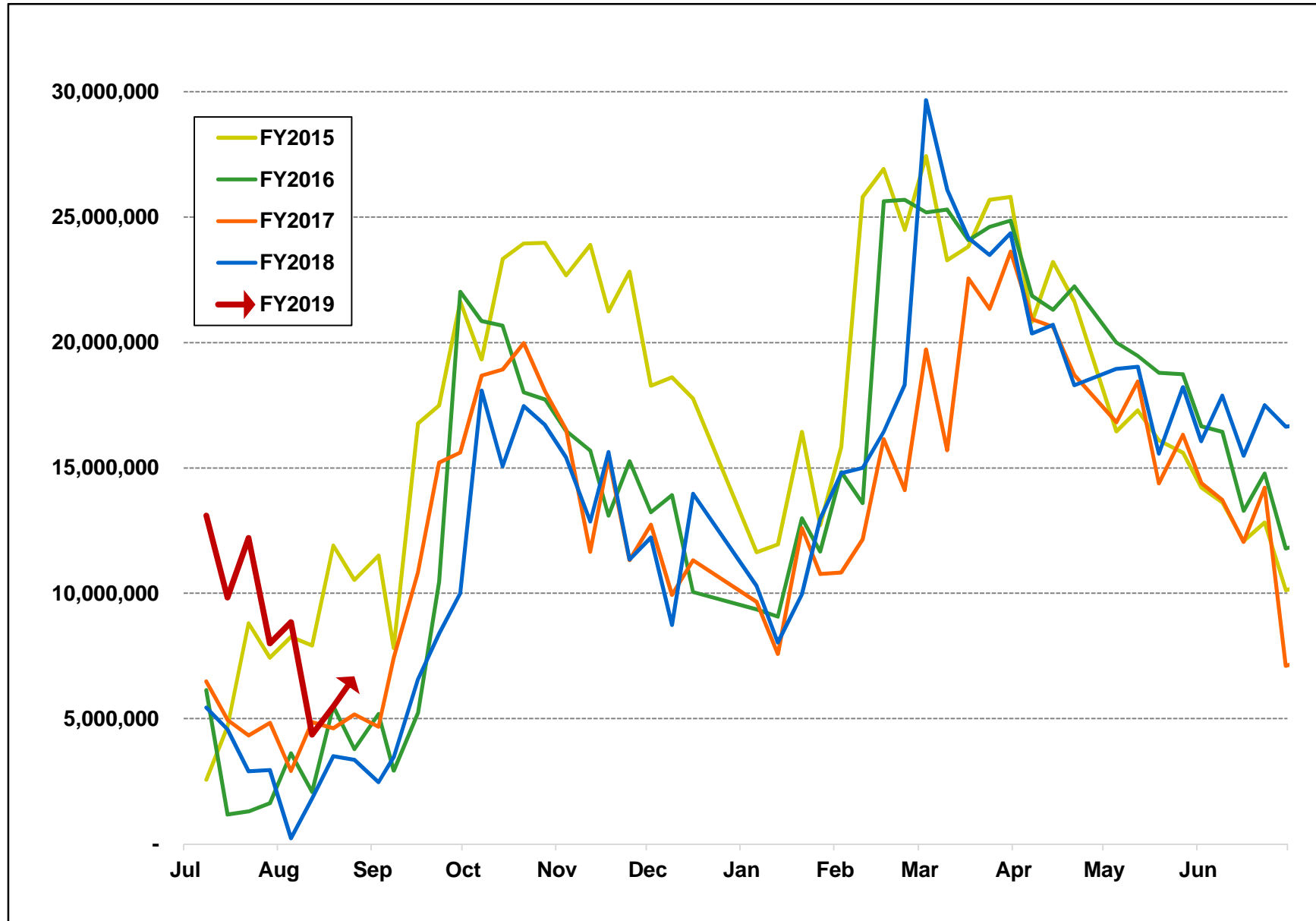
ENDOWMENT:

Morgan Stanley	<u>\$27,162,323</u>
----------------	---------------------

TOTAL CASH & INVESTMENTS \$62,064,819

Weekly Concentration Account Balance July 1, 2014 to August 20, 2018

August 29, 2018



Attachment 7:
Morgan Stanley endowment report

2Q18 Review

Prepared on July 26, 2018 for:
VSC Managed Accounts

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VSC Managed Accounts

Prepared on July 26, 2018 | Reporting Currency: USD

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Please review the disclosures and definitions throughout this Document.
Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document.

VSC Managed Accounts

Prepared on July 26, 2018 | Reporting Currency: USD

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ACCOUNT(S) INCLUDED IN THIS REPORT

VSC Managed Accounts

Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name and Address	Account Type/ Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed
IRONWOOD PO BOX 7 MONTPELIER	Alternative Investments Advisory	Advisory	383-XXX918	09/17/14	-
SKYBRIDGE PO BOX 7	Alternative Investments Advisory	Advisory	383-XXX919	09/17/14	-
VERMONT STATE COLLEGES ATTN STEPHEN WISLOSKI PO BOX 7 MONTPELIER	Consulting Group Advisor	Advisory	383-XXX872	12/20/02	-
	Delaware Intl ADR - London	Advisory	383-XXX874	12/20/02	-
	Anchor Mid Cap Value	Advisory	383-XXX918	02/06/03	-
	AAA	Advisory	383-XXX920	02/06/03	01/25/17
	ClearBridge Multi Growth	Advisory	383-XXX533	04/19/06	-
	AAA	Advisory	383-XXX534	04/19/06	-
	ThomasPartners, Inc. IMS	Advisory	383-XXX584	03/07/12	-

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Capital Markets Overview: 2Q 2018

Introduction

As of 2Q 2018

- After a volatile start to 2018, markets found some relief in the second quarter. However, the environment remains challenging for equities. While economic data continues to be constructive, a protectionist trade policy pursued by the Trump administration has weighed on sentiment as uncertainty over tariffs threatens to overshadow strong corporate earnings and consumer confidence. CIO and MS & Co.'s Chief US Equity Strategist, Mike Wilson, has maintained his price target of 2,750 for the S&P 500 and expects choppy trading in the coming months.
- US equities generated positive returns in the second quarter, as the S&P 500 rose 3.43% and 7 of the 11 sectors finished in the black. Energy led the way, jumping 13.48% as oil prices rebounded and moved over \$70 per barrel at the end of June. It was followed by Consumer Discretionary and Tech, which increased by 8.17% and 7.09%, respectively. Industrials were the greatest laggards, losing 3.18%. They were followed closely by Financials, which shed 3.16%. Other major US indices were positive on the quarter; the Dow Jones rose 1.26% and the NASDAQ returned 6.61%.
- International equities were challenged by a rising US dollar and other geopolitical pressures. For the second quarter, the MSCI Emerging Markets Index dropped 7.73% for US-currency investors as weaknesses in China, Turkey, and Argentina were amplified by the stronger greenback. The MSCI Europe Index dropped 0.87% for US-currency investors, while MSCI Japan fell 2.12%. Both European and Japanese returns were positive on a local currency basis, further reflecting the impact that the dollar had on international stocks.
- The bond market registered slightly negative returns during the second quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, fell 0.16%.
- Morgan Stanley & Co. economists expect US real GDP will be 2.7% in 2018, amid an environment of 3.9% global GDP growth.
- Commodities were up slightly in the second quarter; the Bloomberg Commodity Index gained 0.40%.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.

Capital Markets Overview: 2Q 2018

The US Economy

As of 2Q 2018 (with most recent data available)

The Bureau of Economic Analysis estimated that real Gross Domestic Product increased at an annual rate of 2.0% in 1Q18, in comparison to a 2.9% increase in 4Q17. Morgan Stanley & Co. economists forecast US Real GDP growth will be 2.7% in 2018 and 2.2% in 2019.

The seasonally adjusted unemployment rate for May 2018 was 3.8%. Job gains occurred in construction, professional and technical services, retail, transportation and warehousing, and manufacturing. The number of unemployed was 6.1 million in May, down from 6.7 million in February of this year. The number of long-term unemployed (those jobless for 27 weeks or more) was 1.2 million, a decrease of more than 200,000 from February. These individuals accounted for 19.4% of the unemployed vs. 20.8% at the end of last quarter.

According to the most recent data from the Federal Reserve Bank of St. Louis, corporate profits increased 8.67% quarter over quarter and are up 16.88% year over year as of Q1 2018.

Inflation increased in the US, according to the Bureau of Labor Statistics. The year-over-year Consumer Price Index was 2.2% in May, up from the 1.8% figure in February. Morgan Stanley & Co. economists forecast a 2.6% annual inflation rate for 2018 and 1.9% for 2019.

The Census Bureau reported that the number of new private-sector housing starts in May 2018 was at a seasonally adjusted annual rate of 1,301,000—8.0% above housing starts this time last year.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased at 5.9% year over year in May. Consumer confidence decreased slightly in 2Q18, with Conference Board Consumer Confidence reading 126.4 in June after peaking at 130 in February—the highest level it had been since 2000.

In May, the Institute for Supply Management's Purchasing Managers Index (PMI), a manufacturing sector index, arrived at 60.2, down 1.0% from February's reading of 60.8. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding, and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding. PMI has registered above 50 for 26 out of the last 29 months, indicating an expansion in manufacturing since March 2016. Overall, PMI has been above 43 for 105 consecutive months, indicating overall economic recovery and expansion since June 2009.

The NMI for May was 58.6—0.9 points lower than in February 2018. The index has now been above 50 for 99 consecutive months, indicating non-manufacturing expansion since February 2010.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Federal Reserve Bank of St. Louis, Morgan Stanley Wealth Management GIC

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Capital Markets Overview: 2Q 2018

US Equity Markets

As of 2Q 2018

The Dow Jones Industrial Average gained 1.26% in the second quarter, while the NASDAQ Composite Index was up 6.61%. The S&P 500 Index rose 3.43% over the same period.

7 of the 11 sectors finished in the black for 2Q18. Energy led the way, jumping 13.48% as oil prices rebounded and moved over \$70 per barrel at the end of June. It was followed by Consumer Discretionary and Tech, which increased by 8.17% and 7.09%, respectively. Industrials were the greatest laggards, losing 3.18%. They were closely followed by Financials, which shed 3.16%.

The Russell 1000, a large-cap index, increased 3.57% for the quarter, with large-cap growth (+5.75%) outperforming large-cap value (+1.17%).

The Russell Midcap gained 2.82% on the quarter, with mid-cap growth (+3.16%) outperforming mid-cap value (+2.40%).

The Russell 2000, a small-cap index, appreciated 7.75% for the quarter, with small-cap growth (+7.23%) underperforming small-cap value (+8.30%).

Key US Stock Market Index Returns (%) for the Period Ending 6/29/2018

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	3.43%	14.56%	13.41%	13.39%
Dow Jones	1.26%	16.65%	12.95%	13.04%
Russell 2000	7.75%	17.50%	12.45%	11.97%
Russell Midcap	2.82%	12.64%	12.21%	12.01%
Russell 1000	3.57%	14.73%	13.36%	13.27%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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Capital Markets Overview: 2Q 2018

Global Equity Markets

As of 2Q 2018

The second quarter was difficult for international markets, as a strengthening US dollar challenged returns. This could especially be seen in the sell-off of emerging market (EM) equities and their underperformance versus developed market stocks. The MSCI EAFE Index (a benchmark for international developed markets) fell 0.80% for US-currency investors.

In the second quarter, the MSCI Emerging Markets Index dropped 7.73% for US-currency investors as weaknesses in China, Turkey, and Argentina were amplified by the stronger greenback. The MSCI Europe Index dropped 0.87% for US-currency investors, while MSCI Japan fell 2.12%. Both European and Japanese returns were positive on a local currency basis, further reflecting the impact that the dollar had on international returns.

The S&P 500 Index gained 3.43% for the quarter.

Emerging economy equity market indices were down sharply in the second quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 6.67% in US dollar terms, while the MSCI EM Asia Index was down 5.06%.

Key Global Equity Market Index Returns (%) for the Period Ending 6/29/2018				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-0.80%	6.66%	6.93%	5.61%
MSCI EAFE Growth	0.58%	9.21%	7.82%	6.40%
MSCI EAFE Value	-2.22%	4.10%	5.95%	4.75%
MSCI Europe	-0.87%	5.33%	6.81%	5.18%
MSCI Japan	-2.12%	10.25%	7.69%	7.50%
S&P 500	3.43%	14.56%	13.41%	13.39%
MSCI Emerging Markets	-7.73%	8.25%	5.38%	1.96%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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Capital Markets Overview: 2Q 2018

The US Bond Market

As of 2Q 2018

The bond market registered slightly negative returns during the second quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, fell 0.16%.

Interest rates increased during the second quarter, as the yield on the 10-year US Treasury note increased to a quarter-end 2.86% from 2.74% at the end of March. The intra-quarter move to 3.11% in May marked a 6-year high in rates.

Riskier parts of the bond market such as US high yield debt fared better in the second quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, gained 1.03%.

Mortgage-backed had marginal gains in the second quarter. The Bloomberg Barclays Capital Mortgage Backed Index rose 0.24%. Municipal bonds were also up; the Bloomberg Barclays Capital Muni Index saw gains of 0.87%.

Key US Bond Market Index Returns (%) for the Period Ending 6/29/2018				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Bloomberg Barclays Capital US Aggregate	-0.16%	-0.54%	2.27%	2.55%
Bloomberg Barclays Capital High Yield	1.03%	2.65%	5.51%	6.38%
Bloomberg Barclays Capital Government/Credit	-0.32%	-0.85%	2.24%	2.72%
Bloomberg Barclays Capital Government	0.10%	-0.81%	1.48%	2.04%
Bloomberg Barclays Capital Intermediate Govt/Credit	0.01%	-0.72%	1.59%	1.93%
Bloomberg Barclays Capital Long Govt/Credit	-1.45%	-1.07%	5.10%	6.18%
Bloomberg Barclays Capital Mortgage Backed Securities	0.24%	0.01%	2.25%	2.15%
Bloomberg Barclays Capital Muni	0.87%	1.55%	3.53%	3.91%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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Asset Class Returns: Diversified Portfolios Can Help Mitigate Risk

As of June 29, 2018

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD	10-Yrs '08-'17) Ann. Return	10-Yrs '08-'17) Volatility
Managed Futures 13.6%	EM Equities 82.9%	MLPs ¹ 35.9%	MLPs ¹ 13.9%	REITs 29.8%	US Equities 32.4%	REITs 14.7%	US Equities 1.4%	MLPs ¹ 18.3%	EM Equities 37.3%	US Equities 2.6%	US Equities 8.5%	MLPs ¹ 18.9%
DM Int'l Debt 11.7%	MLPs ¹ 76.4%	EM Equities 20.2%	Inflation-Linked 13.6%	High Yield 19.6%	MLPs ¹ 27.6%	US Equities 13.7%	DM Int'l Equities 0.9%	High Yield 14.3%	DM Int'l Equities 26.7%	Diversified Portfolio 0.3%	High Yield 8.1%	REITs 17.8%
US Debt 5.2%	High Yield 59.4%	REITs 20.0%	US Debt 7.8%	EM Equities 19.1%	DM Int'l Equities 24.0%	Managed Futures 12.3%	US Debt 0.5%	US Equities 12.0%	US Equities 21.8%	Managed Futures 0.0%	MLPs ¹ 6.0%	Commod. 17.6%
Inflation-Linked -2.4%	REITs 41.3%	Commod. 16.8%	DM Int'l Debt 6.0%	DM Int'l Equities 18.2%	Diversified Portfolio 15.1%	US Debt 6.0%	REITs -0.4%	Commod. 11.8%	EMD 15.2%	Commod. 0.0%	Diversified Portfolio 5.2%	EM Equities 17.0%
EMD -5.2%	DM Int'l Equities 33.9%	EMD 15.7%	High Yield 3.1%	EMD 16.8%	Hedged Strategies 8.8%	MLPs ¹ 4.8%	Inflation-Linked -1.4%	EM Equities 10.3%	REITs 15.0%	REITs 0.0%	US Debt 4.7%	US Equities 15.0%
Hedged Strategies -21.4%	US Equities 26.5%	US Equities 15.1%	US Equities 2.1%	US Equities 16.0%	High Yield 7.3%	Diversified Portfolio 4.7%	Diversified Portfolio -1.9%	EMD 9.9%	Diversified Portfolio 14.9%	Inflation-Linked 0.0%	REITs 3.8%	DM Int'l Equities 14.9%
Diversified Portfolio -25.7%	Diversified Portfolio 23.6%	High Yield 14.8%	EMD -1.8%	Diversified Portfolio 12.0%	REITs 2.2%	Inflation-Linked 3.6%	Managed Futures -2.0%	Diversified Portfolio 7.5%	High Yield 10.4%	DM Int'l Debt -0.3%	EMD 3.6%	High Yield 11.2%
High Yield -26.9%	EMD 22.0%	Diversified Portfolio 12.7%	Diversified Portfolio -2.1%	Inflation-Linked 7.0%	Managed Futures 0.7%	Hedged Strategies 3.4%	High Yield -2.7%	Inflation-Linked 4.7%	DM Int'l Debt 8.8%	MLPs ¹ -0.6%	Inflation-Linked 3.5%	Diversified Portfolio 9.8%
Commod. -35.6%	Commod. 18.9%	DM Int'l Equities 9.8%	Managed Futures -4.3%	MLPs ² 4.8%	EM Equities -1.9%	High Yield 0.0%	Hedged Strategies -3.6%	REITs 4.6%	Hedged Strategies 6.0%	Hedged Strategies -1.0%	DM Int'l Equities 2.9%	DM Int'l Debt 8.2%
MLPs ¹ -36.9%	Hedged Strategies 11.5%	DM Int'l Debt 7.0%	Hedged Strategies -5.7%	Hedged Strategies 4.8%	US Debt -2.0%	EM Equities -1.4%	DM Int'l Debt -4.4%	US Debt 2.6%	US Debt 3.5%	US Debt -1.6%	DM Int'l Debt 2.5%	Inflation-Linked 6.1%
US Equities -37.0%	Inflation-Linked 11.4%	US Debt 6.5%	REITs -8.1%	US Debt 4.2%	DM Int'l Debt -5.6%	DM Int'l Debt -3.0%	EM Equities -13.5%	Hedged Strategies 2.5%	Inflation-Linked 3.0%	DM Int'l Equities -2.2%	EM Equities 2.2%	Managed Futures 5.7%
DM Int'l Equities -43.4%	US Debt 5.9%	Managed Futures 6.4%	DM Int'l Equities -12.2%	DM Int'l Debt 0.5%	Inflation-Linked -8.6%	DM Int'l Equities -4.5%	EMD -14.9%	DM Int'l Debt 2.1%	Managed Futures 2.5%	High Yield -2.5%	Hedged Strategies -0.4%	Hedged Strategies 5.6%
REITs -48.9%	DM Int'l Debt 3.7%	Inflation-Linked 6.3%	Commod. -13.3%	Commod. -1.1%	EMD -9.0%	EMD -5.7%	Commod. -24.7%	DM Int'l Equities 1.6%	Commod. 1.7%	EMD -6.4%	Managed Futures -1.1%	EMD 4.8%
EM Equities -53.6%	Managed Futures -4.8%	Hedged Strategies 4.2%	EM Equities -19.2%	Managed Futures -1.8%	Commod. -9.5%	Commod. -17.0%	MLPs ¹ -32.6%	Managed Futures -3.1%	MLPs ¹ -6.5%	EM Equities -6.7%	Commod. -6.8%	US Debt 3.2%

Source: FactSet, Morgan Stanley Wealth Management GIC; Indices used: Bloomberg Barclays Capital US Aggregate for US Bonds. Citi 3M Treasury Bill for cash, Bloomberg Barclays US Aggregate for US Bonds, Bloomberg Barclays Global Majors ex US for DM Int'l Bonds, Bloomberg Barclays US TIPS for Inflation-linked securities, Bloomberg Barclays Global High Yield for global high yield, JP Morgan EMBI for EM Bonds, S&P 500 for US Stocks, MSCI EAFE IMI for Int'l Stocks, MSCI EM IMI for Emerging Market Stocks, FTSE EPRA/NAREIT Global for REITs, Bloomberg Commodity Index for commodities, HFRX Macro/CTA Index for Managed Futures, Alerian MLP Index for MLPs, and HFRX Global hedge Funds for hedged strategies. Diversified portfolio is comprised of 25% S&P 500, 10% Russell 2000, 15% MSCI EAFE, 5% MSCI EME, 25% Bloomberg Barclays US Aggregate, 5% 3 mo. T-Bills, 5% HFRX Global Hedge Funds, 5% Bloomberg Commodity Index, and 5% FTSE EPRA/NAREIT Global Index. MLP data begins on January 1, 2007. Standard deviation (volatility) is a measure of the dispersion of a set of data from its mean.

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S&P 500 Sector Returns

As of June 29, 2018

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD	10-Years ('08-'17) Ann.
Consumer Staples -15.4%	Info Tech 61.7%	Consumer Discretionary 27.7%	Utilities 19.9%	Financials 28.8%	Consumer Discretionary 43.1%	Utilities 29.0%	Consumer Discretionary 10.1%	Energy 27.4%	Info Tech 38.8%	Consumer Discretionary 11.5%	Consumer Discretionary 13.5%
Health Care -22.8%	Materials 48.6%	Industrials 26.7%	Consumer Staples 14.0%	Consumer Discretionary 23.9%	Health Care 41.5%	Health Care 25.3%	Health Care 6.9%	Telecom 23.5%	Materials 23.8%	Info Tech 10.9%	Info Tech 11.9%
Utilities -29.0%	Consumer Discretionary 41.3%	Materials 22.2%	Health Care 12.7%	Telecom 18.3%	Industrials 40.7%	Info Tech 20.1%	Cons. Staples 6.6%	Financials 22.8%	Consumer Discretionary 23.0%	Energy 6.8%	Health Care 11.0%
Telecom -30.5%	Industrials 20.9%	Energy 20.5%	Telecom 6.3%	Health Care 17.9%	Financials 35.6%	Consumer Staples 16.0%	Info Tech 5.9%	Industrials 18.9%	Financials 22.2%	Health Care 1.8%	Cons. Staples 10.1%
Consumer Discretionary -33.5%	Health Care 19.7%	Telecom 19.0%	Consumer Discretionary 6.1%	Industrials 15.3%	Info Tech 28.4%	Financials 15.2%	Telecom 3.4%	Materials 16.7%	Health Care 22.1%	Utilities 0.3%	Industrials 8.6%
Energy -34.9%	Financials 17.2%	Consumer Staples 14.1%	Energy 4.7%	Materials 15.0%	Consumer Staples 26.1%	Industrials 9.8%	Financials -1.5%	Utilities 16.3%	Industrials 21.0%	Materials -3.1%	Utilities 6.3%
Industrials -39.9%	Consumer Staples 14.9%	Financials 12.1%	Info Tech 2.4%	Info Tech 14.8%	Materials 25.6%	Consumer Discretionary 9.7%	Industrials -2.5%	Info Tech 13.8%	Cons. Staples 13.5%	Financials -4.1%	Materials 6.2%
Info Tech -43.1%	Energy 13.8%	Info Tech 10.2%	Industrials -0.6%	Consumer Staples 10.8%	Energy 25.1%	Materials 6.9%	Utilities -4.8%	Consumer Discretionary 6.0%	Utilities 12.1%	Industrials -4.7%	Telecom 5.1%
Materials -45.7%	Utilities 11.9%	Utilities 5.5%	Materials -9.8%	Energy 4.6%	Utilities 13.2%	Telecom 3.0%	Materials -8.4%	Cons. Staples 5.4%	Energy -1.0%	Telecom -8.4%	Financials 3.8%
Financials -55.3%	Telecom 8.9%	Health Care 2.9%	Financials -17.1%	Utilities 1.3%	Telecom 11.5%	Energy -7.8%	Energy -21.1%	Health Care -2.7%	Telecom -1.3%	Cons. Staples -8.5%	Energy 1.2%

Source: FactSet, Morgan Stanley Wealth Management GIC. Performance based on S&P 500 sector indices; returns in USD. Not pictured: Real Estate Sector which was created as its own sector in 2016.

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Historical Fixed Income Returns

As of June 29, 2018

High yield & EMD have provided equity-like returns in past 10 years. This is unlikely to continue.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD	('08-'17) Ann.
EMD 10.8%	US High Yield 58.2%	US High Yield 15.1%	Inflation-Linked 13.6%	US High Yield 15.8%	US High Yield 7.4%	Muni 9.1%	Muni 3.3%	US High Yield 17.1%	EMD 8.9%	Int'l 1.0%	EMD 8.3%
Gov't 9.6%	Muni 12.9%	EMD 11.4%	Muni 10.7%	EMD 13.7%	Int'l 0.9%	Int'l 8.4%	EMD 3.3%	EMD 9.4%	Gov't 7.5%	US High Yield 0.2%	US High Yield 8.0%
Int'l 5.7%	Inflation-Linked 11.4%	US Agg 6.5%	EMD 8.4%	Inflation-Linked 7.0%	Short Term 0.3%	EMD 8.2%	Int'l 1.2%	Int'l 4.8%	US High Yield 7.5%	EMD 0.0%	Muni 4.5%
US Agg 5.2%	EMD 10.3%	Inflation-Linked 6.3%	US Agg 7.8%	Muni 6.8%	EMD -0.3%	US Agg 6.0%	Short Term 1.0%	Inflation-Linked 4.7%	Muni 5.4%	Inflation-Linked 0.0%	Int'l 4.2%
Short Term 5.1%	US Agg 5.9%	Gov't 5.9%	Gov't 6.2%	Int'l 6.6%	US Agg -2.0%	Inflation-Linked 3.6%	US Agg 0.5%	US Agg 2.6%	US Agg 3.5%	Muni -0.2%	US Agg 4.0%
Inflation-Linked -2.4%	Short Term 4.6%	Short Term 4.1%	US High Yield 5.0%	US Agg 4.2%	Muni -2.6%	US High Yield 2.5%	Inflation-Linked -1.4%	Gov't 1.7%	Inflation-Linked 3.0%	Short Term -0.3%	Inflation-Linked 3.5%
Muni -2.5%	Int'l 4.4%	Int'l 3.3%	Int'l 3.9%	Short Term 2.2%	Gov't -4.3%	Short Term 1.4%	Gov't -3.7%	Short Term 1.6%	Int'l 2.8%	Gov't -0.9%	Gov't 2.6%
US High Yield -26.2%	Gov't 3.3%	Muni 2.4%	Short Term 3.1%	Gov't 2.0%	Inflation-Linked -8.6%	Gov't -1.0%	US High Yield -4.5%	Muni 0.2%	Short Term 1.3%	US Agg -1.6%	Short Term 2.5%

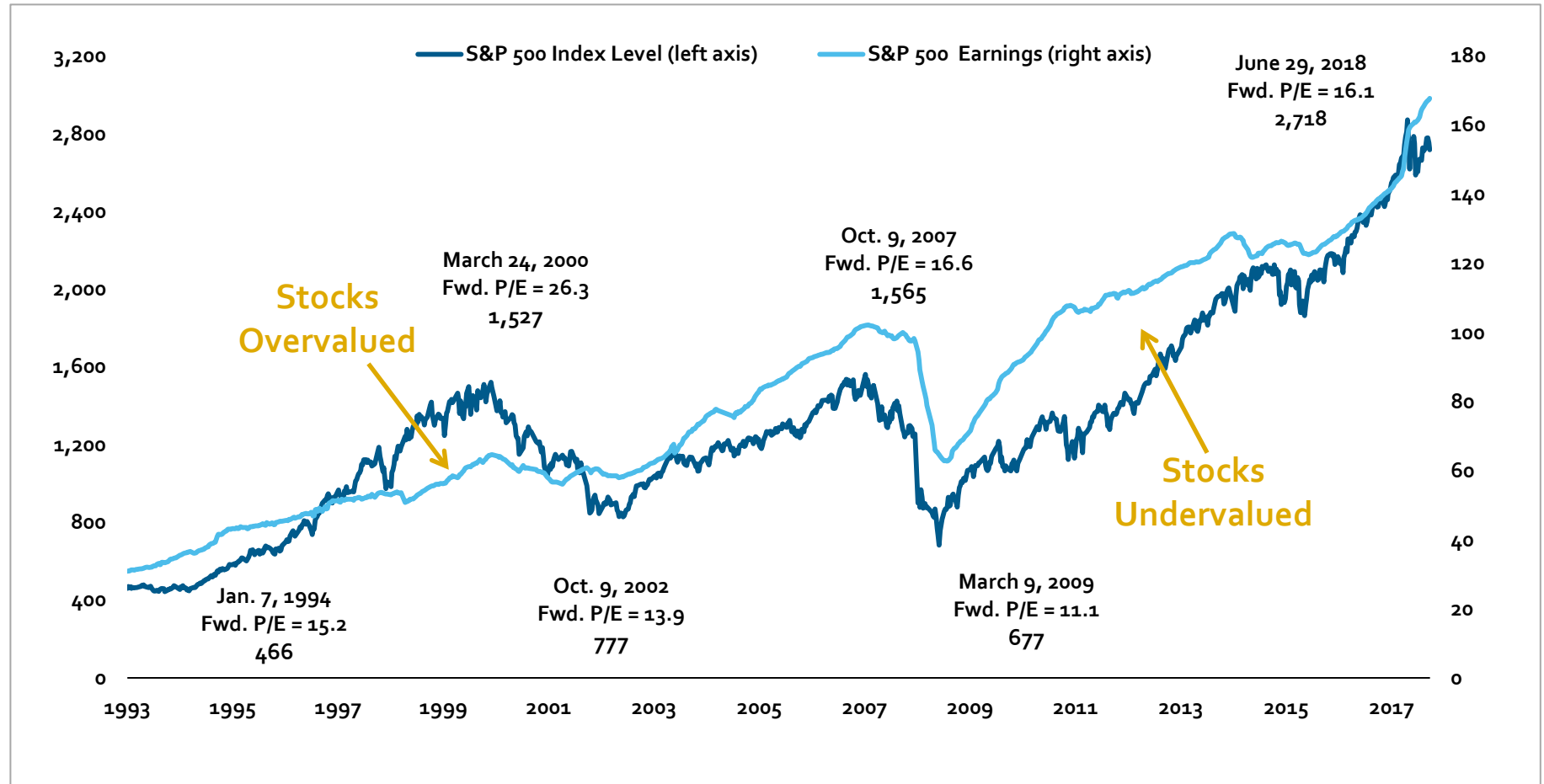
Source: FactSet, Morgan Stanley Wealth Management GIC. Indices used for this analysis include: BBg Barclays US Gov/Credit Float Adj. 1-5Y for Short Duration, BBg Barclays US Aggregate for US Agg, BBg Barclays Global Aggregate ex US for International, BBg Barclays US TIPS for Inflation-linked securities, BBg Barclays US Corporate High Yield for High Yield with a currency hedge, JP Morgan EMBI for EM debt, BBg Barclays Municipals for Municipals, and BBg Barclays Global Aggregate Government for government bonds.

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Earnings Remain Supportive of US Equities

S&P 500 Index Level Vs. S&P 500 Operating Earnings

Monthly Index Level and Operating Earnings as of June 29, 2018



Source: Bloomberg. Stocks Overvalued = equity performance outpaces earnings performance. Stocks Undervalued = earnings performance outpaces equity performance. Fairly Valued = stock performance and earnings performance are in line with one another.

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S&P 500 Current and Historical Valuation

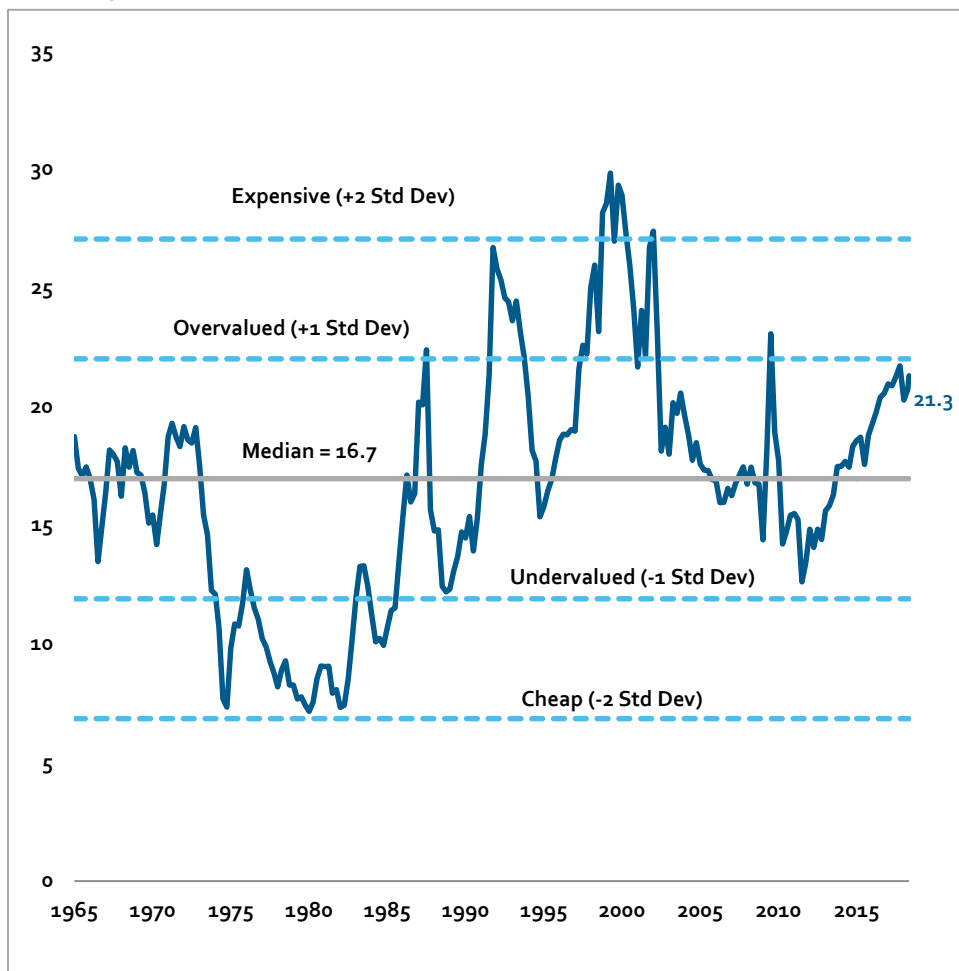
S&P 500 Current and Historical Valuation

As of July 20, 2018

	Tech Bubble	Financial Crisis	Jul 20, 2018	20-Year Average	Current Relative to Average
Trailing P/E	28.9	12.1	21.1	19.4	1.09
Forward P/E	26.6	11.2	16.5	15.9	1.04
Trailing Normalized P/E	48.7	11.9	29.5	26.3	1.12
Shiller P/E	43.2	14.1	31.8	26.9	1.18
P/B	5.0	1.6	3.4	2.9	1.16
EV/EBITDA	16.5	9.0	13.5	10.6	1.27
Trailing PEG	NA	1.0	1.4	1.4	0.99
Forward PEG	NA	1.0	1.3	1.3	0.97
P/OCF	19.4	6.5	13.7	11.6	1.19
P/FCF	41.6	12.1	22.2	21.8	1.02
EV/Sales	3.0	1.4	2.7	1.9	1.41
S&P 500 in WTI Terms	55.7	16.4	41.0	31.8	1.29
S&P 500 in Gold Terms	5.4	0.8	2.3	2.3	0.99
Equity Risk Premium (bps)	-225	588	321.3	289	1.11

S&P 500 Trailing Price/Earnings Ratio with Historical Median

As of July 13, 2018



Source: Bloomberg, FactSet, Morgan Stanley Wealth Management GIC. Tech Bubble data is 3/31/2000, Financial Crisis data is 2/28/2009. Trailing and Forward price-earnings to growth (PEG) ratio uses 10-year average. The Shiller P/E ratio, also known as the cyclically adjusted P/E ratio, uses a 10-year average of inflation-adjusted earnings to value the stock market. Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time. Standard deviation (volatility) is a measure of the dispersion of a set of data from its mean.

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US Equity Valuation Metrics

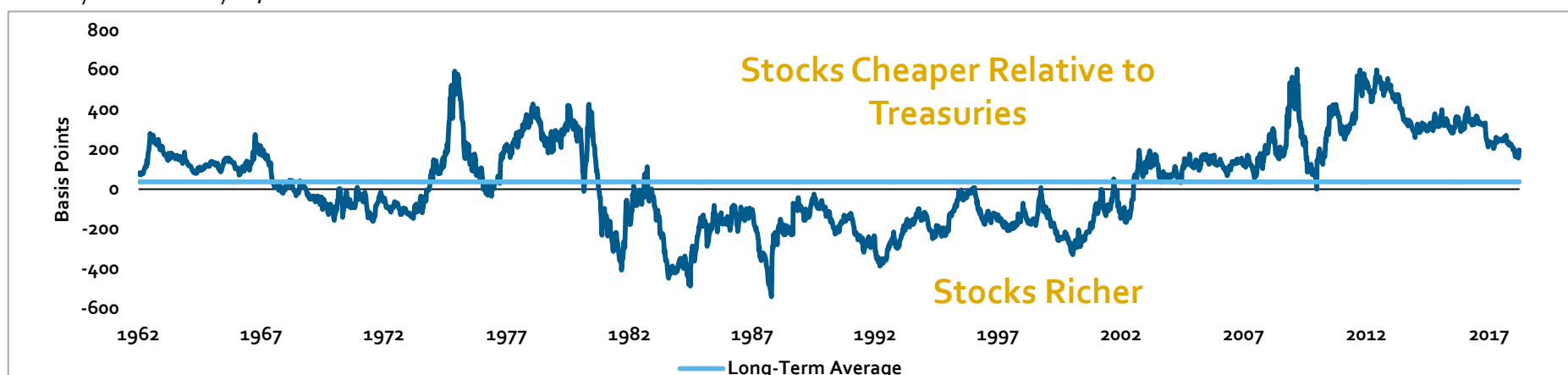
Valuation Measures

As of June 29, 2018, Market Cap as a Percent of GDP Data as of March 31, 2018; 1 Year ago data as of June 30, 2017

Valuation Measure	As of Jun 29, 2018	1 Year Ago	Three-Yr. Average	Five-Yr. Average	10-Yr. Average	15-Yr. Average
Forward P/E ¹	16.1	17.4	16.8	16.2	14.4	14.5
Trailing P/E	18.6	19.1	18.3	17.5	15.8	16.0
Price-to-Book	3.2	3.0	2.9	2.8	2.4	2.6
ROE	17.3%	15.8%	15.9%	15.8%	15.2%	15.7%
Dividend Yield	1.8%	1.9%	2.0%	1.9%	2.1%	1.9%
Shiller P/E ²	32.1	29.8	28.2	27.1	23.7	24.4
NTM Equity Risk Premium (Bps)	314.0	332.5	367.2	382.7	449.1	373.0
Market Cap as a % of GDP	137.29%	129.23%	124.60%	120.21%	101.36%	98.68%

Equity Risk Premium: S&P 500 Trailing Earnings Yield Vs. 10-Yr. Treasury Yield

Monthly Data as of July 06, 2018

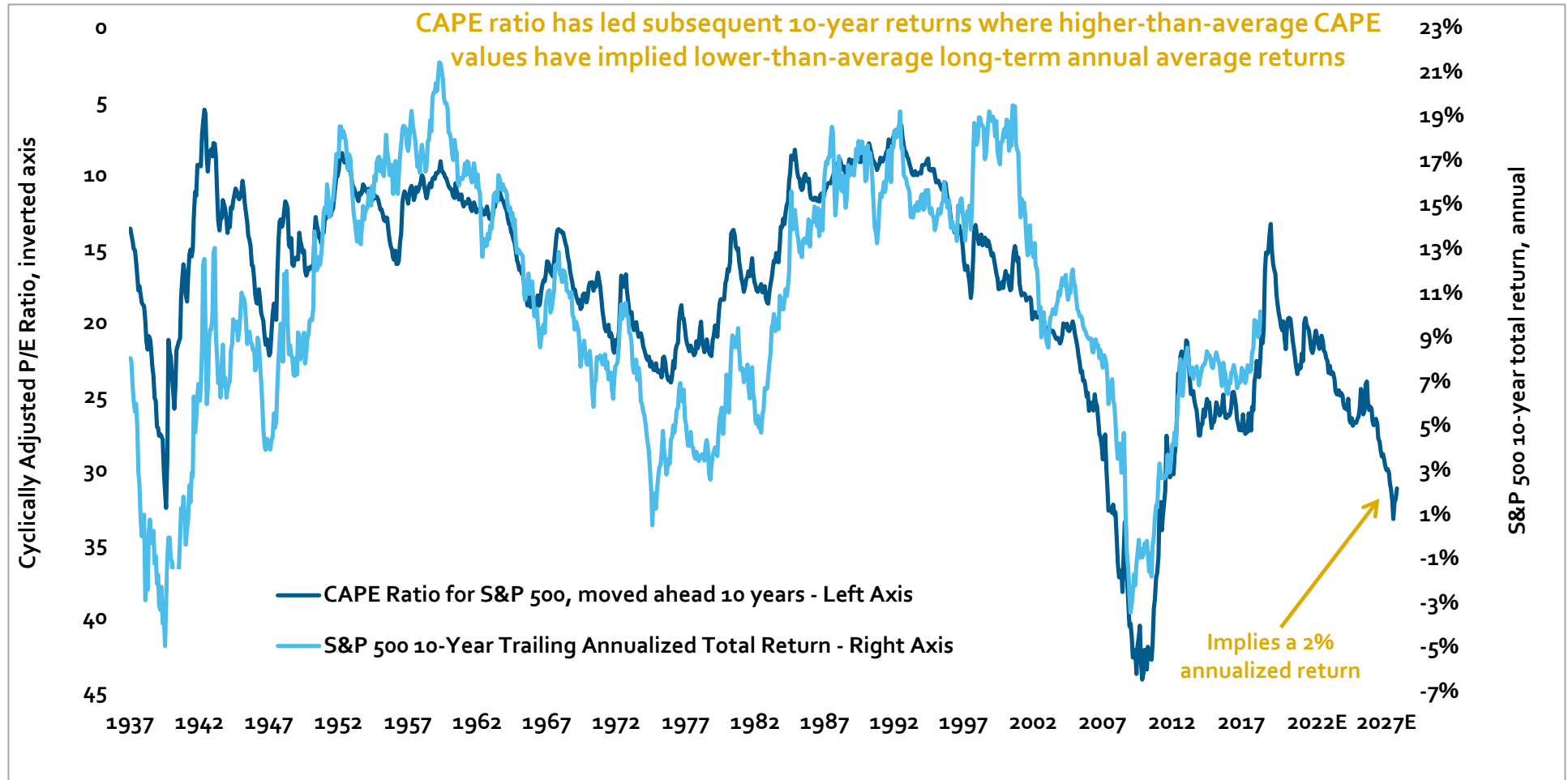


Source: Bloomberg, FactSet, Morgan Stanley Wealth Management GIC. (1) Forward P/E = market price per share / estimated earnings per share (2) The Shiller P/E ratio, also known as the cyclically adjusted P/E ratio, uses a 10-year average of inflation-adjusted earnings to value the stock market. This Shiller P/E Ratio was calculated using the after-tax earnings in the National Income and Product Accounts (NIPA) report published by the Bureau of Economic Analysis. Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

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Based on the Cyclically Adjusted P/E Ratio (CAPE)¹, Long-Term Equity Returns Look Below Average, But Not Negative

Monthly Data as of June 29, 2018



Source: FactSet, Morgan Stanley Wealth Management GIC. (1) The cyclically adjusted P/E ratio (CAPE), also known as the Shiller P/E ratio, uses a 10-year average of inflation-adjusted earnings to value the stock market. Historically, cyclically adjusted price-earnings ratios have led subsequent returns with a 10-year lag.

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US Equities Snapshot and Sector Breakdown

S&P 500 Sector Performance and Valuation¹

As of July 20, 2018

Index Name	Total Return			Div. Yield (%)	Beta	20-Year Avg.	
	WTD (%)	YTD (%)	1-Year (%)			NTM P/E	NTM P/E ²
S&P 500	0.04	5.90	15.50	1.79		15.9	16.5
Energy	-1.86	5.30	17.80	2.66	0.91	17.6	17.2
Materials	-0.49	-2.65	7.54	1.96	1.04	13.9	15.3
Industrials	0.90	-0.95	8.34	1.95	1.02	16.2	16.3
Consumer Discretionary	-0.43	14.47	24.95	1.15	0.96	18.0	21.2
Consumer Staples	0.21	-6.13	-1.41	2.91	0.62	16.9	17.5
Health Care	-0.82	5.89	8.93	1.60	0.96	17.0	15.6
Financials	2.24	-0.42	13.12	1.68	1.11	12.7	12.5
Information Technology	0.11	16.22	30.31	1.09	1.27	20.7	18.8
Telecommunication Services	-1.84	-8.35	2.43	5.27	0.73	16.2	10.0
Utilities	-0.54	0.99	2.32	3.44	0.21	14.2	16.4
Real Estate	-1.55	0.20	3.84	3.30	0.52	15.3	17.3

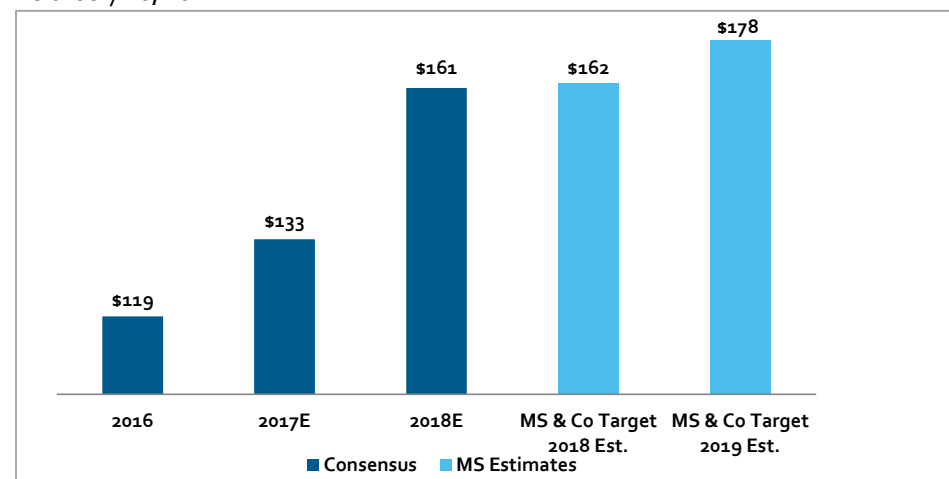
Morgan Stanley & Co. 2018 S&P 500 Target³

As of July 20, 2018

EPS Landscape	EPS	Multiple	Price Target	Upside / (Downside)
Bull Case	\$176	17.5X	3,000	7.1%
Base Case	\$168	16.5X	2,750	(1.8%)
Bear Case	\$160	15.5X	2,400	(14.3%)
Current S&P 500 Price			2802	

Morgan Stanley & Co. and Consensus S&P 500 Earnings Estimates

As of July 20, 2018

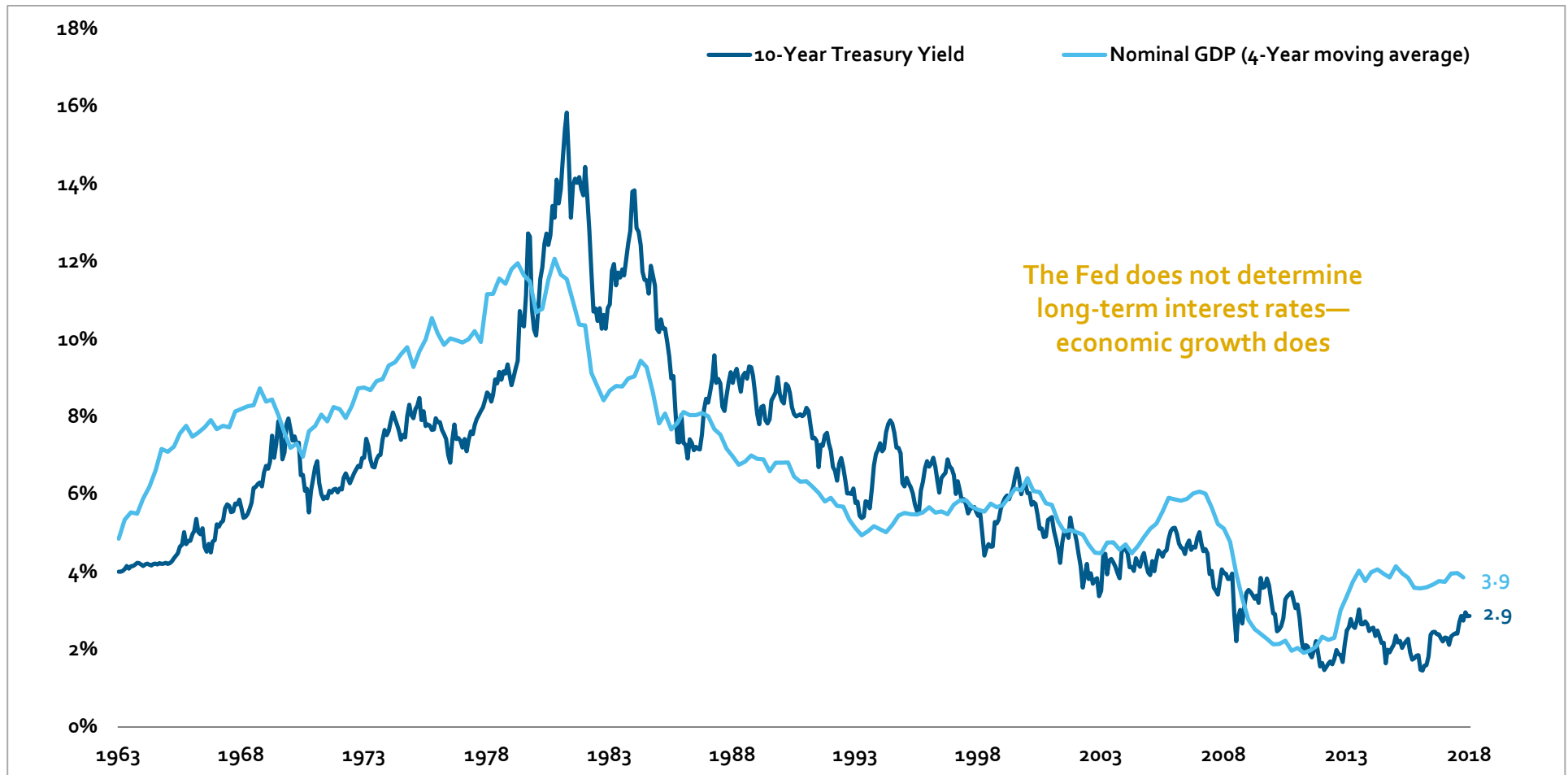


Source: Morgan Stanley & Co., FactSet, Thomson Reuters, Morgan Stanley Wealth Management GIC. (1) Green/red text denotes sector total return and dividend yield higher/lower than S&P 500. (2) Dark blue/light blue/grey fill denotes whether current relative NTM P/E is low/neutral/high relative to history. Real Estate is from 10/31/2001 to present. (3) The S&P 2018 target is using MS & Co.'s 2019 earnings estimate. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

Interest Rates Have Been Falling for Past 30 Years, Closely Following Nominal GDP Growth

US 10-year Treasury Yield Vs. Nominal GDP

Treasury yield as of June 29, 2018; GDP as of March 30, 2018



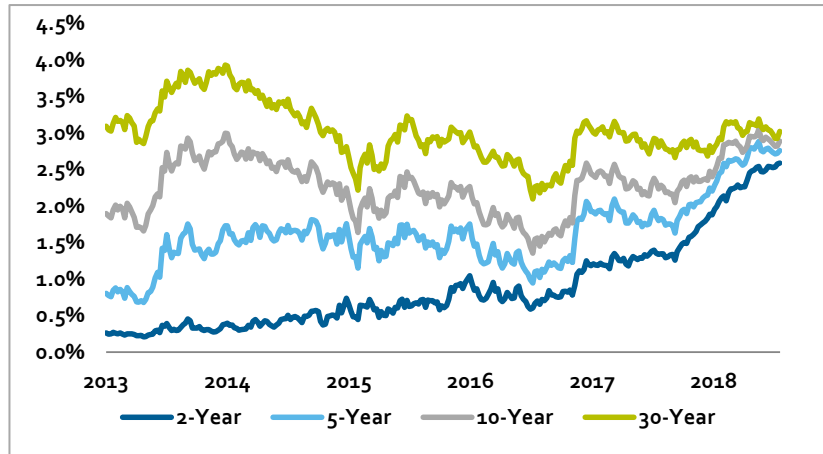
Source: Bloomberg, Morgan Stanley Wealth Management GIC.

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Interest Rate Changes

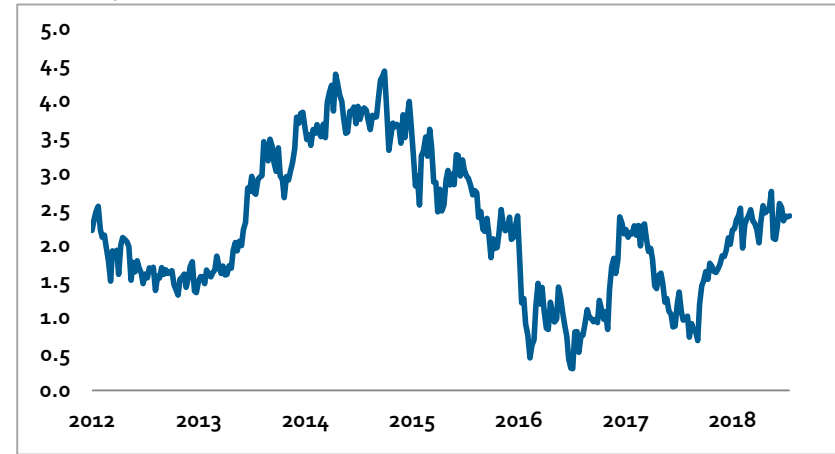
US Treasury Yields

As of July 20, 2018



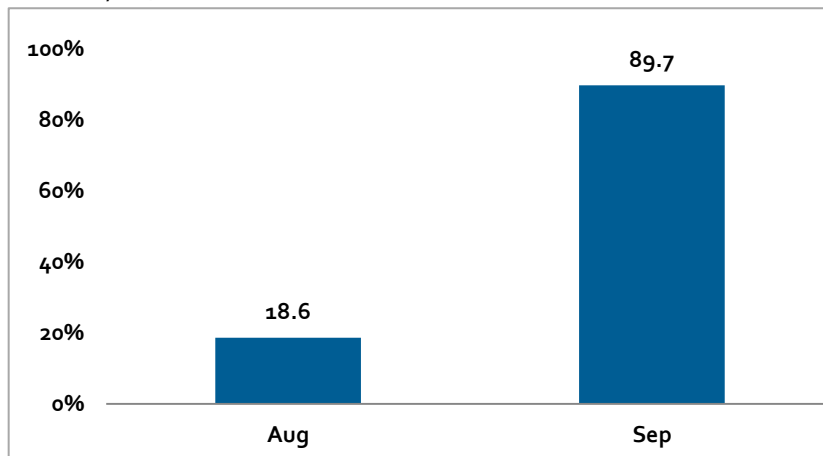
Market Implied Pace of Rate Hikes Over Next 12 Months

As of July 20, 2018



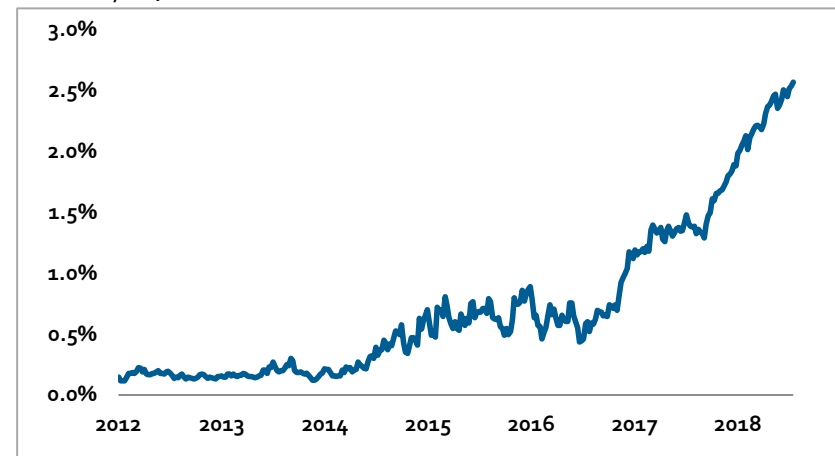
Probability of a Rate Hike by FOMC Meeting

As of July 20, 2018



Futures Implied Federal Funds Rate in 12 Months

As of July 20, 2018



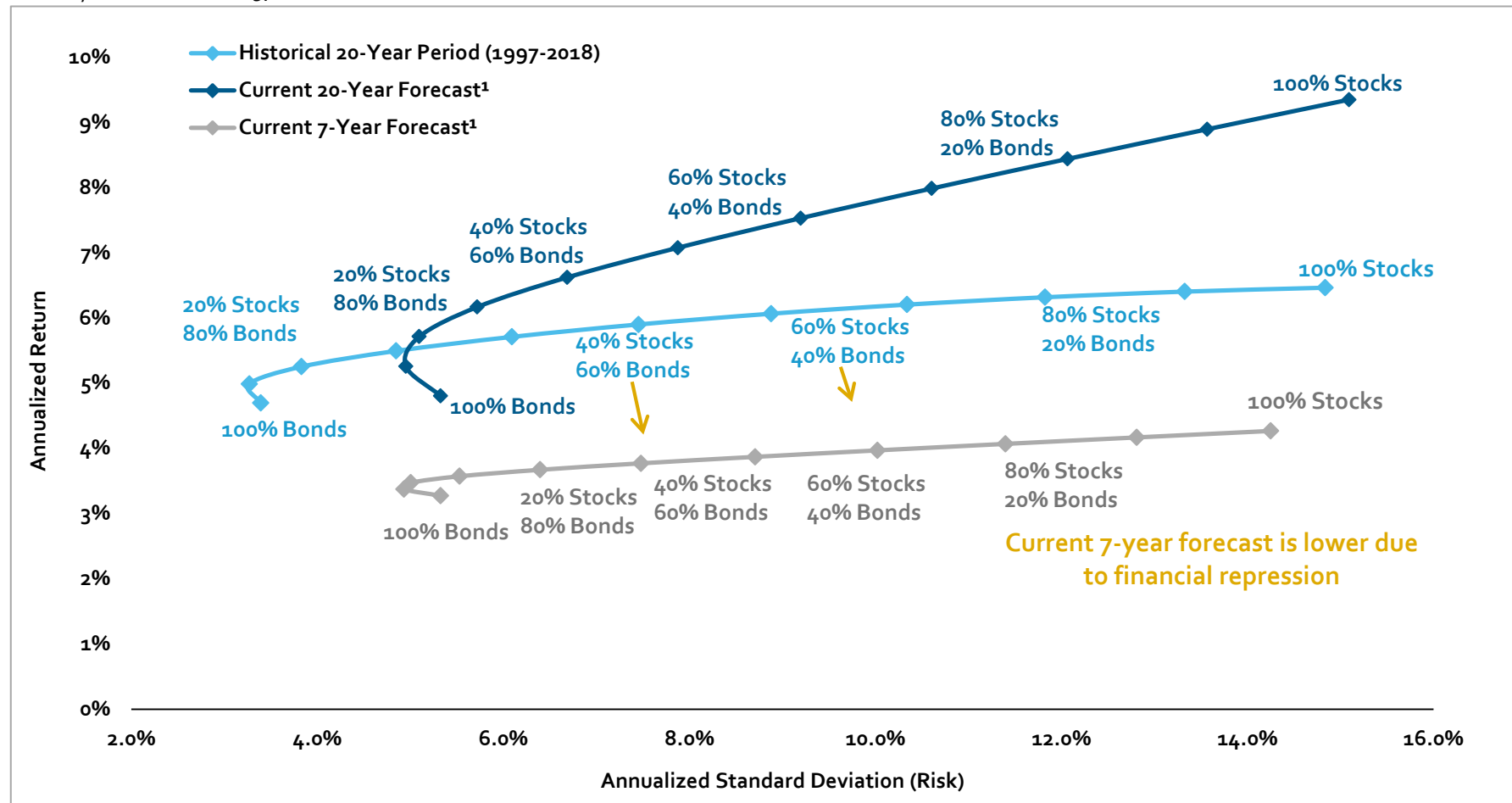
Source: Bloomberg, Morgan Stanley Wealth Management GIC. Pace of rate hikes represented by MSPoKE Index.

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Diversification Benefits Have Waned: Forecasted Efficient Frontiers

Stock and Bond Blends

Monthly Data as of June 29, 2018



Source: FactSet, Morgan Stanley Wealth Management GIC. For illustrative purposes only. Stocks are represented by the S&P 500 and bonds are represented by the Bloomberg Barclays US Aggregate Index. (1) Forecasts are based on capital market assumptions as published in the GIC's Strategic Asset Allocation Capital Markets Update, March 31, 2018. Standard deviation (volatility) is a measure of the dispersion of a set of data from its mean.

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VERMONT STATE COLLEGES
PORTFOLIO SUMMARY - ASSET ALLOCATION
June 30, 2018

	Large Cap Growth	Large Cap Value	Small / Mid Growth	Small / Mid Value	International	International Emerging	Domestic and High Yield Fixed	International Fixed	Alternatives	Cash	Total	% of Total Portfolio
CG Advisor												
I shares Russell 1000 Growth	\$ 3,332,565										\$ 3,332,565	12.6%
I shares Russell 1000 Value		\$ 2,349,310									\$ 2,349,310	8.9%
I shares Trust S&P Mid Cap 400			\$ 37,313								\$ 37,313	0.1%
iShares Russell 2000			\$ 250,486	\$ 250,486							\$ 500,972	1.9%
William Blair Int Growth					\$ 1,636,059						\$ 1,636,059	6.2%
Vanguard FTSE Developed Mkts					\$ 1,232,646						\$ 1,232,646	4.7%
Oppenheimer Developing Mkts						\$ 712,416					\$ 712,416	2.7%
I shares MSCI Emerging Mkts						\$ 350,020					\$ 350,020	1.3%
Lazard Emerging Markets						\$ 626,171					\$ 626,171	2.4%
Loomis Bond Fund							\$ 1,073,265				\$ 1,073,265	4.1%
Vanguard Sh Tm Inv Gr Inv							\$ 1,220,882				\$ 1,220,882	4.6%
Vanguard Total Bd Mkt Indx Inv							\$ 1,171,426				\$ 1,171,426	4.4%
Blackrock Hi Yield Bond							\$ 1,597,186				\$ 1,597,186	6.0%
Guggenheim Total Return Bond							\$ 1,206,525				\$ 1,206,525	4.6%
Dreyfus Standish Global Fixed Inc								\$ 794,690			\$ 794,690	3.0%
Money Funds										\$ 3,243	\$ 3,243	0.0%
Ishares Dj US Real Estate									\$ 267,445		\$ 267,445	1.0%
Vanguard REIT ETF									\$ 269,192		\$ 269,192	1.0%
Ironwood HF									\$ 563,618		\$ 563,618	2.1%
Skybridge HF									\$ 533,373		\$ 533,373	2.0%
Anchor				\$ 698,581							\$ 698,581	2.6%
Delaware					\$ 1,270,333						\$ 1,270,333	4.8%
Clearbridge	\$ 802,165	\$ 735,318	\$ 323,094	\$ 367,659						\$ 58,318	\$ 2,286,554	8.6%
Thomas Partners	\$ 568,351	\$ 1,606,209	\$ 85,115	\$ 142,774	\$ 288,294					\$ 54,913	\$ 2,745,657	10.4%
Total Fund	\$ 4,703,081	\$ 4,690,837	\$ 696,009	\$ 1,459,501	\$ 4,427,332	\$ 1,688,607	\$ 6,269,283	\$ 794,690	\$ 1,633,628	\$ 116,475	\$ 26,479,443	100.00%
Allocation	17.76%	17.72%	2.63%	5.51%	16.72%	6.38%	23.68%	3.00%	6.17%	0.44%	100.00%	
<i>Strategic Target Allocation a/o 6.30.11</i>												
By Percent	12.00%	12.00%	6.00%	6.00%	17.00%	7.00%	28.00%	4.00%	8.00%	0.00%	100.00%	
By Dollar	\$ 3,177,533	\$ 3,177,533	\$ 1,588,767	\$ 1,588,767	\$ 4,501,505	\$ 1,853,561	\$ 7,414,244	\$ 1,059,178	\$ 2,118,355	\$ -	\$ 26,479,443	
Tactical 12.31.17	16%	16%	5%	5%	16%	6%	26%	4%	6%	0%	100%	

Operations Account \$ 87,003 (common stock) \$ 17,974 (money funds) \$ 104,977

Total All Accounts \$ 26,584,420

Basic Asset Allocation:	Stocks	67%
	Alternatives	6%
	Fixed Income/Cash	27%

The above summary/prices/quote/statistics have been obtained from sources we believe to be reliable, but we cannot guarantee its accuracy or completeness. Past performance is no guarantee of future results. The information provided in this summary is for illustrative purposes only and does not represent an official statement by the firm. You must refer to your monthly statements for an accurate and complete record of your transactions, holdings & balances. Best efforts have been made to reflect the true values of the figures, but we can not guarantee the accuracy or completeness due to the element of human error. This is not a binding or legal document. This information is based upon the market value of your account as of the close of business on 06.30.2018 and is subject to daily market fluctuation.

Morgan Stanley Smith Barney, LLC. Member SIPC.

Prepared by: John O. Myhre, Vice President, Financial Advisor

	Large Cap Growth	Large Cap Value	Small / Mid Growth	Small / Mid Value	International	International Emerging	Domestic and High Yield Fixed	International Fixed	Alternatives	Cash	Total	% of Total Portfolio
CG Advisor												
I shares Russell 1000 Growth	\$ 2,152,559										\$ 2,152,559	7.9%
I shares Russell 1000 Value		\$ 1,083,177									\$ 1,083,177	4.0%
I shares Trust S&P Mid Cap 400			\$ 38,807								\$ 38,807	0.1%
iShares Russell 2000			\$ 261,177	\$ 261,177							\$ 522,355	1.9%
William Blair Int Growth					\$ 1,624,305						\$ 1,624,305	6.0%
Oppenheimer Developing Mkts						\$ 686,229					\$ 686,229	2.5%
I shares MSCI Emerging Mkts						\$ 346,869					\$ 346,869	1.3%
Lazard Emerging Markets						\$ 604,884					\$ 604,884	2.2%
Loomis Bond Fund							\$ 1,080,436				\$ 1,080,436	4.0%
Vanguard Sh Tm Invt Gr Inv							\$ 1,228,685				\$ 1,228,685	4.5%
Vanguard Total Bd Mkt Indx Inv							\$ 1,180,054				\$ 1,180,054	4.3%
Blackrock Hi Yield Bond							\$ 1,623,063				\$ 1,623,063	6.0%
Guggenheim Total Return Bond							\$ 1,212,800				\$ 1,212,800	4.5%
Dreyfus Standish Global Fixed Inc								\$ 798,945			\$ 798,945	2.9%
Money Funds										\$ 20,309	\$ 20,309	0.1%
Ishares Dj US Real Estate									\$ 274,581		\$ 274,581	1.0%
Vanguard REIT ETF									\$ 276,331		\$ 276,331	1.0%
Ironwood HF									\$ 567,459		\$ 567,459	2.1%
Skybridge HF									\$ 538,327		\$ 538,327	2.0%
Anchor				\$ 739,523							\$ 739,523	2.7%
Delaware					\$ 1,286,937						\$ 1,286,937	4.7%
Clearbridge	\$ 784,814	\$ 784,814	\$ 316,268	\$ 456,832						\$ 40,310	\$ 2,383,038	8.8%
ThomasPartners	\$ 314,351	\$ 818,774	\$ 45,325	\$ 99,423	\$ 150,596					\$ 33,628	\$ 1,462,096	5.4%
Parametric - FFS*	\$ 1,355,618	\$ 1,373,494			\$ 1,229,979						\$ 3,959,090	14.6%
ThomasPartners - FFS*	\$ 348,636	\$ 792,090	\$ 49,597	\$ 70,019	\$ 160,460					\$ 37,630	\$ 1,458,432	5.4%
Total Fund	\$ 4,955,977	\$ 4,852,349	\$ 711,175	\$ 1,626,974	\$ 4,452,276	\$ 1,637,983	\$ 6,325,038	\$ 798,945	\$ 1,656,698	\$ 131,877	\$ 27,149,293	100.00%
Allocation	18.25%	17.87%	2.62%	5.99%	16.40%	6.03%	23.30%	2.94%	6.10%	0.49%	100.00%	
Strategic Target Allocation a/o 6.30.11												
By Percent	12.00%	12.00%	6.00%	6.00%	17.00%	7.00%	28.00%	4.00%	8.00%	0.00%	100.00%	
By Dollar	\$ 3,257,915	\$ 3,257,915	\$ 1,628,958	\$ 1,628,958	\$ 4,615,380	\$ 1,900,450	\$ 7,601,802	\$ 1,085,972	\$ 2,171,943	\$ -	\$ 27,149,293	
Tactical 12.31.17	16%	16%	5%	5%	16%	6%	26%	4%	6%	0%	100%	

Operations Account \$ 88,311 (common stock) \$ 17,976 (money funds) \$ 106,287

Total All Accounts \$ 27,255,580

* Fossil Fuel Screened

Basic Asset Allocation:

Stocks	67%
Alternatives	6%
Fixed Income/Cash	27%

The above summary/prices/quote/statistics have been obtained from sources we believe to be reliable, but we cannot guarantee its accuracy or completeness. Past performance is no guarantee of future results. The information provided in this summary is for illustrative purposes only and does not represent an official statement by the firm. You must refer to your monthly statements for an accurate and complete record of your transactions, holdings & balances. Best efforts have been made to reflect the true values of the figures, but we can not guarantee the accuracy or completeness due to the element of human error. This is not a binding or legal document. This information is based upon the market value of your account as of the close of business on 08.21.18 and is subject to daily market fluctuation.

Morgan Stanley Smith Barney, LLC. Member SIPC. Prepared by: John O.

Myhre, Vice President, Financial Advisor

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

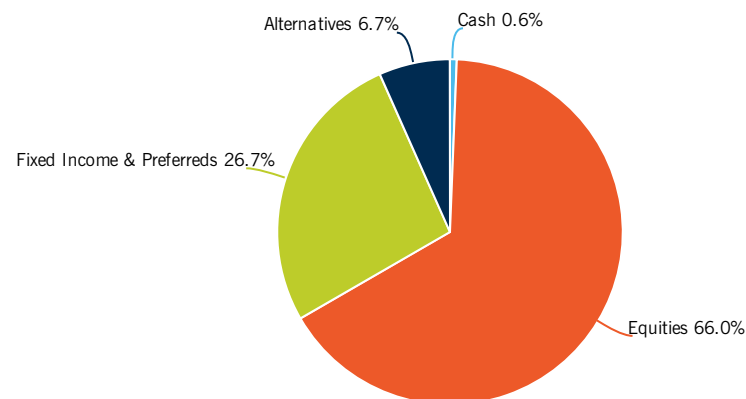
VSC Managed Accounts

As of June 30, 2018 | Reporting Currency: USD

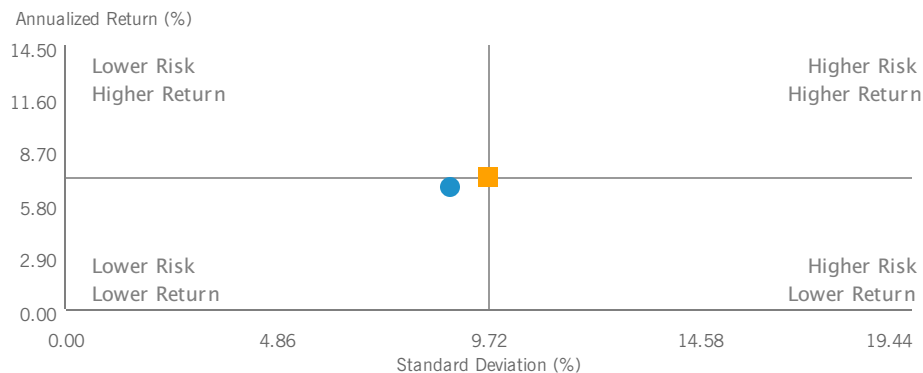
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 12/26/02-06/30/18
Beginning Total Value	28,549,539.30	20,468,324.58	3,085,318.46
Net Contributions/Withdrawals	-2,147,716.49	-2,654,920.54	6,474,091.51
Investment Earnings	113,137.69	8,701,556.46	16,955,550.53
Ending Total Value	26,514,960.50	26,514,960.50	26,514,960.50
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	0.37	7.47	6.68
65 MSCI ACWI 35 BC Agg	-0.77	7.00	7.23

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
ISHARES RUSSELL 1000 GRW ETF	3,332,565.00	12.6
ISHARES RUSSELL 1000 VALUE ETF	2,349,309.90	8.9
WILLIAM BLAIR INTL GROWTH I	1,636,059.49	6.2
BLACKROCK HI YIELD BD PTF INST	1,597,185.86	6.0
VANGUARD FTSE DEVELOPED MKTS E	1,232,645.70	4.7
VANGUARD SH TM INVT GR INV	1,220,881.83	4.6
GUGGENHEIM TOTAL RETURN BD I	1,206,525.26	4.6
VANGUARD TOTAL BD MKT INDX INV	1,171,425.81	4.4
LOOMIS SAYLES BOND INST	1,073,264.69	4.1
DREYFUS/STANDISH GLB FIX INC I	794,689.76	3.0
Top Positions	15,614,553.30	58.9
Other Positions	10,879,915.18	41.1
Total Portfolio	26,494,468.48	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

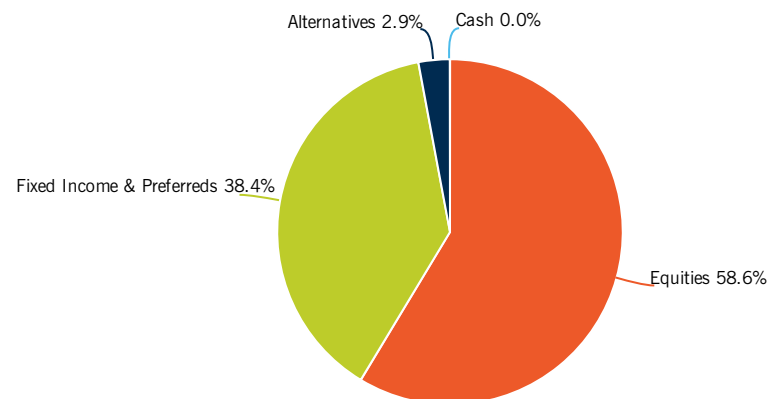
VERMONT STATE COLLEGES 383-XXX872 - Consulting Group Advisor

As of June 30, 2018 | Reporting Currency: USD

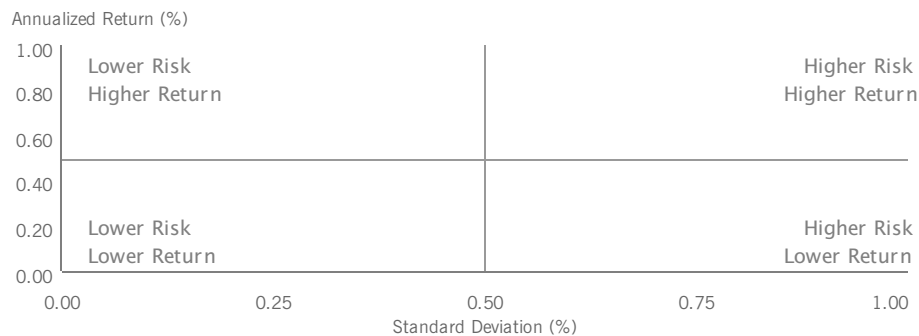
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 12/26/02-06/30/18
Beginning Total Value	19,845,101.37	11,011,327.76	3,085,318.46
Net Contributions/Withdrawals	-1,449,780.82	2,254,526.75	7,125,950.26
Investment Earnings	4,972.89	5,134,438.94	8,189,024.73
Ending Total Value	18,400,293.45	18,400,293.45	18,400,293.45
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-0.01	7.39	-
Custom Account Index	0.03	7.94	-
65 MSCI ACWI 35 BC Agg	-0.77	7.00	-

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 12/31/02-06/30/18	Standard Deviation (%) 12/31/02-06/30/18
Portfolio	-	-
Custom Account Index	-	-
65 MSCI ACWI 35 BC Agg	-	-

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
ISHARES RUSSELL 1000 GRW ETF	3,332,565.00	18.1
ISHARES RUSSELL 1000 VALUE ETF	2,349,309.90	12.8
WILLIAM BLAIR INTL GROWTH I	1,636,059.49	8.9
BLACKROCK HI YIELD BD PTF INST	1,597,185.86	8.7
VANGUARD FTSE DEVELOPED MKTS E	1,232,645.70	6.7
VANGUARD SH TM INVT GR INV	1,220,881.83	6.6
GUGGENHEIM TOTAL RETURN BD I	1,206,525.26	6.6
VANGUARD TOTAL BD MKT INDX INV	1,171,425.81	6.4
LOOMIS SAYLES BOND INST	1,073,264.69	5.8
DREYFUS/STANDISH GLB FIX INC I	794,689.76	4.3
Top Positions	15,614,553.30	84.9
Other Positions	2,769,429.91	15.1
Total Portfolio	18,383,983.21	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

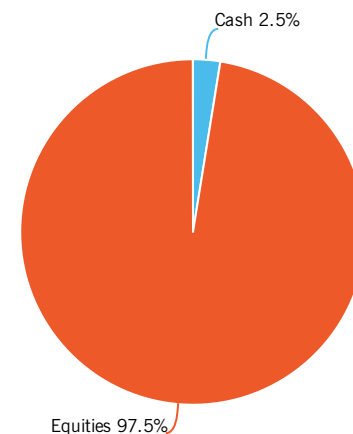
VERMONT STATE COLLEGES 383-XXX533 - ClearBridge Multi Growth

As of June 30, 2018 | Reporting Currency: USD

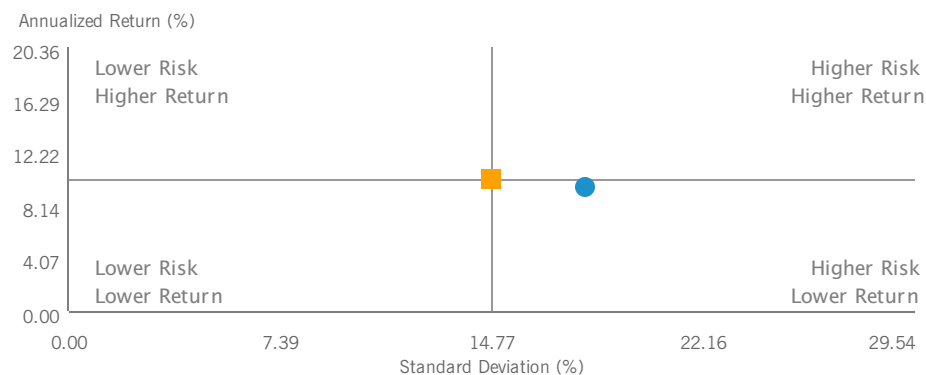
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 04/21/06-06/30/18
Beginning Total Value	2,838,557.07	1,661,487.55	1,040,220.00
Net Contributions/Withdrawals	-700,000.00	-700,000.00	-900,720.16
Investment Earnings	151,458.34	1,328,527.86	2,150,515.57
Ending Total Value	2,290,015.41	2,290,015.41	2,290,015.41
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	5.76	12.56	9.23
Russell 3000 Gr	7.44	16.15	10.06

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 04/30/06-06/30/18	Standard Deviation (%) 04/30/06-06/30/18
Portfolio	9.52	18.05
Russell 3000 Gr	10.18	14.77

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
COMCAST CORP (NEW) CLASS A	173,184.00	7.6
UNITEDHEALTH GP INC	159,471.00	7.0
BIOGEN INC COM	138,734.72	6.1
ALLERGAN PLC SHS	132,709.12	5.8
ANADARKO PETE	117,126.75	5.1
L3 TECHNOLOGIES INC COM	106,160.64	4.6
TWITTER INC	89,174.14	3.9
SEAGATE TECHNOLOGY PLC	88,961.80	3.9
TE CONNECTIVITY LTD NEW	86,187.42	3.8
FLUOR CORP NEW	73,044.09	3.2
Top Positions	1,164,753.68	50.9
Other Positions	1,125,261.97	49.1
Total Portfolio	2,290,015.65	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

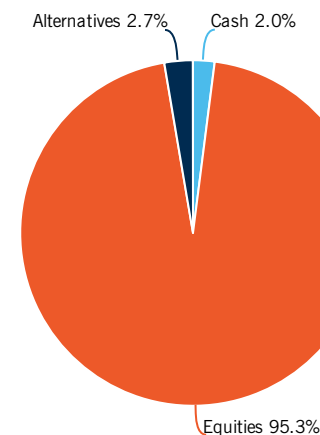
VERMONT STATE COLLEGES 383-XXX584 - ThomasPartners, Inc. ...

As of June 30, 2018 | Reporting Currency: USD

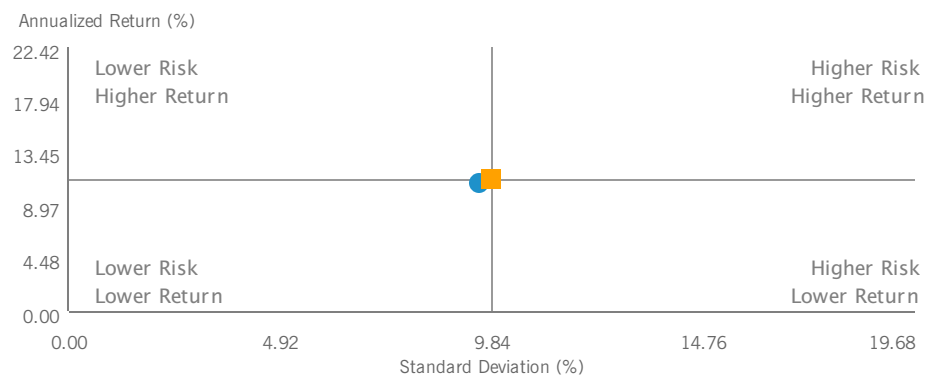
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 03/09/12-06/30/18
Beginning Total Value	2,791,907.46	2,413,577.53	1,627,718.99
Net Contributions/Withdrawals	0.00	-900,000.00	-502,359.40
Investment Earnings	-43,078.99	1,235,250.95	1,623,468.89
Ending Total Value	2,748,828.48	2,748,828.48	2,748,828.48
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-1.54	10.09	10.99
Russell 3000 Price Return	2.29	11.12	11.60

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 03/31/12-06/30/18	Standard Deviation (%) 03/31/12-06/30/18
● Portfolio	10.79	9.58
■ Russell 3000 Price Return	11.21	9.84

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
VERIZON COMMUNICATIONS	86,231.34	3.1
JOHNSON & JOHNSON	86,151.40	3.1
CHEVRON CORP	79,524.47	2.9
APPLE INC	74,044.00	2.7
ALERIAN MLP ETF	73,376.50	2.7
BB & T CORP	73,339.76	2.7
WALMART INC	72,202.95	2.6
V F CORPORATION	71,411.52	2.6
UNITED TECHNOLOGIES CORP	71,267.10	2.6
MICROSOFT CORP	70,506.15	2.6
Top Positions	758,055.19	27.6
Other Positions	1,990,773.52	72.4
Total Portfolio	2,748,828.71	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

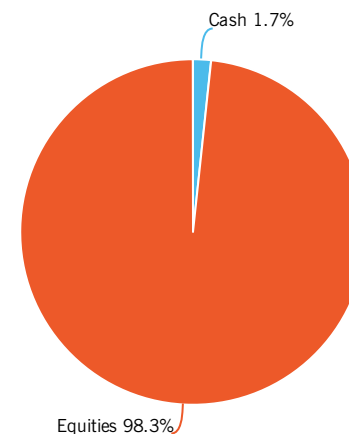
VERMONT STATE COLLEGES 383-XXX874 - Delaware Intl ADR -London

As of June 30, 2018 | Reporting Currency: USD

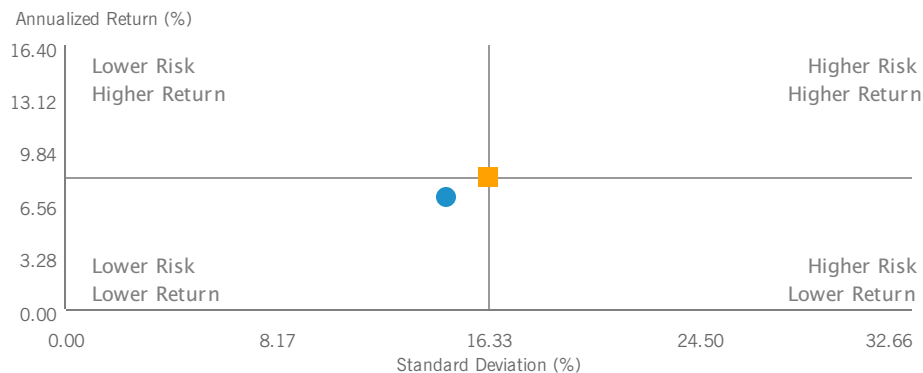
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 02/06/03-06/30/18
Beginning Total Value	1,331,077.56	843,530.78	2,483,085.74
Net Contributions/Withdrawals	0.00	150,000.00	-2,605,957.09
Investment Earnings	-56,387.40	281,159.38	1,397,561.51
Ending Total Value	1,274,690.16	1,274,690.16	1,274,690.16
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-4.24	5.84	6.94
MSCI EAFE Net	-2.75	6.44	7.90

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 02/28/03-06/30/18	Standard Deviation (%) 02/28/03-06/30/18
● Portfolio	6.90	14.67
■ MSCI EAFE Net	8.20	16.33

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
IBERDROLA SA SPON ADR	49,496.92	3.9
TESCO PLC SPONSORED ADR	48,945.33	3.8
BP PLC ADS	48,262.62	3.8
ENI SPA AMER DEP RCPT	47,253.76	3.7
SANOFI ADR	45,771.44	3.6
TAKEDA PHARMACEUTICAL CO LTD	44,600.60	3.5
LLOYDS BANKING GROUP PLC	44,145.81	3.5
KONINKLIJKE AHOLD DELHAIZE NV	43,491.14	3.4
HONDA MOTOR COMPANY LTD ADR	42,968.36	3.4
ENEL SOCIETA PER AZIONI ADR	42,959.25	3.4
Top Positions	457,895.23	35.9
Other Positions	816,795.01	64.1
Total Portfolio	1,274,690.24	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

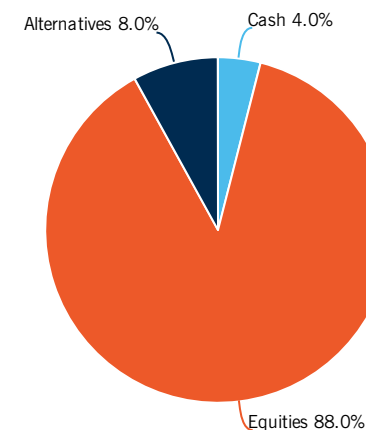
VERMONT STATE COLLEGES 383-XXX918 - Anchor Mid Cap Value

As of June 30, 2018 | Reporting Currency: USD

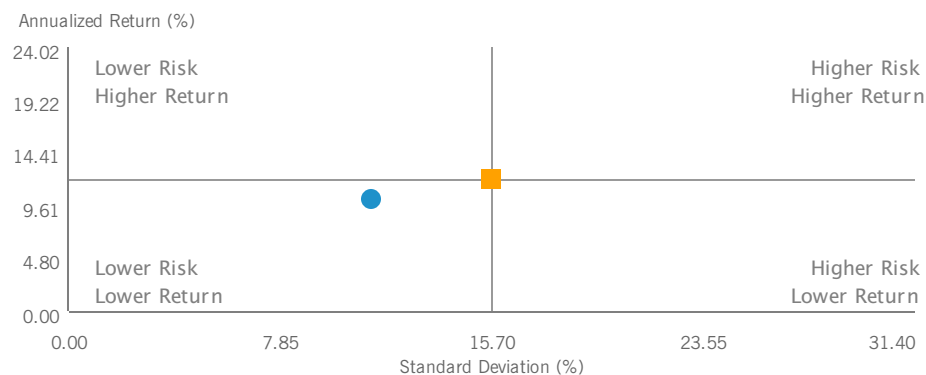
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 02/27/03-06/30/18
Beginning Total Value	678,808.93	566,934.32	795,409.00
Net Contributions/Withdrawals	0.00	-200,000.00	-1,479,300.32
Investment Earnings	21,151.05	333,025.66	1,383,851.30
Ending Total Value	699,959.98	699,959.98	699,959.98
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	3.12	10.22	10.20
Russell Midcap Value	-0.16	11.28	12.10

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 02/28/03-06/30/18	Standard Deviation (%) 02/28/03-06/30/18
● Portfolio	10.13	11.28
■ Russell Midcap Value	12.01	15.70

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
BROADRIDGE FIN SOLU.LLC	31,637.41	4.5
BANK DEPOSIT PROGRAM	27,800.39	4.0
FIRST AMERICAN FINL CORP	20,377.68	2.9
BAXTER INTL INC	17,693.17	2.5
HASBRO INC	17,446.59	2.5
SYSCO CORP	16,389.60	2.3
MARKEL CORP (HOLDING CO)	16,265.25	2.3
NUVASIVE INC	16,261.44	2.3
AMDOCS LIMITED ORD	15,945.60	2.3
CONDUENT INC COM	15,335.48	2.2
Top Positions	195,152.61	27.9
Other Positions	504,807.48	72.1
Total Portfolio	699,960.09	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

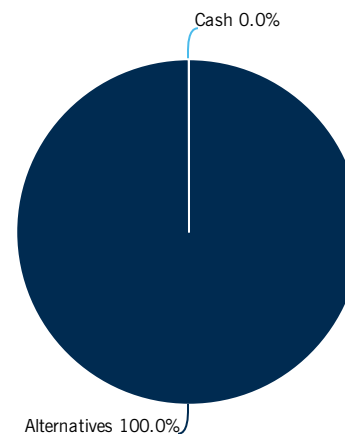
IRONWOOD 383-XXX918 - Alternative Investments Advisory

As of June 30, 2018 | Reporting Currency: USD

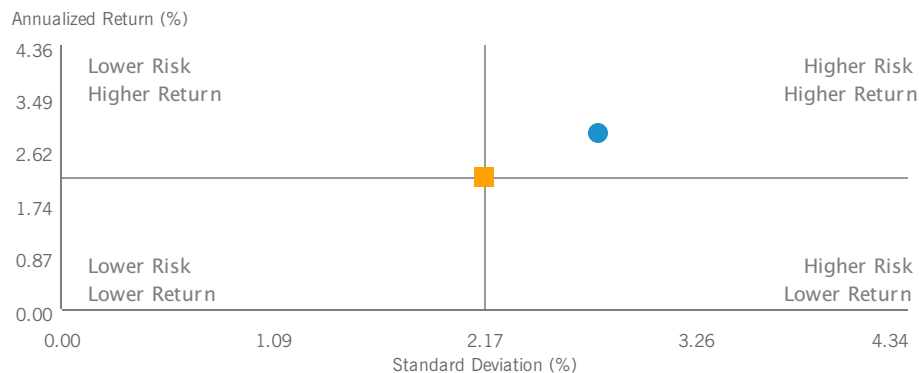
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 09/24/14-06/30/18
Beginning Total Value	552,261.65	-	500,000.00
Net Contributions/Withdrawals	1,069.20	-	8,775.08
Investment Earnings	12,300.67	-	56,856.44
Ending Total Value	565,631.52	-	565,631.52
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	2.22	-	2.89
HFRI FOF Conservative	1.56	-	-

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 09/30/14-06/30/18	Standard Deviation (%) 09/30/14-06/30/18
● Portfolio	2.91	2.75
■ HFRI FOF Conservative	2.18	2.17

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
IRONWOOD INSTIT MS LLC	563,614.05	100.0
BANK DEPOSIT PROGRAM	3.56	0.0
Top Positions	563,617.61	100.0
Other Positions	-	-
Total Portfolio	563,617.61	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

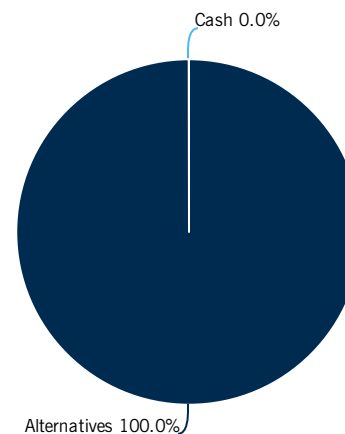
SKYBRIDGE 383-XXX919 - Alternative Investments Advisory

As of June 30, 2018 | Reporting Currency: USD

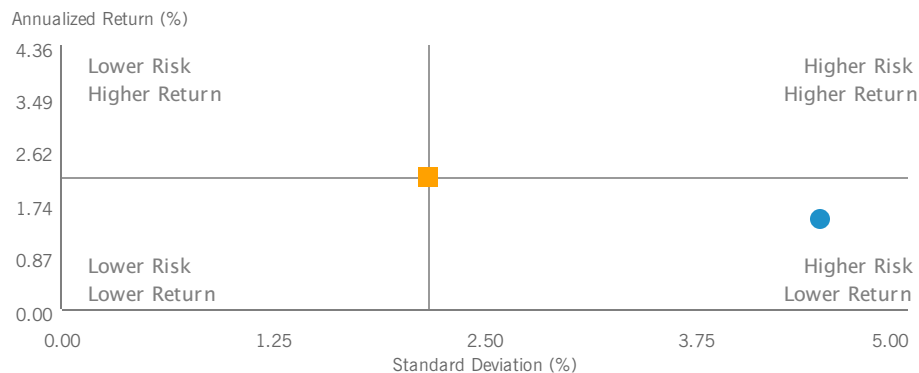
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 09/24/14-06/30/18
Beginning Total Value	511,825.26	-	500,000.00
Net Contributions/Withdrawals	995.13	-	7,410.16
Investment Earnings	22,721.13	-	28,131.36
Ending Total Value	535,541.52	-	535,541.52
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	4.43	-	1.46
HFRI FOF Conservative	1.56	-	-

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 09/30/14-06/30/18	Standard Deviation (%) 09/30/14-06/30/18
● Portfolio	1.47	4.49
■ HFRI FOF Conservative	2.18	2.17

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
SKYBRIDGE MUL-AD SER G ADV	533,369.42	100.0
BANK DEPOSIT PROGRAM	3.56	0.0
Top Positions	533,372.98	100.0
Other Positions	-	-
Total Portfolio	533,372.98	100.0

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

VERMONT STATE COLLEGES 383-XXX920 - AAA

As of June 30, 2018 | Reporting Currency: USD

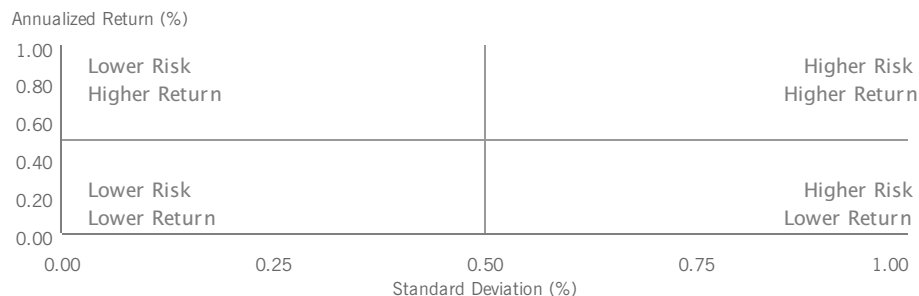
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 02/28/03-06/30/18
Beginning Total Value	-	-	-
Net Contributions/Withdrawals	-	-	-
Investment Earnings	-	-	-
Ending Total Value	-	-	-
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-	-	-
BC Gov/Cr Intm	-	-	-
Barclays Govt/Credit Bond	-	-	-
90-Day T-Bills	-	-	-

ASSET ALLOCATION

This exhibit is not applicable for this portfolio.

RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 02/28/03-06/30/18	Standard Deviation (%) 02/28/03-06/30/18
● Portfolio	-	-
■ BC Gov/Cr Intm	-	-
■ Barclays Govt/Credit Bond	-	-
■ 90-Day T-Bills	-	-

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

This exhibit is not applicable for this portfolio.

INVESTMENT SUMMARY TIME WEIGHTED RETURNS

VERMONT STATE COLLEGES 383-XXX534 - AAA

As of June 30, 2018 | Reporting Currency: USD

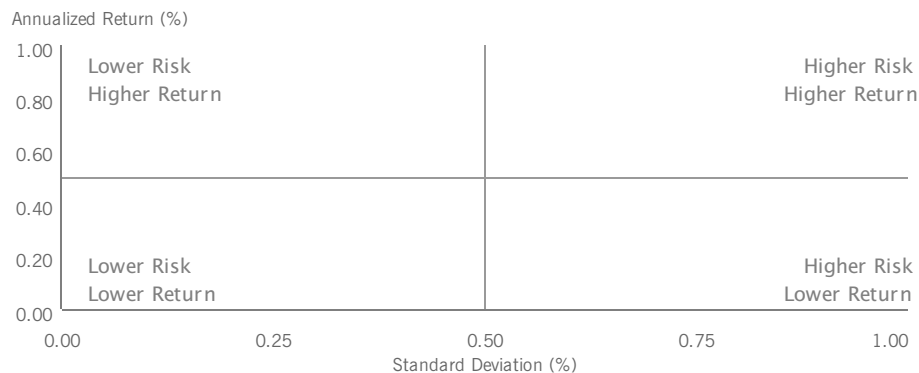
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Year to Date (\$) 12/31/17-06/30/18	Last 5 Years (\$) 06/30/13-06/30/18	Performance Inception (\$) 04/21/06-06/30/18
Beginning Total Value	-	1,289,283.71	700,952.00
Net Contributions/Withdrawals	-	-1,523,467.05	-1,393,777.11
Investment Earnings	-	234,183.34	692,825.11
Ending Total Value	-	0.00	0.00
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	-	-	-
BC Corp High Yield TR	-	-	-

ASSET ALLOCATION

This exhibit is not applicable for this portfolio.

RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



	Return % 04/30/06-06/30/18	Standard Deviation (%) 04/30/06-06/30/18
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● Portfolio	-	-
■ BC Corp High Yield TR	-	-

Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

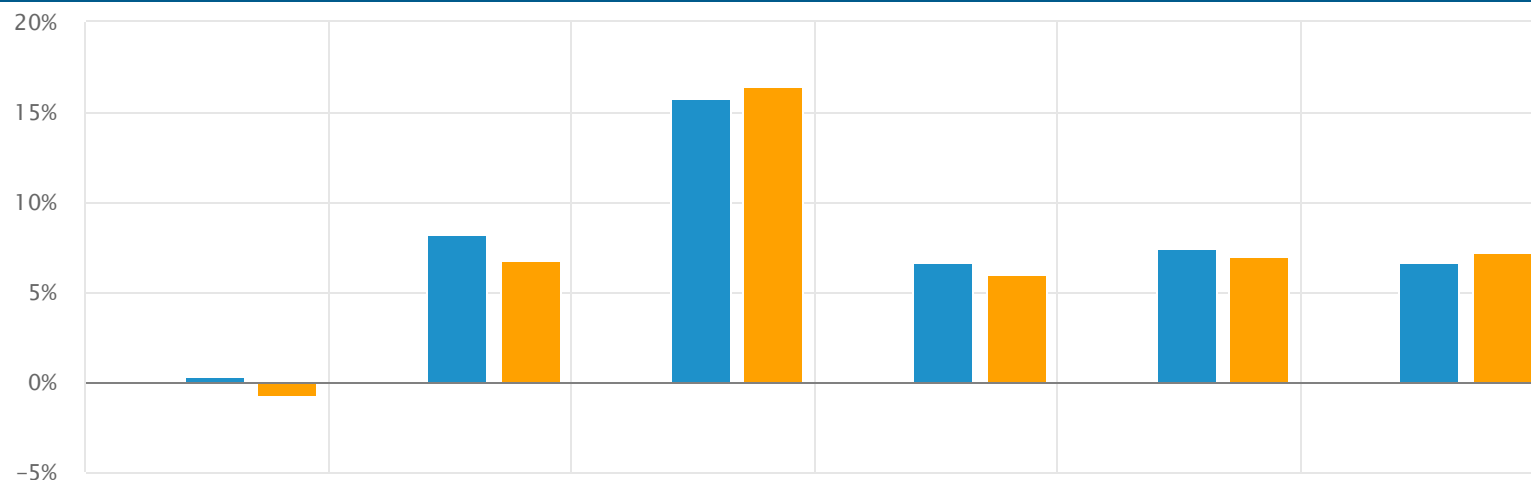
This exhibit is not applicable for this portfolio.

TIME WEIGHTED PERFORMANCE SUMMARY

VSC Managed Accounts

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 12/26/02 - 06/30/18
Beginning Total Value (\$)	28,549,539.30	26,458,925.22	24,642,576.28	23,399,223.71	20,468,324.58	3,085,318.46
Net Contributions/Withdrawals (\$)	-2,147,716.49	-2,137,455.20	11,674.66	-1,939,095.43	-2,654,920.54	6,474,091.51
Investment Earnings (\$)	113,137.69	2,193,490.48	3,895,288.37	5,054,832.22	8,701,556.46	16,955,550.53
Ending Total Value (\$)	26,514,960.50	26,514,960.50	28,549,539.30	26,514,960.50	26,514,960.50	26,514,960.50
Return % (Net of Fees)	0.37	8.26	15.80	6.70	7.47	6.68
65 MSCI ACWI 35 BC Agg (%)	-0.77	6.81	16.45	6.03	7.00	7.23

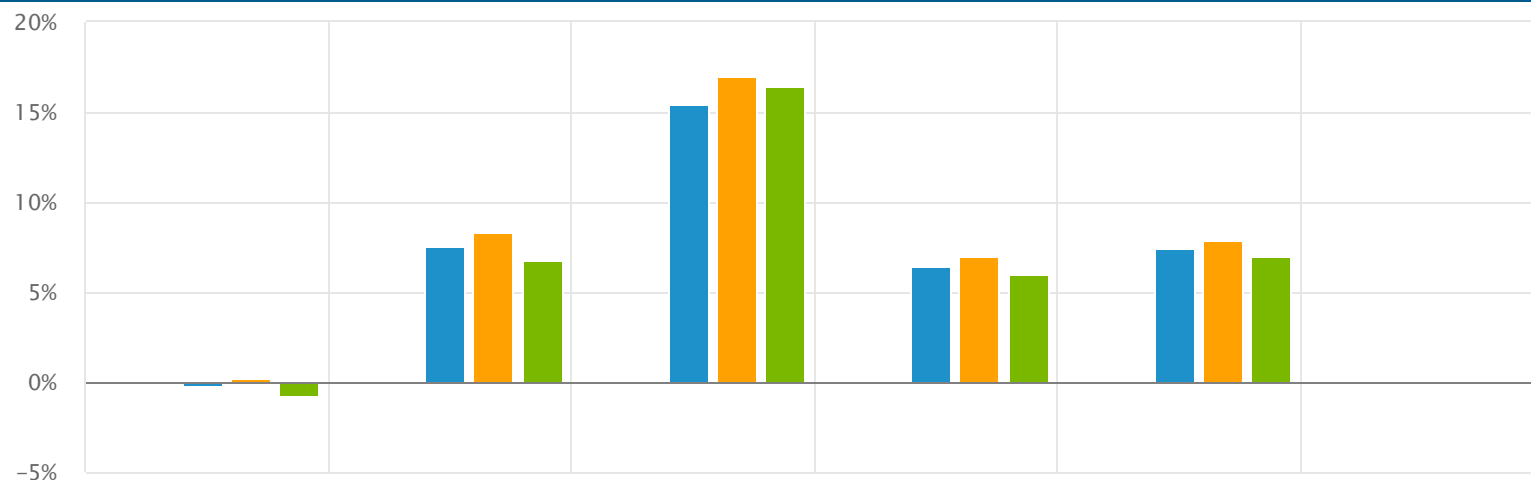
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX872 - Consulting Group Advisor

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 12/26/02 - 06/30/18
Beginning Total Value (\$)	19,845,101.37	18,448,626.83	15,535,849.90	14,657,926.53	11,011,327.76	3,085,318.46
Net Contributions/Withdrawals (\$)	-1,449,780.82	-1,441,746.33	1,730,679.57	521,137.54	2,254,526.75	7,125,950.26
Investment Earnings (\$)	4,972.89	1,393,412.94	2,578,571.91	3,221,229.38	5,134,438.94	8,189,024.73
Ending Total Value (\$)	18,400,293.45	18,400,293.45	19,845,101.37	18,400,293.45	18,400,293.45	18,400,293.45
Return % (Net of Fees)	-0.01	7.51	15.42	6.41	7.39	-
Custom Account Index (%)	0.03	8.28	16.97	6.97	7.94	-
65 MSCI ACWI 35 BC Agg (%)	-0.77	6.81	16.45	6.03	7.00	-

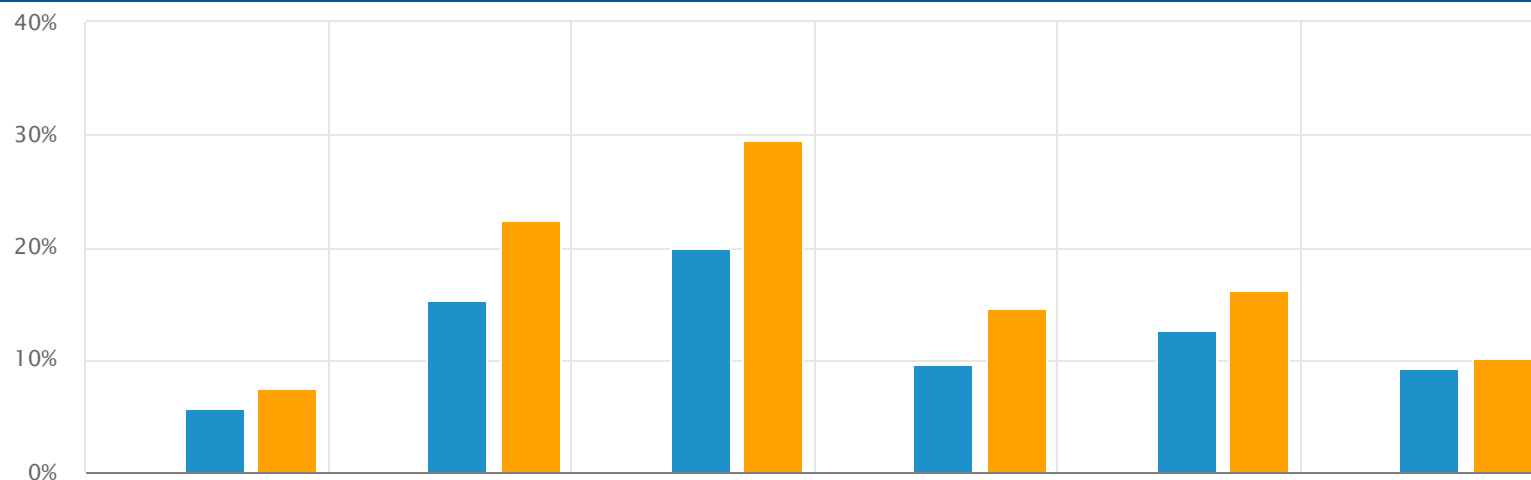
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX533 - ClearBridge Multi Growth

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 04/21/06 - 06/30/18
Beginning Total Value (\$)	2,838,557.07	2,604,988.65	2,366,853.68	2,276,756.11	1,661,487.55	1,040,220.00
Net Contributions/Withdrawals (\$)	-700,000.00	-700,000.00	0.00	-700,000.00	-700,000.00	-900,720.16
Investment Earnings (\$)	151,458.34	385,026.75	471,703.39	713,259.30	1,328,527.86	2,150,515.57
Ending Total Value (\$)	2,290,015.41	2,290,015.41	2,838,557.07	2,290,015.41	2,290,015.41	2,290,015.41
Return % (Net of Fees)	5.76	15.24	19.93	9.65	12.56	9.23
Russell 3000 Gr (%)	7.44	22.47	29.59	14.64	16.15	10.06

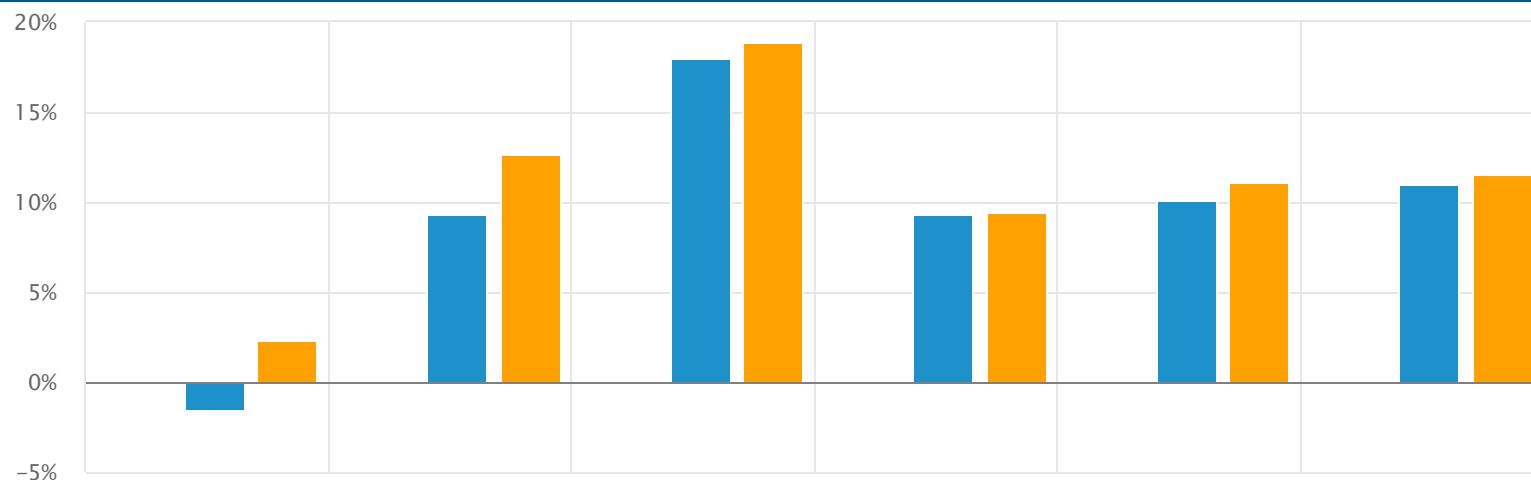
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX584 - ThomasPartners, Inc. ...

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 03/09/12 - 06/30/18
Beginning Total Value (\$)	2,791,907.46	2,514,968.14	2,365,048.22	2,105,135.41	2,413,577.53	1,627,718.99
Net Contributions/Withdrawals (\$)	0.00	0.00	0.00	0.00	-900,000.00	-502,359.40
Investment Earnings (\$)	-43,078.99	233,860.34	426,859.24	643,693.07	1,235,250.95	1,623,468.89
Ending Total Value (\$)	2,748,828.48	2,748,828.48	2,791,907.46	2,748,828.48	2,748,828.48	2,748,828.48
Return % (Net of Fees)	-1.54	9.30	18.05	9.30	10.09	10.99
Russell 3000 Price Return (%)	2.29	12.68	18.85	9.42	11.12	11.60

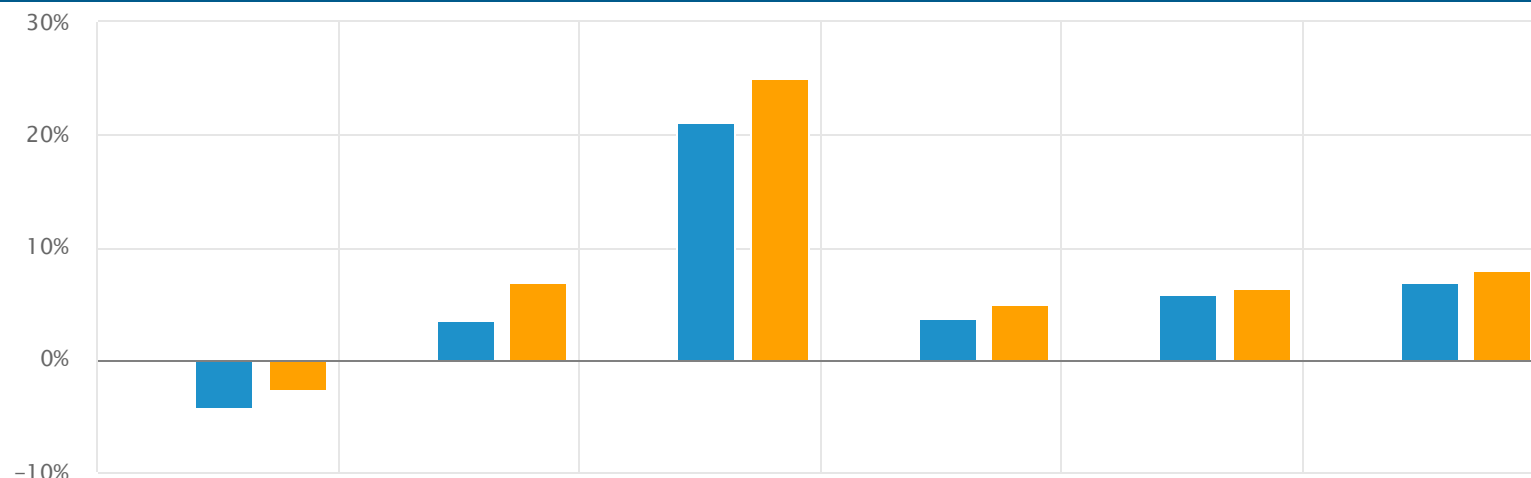
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX874 - Delaware Intl ADR -London

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 02/06/03 - 06/30/18
Beginning Total Value (\$)	1,331,077.56	1,230,603.11	1,098,883.19	1,199,476.29	843,530.78	2,483,085.74
Net Contributions/Withdrawals (\$)	0.00	0.00	0.00	-50,000.00	150,000.00	-2,605,957.09
Investment Earnings (\$)	-56,387.40	44,087.05	232,194.37	125,213.87	281,159.38	1,397,561.51
Ending Total Value (\$)	1,274,690.16	1,274,690.16	1,331,077.56	1,274,690.16	1,274,690.16	1,274,690.16
Return % (Net of Fees)	-4.24	3.58	21.13	3.61	5.84	6.94
MSCI EAFE Net (%)	-2.75	6.84	25.03	4.91	6.44	7.90

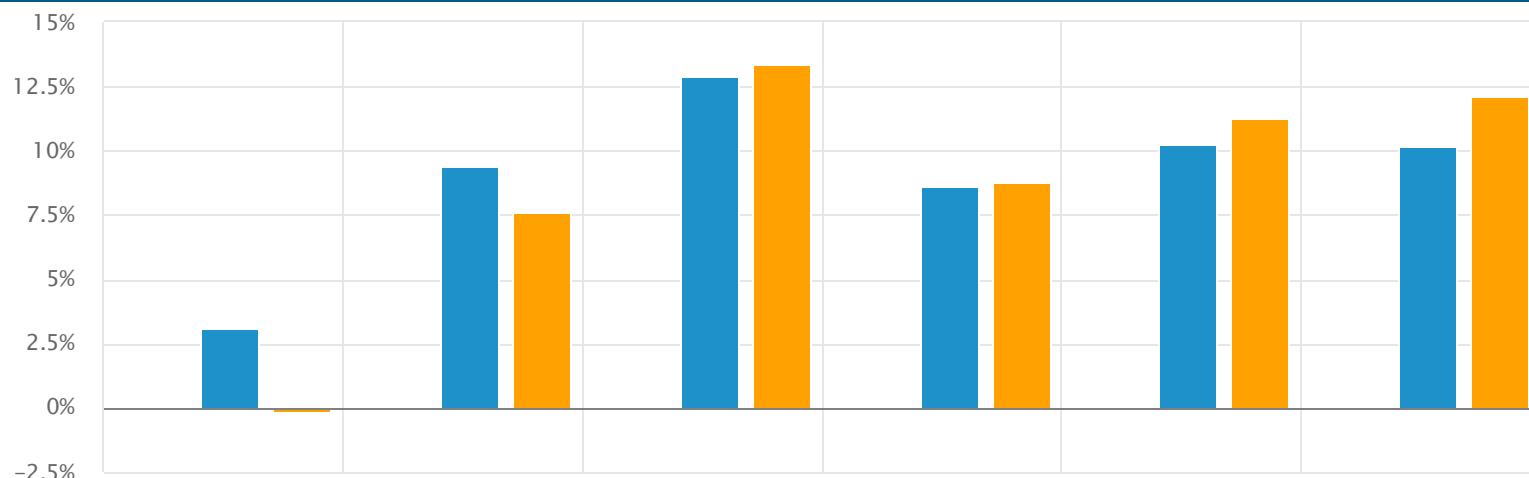
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX918 - Anchor Mid Cap Value

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 02/27/03 - 06/30/18
Beginning Total Value (\$)	678,808.93	639,712.90	792,037.51	719,953.10	566,934.32	795,409.00
Net Contributions/Withdrawals (\$)	0.00	0.00	-200,000.00	-200,000.00	-200,000.00	-1,479,300.32
Investment Earnings (\$)	21,151.05	60,247.08	86,771.42	180,006.88	333,025.66	1,383,851.30
Ending Total Value (\$)	699,959.98	699,959.98	678,808.93	699,959.98	699,959.98	699,959.98
Return % (Net of Fees)	3.12	9.42	12.92	8.60	10.22	10.20
Russell Midcap Value (%)	-0.16	7.60	13.34	8.80	11.28	12.10

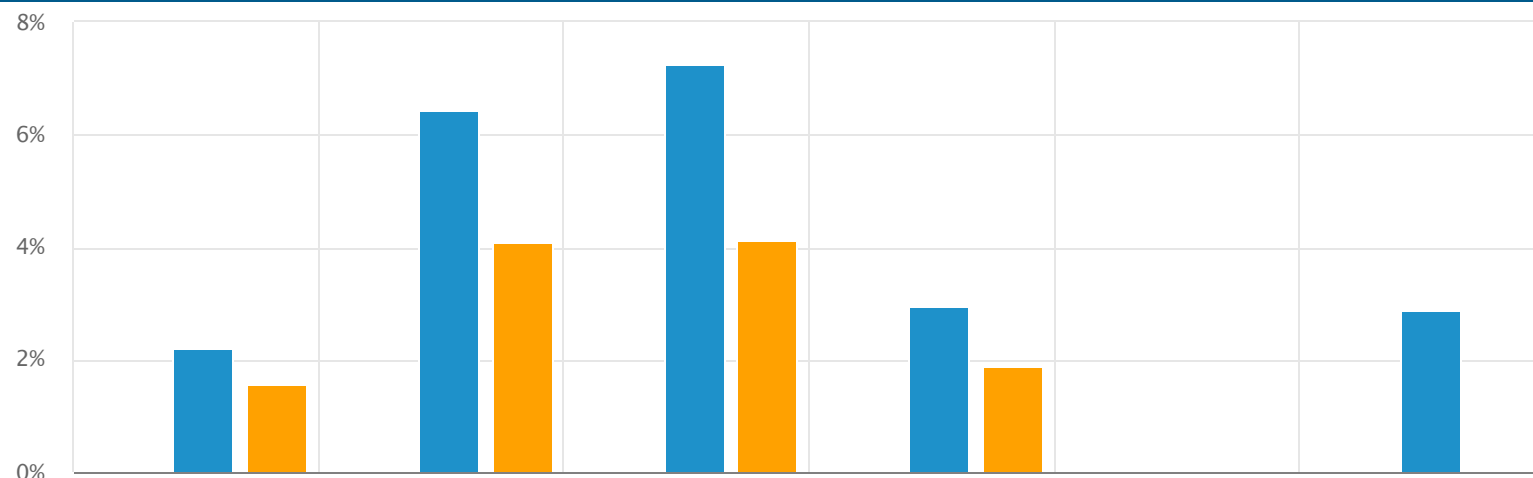
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

IRONWOOD 383-XXX918 - Alternative Investments Advisory

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 09/24/14 - 06/30/18
Beginning Total Value (\$)	552,261.65	529,242.26	512,553.17	511,318.55	-	500,000.00
Net Contributions/Withdrawals (\$)	1,069.20	2,228.30	2,320.26	7,276.76	-	8,775.08
Investment Earnings (\$)	12,300.67	34,160.96	37,388.21	47,036.20	-	56,856.44
Ending Total Value (\$)	565,631.52	565,631.52	552,261.65	565,631.52	-	565,631.52
Return % (Net of Fees)	2.22	6.44	7.27	2.94	-	2.89
HFRI FOF Conservative (%)	1.56	4.09	4.12	1.90	-	-

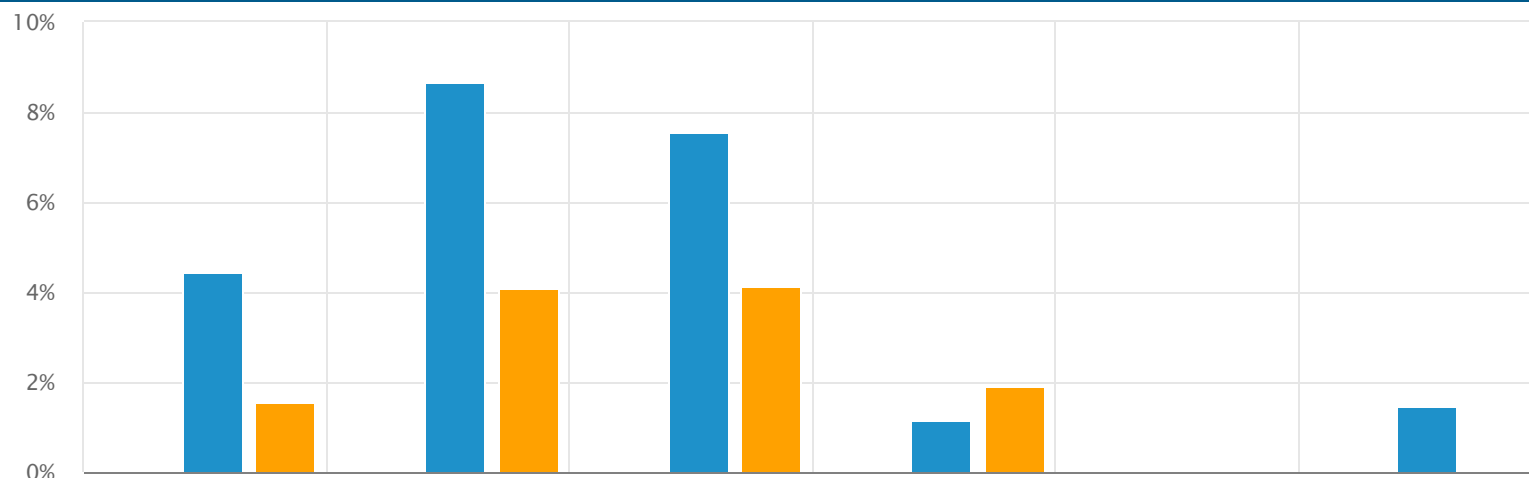
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

SKYBRIDGE 383-XXX919 - Alternative Investments Advisory

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 09/24/14 - 06/30/18
Beginning Total Value (\$)	511,825.26	490,783.33	473,724.84	510,937.24	-	500,000.00
Net Contributions/Withdrawals (\$)	995.13	2,062.83	2,141.88	5,957.32	-	7,410.16
Investment Earnings (\$)	22,721.13	42,695.36	35,958.54	18,646.96	-	28,131.36
Ending Total Value (\$)	535,541.52	535,541.52	511,825.26	535,541.52	-	535,541.52
Return % (Net of Fees)	4.43	8.68	7.57	1.16	-	1.46
HFRI FOF Conservative (%)	1.56	4.09	4.12	1.90	-	-

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.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX920 - AAA

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 02/28/03 - 06/30/18
Beginning Total Value (\$)	-	-	-	-	-	-
Net Contributions/Withdrawals (\$)	-	-	-	-	-	-
Investment Earnings (\$)	-	-	-	-	-	-
Ending Total Value (\$)	-	-	-	-	-	-
Return % (Net of Fees)	-	-	-	-	-	-
BC Gov/Cr Intm (%)	-	-	-	-	-	-
Barclays Govt/Credit Bond (%)	-	-	-	-	-	-
90-Day T-Bills (%)	-	-	-	-	-	-

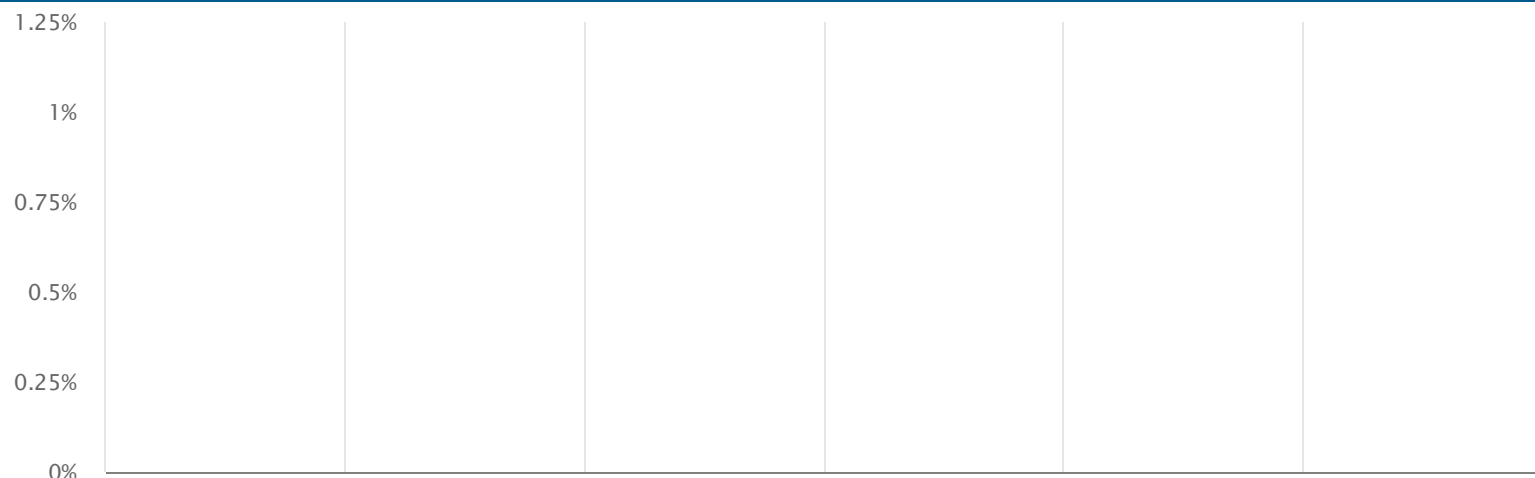
The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

TIME WEIGHTED PERFORMANCE SUMMARY

VERMONT STATE COLLEGES 383-XXX534 - AAA

As of June 30, 2018 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



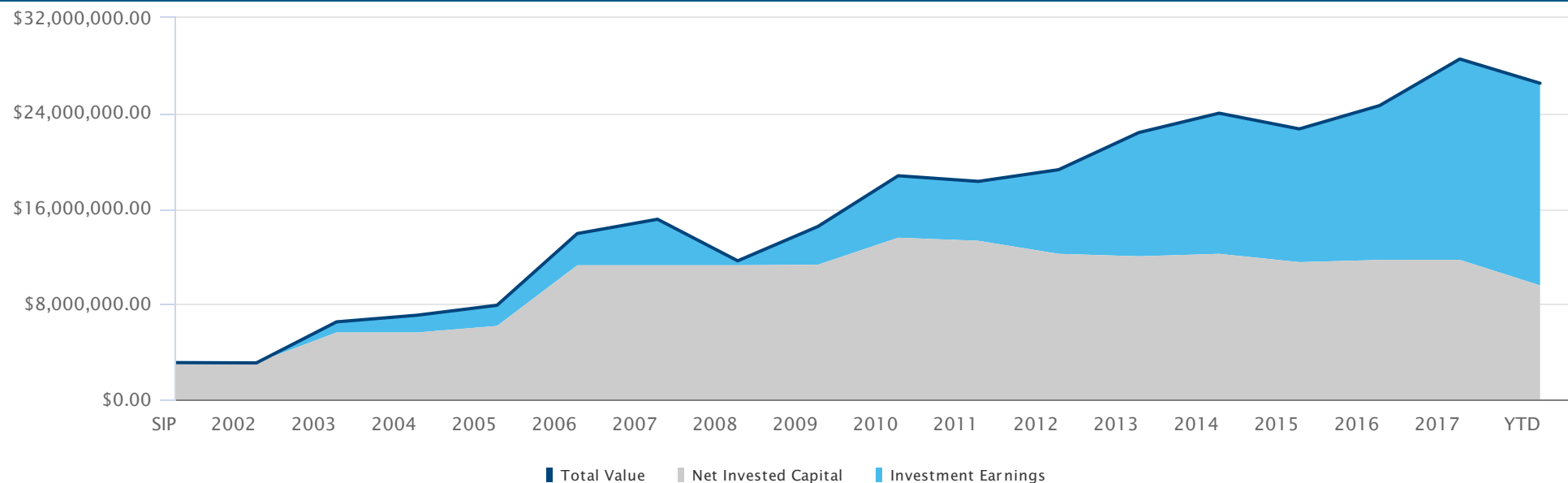
	Year to Date 12/31/17 - 06/30/18	Last 12 Months 06/30/17 - 06/30/18	Previous Year 12/31/16 - 12/29/17	Last 3 Years 06/30/15 - 06/30/18	Last 5 Years 06/30/13 - 06/30/18	Performance Inception 04/21/06 - 06/30/18
Beginning Total Value (\$)	-	-	1,497,625.77	1,417,720.49	1,289,283.71	700,952.00
Net Contributions/Withdrawals (\$)	-	-	-1,523,467.05	-1,523,467.05	-1,523,467.05	-1,393,777.11
Investment Earnings (\$)	-	-	25,841.28	105,746.56	234,183.34	692,825.11
Ending Total Value (\$)	-	-	0.00	0.00	0.00	0.00
Return % (Net of Fees)	-	-	-	-	-	-
BC Corp High Yield TR (%)	-	-	-	-	-	-

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.

VSC Managed Accounts

As of June 30, 2018 | Reporting Currency: USD

CHANGE IN VALUE SINCE PERFORMANCE INCEPTION



CHANGE IN VALUE

From 12/26/2002 to 06/30/2018

Year	Beginning Total Value (\$)	Net Contributions / Withdrawals (\$)	Investment Earnings (\$)	Ending Total Value (\$)
2018(YTD)	28,549,539.30	-2,147,716.49	113,137.69	26,514,960.50
2017	24,642,576.28	11,674.66	3,895,288.37	28,549,539.30
383-XXX872 Consulting Group Advisor	15,535,849.90	1,730,679.57	2,578,571.91	19,845,101.37
383-XXX533 Single SMA Strategy	2,366,853.68	0.00	471,703.39	2,838,557.07
383-XXX584 Investment Management Services	2,365,048.22	0.00	426,859.24	2,791,907.46
383-XXX874 Single SMA Strategy	1,098,883.19	0.00	232,194.37	1,331,077.56
383-XXX918 Single SMA Strategy	792,037.51	-200,000.00	86,771.42	678,808.93

Does not include Performance Ineligible Assets.

CHANGE IN PORTFOLIO VALUE

VSC Managed Accounts

As of June 30, 2018 | Reporting Currency: USD

CHANGE IN VALUE (Continued)

Year	Beginning Total Value (\$)	Net Contributions / Withdrawals (\$)	Investment Earnings (\$)	Ending Total Value (\$)
383-XXX918 Alternative Investments Advisory	512,553.17	2,320.26	37,388.21	552,261.65
383-XXX919 Alternative Investments Advisory	473,724.84	2,141.88	35,958.54	511,825.26
383-XXX534 AAA	1,497,625.77	-1,523,467.05	25,841.28	0.00
2016	22,687,417.15	184,475.20	1,770,683.93	24,642,576.28
2015	24,005,403.01	-697,528.80	-620,457.06	22,687,417.15
2014	22,381,676.49	207,233.89	1,416,492.63	24,005,403.01
2013	19,266,836.34	-205,249.88	3,320,090.03	22,381,676.49
2012	18,286,020.39	-1,094,699.44	2,075,515.39	19,266,836.34
2011	18,757,551.76	-260,206.01	-211,325.36	18,286,020.39
2010	14,504,195.61	2,266,702.06	1,986,654.09	18,757,551.76
2009	11,622,448.89	45,000.00	2,836,746.72	14,504,195.61
2008	15,109,750.44	0.00	-3,487,301.55	11,622,448.89
2007	13,909,484.11	0.00	1,200,266.33	15,109,750.44
2006	7,895,229.31	5,088,653.06	925,601.74	13,909,484.11
2005	7,058,416.52	550,000.00	286,812.79	7,895,229.31
2004	6,502,854.31	-944.47	556,506.68	7,058,416.52
2003	3,060,073.50	2,526,697.73	916,083.08	6,502,854.31
2002	3,085,318.46	0.00	-25,244.96	3,060,073.50
Performance Inception : 12/26/02				

Does not include Performance Ineligible Assets.

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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Additional information about your Floating Rate Notes: For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

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.

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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.

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.

VSC Managed Accounts

Prepared on July 26, 2018 | Reporting Currency: USD

Unless otherwise indicated, performance is a 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.

Performance Inception Month End: Performance Inception Month End refers to performance calculated from the end of the month in which the accounts became eligible for performance. Calculating performance from the Performance Inception Month End allows for a comparison to be made to appropriate benchmarks. Performance Inception Month End does not necessarily correspond to the account opening date.

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.

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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 (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

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The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits. Investments mentioned may not be suitable for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley Wealth Management has not considered the actual or desired investment objectives, goals, strategies, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance. Morgan Stanley Smith Barney LLC offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program.

Morgan Stanley's 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. Please see the Morgan Stanley Smith Barney LLC program disclosure brochure (the "Morgan Stanley ADV") for more information in the investment advisory programs available. The Morgan Stanley ADV is available at www.morganstanley.com/ADV (<http://www.morganstanley.com/ADV>). **Sources of Data.** Information in this material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third-party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data. All opinions included in this material constitute the Firm's judgment as of the date of this material and are subject to change without notice. This material was not prepared by the research departments of Morgan Stanley & Co. LLC or Morgan Stanley Smith Barney LLC. Some historical figures may be revised due to newly identified programs, firm restatements, etc.

Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy. GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. 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. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status). GIMA has a **'Watch'** policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA 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 GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of

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strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which, when compounded over a period of years, would decrease returns.

Adverse Active Alpha (AAA) is a patented screening and scoring process designed to help identify high-quality equity and fixed income managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. Please note that this data may be derived from back-testing, which has the benefit of hindsight. In addition, highly ranked managers can have differing risk profiles that might not be suitable for all investors. Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be suitable for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.

Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. In most Morgan Stanley Wealth Management investment advisory accounts, fees are deducted quarterly and have a compounding effect on performance. For example, on an advisory account with a 3% annual fee, if the gross annual performance is 6.00%, the compounding effect of the fees will result in a net performance of approximately 3.93% after one year, 1 after three years, and 21.23% after five years. **Conflicts of Interest:** GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS & Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, clients should not use this profile as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be a suitable asset allocation for you, whether CGCM is a suitable program for you.

No obligation to notify – Morgan Stanley Wealth Management has no obligation to notify you when the model portfolios, strategies, or any other information, in this material changes.

Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at www.morganstanley.com (<http://www.morganstanley.com/>). Please read it carefully before investing.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long “lock-up” periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund’s investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund’s essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage.”

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds (“ETFs”), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities’ (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments (“ESG”)** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client’s account will be managed as described herein. **Options** and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end

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funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. 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.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. This is not a "research report" as defined by NASD Conduct Rule 2711 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. 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 (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. This material is not to be reproduced or distributed to any other persons (other than professional advisors of the investors or prospective investors, as applicable, receiving this material) and is intended solely for the use of the persons to whom it has been delivered. This material is not for distribution to the general public. Past performance is no guarantee of future results. Actual results may vary. SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments. 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 (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. In Consulting Group's advisory programs, alternative investments are limited to US-registered mutual funds, separate account strategies and exchange-traded funds (ETFs) that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may 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. Alternative investments are not suitable for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

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While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at www.morganstanley.com/disclosures/dol (<http://www.morganstanley.com/disclosures/dol>). Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

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Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

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For index, indicator and survey definitions referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS: The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

HYPOTHETICAL MODEL PERFORMANCE (GROSS): Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS: None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

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Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of \$25 and \$1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original

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cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date.

Companies paying **dividends** can reduce or cut payouts at any time.

Nondiversification: For 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. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

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. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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GENERAL DEFINITIONS

Annualized Standard Deviation: A statistical calculation that measures the volatility of returns over time; the larger the standard deviation, the greater the volatility.

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 Invested Capital: A combination of the total portfolio value and the net contributions/withdrawals over the reporting period.

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.

Performance ineligible assets: Performance returns are not calculated for certain assets because accurate valuations and transactions for these assets are not processed or maintained by Morgan Stanley Smith Barney LLC. Common examples include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

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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

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Custom Account Index: 383XXX872 Custom Account Index. The current allocation began as of 05/31/2018, and is comprised of 24.00% BC Global Agg Hed, 1.00% Citi 90-Day Treasury, 9.00% HFRI Fund Weighted Comp, 66.00% MSCI AC World IMI Net.

65 MSCI ACWI 35 BC Agg: The current allocation is comprised of 35.00% Barclays Aggregate, 65.00% MSCI AC World Net.

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. For historical return purposes the AC World gross returns are being used from 1/31/1988 to 12/31/1998 and the net returns begin as of 1/31/1999.

Citi 90-Day Treasury: 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.

BC Global Agg Hed: The Barclays Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. This is the Hedged return.

HFRI FOF Conservative: Fund Of Funds (FOF) classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions. Returns for HFRI Indices are to be considered estimated returns for the previous stated quarter as HFRI may revise Index data from time to time, as necessary. Generally Final Index retruns are made available by HFRI 4 months after a particular month end. Please contact your Financial Advisor for more information.

BC Corp High Yield TR: The Barclays U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PKs, as of October 1, 2009) are also included. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations.

MSCI EAFE Net: The MSCI EAFE Index -Europe, Australasia, Far East - is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong,

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Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom (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.

Goldman Sachs Commodity Tr: The S&P GS Commodity Index (GSCI) is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The returns are calculated on a fully collateralized basis with full reinvestment.

Russell 3000 Gr: The Russell 3000 Growth Index is representative of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth Index or the Russell 2000 Growth Index.

Russell 2000 Gr: The Russell 2000 Growth Index is representative of the U.S. market for smaller capitalization stocks containing those companies in the Russell 2000 Index with higher price-to-book ratios and higher forecasted growth.

Russell 2000 VL: The Russell 2000 Value Index is representative of the U.S. market for smaller capitalization stocks containing those companies in the Russell 2000 Index with lower price-to-book ratios and lower forecasted growth.

MSCI AC World IMI Net: The MSCI AC World IMI NT tracks the total return performance of the Investable Markets in the MS All Country World Index. The index is made up of 22 developed and 23 emerging markets as of 1/1/2015. This subset is calculated on a net dividend basis.

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.

MSCI EM Net: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: 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.

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.

90-Day T-Bills: 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 3000 Price Return: The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. This is the Price Return.

Russell Midcap Value: The Russell Mid Cap Value Index contains Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.

Russell Midcap Growth: The Russell Mid Cap Growth Index contains Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

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

Russell 1000 VL: 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.

Citi Non-US WGBI Unhedged: The Citigroup World Government Bond Index Unhedged, excluding the U.S. bond market. The index includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of \$25 million U.S. Dollars. Those government securities that are excluded from the indices typically fall into three categories: floating- or variable-rate bonds (including index-linked bonds); securities aimed principally at non-institutional investors such as savings bonds in the United States and Canada; and private placement-type securities,

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where liquidity may be poor and where accurate information on outstandings, market coupon, and maturity structure may be difficult or impossible to obtain. This index is designed to directly address the growing interest in and implementation of currency-hedged bond investments by global investors as a means of achieving low-risk interest rate diversification in their portfolios.

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

HFRI Fund Weighted Comp: HFRI Fund Weighted Composite Index: Hedge Fund Research (HFR) Fund Weighted Composite Index is an equally-weighted composite index including both domestic and offshore funds, with no Fund of Funds. The index includes over 2000 constituent funds. All funds report assets in USD and all funds report Net of All Fees returns on a monthly basis. Fund must have a least \$50 Million under management or have been actively trading for at least twelve(12) months.

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).

Attachment 8:
FY2019 Finance & Facilities Committee meetings schedule

Finance and Facilities Committee
Meeting Schedule for Fiscal Year 2019
as of August 29, 2018

August 29, 2018

Mtg #	Date	Topic Count	FY2020 Budget Development	FY2021 Tuition, Fees, Room & Board	Quarterly Results, Metrics	Appropriation Requests	Cash, Investments, Endowment	Debt Management	Capital Planning and Projects	Facilities Management	Grants and Gifts	Policies and Procedures	Exec. Session/ Special Topics	MEETINGS ON SAME DATE
1	Wed, Aug 29, 2018	7			FY18 results, Fall 2018 admissions and enrollments update	Discuss outlook for Budget Adjustment, Big Bill and Capital Bill	Regular quarterly report (per Policy 404)		Capital projects update		Karii Cloud Memorial Scholarship Endowment (NVU-J)	Review of Policy 403, Annual Operating Budget	Faculty bargaining; payroll/ benefits software and consolidation	EPSL
2	Wed, Sep 26, 2018 (PROPOSED)	* 2			<u>Vote</u> to approve FY18 carry-over proposals							<u>Amendment</u> to Policy 403 re: State Appropriation and Expense Allocation		BOT
3	Wed, Oct 24, 2018	4	Initial discussion informed by Q1 FY19 results		Review final Fall 2018 enrollment, Q1 FY19 results, reserves	Possible <u>vote</u> to approve legislative requests			Possible <u>vote</u> to approve capital projects list					AUDIT
4	Thu, Dec 6, 2018	* 2	FY2019 and 3-year initial System outlook				Regular quarterly report (per Policy 404)							BOT
5	Mon, Jan 14, 2019	1										Annual review of Endowment and Investment Spending Policy 430		EPSL
6	Mon, Feb 11, 2019	* 3	3-year enrollment and budget outlooks by Institution		Q2 FY19 Results		Regular quarterly report (per Policy 404)							AUDIT
7	Mon, Apr 1, 2019	1	Preliminary FY20 Budgets "1st pass"											LRPC
8	Mon, Apr 29, 2019	3	Preliminary FY20 Budgets "2nd pass"	Initial FY21 Tuition discussion	Q3 FY19 Results									AUDIT
9	Wed, May 29, 2019	3	<u>Vote</u> on FY20 Budgets	2nd FY21 Tuition request			Quarterly report, Annual Banking & Investment <u>Resolution</u> (Policy 404)							EPSL
10	Thu Jun 20, 2019	* 2		<u>Vote</u> on FY21 Tuition								Annual review of Debt Management Policy 433		BOT

* Meeting on same day as, or last meeting before, quarterly Board of Trustees Meeting